

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

<hr/>		)	
<b>FEDERAL TRADE COMMISSION,</b>		)	
		)	
	Plaintiff,	)	Case No. 1:05 CV 0714
		)	
	v.	)	
		)	Judge Gordon J. Quist
<b>SUCCESS EXPRESS, INC., <i>et al.</i>,</b>		)	
		)	
	Defendants.	)	
<hr/>		)	

**STIPULATED FINAL ORDER  
FOR PERMANENT INJUNCTION AND  
SETTLEMENT OF MONETARY CLAIMS AS TO DEFENDANT KATHY L.  
STAFFORD**

The Federal Trade Commission (“FTC”) commenced this civil action on October 18, 2005, by filing its Complaint against Success Express, Inc., also d/b/a Success Express; Exam Resource Center, Inc., also d/b/a Exam Resource; Occupational Advancement Center, Inc., also d/b/a Occupational Advancement and OAC; Employment Resource, LLC, also d/b/a Employment Resources; David James Daniell, a/k/a David James; Wanda J. Taugner; and Kathy L. Stafford (“Defendants”). The Complaint alleges that Defendants engaged in deceptive acts or

practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, in connection with the advertising, marketing, and sale of employment goods or services.

Plaintiff FTC and Defendant Stafford hereby stipulate to the entry of this Final Order for Permanent Injunction and Settlement of Monetary Claims (“Order”).

### FINDINGS

By stipulation of the parties, the Court finds as follows:

1. This is an action by the FTC instituted pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b). The Complaint seeks both permanent injunctive relief and consumer redress for Defendants’ alleged deceptive acts or practices in connection with the marketing and sale of employment goods or services programs.
2. The FTC has the authority pursuant to Section 13(b) of the FTC Act to seek the relief it has requested, and the Complaint states a claim upon which relief can be granted against Defendant Stafford.
3. This Court has jurisdiction over the subject matter of this case and has personal jurisdiction over Defendant Stafford. Venue in the Western District of Michigan is proper.
4. The activities of Defendant Stafford, as alleged in the Complaint, are in or affecting commerce, as defined in the FTC Act, 15 U.S.C. § 44.
5. Defendant Stafford waives all rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each party shall bear its own costs and attorneys’ fees. Defendant Stafford also waives all rights to seek judicial review of, or otherwise challenge or contest the validity of, this Order.
6. By entering into this Order, Defendant Stafford does not admit to the allegations set forth in the Complaint, other than the jurisdictional facts.

7. This action and the relief awarded herein are in addition to, and not in lieu of, other remedies as may be provided by law, including both civil and criminal remedies.

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

### DEFINITIONS

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

1. **“Defendants”** means Success Express, Inc., also d/b/a Success Express; Exam Resource Center, Inc., also d/b/a Exam Resource; Occupational Advancement Center, Inc., also d/b/a Occupational Advancement and OAC; Employment Resource, LLC, also d/b/a Employment Resources; David James Daniell a/k/a David James; Wanda J. Stafford; and Kathy L. Stafford.

2. **“Receivership Defendants”** means Success Express, Inc., also d/b/a Success Express; Exam Resource Center, Inc., also d/b/a Exam Resource; Occupational Advancement Center, Inc., also d/b/a Occupational Advancement and OAC; and Employment Resource, LLC, also d/b/a Employment Resources.

3. **“Defendant Stafford”** means Kathy L. Stafford, also known as Kathy L. Steepe.

4. **“Employment goods or services”** means any item, product, good or service represented to assist consumers in obtaining employment—including, but not limited to, preparation or other training for any employment examination.

5. **“Assets”** means any legal or equitable interest in, right to, or claim to, any real and personal property—including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, premises, contracts, mail or other deliveries, shares of stock, lists of consumer names, inventory, checks, notes, accounts, credits, receivables, funds, and all cash, wherever located.

6. **“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 writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and 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.

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

8. **“Person”** means a natural person, organization or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity.

9. **“Plaintiff”** means the Federal Trade Commission (“Commission” or “FTC”).

10. **“Receiver or Permanent Receiver”** means Phillip S. Stenger pursuant to the orders of appointment including the Stipulated Preliminary Injunction with Appointment of Permanent Receiver, Asset Freeze and Accounting dated November 28, 2005.

11. **“Record”** means any document, as document is defined in definition 6, above, relating to the business or business practices of any Defendant.

12. The terms **“and”** and **“or”** shall be construed conjunctively or disjunctively as necessary to make the applicable phrase or sentence inclusive rather than exclusive.

## **O R D E R**

### **I. BOND REQUIREMENT**

**IT IS THEREFORE ORDERED** that Defendant Stafford, whether acting directly or through any person or entity, is permanently restrained and enjoined from marketing or selling

employment goods or services, unless Defendant Stafford first obtains a performance bond in the principal sum of ONE MILLION DOLLARS (\$1,000,000).

A. The bond required by this Paragraph I shall be conditioned upon compliance with Section 5 of the FTC Act, 15 U.S.C. § 45(a), and with this Order. The bond shall be deemed continuous and remain in full force and effect as long as Defendant Stafford continues to engage in conduct that requires the posting of the bond, and for at least three years after Defendant Stafford has ceased to engage in such conduct. The bond shall cite this Order as the subject matter of the bond, and shall provide surety thereunder against financial loss resulting from whole or partial failure of performance due, in whole or in part, to any violation of Section 5 of the FTC Act, the provisions of this Order, or to any other violation of law.

B. The performance bond required pursuant to this Paragraph I shall be in the form of an insurance agreement providing surety for financial loss issued by a surety company that is admitted to do business in each of the states in which Defendant Stafford does business and that holds a Federal Certificate of Authority As Acceptable Surety On Federal Bond and Reinsuring. Such performance bond shall be in favor of both: (1) the Federal Trade Commission for the benefit of any consumer injured as a result of any violation of Section 5 of the FTC Act or the provisions of this Order made by Defendant Stafford, her agents, or any persons acting in concert with her; and (2) any consumer so injured.

C. The bond required pursuant to this Paragraph I is in addition to, and not in lieu of, any other bond required by any other federal, state, or local law, or by any other court order not entered in this action.

D. At least ten business days before the commencement of any activity covered by subsection A above, Defendant Stafford shall provide the bond required by this Paragraph I to the Associate Director for Enforcement at the address specified in Paragraph XII of this Order.

E. Defendant Stafford shall not disclose the existence of the performance bond required by this Paragraph I to any consumer without also disclosing clearly and prominently, at the same time, the following phrase: "This bond is required by order of the U.S. District Court, in the case *FTC v. Success Express Inc., et al.*, Case No. 1:05CV0714 (W.D. Mich.), in settlement of allegations of false and misleading representations in the promotion and sale of employment goods or services." The disclosure shall be set forth in a clear and conspicuous manner, separated from all other text, in 100 percent black ink against a light background, in print at least as large as the main text of the sales material or document, and enclosed in a box containing only the required disclosure.

F. If, upon motion by the FTC, the Court finds that Defendant Stafford or any business in which Defendant Stafford engages or participates, has violated Section 5 of the FTC Act or this Order, the FTC may execute against the performance bond required by this Paragraph I. Proceedings instituted under this subsection F are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings the FTC may initiate to enforce this Order.

## **II. PROHIBITED BUSINESS ACTIVITIES**

**IT IS FURTHER ORDERED** that Defendant Stafford, and her officers, agents, employees, and all those persons or entities in active concert or participation with her who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, or other device, in connection with the

advertising, promoting, marketing, offering for sale, sale, or distribution of any good or service, are hereby permanently restrained and enjoined from:

A. Misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact—including, but not limited to:

1. That Defendants are connected with or endorsed by the United States Postal Service (USPS).

2. That postal positions are currently available in the geographic areas where the Defendants' advertisements appear.

3. That Defendants assist consumers in registering for and obtaining employment with the USPS.

4. That consumers who obtain a score of 90 percent or above on the postal examination are assured a postal job.

### III. CONSUMER LISTS

**IT IS FURTHER ORDERED** that Defendant Stafford and any person or entity through which she does business, and her successors, assigns, officers, agents, servants, employees, attorneys, and those other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are permanently restrained and enjoined from:

A. Selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, billing information (any data that enables any person to access another person's account, such as a credit card, checking, savings, share or similar account, utility bill, mortgage loan account, or debit card), e-mail address, or other identifying information of any

person who submitted such information to any Defendant, at any time prior to entry of this Order, in connection with the purchase of any employment good or service.

B. Using or benefitting from, for commercial purposes, the name, address, telephone number, billing information (any data that enables any person to access another person's account, such as a credit card, checking, savings, share or similar account, utility bill, mortgage loan account, or debit card), e-mail address, or other identifying information of any person who submitted such information to any Defendant, at any time prior to entry of this Order, in connection with the purchase of any employment good or service.

C. *Provided, however*, that Defendant Stafford may disclose such identifying information (i) with the express written consent of the person whose information is disclosed, (ii) to a law enforcement agency, or (iii) as required or authorized by any law, regulation, or court order.

#### **IV. MONETARY RELIEF AS TO DEFENDANT STAFFORD**

**IT IS FURTHER ORDERED** that:

A. Judgment is hereby entered in the amount of One Million Dollars (\$1,000,000) in favor of the FTC and against Defendant Stafford, who is jointly and severally liable with the other Defendants, for the payment of equitable monetary relief—including, but not limited to, consumer redress and or/disgorgement, and for paying any attendant expenses of administration of any redress fund.

B. *Provided, however*, that the judgment described in Paragraph A shall be suspended:

1. Upon the timely transfer of the following assets to the FTC or its designated agent and the taking of the following actions:



a. Bank One, or J.P. Morgan Chase shall, within ten (10) business days of the date of entry of this Order, transfer to the FTC or its designated agent all assets held in Account #1, identified in the "Stafford Reference List" filed with the Court under seal.

b. Defendant Stafford shall, within twelve (12) months of the date of entry of this Order, transfer to the FTC or its designated agent cash in an amount equal to Ten Thousand Dollars (\$10,000).

c. Defendant Stafford shall, immediately liquidate and turn over all assets in Account #2, identified in the "Stafford Reference List" filed with the Court under seal, to the FTC. Defendant Stafford hereby forever waives, releases, discharges and disclaims all right, title and interest in the fund and/or assets contained in the account described in this section.

Defendant Stafford and the Court authorize Citibank to liquidate and immediately turn over all assets in these accounts to the FTC, after withholding appropriate taxes and penalties. Defendant Stafford shall provide full cooperation to the FTC to ensure that the assets in the above accounts are remitted to the FTC.

d. To secure the payment of the amounts as set forth in this Paragraph IV, Defendant Stafford and her spouse, William R. Steepe, shall execute a security and pledge agreement, in a form acceptable to counsel for the FTC, giving the FTC a lien in the property located at 3394 Child's Trail, Central Lake, Michigan 49622, to be effective as of the date of entry of this Order. The security and pledge agreement shall be attached to this Order as Appendix A. Within ten days of the final payment required by this Paragraph IV, the FTC shall cancel and return to Defendant Stafford the security and pledge agreement.

e. Defendant Stafford and William Steepe shall be responsible for any federal, state or local income tax on the sale or transfer of the property as set forth in this Paragraph IV, and

2. As long as the Court makes no finding, as provided in Paragraph VI of this Order, that Defendant Stafford (a) materially misrepresented or omitted the nature, existence, or value of any asset, or (b) failed to make the payments required by Paragraph IV.B. within the time periods specified therein.

C. Any monies collected under this paragraph are subject to the conditions described in Paragraph VIII.

#### **V. ASSET FREEZE**

**IT IS FURTHER ORDERED** that (1) upon entry of this Order the asset freeze of Defendant Stafford's assets pursuant to Paragraphs II and III of the Preliminary Injunction shall be lifted to permit the transfer of assets and property as contemplated by Paragraph IV.B above, and (2) upon payment of the amount set forth in Paragraph IV.B above, the freeze of the Defendant Stafford's assets pursuant to Paragraphs II and III of the Preliminary Injunction shall be dissolved.

#### **VI. RIGHT TO REOPEN**

**IT IS FURTHER ORDERED** that the Commission's agreement to this Order is expressly premised upon the truthfulness, accuracy and completeness of the financial statement and all attachments and supplemental financial records, including income tax returns, provided by Defendant Stafford to the Commission on October 28, 2005. Said financial statement contains material information upon which the FTC has relied in negotiating and agreeing to the terms of this Order. The Commission is authorized to verify all information provided in the financial

statement and with all appropriate third parties—including, but not limited to, financial institutions. If, upon motion by the Commission to the Court, the Court finds that Defendant Stafford failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from her financial statement, the suspension of the monetary judgment will be terminated as to Defendant Stafford and the entire judgment amount of One Million Dollars (\$1,000,000), less any amounts paid to the Commission by the Defendant Stafford pursuant to Paragraph IV of this Order and any amounts paid to the Commission by the other Defendants, will be immediately due and payable by Defendant Stafford. For purposes of this Paragraph, and any subsequent proceedings to enforce payment—including, but not limited to, a non-dischargeability complaint filed in a bankruptcy proceeding, Defendant Stafford stipulates to all of the allegations in the Commission’s Complaint.

## **VII. RECEIVERSHIP**

**IT IS FURTHER ORDERED** that:

A. The receivership imposed in the Preliminary Injunction entered in this proceeding shall be continued.

B. The corporate funds from any of the Receivership Defendants which may have been under Defendant Stafford’s ownership and/or control are hereby deemed permanently part of the estate of the Receivership Defendants subject to the Receiver’s control. These assets include, but are not limited to, Account #3, Account #4, and Account #5, or the proceeds thereof, in the name of Exam Resource Center and/or Kathy L. Stafford. The Accounts are identified in the “Stafford Reference List” filed with the Court under seal. Defendant Stafford hereby forever waives,

releases, discharges and disclaims any and all rights, title and interest to any and all assets in the Receivership Defendants' estate.

C. Defendant Stafford, her partners, employees, agents, present and former attorneys, representatives, and their respective predecessors, successors, assigns and affiliates, release and discharge the permanent receiver and the law firm of Stenger & Stenger, P.C. and their partners, employees, agents, present and former attorneys and representatives, from any and all claims, demands, actions, causes of actions, or suits that now exist or may hereafter accrue, whether known or unknown, that relate to this Court Order or to the lawsuit that is the subject of this Court Order.

D. Defendant Stafford shall cooperate with the Receiver in the performance of his duties.

#### **VIII. USE OF CONSUMER REDRESS AND DISGORGEMENT FUNDS**

**IT IS FURTHER ORDERED** that:

A. Any funds received by the FTC pursuant to this Order shall be deposited into a fund administered by the FTC 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 funds. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the FTC may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any funds not used for such equitable relief

shall be deposited to the U.S. Treasury as equitable disgorgement. Defendant Stafford shall have no right to challenge the FTC's choice of remedies or the manner of distribution.

B. While Defendant Stafford does not admit any of the facts alleged in the Complaint other than jurisdictional facts, Defendant Stafford agrees that the facts as alleged in the Complaint shall be taken as true in the event of any subsequent litigation to collect amounts due pursuant to this Order—including, but not limited to, a non-dischargeability complaint in any bankruptcy proceeding.

C. Defendant Stafford acknowledges and agrees that the judgment entered pursuant to Paragraph IV is equitable monetary relief, solely remedial in nature, and not a fine, penalty, punitive assessment or forfeiture.

D. Defendant Stafford acknowledges and agrees that any money paid pursuant to this Order is irrevocably paid to the FTC for purposes of settlement between the FTC and Defendant Stafford, and she relinquishes all rights, title, and interest to such money.

E. Defendant Stafford is hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the FTC her taxpayer identification number, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

#### **IX. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

**IT IS FURTHER ORDERED** that, within five (5) business days after entry of this Order, Defendant Stafford shall submit to the Commission a truthful sworn and notarized statement, in the form shown on Appendix B, that shall acknowledge receipt of this Order as entered.

#### **X. DISTRIBUTION OF ORDER**

**IT IS FURTHER ORDERED** that, for a period of five (5) years from the date of entry of this Order:

A. Defendant Stafford, in connection with any business where (1) she controls, directly or indirectly, the business or has a majority ownership interest, and (2) the business engages in, or assists others engaged in, telemarketing or the advertising, promoting, marketing, offering for sale, sale, or distribution of any employment good or service, shall deliver (a) a copy of this Order to all principals, officers, directors, and managers of that business, and (b) a copy of this Order to all employees, agents, and representatives who engage in conduct related to the subject matter of the Order.

B. For any business where Defendant Stafford is not a controlling person but otherwise engages in, or assists others engaged in, telemarketing or the advertising, promoting, marketing, offering for sale, sale, or distribution of any employment good or service, she shall deliver a copy of this Order to all principals and managers of such business before engaging in such conduct.

C. For current personnel, delivery required by this Paragraph X shall be within five (5) days of service of this Order upon Defendant Stafford. For new personnel, delivery shall occur prior to them assuming their responsibilities. Defendant Stafford must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Paragraph X.

#### **XI. RECORDKEEPING PROVISIONS**

**IT IS FURTHER ORDERED** that, for a period of eight (8) years from the date of entry of this Order, Defendant Stafford, in connection with any business where (1) she is the majority owner or otherwise controls, directly or indirectly, the business and (2) the business is engaged in or assists others engaged in telemarketing or the advertising, promoting, marketing, offering for sale, sale, or distribution of any employment good or service, and her agents, employees, officers,

corporations, successors, and assigns, and those persons in active concert or participation with her who receive actual notice of this 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 employment 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, telephone numbers, dollar amounts paid, quantity of goods or services purchased, and description of goods 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 records that accurately reflect the time periods during which such materials were used and the persons and business entities that used such materials.

F. Copies of each acknowledgment of receipt of Order required to be obtained pursuant to Paragraph IX of this Order.

## **XII. COMPLIANCE REPORTING**

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

A. For a period of five (5) years from the date of entry of this Order,

1. Defendant Stafford shall notify the FTC of the following:

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

b. Any changes in her employment status (including self-employment) within ten (10) days of the date of such change, and any change in her ownership of any business activity, within ten (10) days of such change. Such notice shall include the name and address of each business that she is affiliated with, employed by, creates or forms, or performs services for; a statement of the nature of the business; and a statement of her duties and responsibilities in connection with the business or employment; and

c. Any changes in her name or use of any aliases or fictitious names.

B. One hundred eighty (180) days after the date of entry of this Order, Defendant Stafford 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 Order. This report shall include, but not be limited to:

1. Any changes required to be reported pursuant to subsection A above.
2. A copy of each acknowledgment of receipt of this Order obtained pursuant to Paragraph IX.
3. A copy of any bond obtained pursuant to Paragraph I.

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

Associate Director for Enforcement  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington D.C. 20580  
Re: *FTC v. Success Express, Inc., et al.*



D. For purposes of the compliance reporting required by this Paragraph XII, the FTC is authorized to communicate directly with Defendant Stafford.

### **XIII. COMPLIANCE MONITORING**

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

A. Within fifteen (15) days of receipt of written notice from a representative of the FTC, Defendant Stafford 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 her possession or direct or indirect control to inspect the business operation.

B. In addition, the FTC is authorized to monitor compliance with this 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 Stafford, her employees, or any other entity managed or controlled in whole or in part by Defendant Stafford, without the necessity of identification or prior notice.

C. Defendant Stafford shall permit representatives of the FTC 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 Order. The person interviewed may have counsel present.

***Provided, however,*** that nothing in this Order shall limit the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 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)).

#### **XIV. COOPERATION WITH FTC COUNSEL**

**IT IS FURTHER ORDERED** that Defendant Stafford 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 Complaint, cooperate in good faith with the FTC and appear at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pretrial 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 Stafford shall 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 Complaint, without the service of a subpoena.

#### **XV. RETENTION OF JURISDICTION**

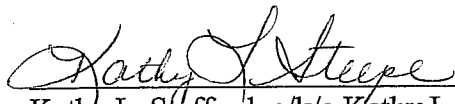
**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter, for purposes of construction, modification and enforcement of this Order.

**IT IS SO ORDERED** this 14<sup>th</sup> day of September, 2006.

/s/Gordon J. Quist

GORDON J. QUIST  
UNITED STATES DISTRICT JUDGE

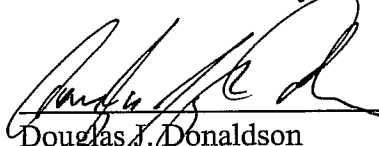
**STIPULATED AND AGREED TO BY:**

  
Kathy L. Stafford, a/k/a Kathy L. Steepe

**Date:** 3-29-06, 2006

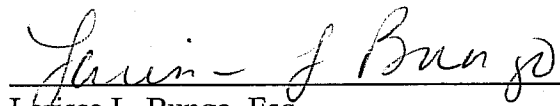
**Agreed As to Form:**

**For Defendant Kathy L. Stafford**

  
Douglas J. Donaldson  
Douglas J. Donaldson, P.C.  
223 Lake Avenue, Suite B  
Traverse City, Michigan 49684  
Phone 231-947-6073 /Fax 231-932-7351

**Date:** 4/3, 2006

**For Plaintiff Federal Trade Commission**

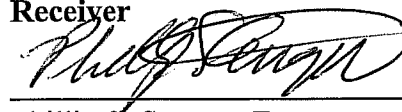
  
Larissa L. Bungo, Esq.  
Federal Trade Commission  
1111 Superior Avenue, Suite 200  
Cleveland, Ohio 44114  
Phone 216-263-3403 / Fax 216-263-3426

**Date:** May 5, 2006

**Local Counsel For Plaintiff**

JENNIFER L. MCMANUS  
Assistant U.S. Attorney  
Western District of Michigan  
P.O. Box 208  
Grand Rapids, MI 49501-0208  
Phone 616-456-2404/Fax 616-456-2510

**Receiver**

  
Phillip S. Stenger, Esq.  
Stenger & Stenger, P.C.  
4095 Embassy Drive, S.E., Suite A  
Grand Rapids, Michigan 49546  
Phone 616-940-1190 / Fax 616-940-1192

**Date:** 5/9/06, 2006

**Security Agreement**  
**Between Kathy L. Stafford and William Steepe and the Federal Trade Commission**

Whereas Kathy L. Stafford and the Federal Trade Commission (“FTC” or “Commission”) have agreed to settle all of the Commission’s charges against Kathy L. Stafford in the matter of *FTC v. Success Express, et al.* (Case No. 1:05 CV 0714), by entering into a Stipulated Final Order for Permanent Injunction and Other Equitable Relief against Defendant Kathy L. Stafford (“Order”), to which this Agreement is to be attached;

Whereas Kathy L. Stafford has agreed to pay to the Commission monetary relief as described in Paragraph IV. of the Order (hereinafter the “Payment”); and

Whereas William J. Steepe relinquishes all rights to or claim or title to any of the property or assets contemplated by Paragraph IV. of the Order; and

Whereas the Commission has agreed to settle its charges against Kathy L. Stafford and to accept the Payment on the condition of Kathy L. Stafford’s obligation to pay this amount be secured by real property located at 3394 Child’s Trail, Central Lake, Michigan 49622, together with all dwelling houses, other structures, improvements, appurtenances, hereditaments, and other rights appertaining or belonging thereto, or which hereafter may be added or attached thereto, and all replacements, substitutions therefore or thereto, and all proceeds thereof, whether presently existing or hereafter arising (collectively, hereinafter the “Collateral”);

Whereas Kathy L. Stafford and William J. Steepe represent that they own the Collateral; and

Whereas Kathy L. Stafford and William J. Steepe have consented to secure the Payment with the Collateral;

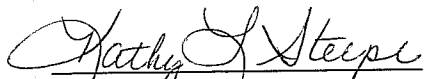
NOW, THEREFORE, Kathy L. Stafford and William J. Steepe, and the Commission hereby agree as follows:

1. Upon approval of the Order by the Court, Kathy L. Stafford and William J. Steepe, individually and as owners of the Collateral, hereby grant to the Commission a voluntary lien on and security interest in the Collateral.
2. Kathy L. Stafford and William J. Steepe represent and acknowledge that the Commission is relying on the material representations that (a) they are the owners of the collateral; (b) title to the Collateral is marketable; and (c) the collateral is currently not encumbered by any other lien, mortgage, deed of trust, assignment, pledge, security interest or other interest, except (1) mortgage on the property by Citizens Bank, Boyne City, Michigan, loan number 7202728601-1, and (2) restrictions and encumbrances of record subject to which they originally acquired the property.

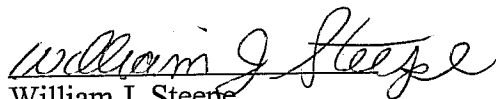
**Appendix A**

3. Kathy L. Stafford and William J. Steepe agree to cooperate fully with the Commission, and to be responsible (at their expense) for preparing, executing and recording the necessary documents and taking any other actions necessary to perfect the Commission's voluntary lien on and security interest in the Collateral. Kathy L. Stafford shall deliver to the Commission copies of all recording documents used to perfect the Commission's voluntary lien on the Collateral within fourteen (14) days after entry of this Order.

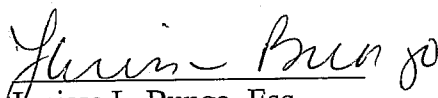
4. Neither Kathy L. Stafford nor William J. Steepe will grant any other security interest in the Collateral to any other person or entity prior to perfecting the lien granted to the Commission herein.

  
Kathy L. Stafford  
a/k/a Kathy L. Steepe

Date: 3-29-06, 2006

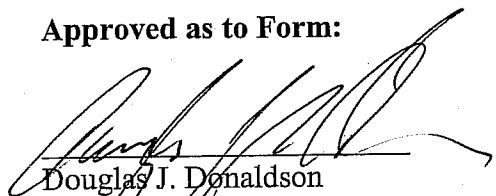
  
William J. Steepe

Date: 3-29-06, 2006

  
Larissa L. Bungo, Esq.  
Counsel for Plaintiff  
Federal Trade Commission  
1111 Superior Avenue, Suite 200  
Cleveland, OH 44114  
Phone: 216-263-3403/Fax: 216-263-3426

Date: 5-3, 2006

**Approved as to Form:**

  
Douglas J. Donaldson  
Douglas J. Donaldson, P.C.  
223 Lake Avenue, Suite B  
Traverse City, Michigan 49684  
Phone 231-947-6073 /Fax 231-932-7351

Date: 4/3, 2006