2 THE HONORABLE THOMAS S. ZI	LLY				
3					
4					
5					
6					
7					
UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON					
9 AT SEATTLE	ATSEATTLE				
11 FEDERAL TRADE COMMISSION,					
11 Plaintiff, 12 Plaintiff, Case No. C00-1698Z CONTEMPT ORDER AGAINST	WADE				
13 v. CONTENT TORDER AGAINST COOK FINANCIAL CORP., STO MARKET INSTITUTE OF LEAR					
14WADE COOK FINANCIAL CORP., and WADE COOK SEMINARS, INC.,and WADE BRUCE COOK (Property 1)	osed)				
15 Defendants.					
16					
17 Plaintiff, the Federal Trade Commission ("Commission or FTC"), having applied for an	Order to				
18 Show Cause Why defendants Wade Cook Financial Corp. ("WCFC"), Stock Market Institute	of Learning,				
Inc. (the successor to Wade Cook Seminars, Inc.) ("SMIL"), and Wade Bruce Cook should not be found in					
contempt of the Consent Decree issued by this Court on October 13, 2000 ("Order"), and this Court having					
considered the arguments made and the pleadings, declarations, exhibits, and memoranda filed by the parties,					
now makes the following findings and enters the following Contempt Order:					
 DEFINITIONS 24 					
For purposes of this Contempt Order, unless otherwise indicated, the following definitio	ons shall apply:				
A. "Defendants" means Wade Cook Financial Corp., Stock Market Institute of Le	earning, Inc.,				
Wade Bruce Cook, and their subsidiaries, successors and assigns.					
B. "Clearly and prominently" means as follows:					

1		1. In an advertisement communicated through an electronic medium (such as television,			
2	video, radio, and interactive media such as the Internet and online services), the disclosure				
3	shall be presented simultaneously in both the audio and video portions of the advertisement.				
4	Provided, however, that in any advertisement presented solely through video or audio mean				
5	the disclosure may be made through the same means in which the ad is presented. The audi				
6	disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to				
7	hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear				
8	on the screen a sufficient length of time for an ordinary consumer to read and comprehend it				
9	In interactive media the disclosure shall also be unavoidable and shall be presented before the				
10		consumer incurs any financial obligation.			
11		2. In a print advertisement, promotional material, or instructional manual, the disclosure			
12		shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and			
13		comprehend it, in print that contrasts with the background against which it appears. In multi			
14		page documents, the disclosure shall appear on the cover or first page.			
15		3. In a promotional seminar the disclosure shall be provided to each seminar attendee in			
16		written form, in a single page document containing no other information, in a type size			
17		sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that			
18		contrasts with the background against which it appears.			
19	C.	"Stock" means common stocks, bonds, and options or other derivative interests in common			
20	stocks or bond	ls.			
21	D.	"Disclosure period" shall mean the period of four calendar quarters that ends not more than			
22	150 days prior	to the date of the representation that triggers the disclosure.			
23	E.	"Rate of Return" means the amount of gain or loss in the stock brokerage accounts of the			
24	corporate defendants for the applicable disclosure period expressed as a percentage of the amount invested.				
25	5 The Rate of Return shall be calculated in the manner set forth in the Order.				
26					
27		FINDINGS			
28	1.	Defendants have violated Paragraph I.A of the Order by failing to clearly and prominently			

2 Financial Clinics, on the WCFC web site, and in other promotional materials. 3 2. Defendants have violated Paragraph LE of the Order by failing, in connection with the 4 promotion, offering for sale, or sale of any investment seminar or program, to possess and rely upon a 5 reasonable basis that substantiates representations made at Financial Clinics. 6 3. Defendants have violated Paragraph ILB of the Order by mailing the Notice and Proof of 7 Claim for the Redress Program to consumers in envelopes carrying the return address for Stock Market 8 Institute of Learning, Inc., instead of the return address for the FTC Redress Program. 9 4. Defendants have violated Paragraphs II. C and D of the Order by failing to prozess, evaluate, 10 and pay refunds in accordance with the requirements set forth in the Order. 11 5. Wade Bruce Cook has violated Paragraph ILH of the Order by failing to pay past due refund 12 payments owed by WCFC. 13 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and 14 other equitable relief are appropriate. 15 IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to 19 attend any stock market investment seminar a signed and dated disclosure form clearly and prominently 20	1	disclose WCFC's Rate of Return achieved during the relevant disclosure period as required by the Order, at				
4 promotion, offering for sale, or sale of any investment seminar or program, to possess and rely upon a 5 reasonable basis that substantiates representations made at Financial Clinics. 6 3. Defendants have violated Paragraph ILB of the Order by mailing the Notice and Proof of 7 Claim for the Redress Program to consumers in envelopes carrying the return address for Stock Market 8 Institute of Learning, Inc., instead of the return address for the FTC Redress Program. 9 4. Defendants have violated Paragraphs II. C and D of the Order by failing to process, evaluate, 10 and pay refunds in accordance with the requirements set forth in the Order. 11 5. Wade Bruce Cook has violated Paragraph ILH of the Order by failing to pay past due refund 12 payments owed by WCFC. 13 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and 14 other equitable relief are appropriate. 15 II IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to 19 attend any stock market investment seminar a signed and dated disclosure form clearly and prominently 19 containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed 11 disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy	2	Financial Clinics, on the WCFC web site, and in other promotional materials.				
 reasonable basis that substantiates representations made at Financial Clinics. 3. Defendants have violated Paragraph ILB of the Order by mailing the Notice and Proof of Claim for the Redress Program to consumers in envelopes carrying the return address for Stock Market Institute of Learning, Inc., instead of the return address for the FTC Redress Program. 4. Defendants have violated Paragraphs IL C and D of the Order by failing to process, evaluate, and pay refunds in accordance with the requirements set forth in the Order. 5. Wade Bruce Cook has violated Paragraph ILH of the Order by failing to pay past due refund payments owed by WCFC. 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. ORDER IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	3	2. Defendants have violated Paragraph I.E of the Order by failing, in connection with the				
 3. Defendants have violated Paragraph ILB of the Order by mailing the Notice and Proof of Claim for the Redress Program to consumers in envelopes carrying the return address for Stock Market Institute of Learning, Inc., instead of the return address for the FTC Redress Program. 4. Defendants have violated Paragraphs IL C and D of the Order by failing to process, evaluate, and pay refunds in accordance with the requirements set forth in the Order. 5. Wade Bruce Cook has violated Paragraph ILH of the Order by failing to pay past due refund payments owed by WCFC. 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. ORDER IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	4	promotion, offering for sale, or sale of any investment seminar or program, to possess and rely upon a				
 Claim for the Redress Program to consumers in envelopes carrying the return address for Stock Market Institute of Learning, Inc., instead of the return address for the FTC Redress Program. 4. Defendants have violated Paragraphs II. C and D of the Order by failing to process, evaluate, and pay refunds in accordance with the requirements set forth in the Order. 5. Wade Bruce Cook has violated Paragraph II.H of the Order by failing to pay past due refund payments owed by WCFC. 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. II IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II S FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	5	reasonable basis that substantiates representations made at Financial Clinics.				
8 Institute of Learning, Inc., instead of the return address for the FTC Redress Program. 9 4. Defendants have violated Paragraphs II. C and D of the Order by failing to process, evaluate, and pay refunds in accordance with the requirements set forth in the Order. 11 5. Wade Bruce Cook has violated Paragraph II.H of the Order by failing to pay past due refund payments owed by WCFC. 13 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. 15 Institute of Learning, Inc., instead of the contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. 16 ORDER 17 I. 18 IT IS THEREFORE ORDEREED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. 25 II. 26 III. 27 A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	6	3. Defendants have violated Paragraph II.B of the Order by mailing the Notice and Proof of				
 9 4. Defendants have violated Paragraphs II. C and D of the Order by failing to process, evaluate, and pay refunds in accordance with the requirements set forth in the Order. 5. Wade Bruce Cook has violated Paragraph II.H of the Order by failing to pay past due refund payments owed by WCFC. 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. ORDER I I IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II S FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	7	Claim for the Redress Program to consumers in envelopes carrying the return address for Stock Market				
10 and pay refunds in accordance with the requirements set forth in the Order. 11 5. Wade Bruce Cook has violated Paragraph II.H of the Order by failing to pay past due refund 12 payments owed by WCFC. 13 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and 14 other equitable relief are appropriate. 15 I 16 ORDER 17 I. 18 IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to 19 attend any stock market investment seminar a signed and dated disclosure form clearly and prominently 20 containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed 21 disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy 22 provided to the consumer prior to WCFC accepting payment from the consumer for any stock market 23 investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the 24 stock market investment seminar shall be rescinded and a refund given at the request of the consumer. 25 II. 26 II. 27 A. The redress provisions of Paragraph II of the Order shall be e	8	Institute of Learning, Inc., instead of the return address for the FTC Redress Program.				
 5. Wade Bruce Cook has violated Paragraph II.H of the Order by failing to pay past due refund payments owed by WCFC. 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. ORDER IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. If a Signed Disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. If a Signed Disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. If a Signed Disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. If A Disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. If A Disclosure form does not contain the correct Rate of the consumer. IT IS FURTHER ORDERED	9	4. Defendants have violated Paragraphs II. C and D of the Order by failing to process, evaluate,				
12 payments owed by WCFC. 13 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and 14 other equitable relief are appropriate. 15 ORDER 16 I 17 I 18 IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to 19 attend any stock market investment seminar a signed and dated disclosure form clearly and prominently 20 containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed 21 disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy 21 provided to the consumer prior to WCFC accepting payment from the consumer for any stock market 22 provided to the consumer prior to WCFC accepting payment from the consumer for any stock market 23 investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the 24 stock market investment seminar shall be rescinded and a refund given at the request of the consumer. 25 II 26 II 27 A . The redress provisions of Paragraph II of the Order shall be extended, in the manner	10	and pay refunds in accordance with the requirements set forth in the Order.				
 6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and other equitable relief are appropriate. ORDER IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	11	5. Wade Bruce Cook has violated Paragraph II.H of the Order by failing to pay past due refund				
14 other equitable relief are appropriate. 15 ORDER 16 IIIS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to 18 IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to 19 attend any stock market investment seminar a signed and dated disclosure form clearly and prominently 20 containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed 21 disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy 22 provided to the consumer prior to WCFC accepting payment from the consumer for any stock market 23 investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the 24 stock market investment seminar shall be rescinded and a refund given at the request of the consumer. 25 II. 26 IT IS FURTHER ORDERED that: 27 A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	12	2 payments owed by WCFC.				
15 If	13	6. Defendants are in civil contempt of the Order and coercive and compensatory sanctions and				
16ORDER17I.18IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to19attend any stock market investment seminar a signed and dated disclosure form clearly and prominently20containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed21disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy22provided to the consumer prior to WCFC accepting payment from the consumer for any stock market23investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the24stock market investment seminar shall be rescinded and a refund given at the request of the consumer.25II.26IT IS FURTHER ORDERED that:27A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	14	other equitable relief are appropriate.				
17I.18IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to19attend any stock market investment seminar a signed and dated disclosure form clearly and prominently20containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed21disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy22provided to the consumer prior to WCFC accepting payment from the consumer for any stock market23investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the24stock market investment seminar shall be rescinded and a refund given at the request of the consumer.25II.26IT IS FURTHER ORDERED that:27A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	15					
18IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to19attend any stock market investment seminar a signed and dated disclosure form clearly and prominently20containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed21disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy22provided to the consumer prior to WCFC accepting payment from the consumer for any stock market23investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the24stock market investment seminar shall be rescinded and a refund given at the request of the consumer.25II.26IT IS FURTHER ORDERED that:27A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	16	ORDER				
19 attend any stock market investment seminar a signed and dated disclosure form clearly and prominently 20 containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed 21 disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy 22 provided to the consumer prior to WCFC accepting payment from the consumer for any stock market 23 investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the 24 stock market investment seminar shall be rescinded and a refund given at the request of the consumer. 25 II. 26 IT IS FURTHER ORDERED that: 27 A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	17	I.				
 containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 		IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to				
 disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	18	IT IS THEREFORE ORDERED that defendants shall obtain from each consumer who pays to				
 provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 						
 investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	19	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently				
 stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	19 20	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed				
 II. IT IS FURTHER ORDERED that: A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	19 20 21	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy				
 26 IT IS FURTHER ORDERED that: 27 A. The redress provisions of Paragraph II of the Order shall be extended, in the manner 	19 20 21 22	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market				
A. The redress provisions of Paragraph II of the Order shall be extended, in the manner	 19 20 21 22 23 	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the				
	 19 20 21 22 23 24 	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer.				
28 described below, to consumers who paid to attend the Wall Street Workshop or any other stock market	 19 20 21 22 23 24 25 	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II.				
	 19 20 21 22 23 24 25 26 	attend any stock market investment seminar a signed and dated disclosure form clearly and prominently containing the current Rate of Return prior to accepting payment for the seminar. A copy of the signed disclosure shall be provided to the consumer. If a signed disclosure is not obtained by WCFC and a copy provided to the consumer prior to WCFC accepting payment from the consumer for any stock market investment seminar, or if the disclosure form does not contain the correct Rate of Return, the contract for the stock market investment seminar shall be rescinded and a refund given at the request of the consumer. II. II.				

investment seminar offered by defendants, between October 13, 2000, and the date of entry of this Contempt
 Order, and who otherwise meet the eligibility and qualifying criteria of the Order, except that a subsequent
 purchase of the IQ Pager Package (the IQ Pager bundled with other products including seminars), a Wall
 Street Workshop Retake, or any seminar the fee for which is \$100 or less, shall not make the consumer
 ineligible to participate in the Redress Program under this Contempt Order;

B. Eligible consumers under this Contempt Order shall be sent the Notice and Proof of Claim
appended as Attachments A and B, in envelopes bearing the FTC Redress Program return address
established by the Redress Administrator or the return address for the FTC's Northwest Regional Office, as
soon as possible but in no event later than sixty (60) days after entry of this Contempt Order;

C. Consumer claims under this Contempt Order shall be evaluated in accordance Paragraphs
II.C and II.D of the Order, except that Attachments C, D, and E to this Contempt Order, filed herewith under
seal, shall be used instead of Attachments C, D, and E to the Order, which are also filed under seal.

D. The amount to be refunded to consumers qualifying for a refund under this Contempt Order shall be the entire contract amount less any gain realized during the twelve month period, or lesser period if less than twelve months have elapsed, following attendance at the stock market investment seminar;

E. To establish their qualification for a refund under this Contempt Order consumers must submit their monthly brokerage statements or other complete brokerage records that establish their gains and losses from trading stocks for the entire twelve-month or shorter relevant period following attendance at the stock market investment seminar, or the Schedule Ds from their tax returns for the tax years covering the entire twelve-month or shorter relevant period for themselves and any entity they used for trading stocks, excluding trading accounts managed by someone other than the claimant, such as mutual funds or managed IRA accounts. No other documentation shall be required;

F. The trades to be considered when determining gains and losses for the purposes of establishing qualification for a refund to post-Order claimants shall be only those trades completely transacted during the twelve months, or lesser period if less than twelve months have elapsed, following attendance at the stock market investment seminar, and shall not include unrealized gains, carry over gains from periods prior to attending the stock market investment seminar, or gains from stocks purchased prior to attending the stock market investment seminar, unless the sale of said stock results from an options transaction;

CONTEMPT ORDER - Page 4

1 2

Administrator shall be the agent of this Court in acting as redress administrator under this Contempt Order.

VIII.

3 IT IS FURTHER ORDERED that within thirty (30) days of entry of this Contempt Order 4 defendants shall deposit into an escrow account designated by the Redress Administrator, the sum of five 5 million dollars (\$5,000,000). In the event that the balance of funds in the escrow account drops to five 6 hundred thousand (\$500,000), the Redress Administrator may apply to the Court for a Supplemental Order 7 requiring defendants to deposit additional funds into the account.

IX.

9 **IT IS FURTHER ORDERED** that, if within thirty (30) days from the date of entry of this Contempt 10 Order defendants have not deposited \$5 million into the escrow account designated by the Redress 11 Administrator, then the FTC may apply to the Court for additional relief, including appointment of a receiver 12 for WCFC and SMIL.

13

8

X.

14 IT IS FURTHER ORDERED that the Redress Administrator shall re-mail the Notice and Proof of 15 Claim under the Order to each claimant who did not return a Proof of Claim after the initial mailing, and 16 whose claim form was not returned by the Post Office as undeliverable. The envelope in which the Notice 17 and Proof of Claim is mailed shall bear the FTC Redress Program return address established by the Redress 18 Administrator.

19

20 IT IS FURTHER ORDERED that defendants and their employees shall fully cooperate with and 21 assist the Redress Administrator in fulfilling its duties and obligations. Such cooperation and assistance shall 22 include, but not be limited to, providing any information and documents to the Redress Administrator that the 23 Redress Administrator deems necessary to exercising its authority and discharging its responsibilities.

XI.

24

XII.

25 **IT IS FURTHER ORDERED** that defendants are hereby restrained and enjoined from directly or 26 indirectly destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of 27 the defendants relevant to the redress program, including, but not limited to, books, records, accounts, 28

1 || electronically-stored records, or any other papers of any kind or nature.

XIII.

3 IT IS FURTHER ORDERED that the Redress Administrator and all personnel retained by the 4 Redress Administrator, are entitled to reasonable compensation and reimbursement of expenses for the 5 performance of duties pursuant to this Contempt Order, subject to the approval of the Court. Such 6 compensation and reimbursement shall be paid from the redress funds deposited by defendants into the 7 escrow account designated by the Redress Administrator. The Redress Administrator shall apply to the 8 Court for approval of such compensation and reimbursement on a bi-monthly basis, filing with the Court and 9 serving on the parties statements, which shall include a description of all services provided and expenses 10 incurred, with the first such statement filed no more than 60 days after the date of this Contempt Order. 11 XIV. 12 IT IS FURTHER ORDERED that the Redress Administrator shall file with the Clerk of this Court 13 a bond in the sum of \$10,000.00 with sureties to be approved by the Court, conditioned that the Redress 14 Administrator will well and truly perform the duties of the office and abide by and perform all acts the Court 15 directs. 16 17 18 19 20 21

24252627

22

23

2

1	SO ORDERED, this	day of _	, 2002.	
2				
3			THOMAS S. ZILLY	
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				