UNITED STATES DISTRICT COURT MIDDLE DISTRICT OF FLORIDA TAMPA DIVISION

Case No.
FEDERAL TRADE COMMISSION,

Plaintiff,

Complaint also names Jeffrey E. Poorman and Daniel M. Melgar, Sr. as Relief Defendants. The FTC and Defendants Integrated Credit Solutions, Inc. ("ICS") and Flagship Capital Services Corporation ("Flagship"), having been represented by counsel and acting by and through such counsel, have consented to the entry of this Order by this Court to resolve all matters of dispute between the FTC and Defendants ICS and Flagship without adjudication of any issue of fact or law and without ICS and Flagship admitting liability for any of the matters alleged in the Complaint. This Order only settles claims as to ICS and Flagship, and shall not act as a bar to any claim by the FTC nor preclude the FTC from seeking any remedy against any other persons, including without limitation persons who may be subject to portions of this Order by virtue of actions taken in concert or participation with Defendants or Relief Defendants or persons in any type of indemnification or contractual relationship with Defendants or Relief Defendants.
NOW, THEREFORE, on the joint motion of the FTC, ICS, and Flagship,
IT IS ORDERED, ADJUDGED, AND DECREED as follows:
FINDINGS

1. This Court has jurisdiction over the subject matter of this case and of the parties.
Venue in the Middle District of Florida is proper.
2. The Complaint states a claim upon which relief may be granted against
Defendants under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. $5 45(a) and 53(b), and
against Jeffrey E. Poorman and Daniel M. Melgar, Sr. as Relief Defendants.
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4. Defendants ICS and Flagship have waived service of the Summons and Complaint.
5. The activities of

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2. "Corporate Defendants" means Integrated Credit Solutions, Inc., Flagship Capital Services Corp., and Lighthouse Credit Foundation, Inc.

alternatives available to him or her, with the goal of improving the consumer's knowledge of personal financial management.
8. "Debt management" means providing any service to a consumer relating to
managing his debts.
9. "Debt management plan" or "DMP" means a program in which (1) a consumer
pays one consolidated periodic payment to the program to cover the debts that are included in the program; and (2) the program disburses payments to the creditors of the consumer.
10. "Document" is synonymous in meaning and equal in scope to the usage of the
term in Rule 34(a) of the Federal Rules of Civil Procedure and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or other non-identical copy is a separate document within the meaning of the term.
1 1. "Enrollment fee" or "up-front fee" shall mean a fee or charge paid by a consumer
to any of the Corporate Defendants prior to the consumer enrolling in a DMP.
12. "Monthly payment" shall mean a fee or charge paid to Lighthouse for its services
in managing a DMP.
13. "Person" means any individual, group, unincorporated association, limited or
general partnership, corporation, or other business entity.
14. "Promotion Agreement" means the July 2001 Program Promotion and Call Center
Support Subcontract Agreement between Integrated Credit Solutions, Inc. and Lighthouse Credit

Foundation, Inc., and any and all revisions or amendments thereto.
15. "Representatives" means Defendants' successors, assigns, officers, agents,
servants, employees and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise.
16. "Residuals" means the securities representing the monthly residual income stream
received by Flagship under the Promotion Agreement, as reflected on page 1 1, Item No. 23 of the consolidated financial statement of ICS and Flagship dated as of September 14,2005, and submitted to the Commission on or about September 14,2005.
17. "Residual Proceeds" means all proceeds received by Flagship from the sale of the
Residuals to a qualified bidder through a competitive bidding process, as more particularly described in Section IV below.
18. "State Settlements" shall mean the consent judgments entered in the following
matters: (a) The People of the State of California v. Integrated Credit Solutions, Inc., and Lighthouse Credit Foundation, Inc. (Super. Ct. of Cal., County of Monterrey; Case No. M71175; filed Aug. 26,2004); (b) Commonwealth of Massachusetts v. Integrated Credit Solutions, Inc.; and Flagship Capital Services Corp. (D. Mass.; Civ. Action No. 02-1243 1 (JLT); entered Apr. 27,2004); and (c) In re Integrated Credit Solutions, Inc., and Flagship Capital Services Corp. (Super. Ct. of Vermont, Washington County; Docket No. 238-4-04; filed Apr. 28,2004).
I. PROHIBITED BUSINESS ACTIVITIES 40.01g1722.289 Td�(fil�(PROHIBE12�0.01 Td�nc 3.207 0 Tj�/T1_1 1 Tfwi

debt management, or in connection with any telemarketing, ICS and Flagship and persons in active concert or participation with them who receive actual notice of this Order are hereby restrained and enjoined from making any express or implied representation or omission of material fact that is false or misleading, in any manner, orally or in writing, to any consumer or entity, including, but not limited to, the following:

11. REFUNDS AND TERMINATION

IT IS FURTHER ORDERED that, in connection with the advertising, promoting, marketing, offering, selling or distributing of any goods or services related to credit counseling or debt management, ICS

A. Adequate staffing for a toll-free number and an address that are specifically
dedicated to handling consumers' credit counseling andor debt management questions, and requests for refunds or terminations. The toll-free number shall be staffed at least every Monday through Friday between the hours of 7:00 a.m. to 8:00 p.m., Eastern Time, national holidays excluded. The obligations imposed by this Subsection shall expire ten (10) years from the date of entry of this Order;
B. Staff that are adequately trained and certified to meet standards that are generally
accepted in the credit counseling profession when providing credit counseling services; and
C. Adequate procedures to ensure that consumers' monthly consolidated payments
are timely transferred to creditors.
IV. MONETARY RELIEF, STATEMENT OF FINANCIAL CONDITION,
AND ACCOUNTING
IT IS FURTHER ORDERED that:
A. Judgment is hereby entered jointly and severally against ICS and Flagship for
equitable monetary relief in the I2hat are

Washington, D.C. 20007-5 108 ("'Collier Shannon").
3. Within thirty (30) days of the date of entry of this Order, Collier Shannon
shall transfer to the Commission, in the form of a wire transfer or certified or cashier's
check made payable to the Commission or such agent as the Commission may ct, (or)Tj 0.01042.7 1.06 0 in this On").

3.

5. ICS and Flagship shall, within ten (10) days of receiving a written request
from the Commission or its designated agent, provide an accounting of the payments made to consumers under the State Settlements, including, but not limited to, information related to refisnds due and paid, including the consumer's name, most recent known
address and telephone number, and the amount of the refund. ICS and Flagship shall take
all reasonable steps to provide this data in a form that is the most recent and accurate
available to ICS and Flagship, and in a format useable and compatible with the
Commission's information system.
B. The Commission's agreement to this Order is expressly premised upon the
truthfulness, completeness, and accuracy of the consolidated financial statement of ICS and Flagship dated September 14,2005, the truthfulness, correctness, and accuracy of which were attested to by Michael F. Malone, President and Chief Executive Officer, on that date, as well as supporting documents, including income tax returns, submitted to the Commission on or about September 14,2005. The documents contain material information upon which the Commission relied in negotiating and agreeing to this Order. The Commission's agreement to this Order is also expressly premised upon the truthfulness, completeness, and accuracy of the accounting statements provided by ICS and Flagship pursuant to Section IV.A.4. If, upon motion by the commission, the Court finds that ICS and Flagship have failed to disclose any material asset, materially misstated the value of any asset, or made any other material omission or misstatement in the financial or accounting documents described above, the Court shall enter a monetary judgment against ICS and Flagship jointly and severally in the amount of $18,000,000.00, and

shall make an express determination that there is no just reason for delay in the entry of that judgment. The monetary judgment shall become immediately due and payable by ICS and Flagship, with interest computed at the rate prescribed in 28 U.S.C. 5 1961, as amended, due from the date of entry of this Order, and the Commission shall be permitted to execute upon the judgment immediately, and engage in discovery in aid of execution.
C. Any and all funds paid to the FTC pursuant to this Order 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 fund. 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 consumer information remedies) as it determines to be reasonably related to Defendants' practices as alleged in the Complaint. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Defendants shall have no right to challenge the FTC's choice of remedies under this Subsection.
D. ICS and Flagship further agree that the facts as alleged in the Complaint shall be
taken as true without further proof in the event of any subsequent litigation to enforce this Order or to collect amounts due pursuant to this Order, including, but not limited to, a nondischargeability complaint in any bankruptcy proceeding.

E. In the event of any default in payment that continues for ten (10) days beyond the
due date of payment, the entire unpaid amount together with interest, as computed pursuant to 28 U.S.C. 3 1961 from the date of default to the date of payment, shall immediately become due and payable.
F. Notwithstanding any other provision of this Order, if ICS and Flagship fail to
meet the payment obligation set forth above, ICS and Flagship shall pay the costs and attorneys' fees incurred by the FTC and its agents in any attempts to collect amounts due.
G. ICS and Flagship shall, within fourteen (14) days of receiving a written request
from the FTC or its designated agent, provide data in computer-readable format concerning consumers who paid an up-front fee and/or initial contribution to enroll in the DMPs of Lighthouse Credit Foundation from July 1,2000 through the date of entry of this order. Such data shall include, but is not limited to: the consumer's name, most recent known address and
telephone number, social security number, date of enrollment in the DMP, and the amount of up-
front fee paid and/or initial contribution made. ICS and Flagship shall take all reasonable steps
to provide this data, including address and telephone number, in a form that is the most recent
and accurate available to ICS and Flagship, and in a format useable and compatible with the
FTC's information system.
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VIII. COMPLIANCE REPORTING BY DEFENDANTS

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, ICS and
Flagship shall notify the FTC of any changes in corporate structure or any business entity that ICS or Flagship directly or indirectly control, or have an ownership interest in, that may affect compliance with obligations arising under this Order, including, but not limited to 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

XIII. RETENTION OF JURISDICTION

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.
Dated:
UNITED STATES DISTRICT COURT JUDGE