UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FEDERAL TRADE COMMISSION,	
Plaintiff	
v.	Case No. 1:09-CV-00535
	Judge Henry H. Kennedy
THOMAS RYAN,	
Defendant.	

STIPULATED JUDGMENT AND ORDER FOR PERMANENT INJUNCTION

This matter comes before the Court upon the stipulation of the Plaintiff Federal Trade Commission ("FTC" or "Commission") and the Defendant Thomas Ryan. On March 20, 2009, the Commission filed its complaint in this matter, which was then captioned *FTC v. One or More Unknown Parties Deceiving Consumers Into Seeking Home Loan Modification Through http://bailout.hud-gov.us and http://bailout.dohgov.us.* The Court that day entered an *ex parte* Temporary Restraining Order which permitted the FTC to conduct expedited discovery to determine the owner of the web sites in question. On March 26, 2009, the FTC amended its complaint to name Thomas Ryan as the Defendant. On March 30, 2009, the Court entered a Stipulated Preliminary Injunction against Thomas Ryan, which has remained in effect through and until the time of entry of this Order.

The FTC and defendant Thomas Ryan hereby stipulate to the entry of this Order ("Order") to resolve all matters in dispute between them, and further agree and stipulate to the following:

FINDINGS

1. The Court has jurisdiction of the subject matter of this case and jurisdiction over the Defendant Thomas Ryan.

2. Venue in the District is proper under 15 U.S.C.§ 53(b) and 28 U.S.C.§ 1391(b) and (c).

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

4. The Amended Complaint states a claim upon which relief may be granted against Defendant Thomas Ryan under Sections 5(a), and 13(b) of the FTC Act, 15 U.S.C.§ § 45(a), 53(b).

5. Defendant Thomas Ryan has entered into this Order freely and without coercion. Defendant Thomas Ryan acknowledges that he has read the provisions of this Order and is prepared to abide by them.

6. The Commission and Defendant Thomas Ryan have agreed that the entry of this Order resolves all matters of dispute between them arising from the Amended Complaint, up to the date of entry of this Order.

7. Defendant Thomas Ryan waives all right to seek appellate review or otherwise challenge or contest the validity of this Order. Defendant Thomas Ryan waives and releases any claims he may have against the Commission, its employees, representatives, or agents.

8. Defendant Thomas Ryan agrees that this Order does not entitle him to seek or obtain attorneys' fees as a prevailing party under the Equal Access to Justice Act, 28 U.S.C.§ 2412, and Defendant further waives any right to attorneys' fees that may arise under said provision of law.

9. This Order is in addition to, not in lieu of, any other civil or criminal remedies that may be provided by law.

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

11. This Order is for settlement purposes only, and does not constitute an admission by the Defendant Thomas Ryan that the law has been violated as alleged in the Amended Complaint.

DEFINITIONS

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

1. "Assisting others" includes, but is not limited to, providing any of the following goods or services to another person: (A) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (B) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material, including but not limited to, the text of any Internet website, email, or other electronic communication; (C) providing names of, or assisting in the generation of, potential customers; (D) performing marketing services of any kind; or (E) acting or serving as an owner, officer, director, manager, or principal of such entity.

2. "Credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

3. "Credit Monitoring Program" means a program that enables a consumer to access information related to substantive changes in the consumer's credit record, credit history, or credit rating as recorded in the consumer's consumer report.

4. "Debt relief service" means any service, including debt management plans, debt settlement, debt negotiation, and for-profit credit counseling, represented, expressly or by

implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more unsecured creditors, servicers, or debt collectors, including but not limited to, a reduction in the balance, interest rate, or fees owed by a consumer to an unsecured creditor, servicer, or debt collector.

5. "Defendant" means Thomas Ryan.

6. "Financial related good or service" means any good, service, plan, or program that is represented, expressly or by implication, to (A) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit, debit, or stored value cards; (B) improve, or arrange to improve, any consumer's credit record, credit history, or credit rating; (C) provide advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer's credit record, credit history, or credit rating; (D) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, a loan or other extension of credit; (E) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, debt relief services; (F) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving any service represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more secured creditors, servicers, or debt collectors.

7. "Federal homeowner relief or financial stability program" means any program (including its sponsoring agencies, telephone numbers, and Internet websites) operated or endorsed by the United States government to provide relief to homeowners or stabilize the economy, including but not limited to (A) the Making Home Affordable Program; (B) the Financial Stability Plan; (C) the Troubled Asset Relief Program and any other program

sponsored or operated by the United States Department of the Treasury; (D) the HOPE for Homeowners program, any program operated or created pursuant to the Helping Families Save Their Homes Act, and any other program sponsored or operated by the Federal Housing Administration; or (E) any program sponsored or operated by the United States Department of Housing and Urban Development ("HUD"), the HOPE NOW Alliance, the Homeownership Preservation Foundation, or any other HUD-approved housing counseling agency.

8. "Material fact" means any fact that is likely to affect a person's choice of, or conduct regarding, goods or services.

9. "Mortgage loan modification or foreclosure relief service" means any good, service, plan, or program that is represented, expressly or by implication, to assist a consumer in any manner to (A) stop, prevent, or postpone any residential mortgage or deed of trust foreclosure sale; (B) obtain or arrange a modification of any term of a residential loan, deed of trust, or mortgage; (C) obtain any forbearance from any mortgage loan holder or servicer on any residential loan, deed of trust, or mortgage; (D) exercise any right of reinstatement of any residential mortgage loan; (E) obtain, arrange, or attempt to obtain or arrange any extension of the period within which the owner of residential property sold at foreclosure may cure his or her default or reinstate his or her obligation; (F) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a deed of trust or mortgage on a residence in foreclosure or contained in that deed of trust; (G) obtain a loan or advance of funds that is connected to the consumer's home ownership; (H) avoid or ameliorate the impairment of the consumer's credit record, credit history, or credit rating that is connected to the consumer's home ownership; (I) save the consumer's residence from foreclosure; (J) assist the consumer in obtaining proceeds from the foreclosure sale of the consumer's residence; (K) obtain or arrange

a pre-foreclosure sale, short sale, or deed-in-lieu of foreclosure of a consumer's residence; (L) obtain or arrange a refinancing, recapitalization, or reinstatement of a residential loan, deed of trust, or mortgage; (M) audit or examine a consumer's mortgage or home loan application; or (N) obtain, arrange, or attempt to obtain or arrange any extension of the period within which the renter of property sold at foreclosure may continue to occupy the residential property. The foregoing shall include any manner of claimed assistance, including, but not limited to, debt, credit, budget, or financial counseling; receiving money for the purpose of distributing it to creditors; contacting creditors or servicers on behalf of the consumer; and giving advice of any kind with respect to filing for bankruptcy.

10. "Person" means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, or any other group or combination acting as an entity.

11. "Servicer" means any beneficiary, mortgagee, trustee, loan servicer, loan holder, or any entity performing loan or credit account administration or processing services and/or its authorized agents.

ORDER

JUDGMENT

I. IT IS THEREFORE HEREBY ORDERED that:

A. Judgment is entered against Defendant, in favor of the FTC, in the amount of $13,802.17.

B. Any funds received by the FTC pursuant to this Section I 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 but not limited to consumer information remedies, as the FTC determines to be reasonably related to Defendant's contumacious activities. Any funds not used for such equitable relief shall be deposited to the U.S. Treasury as equitable disgorgement. Defendant shall have no right to challenge the FTC's choice of remedies or the manner of distribution.

C. The judgment entered pursuant to this Section I is equitable monetary relief, solely remedial in nature, and not a fine, penalty, punitive assessment or forfeiture.

D. Defendant relinquishes all dominion, control, and title to any funds paid to the fullest extent permitted by law. Defendant shall make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise.

E. Defendant agrees that the facts as alleged in the Amended Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the Commission to enforce its rights to any payment or money judgment pursuant to this Order, including but not limited to a nondischargeability complaint in any bankruptcy case. Defendant further stipulates and agrees that the facts alleged in the Amended Complaint establish all elements necessary to sustain an action pursuant to, and that this Order shall have collateral estoppel effect for purposes of Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A).

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

G. Pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may furnish a consumer report concerning Defendant to the FTC, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

INJUNCTIVE PROVISIONS

BAN ON MORTGAGE LOAN MODIFICATION AND FORECLOSURE RELIEF SERVICES

II. IT IS FURTHER ORDERED that Defendant, whether acting directly or through any corporation, subsidiary, division, or other device, is permanently restrained and enjoined from

A. Advertising, marketing, promoting, offering for sale, or selling any mortgage loan modification or foreclosure relief service; and

B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any mortgage loan modification or foreclosure relief service.

PROHIBITED REPRESENTATIONS RELATING TO FINANCIAL RELATED GOODS AND SERVICES

III. IT IS FURTHER ORDERED that Defendant and his successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any financial related 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. The terms or rates that are available for any loan or other extension of

credit, including but not limited to:

(a) closing costs or other fees;

(b) the payment schedule, the monthly payment amount(s), or other payment terms, or whether there is a balloon payment; interest rate(s), annual percentage rate(s), or finance charge; the loan amount, the amount of credit, the draw amount, or outstanding balance; the loan term, the draw period, or maturity; or any other term of credit;

(c) the savings associated with the credit;

(d) the amount of cash to be disbursed to the borrower out of the proceeds, or the amount of cash to be disbursed on behalf of the borrower to any third parties;

(e) whether the payment of the minimum amount specified each month covers both interest and principal, and whether the credit has or can result in negative amortization;

(f) that the credit does not have a prepayment penalty or that no prepayment penalty and/or other fees or costs will be incurred if the consumer subsequently refinances; and

(g) that the interest rate(s) or annual percentage rate(s) are fixed rather than adjustable or adjustable rather than fixed;

2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;

3. That any person can improve substantially any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;

4. Any aspect of any debt relief service, including but not limited to, the amount of savings a consumer will receive from purchasing, using, or enrolling in such debt relief service; the amount of time before which a consumer will receive settlement of the consumer's debts; or the reduction or cessation of collection calls; and

5. That a consumer will receive legal representation;

B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

PROHIBITED REPRESENTATIONS RELATING TO ANY GOODS OR SERVICES

IV. IT IS FURTHER ORDERED that Defendant and his successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any good, service, plan, or program are hereby permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

A. Any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted to the consumer;

B. That any person is affiliated with, endorsed or approved by, or otherwise connected to any other person, government entity, any federal homeowner relief or financial stability program, or any other program;

C. The total costs to purchase, receive, or use, and the quantity of, the good or service;

D. Any material restriction, limitation, or condition to purchase, receive, or use the good or service; and

E. Any material aspect of the performance, efficacy, nature, or characteristics of the good or service.

COMPLIANCE MONITORING

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

A. Within ten (10) days of receipt of written notice from a representative of the FTC, Defendant shall submit additional written reports, which are true and accurate and 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 Defendant's possession or direct or indirect control, to inspect the business operation;

B. In addition, the FTC is authorized to use all other lawful means, including but not limited to:

1. obtain discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45, and 69;

2. pose as consumers and suppliers to Defendant, his employees, or any other entity managed or controlled in whole or in part by Defendant, without the necessity of identification or prior notice; and

C. Defendant shall permit representatives of the 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)).

COMPLIANCE REPORTING BY DEFENDANT

VI. 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, Defendant shall notify the FTC of the following:

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

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

3. Any changes in his name or use of any aliases or fictitious names; and

4. Any changes in structure of any business entity that Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations

arising under this Order, including but not limited to incorporation or other organization; a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to such change; *provided, however,* that, with respect to any proposed change in the business entity about which Defendant learns less than thirty (30) days prior to the date such action is to take place, Defendant shall notify the FTC as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order and annually thereafter for a period of five (5) years, Defendant shall provide a written report to the FTC, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which he has complied and is complying with this Order. This report shall include, but not be limited to:

1. his then-current residence address, mailing addresses, and telephone numbers;

2. his then-current employment status (including self-employment), including the name, addresses, and telephone numbers of each business that he is affiliated with, employed by, or performs services for; a detailed description of the nature of the business; and a detailed description of his duties and responsibilities in connection with the business or employment;

3. any other changes required to be reported under subparagraph A of this Section; and

4. a copy of each acknowledgment of receipt of this Order obtained pursuant

to the Section titled "Distribution of Order;"

C. Defendant shall notify the FTC of the filing of a bankruptcy petition within fifteen (15) days of filing;

D. For the purposes of this Order, Defendant shall, unless otherwise directed by the FTC's authorized representatives, send all reports and notifications required by this Order by overnight courier to the FTC to the following address:

Associate Director, Division of Enforcement
Federal Trade Commission
600 Pennsylvania Avenue, N.W., Room NJ2122
Washington, D.C. 20580
RE: FTC v. Thomas Ryan;

Provided that, in lieu of overnight courier, Defendant may send such reports or notifications by first-class mail, but only if Defendant contemporaneously sends an electronic version of such report or notification to the Commission at: DEBrief@ftc.gov;

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

RECORD KEEPING

VII. IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, in connection with any business where Defendant is the majority owner of the business or directly or indirectly manages or controls the business, Defendant and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, whether acting directly or through any sole proprietorship, partnership, limited liability company, corporation, subsidiary, branch, division, or other entity, 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 products or services sold, revenues generated, and the disbursement of such revenues;

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

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

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

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

F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order required by the Sections titled "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports submitted to the FTC pursuant to the Section titled "Compliance Reporting."

DISTRIBUTION OF ORDER BY DEFENDANT

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

A. Defendant as control person: For any business entity that Defendant controls, directly or indirectly, or in which Defendant has a majority ownership interest, Defendant must

deliver a copy of this Order to all principals, officers, directors, and managers, and all employees, agents, and representatives who engage in conduct related to the subject matter of the Order. For current personnel, delivery shall be within five (5) days of service of this Order upon Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities.

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

C. Defendant 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 Section.

ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANT

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

RETENTION OF JURISDICTION

X. 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 20th day of November, 2009.

HENRY H. KENNEDY JR.
UNITED STATES DISTRICT JUDGE

STIPULATED AND AGREED TO:

Date: 9/10/09

THOMAS M. RYAN, Defendant

Date: 11/19/09

DOUGLAS V. WOLFE
Federal Trade Commission
600 Pennsylvania Avenue NW
Room NJ-2122
Washington, DC 20580
Attorney for Plaintiff