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Judge Thomas S. Zilly

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CANADA PREPAID LEGAL SERVICES, INC.,
D.B.A. BSI PREMIUM BONDS; *et al.*,

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1 **II.**

2 **DISCLOSURE OF CONSUMER LISTS**

3 **IT IS FURTHER ORDERED** that defendants, and their officers, agents, servants,
4 employees, and attorneys, and all other persons or entities in active concert or participation with them
5 who receive actual notice of this Stipulated Order by personal service or otherwise, are permanently
6 restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name,
7 address, telephone number, credit card number, bank account number, e-mail address, or other
8 identifying information of any person who paid any money to any defendant, at any time prior to entry
9 of this order, in connection with promoting, offering for sale, selling, or participating in the sale of,
10 directly or indirectly, any interests, holdings, or registrations in any foreign lottery or in any bond
11 program with a lottery feature. Provided, however, that defendants may disclose such identifying
12 information to a law enforcement agency or as required by any law, regulation, or court order.

13 **III.**

14 **CONSUMER REDRESS**

15 **IT IS FURTHER ORDERED** that:

- 16 A. Judgment is entered against defendants jointly and severally in the amount of
17 \$4,218,831.00 (USD). Judgment shall be suspended upon:
- 18 1. Release by defendants to the Director of Trade Practices (Director) of the
19 Ministry of Public Safety and Solicitor General of British Columbia, any and all
20 claims they may have to any assets frozen by the Director, including amounts
21 held in the name of Shawn Proulx at TD Financial Group, including but not
22 limited to account # 022-750369, account # 285-515409, and account # 556-
23 239989, and all Premium Savings Bonds held in the name of Joseph Proulx
24 and/or Dawn Tobin;
 - 25 2. The agreement by the defendants that these assets or their proceeds may be
26 transferred by the Director to the Commission, *and provided that* the Director
27 may deduct from this amount any costs of his action against defendants, and
28 any reasonable attorneys' fees incurred by the defendants' attorney or

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1 defendant failed to disclose any material asset, or materially misrepresented the value of any asset, or
2 made any other material misrepresentation in or omission from the Financial Disclosure Forms, the
3 Court shall enter judgment against defendants, in favor of the Commission, in the amount of
4 \$4,218,831.00 (U.S.), less any amount already paid to the Commission, to the Director, or for
5 attorneys' fees approved by the Director; *Provided, however,* that in all other respects this Stipulated
6 Order shall remain in full force and effect unless otherwise ordered by the Court; and provided further,
7 that proceedings instituted under this Paragraph are in addition to and not in lieu of any other civil or
8 criminal remedies as may be provided by law, including any other proceedings the Commission may
9 initiate to enforce this Stipulated Order. Solely for purposes of this Paragraph, the defendant waives
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1 independent contractors engaged in sales or other customer service functions comply with Paragraph I
2 of this Stipulated Order. Such steps shall include adequate monitoring of sales presentations or other

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1 defendant's duties and responsibilities in connection with the business or
2 employment; and

- 3 3. Any proposed change in the structure of defendant Canada Prepaid Legal
4 Services, Inc., or of any business entity owned or controlled by either
5 defendant, such as creation, incorporation, dissolution, assignment, sale,
6 merger, creation, dissolution of subsidiaries, or any other change that may affect
7 compliance obligations arising out of this Stipulated Order, thirty (30) days
8 prior to the effective date of any proposed change;

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

- 13 1. Defendant Proulx's then current residence address and telephone number;
14 2. Defendant Proulx's then current employment, business addresses and telephone
15 numbers, a description of the business activities of each such employer, and
16 defendant's title and responsibilities for each employer;
17 3. A copy of each acknowledgment of receipt of this Stipulated Order obtained
18 by defendant pursuant to Paragraphs VIII.A. and B.; and
19 4. A statement describing the manner in which defendants have complied and are
20 complying with (a) the injunctive provisions of this Stipulated Order, and (b) the
21 monetary relief provisions of this Stipulated Order;

22 C. Upon written request by a representative of the Commission, defendants shall submit
23 additional written reports (under oath, if requested) and produce documents on fifteen (15) days' notice
24 with respect to any conduct subject to this Stipulated Order;

25 D. For the purposes of this Stipulated Order, defendants shall, unless otherwise directed
26 by the Commission's authorized representatives, mail all written notifications to the Commission to:

1 Regional Director
2 Federal Trade Commission
3 915 Second Avenue, Room 2896
4 Seattle, WA 98174
5 Re: *FTC v. Canada Prepaid Legal Services, Inc., et al.*

6 E. For the purposes of this Paragraph, "employment" includes the performance of services
7 as an employee, consultant, or independent contractor; and "employers" include any individual or entity
8 for whom defendant performs services as an employee, consultant or independent contractor.

9 F. For purposes of the compliance reporting required by this Paragraph, the Commission
10 is authorized to communicate directly with defendants.

11 **X.**

12 **RECORD KEEPING**

13 **IT IS FURTHER ORDERED** that:

14 A. For a period of eight (8) years from the date of entry of this Stipulated Order,
15 defendants, and defendants' agents, employees, officers, servants, corporations, successors, and
16 assigns, and those persons in active concert or participation with them who receive actual notice of this
17 Stipulated Order by personal service or otherwise, in connection with any business where: (1) either
18 defendant is the majority owner of the business, or directly or indirectly manages or controls the
19 business, and (2) the business is engaged in telemarketing to U.S. residents, or in assisting others
20 engaged in said business, are hereby permanently restrained and enjoined from failing to create and
21 retain, unless otherwise specified:

- 22 1. Accounting records that reflect the cost of goods or services sold, revenues
23 generated and the disbursement of such revenues;
- 24 2. Personnel records accurately reflecting: the name, address, and telephone
25 number of each person employed in any capacity by such business, including as
26 an independent contractor; that person's job or position; the date upon which
27 the person commenced work; and the date and reason for the person's
28 termination, if applicable;
3. Customer files containing the names, addresses, telephone numbers, dollar

1 amounts paid, quantity of items or services purchased, and description of items
2 or services purchased, to the extent such information is obtained in the ordinary
3 course of business;

- 4 4. Complaints and refund requests (whether received directly, indirectly, or
5 through any third party) and any responses to those complaints or requests; and
6 5. Copies of all sales scripts, training materials, advertisements, or other marketing
7 materials.

8 **XI.**

9 **ACCESS TO BUSINESS PREMISES**

10 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the date of entry of
11 this Stipulated Order, for the purpose of further determining compliance with this Stipulated Order,
12 defendants shall permit representatives of the Commission, within three (3) business days of receipt of
13 written notice from the Commission:

14 A. Access during normal business hours to any office or facility storing documents, of any
15 U.S.-based business where (1) either defendant is the majority owner of the business or directly or
16 indirectly manages or controls the business, and where (2) the business is engaged in telemarketing to
17 U.S. residents, or in assisting others engaged in said business. In providing such access, defendants
18 shall permit representatives of the Commission to inspect and copy all documents relevant to any matter
19 contained in this Stipulated Order; and shall permit Commission representatives to remove documents
20 relevant to any matter contained in this Stipulated Order for a period not to exceed five (5) business
21 days so that the documents may be inspected, inventoried, and copied; and

22 B. To interview the officers, directors, and employees, including all personnel involved in
23 responding to consumer complaints or inquiries, and all sales personnel, whether designated as
24 employees, consultants, independent contractors or otherwise, of any business to which Subsection (A)
25 of this Paragraph applies, concerning matters relating to compliance with the terms of this Stipulated
26 Order. The person interviewed may have counsel present.

27 *Provided* that, upon application of the Commission and for good cause shown, the Court may
28 enter an ex parte order granting immediate access to defendant's U.S.-based business premises for the

1 purposes of inspecting and copying all documents relevant to any matter contained in this Stipulated
2 Order.

3 **XII.**

4 **COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE**

5 **IT IS FURTHER ORDERED** that the Commission is authorized to monitor defendants'
6 compliance with this Stipulated Order by all lawful means including, but not limited to, the following
7 means:

8 A. The Commission is authorized, without further leave of court, to obtain discovery from
9 any person in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ.
10 P. 26 - 37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of
11 monitoring and investigating defendants' compliance with any provision of this Stipulated Order;

12 B. The Commission is authorized to use repres.13ToL64rocess Tw -23ded by Chrelrvilr sup wilrv2 -24 T
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Judge Thomas S. Zilly
United States District Judge

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1 The parties, by their respective counsel, hereby consent to the terms and conditions of the Stipulated
2 Order as set forth above and consent to the entry thereof. Defendants waive any rights that may arise
3 under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-121, 110 Stat.
4 847, 863-64 (1996).

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6 **FOR PLAINTIFF FEDERAL
TRADE COMMISSION:**

FOR DEFENDANTS:

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Mary T. Benfield, WSBA #18835
Eleanor Durham
Attorney for Plaintiff
10 Federal Trade Commission

Joseph Shawn Proulx, Individually

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Joseph Shawn Proulx, as Director of
12 Canada Prepaid Legal Services, Inc.,
d.b.a. BSI Premium Bonds

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Dean Robertson, WSBA # 14097
Rand Haddock
15 Attorneys for Defendants Joseph Shawn Proulx
16 and Canada Prepaid Legal Services, Inc.,
d.b.a. BSI Premium Bonds

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