

UNITED STATES DISTRICT COURT

**NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

ORIGINAL

v.

) Civil No. 3-02CV-0702P

US DISTRICT COURT

The Commission and defendant Michèle Graham, individually and by her Chapter 7

4 The Commission's Complaint states that respondent has been found

against defendant under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b).

5 The Commission has the authority under Section 13(b) of the FTC Act to seek the

them.

9. The Commission and defendant stipulate and agree to this Order, without trial or final adjudication of any issue of fact or law to settle and resolve all matters in dispute between

[REDACTED]

1. "Defendant" means Michele Graham, individually and by Linda S. Payne, solely in her capacity as the Graham Trustee.

2. "Medical Billing" means any service by which bills or charges for medical services or products or medically related services or products are sent, directly or indirectly, to a

patient or third party, including but not limited to insurance companies, health plans, or other entities.

physician, doctor or other provider of medical services, including but not limited to hospitals, clinics, or other entities.

any consideration for: (a) the right or means to offer, sell, or distribute goods or services (whether or not identified by a trademark, service mark, trade name, advertising, or other commercial symbol); and (b) more than nominal assistance to any person or entity in connection with or incident to the establishment, maintenance, or operation of a new business or the entry by an existing business into a new line or type of business.

6. "UFOC format" is defined as the Uniform Franchise Offering Circular format that has been adopted by the North American Securities Administrators' Association and accepted by the Commission for use in lieu of the Franchise Rule's disclosure format.

7. "Telemarketing" shall mean any business activity (which includes, but is not

limited to, initiating or receiving telephone calls, managing others who initiate or receive

8. "Work-At-Home Opportunity" means any program, plan, product, or service

9. "Assisting others" means providing any of the following goods or services to any person or entity: (a) formulating or providing, or arranging for the formulation or provision of,

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Offering for sale, sale, or distribution of a Franchise or Business Venture, see Handbook on page 10

agents, servants, employees, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, affiliate, or other device, are hereby permanently enjoined from failing to comply with any provision of the UFOC. In the

event the Franchise Rule is hereafter amended or modified, or the UFOC is amended or modified

and such UFOC amendment or modification is accepted by the Commission for use in lieu of the Franchise Rule's disclosure format, defendant's compliance with the Franchise Rule as so amended or modified, or the UFOC as amended or modified and accepted by the Commission, shall not be deemed a violation of this Order.

relationships with any potential employers;

3. Misrepresenting, expressly or by implication, that consumers are likely to earn a

Misrepresenting, expressly or by implication, that consumers can readily obtain

through any entity, corporation, subsidiary, division, affiliate, or other device, are hereby permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, Social Security number, credit card number, bank account number, e-mail address, or other identifying information of any person who paid any money to defendant, at any time prior to entry of this Order; *provided, however*, that defendant may disclose such identifying information to a law enforcement agency or as required by any law, regulation, or court order.

IV. MONETARY JUDGMENT

IT IS FURTHER ORDERED that:

A. Judgment is entered in favor of the Commission and against defendant Michele

the Graham Bankruptcy Case paid on account of allowed general unsecured claims in each such case, pursuant to Section 726 or 1129 of the Bankruptcy Code, 11 U.S.C. §§ 726 and 1129, and in accordance with the priorities of the Bankruptcy Code.

§ The Commission and defendant Michala Graham stipulate and agree to, within ten

(10) days of the date of entry of this Order, file a Complaint and Agreed Judgment in the Graham Bankruptcy Case, substantially in the form attached hereto as Appendix A, determining the Judgment, including the conditions set forth in Paragraph V of this Order, to be

non-dischargeable pursuant to Section 522 of the Bankruptcy Code, 11 U.S.C. § 522

F. All funds paid pursuant to this Order shall be deposited into a fund administered by the Commission 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 fund. In the

redress is completed, the Commission may apply any remaining funds for such other equitable

B. If the Commission should have evidence that the above-referenced financial statements and information failed to disclose any material asset the value of which exceeds \$1,000, materially misrepresented the value of any asset, or made any other material misrepresentation or omission, the Commission may move that the Court reopen this Order for the sole purpose of allowing the Commission to modify the monetary liability of defendant

Michele Graham If the Court finds that the defendant failed to disclose any material asset

elsewhere in this Order shall be read to modify the obligations of defendant Michele Graham
under Paragraph IV(C) to stipulate and agree to the nondischargeability of the Judgment

including the conditions set forth in this Paragraph V pursuant to Section 502 of the Bankruptcy

or any other entity managed or controlled in whole or in part by Defendant

without the necessity of identification or prior notice;

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

- C. Defendant shall permit representatives of the Commission 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

2. Any changes in defendant's employment status (including self-employment) within ten (10) days of the date of such change. Such notice

shall include the name and address of each business that defendant is affiliated with, employed by, or performs services for; a statement of the nature of the business; and a statement of defendant's duties and responsibilities in connection with the business; and

3. Any changes in defendant's name or use of any aliases or fictitious names

P One hundred eight (100) days after the date of the filing of this petition

Regional Director
Southwest Region
Federal Trade Commission

Dallas, Texas 75201
Re: FTC v. Medical-Billing.Com, Inc., Civil Action No. 3-02CV1727-G.

- D. For purposes of the compliance reporting required by this Section, the Commission is authorized to communicate directly with defendant Michele Graham.

VIII. RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Final Judgment and Order, defendant Michele Graham, in connection with any business where the defendant Michele Graham is the majority owner of the business or directly or indirectly manages or controls the business, and where the business involves the promotion

person commenced work and the date and reason for the person's termination, if

applicable;

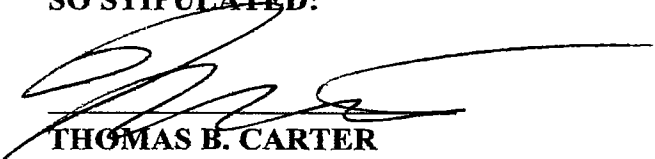
- C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services

purchased, to the extent such information is obtained in the ordinary course of business;

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

IV DISTRIBUTION OF ORDER BY DEFENDANT

SO STIPULATED:



THOMAS B. CARTER

Texas Bar No. 03932300

GARY KENNEDY

Oklahoma Bar No. 4961

1999 Bryan Street, Suite 2150

Dallas, Texas 75201

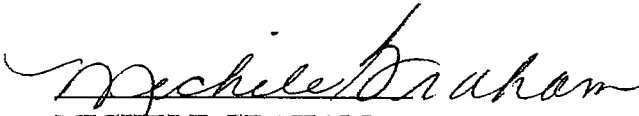
(214) 979-9372 (Voice)

(214) 953-3079 (Facsimile)

Attorneys for Plaintiff

FEDERAL TRADE COMMISSION

Dated: 11/17/03



MICHELE GRAHAM,

Individually

Dated: 8-4-2003

LINDA S. PAYNE, Chapter 7 Trustee

100 North Main Street

Paris, Texas 75702

Dated: _____

SO STIPULATED:

Dated: _____

THOMAS B. CARTER

Texas Bar No. 03932300

GARY KENNEDY

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 11/15/03 BY 60322/UC/STP

1999 Bryan Street, Suite 2150

Dallas, Texas 75201

(214) 979-9372 (Voice)

(214) 953-3079 (Facsimile)

Attorneys for Plaintiff

FEDERAL TRADE COMMISSION

Dated: _____

JUAN A. MARQUEZ

Texas Bar No. 13012200

P.O. Box 600136

Dallas, Texas 75360

(214) 823-8000 (Voice)

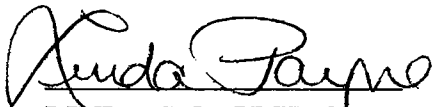
(214) 823-8087 (Facsimile)

Attorney for Defendant Michele Graham

Dated: _____

MICHELE GRAHAM,

Individually



LINDA S. PAYNE, Chapter 7 Trustee

100 North Main Street

Paris, Texas 75702

Dated: 7/15/03

SO STIPULATED:

Dated: _____

THOMAS B. CARTER

(214) 979-9372 (Voice)
(214) 953-3079 (Facsimile)
Attorneys for Plaintiff
FEDERAL TRADE COMMISSION



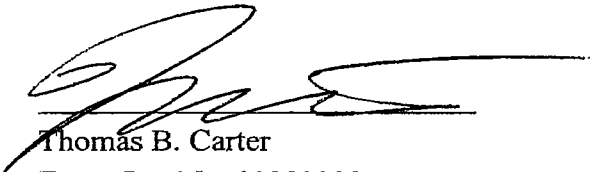
SO ORDERED, this 17th day of November, 2003



JORGE A. SOLIS

UNITED STATES DISTRICT JUDGE

Presented by:



Thomas B. Carter

Texas Bar No. 03932300

Gary D. Kennedy

Oklahoma Bar No. 4961

1999 Bryan Street, Suite 2150

Dallas, Texas 75201

(214) 979-9372 (Voice)

(214) 953-3079 (Facsimile)

Attorney for Plaintiff

FEDERAL TRADE COMMISSION

1334, and 11 U.S.C. § 523.

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

§ 157(b)(2)(I).

4. This Adversary Proceeding relates to *In re Michele Graham*, Case No. 02-43262 (Bankr. E.D. Tex.) (Chapter 7), now pending in this Court (the "Bankruptcy Case"). The FTC is an unsecured creditor with a claim against the Debtor in the amount of THREE MILLION TWO HUNDRED FIFTY EIGHT THOUSAND FORTY NINE DOLLARS (\$3,258,049.00) pursuant

by statute. 15 U.S.C. §§ 41 *et seq.* The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC may initiate federal district court proceedings by its own attorneys to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including restitution

7. Defendant Michele Graham the Debtor is the owner and president of Medical

Internet.

13. In their written marketing and promotional materials, the Debtor and Medical-Billing offer to locate healthcare professionals who will contract with consumers to process the

professionals' medical billing. The Debtor and Medical-Billing offer to

minimum of \$1,250 gross income per month for the consumer's medical billing business. Under the terms of the "Standard Package," which sells for \$6,000, the Debtor and Medical-Billing

income per month. The "Advanced Package" is sold for \$10,000.

and Medical-Billing use a variety of stalling tactics to avoid paying promised refunds.

Consumers who call the Debtor and Medical-Billing are asked to leave their names and numbers, but the Debtor and Medical-Billing rarely, if ever, return their calls. Consumers' numerous letters and e-mails to the Debtor and Medical-Billing also go unanswered for extended periods of time. In addition, the Debtor and Medical-Billing often claim that the consumers' written refund requests or executed release forms were lost or never received, assert that the requests must be

are being processed but will take a while longer, and argue that there are insufficient funds to pay refunds at the time. Ultimately, the Debtor and Medical Billing...

represented, expressly or by implication, that consumers who purchase the Debtor's and Medical-Billing's medical billing marketing services will earn a specific level of earnings of \$1,250 to \$4,500 per month. In truth and in fact, in numerous instances, consumers who purchase the

of earnings represented by the Debtor and Medical-Billing of \$1,250 to \$4,500 per month. Therefore, these representations are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

21. In numerous instances in the course of offering for sale and sale of medical

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Judgment in favor of the FTC and against the Debtor, jointly and severally, entered by the United States District Court for the Northern District of Texas on _____, in the case styled *FTC v. Medical-Billing.Com, Inc.*, Case No. 3-02CV 0702P (N.D. Tex.), is nondischargeable; and

(b) Granting such other and further relief as this case may require and the Court

Respectfully submitted,

FEDERAL TRADE COMMISSION

WILLIAM KOVACIC
General Counsel

Dated: _____

By: _____
THOMAS B. CARTER (Texas Bar No. 03932300)
GARY KENNEDY (Oklahoma Bar No. 4061)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS

In re:

MICHELE GRAHAM,
Debtor.

Case No.: 02-43262
(Chapter 7)

FEDERAL TRADE COMMISSION,
Plaintiff,

v.

MICHELE GRAHAM,
Defendant.

Adversary Proceeding No. _____

AGREED JUDGMENT FOR
NONDISCHARGEABILITY OF DEBT OWED TO

THE FEDERAL TRADE COMMISSION

Subject to the approval of the United States Bankruptcy Court for the Eastern District of Texas

3. This Adversary Proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(I).

4. This Agreed Nondischargeability Judgment arises in the bankruptcy case styled *In*

Chapter 13 of the Code, thereby commencing the Bankruptcy Case. On or about June 4, 2002, the Debtor filed a Notice of voluntary conversion of the Bankruptcy Case to a case under Chapter

7 of the Code.

9. Contemporaneously herewith, the FTC filed a Complaint to Determine Nondischargeability of Debt Owed to the Federal Trade Commission commencing this Adversary Proceeding. This Adversary Proceeding seeks a determination that the Stipulated

10. The FTC and the Debtor have agreed to resolve this Adversary Proceeding without litigation and they agree and stipulate that the Stipulated Judgment owed to the FTC by

SO STIPULATED:

MICHELE GRAHAM
Defendant/Debtor

Dated: _____

JUAN A. MARQUEZ
Texas Bar No. 13012200
P.O. Box 600136
Dallas, Texas 75360
(214) 823-8000 (Voice)
(214) 823-8087 (Facsimile)
Attorney for Defendant/Debtor Michele Graham

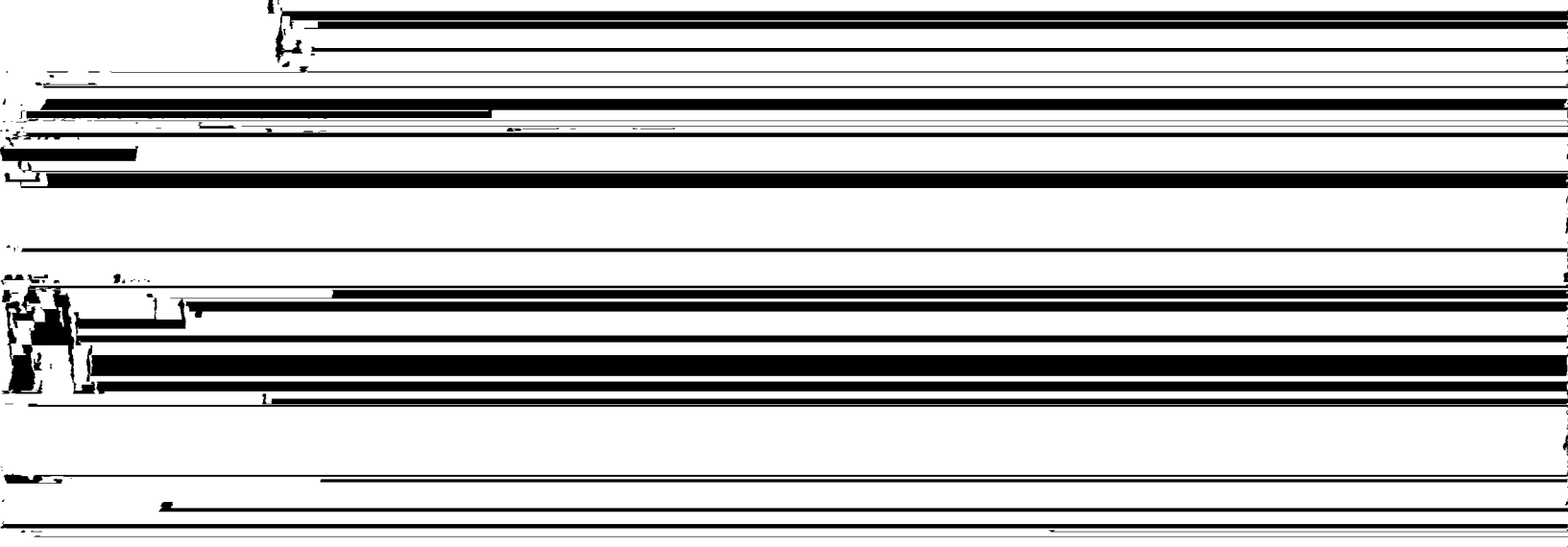
Dated: _____

THOMAS B. CARTER
Texas Bar No. 03932300
GARY KENNEDY
Oklahoma Bar No. 4961
1999 Bryan Street, Suite 2150
Dallas, Texas 75201
(214) 979-9372 (Voice)
(214) 953-3079 (Facsimile)
Attorneys for Plaintiff Federal Trade Commission

Dated: _____

ORDER

Based on the foregoing



cc: Thomas B. Carter, Esquire
Gary Kennedy, Esquire
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Dallas, Texas 75201

Juan A. Marquez, Esquire
Texas Bar No. 13012200
P.O. Box 600136
Dallas, Texas 75360

Linda Payne, Chapter 7 Trustee
100 North Main Street

Paris, Texas 75460-4222

Office of the United States Trustee

110 North Collins Avenue

75202

Kenneth D. Kirkpatrick, Assistant Attorney General
Barbara J. Panza, Assistant Attorney General
Consumer Protection Division

1600 Pacific Avenue
Suite 1700
Dallas, Texas 75201-3513