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10 UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

11
12 **FEDERAL TRADE COMMISSION,**

13 Plaintiff

14 v.

15 **INTEGRATED CAPITAL INC., et al.,**

16 Defendants.

Case No. CV-N-03-0412-ECR (RAM)

17 **STIPULATED ORDER MODIFYING FINAL ORDER AND CONTEMPT ORDER**

18 **WHEREAS** this Court on August 6, 2003, pursuant to stipulation of the parties, entered
19 a Stipulated Final Order (“Final Order”) enjoining misrepresentations in connection with the
20 advertising, promotion, offer for sale, or sale of academic goods and services and requiring
21 Defendants and their officers to make certain affirmative disclosures in connection with the
22 marketing of academic goods and services; and

23 **WHEREAS** this Court on March 30, 2005, found Defendant Integrated Capital, Inc.
24 (“NSFA”) and its president Alan Wilson in civil contempt of court for violating the Final Order
25 and ordered NSFA and Wilson to offer full refunds to consumers (“Contempt Order”); and

26 **WHEREAS** on February 17, 2006, Plaintiff, Federal Trade Commission (“FTC”) filed a
27 motion seeking to modify the Contempt Order (“Motion to Modify”); and
28

1 **WHEREAS** the FTC, NSFA and Wilson hereby stipulate and agree to this Order,
2 without trial or adjudication of any issue of fact or law, to settle and resolve all matters in dispute
3 arising from the Motion to Modify to the date of entry of this Order; and

4 **WHEREAS** NSFA and Wilson waive all rights to seek judicial review or otherwise
5 challenge or contest the validity of this Order. They also waive any claim that they may have
6 held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this
7 action to the date of this Order. Each party shall bear its own costs and attorneys' fees; and

8 **WHEREAS** entry of this Order is in the public interest.

9 **DEFINITIONS**

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

11 1. "Academic good or service" means any item, product, good or service represented
12 to assist consumers in admissions, planning, or obtaining financial aid or other financial
13 assistance for college, university, community college, trade or vocational school, high school,
14 middle school, or other secondary school, elementary school or other primary school, or any
15 other educational institution, or for any other educational purpose.

16 2. "Assisting others" means providing any of the following goods or services to any
17 person or entity: (a) performing customer service functions, including but not limited to receiving
18 or responding to consumer complaints; (b) formulating or providing, or arranging for the
19 formulation or provision of, any sales script or any other written marketing material; (c)
20 providing names of, or assisting in the generation of, potential customers; (d) performing
21 marketing services of any kind; or (e) acting as an officer or director of a business entity.

22 **ORDER**

23 **BAN ON SALE OF ACADEMIC SERVICES**

24 **I. IT IS THEREFORE STIPULATED AND ORDERED** that the Final Order is hereby
25 modified as follows: NSFA (and its successors and assigns) and Alan Wilson, whether acting
26 directly or through any person or entity, are permanently restrained and enjoined from (1)
27 advertising, marketing, promoting, offering for sale, distributing, or selling any academic good or
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1 service, and (2) assisting others engaged in the advertising, marketing, promoting, offering for
2 sale, distributing, or selling of any academic good or service. Nothing in this Order or the Final
3 Order shall be read as an exception to this Section.

4 **PROHIBITED BUSINESS ACTIVITIES**

5 **II. IT IS FURTHER ORDERED** that the Final Order is further modified as follows: in
6 connection with the advertising, promotion, offer for sale, or sale of any good or service, NSFA,
7 Alan Wilson, and any entity through which they do business, and their successors, assigns,
8 officers, agents, servants, employees, and all persons or entities in active concert or participation
9 with them who receive actual notice of this Order by personal service or otherwise, are hereby
10 permanently restrained and enjoined from:

11 A. Falsely representing, expressly or by implication, any material aspect of the
12 performance, efficacy, nature, or central characteristics of any good or service;

13 B. Falsely representing, expressly or by implication, the terms and conditions of any
14 refund or guarantee policy;

15 C. To the extent any refund or guarantee policy contains any material terms,
16 conditions, or limitations, failing to disclose in a clear and conspicuous manner, prior to charging
17 a consumer for any good or service, all such material terms, conditions, or limitations, or any
18 policy of non-refundability;

19 D. Falsely representing, expressly or by implication, the extent to which consumers
20 will be required to incur any expense or partake in any activities in order to implement or use any
21 good or service;

22 E. To the extent any endorsement or testimonial reflecting the experience of an
23 individual or a group of consumers on a central or key attribute of any good or service is used,
24 failing to disclose, clearly and conspicuously and in close proximity to such endorsement or
25 testimonial, the limited applicability of the endorser's experience to what consumers may
26 generally expect to achieve;

1 F. Falsely representing, expressly or by implication, any material fact regarding any
2 good or service;

3 G. Assisting others who violate any provision of sub-section A-F of this Section II.

4 **PROHIBITION ON VIOLATING THE TRUTH IN LENDING ACT**

5 **III. IT IS FURTHER ORDERED** that the Final Order is hereby further modified as
6 follows: in connection with the advertising, promotion, offer for sale, or sale of any good or
7 service, NSFA, Alan Wilson, and any entity through which they do business, and their
8 successors, assigns, officers, agents, servants, employees, and all persons or entities in active
9 concert or participation with them who receive actual notice of this Order by personal service or
10 otherwise, are hereby permanently restrained and enjoined from violating or assisting others in
11 violating any provision of the Truth in Lending Act, 15 U.S.C. § 1601 *et seq.*, as amended, or its
12 implementing Regulation Z, 12 C.F.R. § 226, as amended, including, but not limited to, (1)
13 stating a rate of finance charge without stating the rate as an annual percentage rate as required
14 by Section 144 of TILA, 15 U.S.C. § 1664, and Section 226.24(b) of Regulation Z, 12 C.F.R. §
15 226.24(b), and (2) stating the amount or percentage of any downpayment, the number of
16 payments or period of repayment, the amount of any payment, or the amount of any finance
17 charge, without disclosing clearly and conspicuously all of the terms required by Section 144 of
18 TILA, 15 U.S.C. § 1664, and Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c), as more
19 fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to
20 Regulation Z, 12 C.F.R. § 226.24(c), as follows (i) the amount or percentage of the
21 downpayment; (ii) the terms of repayment; and (iii) the annual percentage rate, using that term or
22 the abbreviation "APR." If the annual percentage rate may be increased after consummation of
23 the credit transaction, that fact must also be disclosed.

24 **PROHIBITION ON VIOLATING THE COOLING OFF RULE**

25 **IV. IT IS FURTHER ORDERED** that the Final Order is hereby further modified as
26 follows: in connection with the "door to door sale" of any "consumer good or service" (as those
27 terms are defined in the Cooling Off Rule, 16 C.F.R. § 429.0(a) and (b)), NSFA, Alan Wilson,
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1 and any entity through which they do business, and their successors, assigns, officers, agents,
2 servants, employees, and all persons or entities in active concert or participation with them who
3 receive actual notice of this Order by personal service or otherwise, are hereby permanently
4 restrained and enjoined from:

5 A. Failing to furnish consumers, at the time consumers sign a contract for or
6 purchase a good or service, a completed form in duplicate, captioned either "NOTICE OF
7 RIGHT TO CANCEL" or "NOTICE OF CANCELLATION" containing language to the effect
8 that the consumer can cancel the transaction within three business days;

9 B. Failing to inform consumers orally, at the time consumers sign a contract for or
10 purchase a good or service, of the consumers' right to cancel the transaction within three
11 business days;

12 C. Violating any provision of the Cooling Off Rule, 16 C.F.R. Part 429, including
13 any amendments thereto; and

14 D. Assisting others who violate any provision of sub-sections A-C of this Section IV.

15 **RECORD KEEPING PROVISIONS**

16 **V. IT IS FURTHER ORDERED** that the Final Order is hereby further modified as
17 follows: for a period of eight (8) years from the date of entry of this Order, NSFA and Alan
18 Wilson each, in connection with any business where either is the majority owner or otherwise
19 controls the business, and their agents, employees, officers, corporations, successors, and assigns,
20 and those persons and entities in active concert or participation with them who receive actual
21 notice of this Order by personal service or otherwise, are hereby restrained and enjoined from
22 failing to create and retain the following records:

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

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

3 C. Customer files containing the names, addresses, phone numbers, dollar amounts
4 paid, quantity of items or services purchased, and description of items or services purchased, to
5 the extent such information is obtained in the ordinary course of business;

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

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

10 F. Copies of each acknowledgment of receipt of Order required to be obtained
11 pursuant to Section VIII of this Order.

12 **COMPLIANCE MONITORING**

13 **VI. IT IS FURTHER ORDERED** that the Final Order is hereby further modified as
14 follows:

15 A. Within ten (10) days of receipt of written notice from a representative of the FTC,
16 NSFA (and its successors and assigns) and Alan Wilson each shall submit additional written
17 reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear
18 for deposition; and/or provide entry during normal business hours to any business location in
19 their possession or direct or indirect control to inspect the business operation, ;

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

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

24 2. posing as consumers and suppliers to: NSFA, Alan Wilson, their
25 employees, or any other entity managed or controlled in whole or in part by NSFA or Alan
26 Wilson, without the necessity of identification or prior notice;

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

5 C. NSFA (and its successors and assigns) and Alan Wilson shall permit
6 representatives of the FTC to interview any employer, consultant, independent contractor,
7 representative, agent, or employee, who has agreed to such an interview. The person interviewed
8 may have counsel present.

9 **COMPLIANCE REPORTING**

10 **VII. IT IS FURTHER ORDERED** that the Final Order is hereby modified as follows:

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

12 1. Alan Wilson shall notify the FTC of the following:

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

15 b. Any changes in his employment status (including self-
16 employment) within ten (10) days of the date of such change. Such notice shall include the name
17 and address of each business that he is affiliated with, employed by, or performs services for; a
18 statement of the nature of the business; and a statement of his duties and responsibilities in
19 connection with the business;

20 c. Any changes in his name or use of any aliases or fictitious names;

21 2. NSFA and its successors and assigns shall notify the FTC of the following:

22 a. Any changes in its mailing address, registered address, principal
23 place of business, or any other address at which it conducts business in whole or in part, and
24 corresponding telephone and facsimile numbers at each such address, within ten (10) days of the
25 date of such change;

26 b. Any changes in its name or use of any aliases, fictitious names, or
27 trade names;

1 3. NSFA and Alan Wilson each shall notify the FTC of any changes in
2 corporate structure that may affect compliance obligations arising under this Order, including but
3 not limited to a dissolution, assignment, sale, merger, or other action that would result in the
4 emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or
5 affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy
6 petition; or a change in the corporate name or address, at least thirty (30) days prior to such
7 change, *provided* that, with respect to any proposed change in the corporation about which NSFA
8 or Alan Wilson learns less than thirty (30) days prior to the date such action is to take place, they
9 shall notify the FTC as soon as is practicable after obtaining such knowledge.

10 B. One hundred eighty (180) days after the date of entry of this Order, NSFA (and its
11 successors and assigns) and Alan Wilson each shall provide a written report to the FTC, sworn to
12 under penalty of perjury, setting forth in detail the manner and form in which they have complied
13 and are complying with this Order. This report shall include, but not be limited to:

- 14 1. Any changes required to be reported pursuant to sub-section A above; and
- 15 2. A copy of each acknowledgment of receipt of this Order obtained pursuant

16 to Section VIII of this Order;

17 C. For the purposes of this Order, NSFA and Alan Wilson shall, unless otherwise
18 directed by the FTC's authorized representatives, mail all written notifications to the FTC to:

19 Associate Director for Enforcement
20 Federal Trade Commission
21 600 Pennsylvania Avenue, NW, Room NJ-2122
22 Washington, DC 20580
23 Re: FTC v. Integrated Capital, Case No. CV-N-03-0412-ECR (RAM) (D.Nev.)

24 D. For purposes of this Order, the FTC is authorized to communicate directly with
25 NSFA and Alan Wilson, with contemporaneous notice of any such communication to their last
26 known counsel of record.

27 **DISTRIBUTION OF ORDER**

28 **VIII. IT IS FURTHER ORDERED** that the Final Order is hereby modified as follows: for a
period of five (5) years from the date of entry of this Order,

1 A. NSFA must deliver a copy of this Order to all of its principals, officers, directors,
2 and managers. NSFA also must deliver copies of this Order to all of its employees, agents, and
3 representatives. For current personnel, delivery shall be within (5) days of service of this Order
4 upon NSFA. For new personnel, delivery shall occur prior to them assuming their
5 responsibilities.

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

13 C. For any business where Alan Wilson is not a controlling person of a business but
14 otherwise engages in conduct related to the subject matter of this Order, he must deliver a copy
15 of this Order to all principals and managers of such business before engaging in such conduct.

16 D. NSFA and Alan Wilson must secure a signed and dated statement acknowledging
17 receipt of the Order, within thirty days of delivery, from all persons receiving a copy of the Order
18 pursuant to this Section VIII.

19 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

20 **IX. IT IS FURTHER ORDERED** that NSFA and Alan Wilson, within five (5) business
21 days of receipt of this Order as entered by the Court, shall submit to the FTC a truthful sworn
22 statement acknowledging receipt of this Order.

23 **EFFECT ON PRIOR COURT ORDERS**

24 **X. IT IS FURTHER ORDERED** that the Final Order and Contempt Order shall remain in
25 full force and effect as to NSFA, Sheila Cuccia, and Alan Wilson. Except as expressly provided
26 herein, nothing contained in this Order shall alter, modify, or limit in any way the terms and
27 conditions of the Final Order or the Contempt Order.

RETENTION OF JURISDICTION


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

SO STIPULATED:

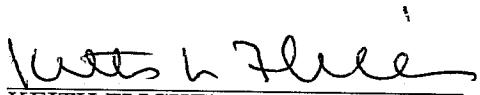
 5/16/06

INTEGRATED CAPITAL INC.

By: Alan Wilson

 5/16/06

ALAN S. WILSON

 5/12/06

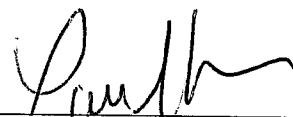
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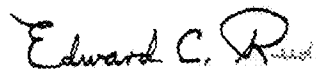
100 W. Liberty Street, Suite 600

Reno, NV 89501

Attorneys for Plaintiff

IT IS SO ORDERED.

This 30th day of June, 2006.


EDWARD C. REED, JR.
UNITED STATES DISTRICT JUDGE