UNITED STATES DISTRICT COURT MIDDLE DISTRICT OF FLORIDA TAMPA DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,
v.

INTEGRATED CREDIT SOLUTIONS, INC.; FLAGSHIP CAPITAL SERVICES CORP. ; LIGHTHOUSE CREDIT FOUNDATION, INC.; MARY H. MELCER; and J. STEVEN MCWORTER,

Defendants, and

JEFFREY POORMAN and DANIEL M. MELGAR, SR.,

Relief Defendants.

Case No.

STIPULATED FINAL JUDGMENT AND ORDER FOR PERMANENT INJUNCTION AND MONETARY SETTLEMENT
BETWEEN PLAINTIFF FEDERAL TRADE COMMISSION AND DEFENDANT J. STEVEN MCWHORTER

Plaintiff Federal Trade Commission ("FTC") commenced this action concurrently with

this Stipulated Judgment and Order ("Order" or "Settlement Agreement") by filing a Complaint

commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. 3 44.
6. Mr. McWhorter waives all rights to seek appellate review or otherwise challenge
or contest the validity of this Order. Mr. McWhorter further waives and releases any claims he may have against the FTC, its employees, representatives, or agents.
7. Mr. McWhorter agrees that this Order does not entitle Mr. McWhorter to seek or
to obtain attorneys' fees as a prevailing party under the Equal Access to Justice Act, 28 U.S.C. Ij 2412, as amended by Pub. L. No. 104-121, 1 10 Stat. 847, 863-64 (1996). Mr. McWhorter further waives any right to attorneys' fees that may arise under said provision of law.
8. This Order is for settlement purposes only and does not constitute and shall not be
interpreted to constitute an admission by Mr. McWhorter that he engaged in violations of any law or regulation, or that the facts alleged in the Complaint, other than the jurisdictional facts, are

true.

9. Entry of this Order is in the public interest.
DEFINITIONS

For purposes of this Order, the following definitions shall apply:
1. "Individual Defendants" means Mary H. Melcer and J. Steven McWhorter,
individually, collectively, or in any combination, and whether acting directly or through any heir, successor, assign, agent, entity, corporation, subsidiary, division, or other device, unless specified otherwise herein.

2. "Corporate Defendants" means Integrated Credit Solutions, Inc., Flagship Capital
Services Corp., and Lighthouse Credit Foundation, Inc.
3. "Defendants" means all of the Individual Defendants and the Corporate

Defendants, individually, collectively, or in any combination.
4. "Relief Defendants" means Jeffrey E. Poorman and Daniel M. Melgar, Sr.
5. "Assisting others" means knowingly providing any of the following goods or services to another entity: (i) sewing as an officer, director or consultant; (ii) performing customer service functions including, but not limited to, receiving or responding to consumer complaints; (iii) formulating or

program; and (2) the program disburses payments to the creditors of the consumer, provided however that, for purposes of this Order, debt management plan shall not include discussions or communications with consumers concerning the extension of credit or the sale of real estate products or services.
9. "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.
10. "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.
1 1. "Employment" means work performed for compensation.
12. "Indirectly" means through one or more intermediaries, including, but not limited
to, one or more entities and/or persons.
13. "Monthly payment" shall mean a fee or charge paid to Lighthouse for its services
in managing a DMP.
14. "Person" means any individual, group, unincorporated association, limited or
general partnership, corporation, or other business entity.
15. "Representatives" rneans 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.

I. PROHIBITED BUSINESS ACTIVITIES

IT IS HEREBY ORDERED that, in connection with the advertising, promoting,
marketing, offering, selling or distributing of any goods or services involving credit counseling or debt management, Mr. McWhorter, any business that he directly or indirectly controls or has a majority ownership interest in, and any persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise 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:
A. Falsely or misleadingly representing or assisting others in falsely representing that
a person will proRoaTj 0093redit 9ounseling orrvices or A.B

F. Falsely or misleadingly representing or assisting others in falsely representing the terms, benefits, performance, efficacy, or costs of goods or services.
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 involving credit counseling or debt management, Mr. McWhorter, any business that he directly or indirectly controls or has a majority ownership interest in, and any persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise shall:
A. Refund a consumer's enrollment fee or initial contribution and cancel the
enrollment, if the consumer requests, either verbally or in writing, a

A. Failing to maintain and provide 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 obligation of Mr. McWhorter to maintain the toll-free number shall expire three (3) years from the date of entry of this Order;
B. Failing to maintain and provide 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. Failing to maintain and provide adequate procedures to ensure that consumers'
monthly consolidated payments are timely transferred to creditors.
IV. MONETARY RELIEF
IT IS FURTHER ORDERED that:

A. Judgrnent is hereby entered against Mr. McWhorter in the amount of $500,000,
which shall be paid as follows by electronic transfer and pursuant to instructions provided by the FTC: (1) $250,000 within ten (10) days of the date of entry of this Order; and (2) $250,000 within ninety (90) days of the date of entry of this Order. If the payment due date falls on a weekend or federal holiday, the payment shall be due on the next business day following the weekend or federal holiday.
B, 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 the credit counseling and debt management practices as alleged in the Complaint. Any funds not used for such equitable relief shall be disgorged to the United States Treasury. Mr. McWhorter shall have no right to challenge the FTC's choice of remedies under this Subsection.
C. For purposes of this Section and any subsequent proceedings to enforce payments
required to be made under Paragraph A, including but not limited to a non-dischargeability complaint filed in a bankruptcy proceeding, Mr. Mc'Whorter agrees that the facts as alleged in the Complaint shall be taken as true without the necessity of further proof.
D. 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. § 1961, as amended, from the date of default to the date of payment, shall immediately become due and payable.
E. Notwithstanding any other provision of this Order, if Mr. McWhorter fails to meet
the payment obligation set forth above, he shall pay the costs and attorneys' fees incurred by the FTC and its agents in any attempts to collect amounts due.
F. All funds paid pursuant to this Order are equitable monetary relief, solely
remedial in nature, and shall not be deemed a fine, penalty, punitive assessment, or forfeiture. V. ACKNOWLEDGMENT OF RECEIPT OF ORDER

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

acknowledging receipt of this Order.
VI. DISTNBUTION OF ORDER BY MR. MCWHORTER

IT IS FURTHER ORDERED that, for a period of three (3) years from the date of entry
of this Order, Mr. McWhorter shall deliver copies of the Order as directed below:
A. For any business involved in credit counseling and/or debt management that Mr.
McWhorter controls, directly or indirectly, or in which he has a majority interest, Mr. McWhorter must deliver a copy of this Order to all principals, officers, directors, and managers of that business. Mr. McWhorter must also deliver copies of this Order to all employees, agents, and representatives of that business who engage in credit counseling or debt management. For current personnel, delivery shall be within five (5) days of service of this Order upon Mr. McWhorter. For new personnel, delivery shall occur prior to them assuming their responsibilities.
B. For any business where Mr. McWhorter is not a controlling person of the business
but he otherwise engages in credit counseling andlor debt management, Mr. McWhorter must deliver a copy of this Order to all principals and managers of such business before engaging in such conduct.
C. Mr. McWhorter 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.
VII. RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of six (6) years from the date of entry of
this Order, Mr. McWhorter, any business entity in which he has a majority ownership interest or

directly or indirectly controls, their agents, employees, officers, corporations, successors, and assigns, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and engage in credit counseling and/or debt management, are hereby restrained and enjoined from failing to create and retain the following records:

A. Accounting records that reflect the cost of goods 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

VIII. COMPLIANCE REPORTING

IT IS FURTHER OmEmD that, in order that compliance with the provisions of this Order may be monitored:
A. For a period of three (3) years from the date of entry of this Order:
(1) Mr. McWorter shall notify the FTC of the following:
(a) Any changes in his residence, mailing address, and telephone
number within ten (1 0) days of such change;
(b) Any changes in his employment status (including self-
employment) and any change in his ownership of 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 Mr.

McWhorter is affiliated with, employed by, creates or forms, or
performs services for; a statement of the nature of the business; and
a statement of his duties and responsibilities in connection with the
business or employment; and
(c) Any changes in his name or use of any aliases or fictitious names.
(2) Mr. McWhorter shall notify the FTC of any changes in any business entity that he directly or indirectly controls, or has 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 that engages in any acts or

practices subject to this Order; the filing of a bankruptcy petition; or a
change in the corporate name or address, at least thirty (30) days prior to
such change, provided that, with respect to any proposed change about
which Mr. McWhorter learns less than thirty (30) days prior to the date
such action is to take place, he 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, Mr.
McWhorter shall provide a written report to the FTC, 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. The report shall include, but not be limited to:
(1) The then-current residence address, mailing address, and telephone
numbers of Mr. McWhorter;

(2) The then-current employment andlor business address and telephone
numbers of Mr. McWhorter as well as, for each employer or business, a
description of its business activitierter;

participate, at his option.
IX. COMPLIANCE MONITONNG

IT IS FURTHER ORDERED that, for purposes of monitoring and investigating

C. Nothing in this Order shall limit Mr. McWhorterYs ability, after attempting to
resolve a dispute without court action and for good cause shown, to file a motion with this Court seeking an order including one or more of the protections set forth in Fed. R. Civ. P. 26(c).
D. 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. $5 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

XII. COSTS AND ATTORNEYS FEES

IT IS FURTHER ORDERED that all parties to this Order will bear their own costs and

attorneys fees incurred in connection with this action.

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

STIPULATED AND AGREED TO BY:

Fla. Bar No. 07 17 177
Benjamin K. Olson
D.C. Bar No. 477090
Federal Trade Commission

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