

1 Willard K. Tom  
General Counsel

2 Cara Petersen  
3 K. Michelle Grajales  
cpetersen@ftc.gov; mgrajales@ftc.gov  
4 Federal Trade Commission  
600 Pennsylvania Avenue, N.W.  
5 Mail Drop NJ 3158  
Washington, DC 20580  
6 Tel: (202)-326-2142 (Petersen)  
Tel: (202) 326-3172 (Grajales)  
7 Fax: (202)-326-3768

8 Faye Chen Barnouw (Local Counsel)  
fbarnouw@ftc.gov  
9 California Bar No. 168631  
Federal Trade Commission  
10 10877 Wilshire Blvd., Ste. 700  
Los Angeles, CA 90024  
11 Tel: (310) 824-4343  
Fax: (310) 824-4380

12 Attorneys for Plaintiff FTC

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14 **UNITED STATES DISTRICT COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**

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16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.

19 DEBT.COM MARKETING, LLC,  
a limited liability company,

20 MEDIA CHOICE, LLC,  
21 a limited liability company,  
also d/b/a MediaChoice, LLC,

22 800 CREDIT CARD DEBT, LLC,  
23 a limited liability company,  
24 also d/b/a 800 Credit Crad [sic] Debt, LLC,  
800CreditCardDebt.com,  
and 800ccd.com, and

25 STEPHEN TODD COOK,  
26 individually and as an officer  
of Debt.com Marketing, LLC,  
27 Media Choice, LLC,  
and 800 Credit Card Debt, LLC,

28 Defendants.

Case No. SACV10-1788-DOC(RZx)

STIPULATED FINAL  
JUDGMENT AND ORDER

1 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), has filed a  
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1           6. Defendants waive all rights to seek judicial review or otherwise challenge or  
2 contest the validity of this Order.

3           7. This Order is in addition to, and not in lieu of, any other civil or criminal  
4 remedies that may be provided by law.

5           8. Entry of this Order is in the public interest.

6   **ORDER**

7   **DEFINITIONS**

8           For the purpose of this Order, the following definitions shall apply:

9           A.   **“Assisting others”** includes, but is not limited to:

- 10                           1.     performing customer service functions, including, but not limited to,  
11   receiving or responding to consumer complaints;  
12                           2.     formulating or providing, or arranging

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1 D. **“Corporate Defendants”** means Debt.com Marketing, LLC; Media Choice, LLC  
2 also d/b/a MediaChoice, LLC; and 800 Credit Card Debt, LLC also d/b/a 800  
3 Credit Crad [sic] Debt, LLC, 800CreditCardDebt.com, and 800ccd.com; and each  
4 of their successors and assigns.

5 E. **“Customer”** means any person who has paid, or may be required to pay, for  
6 products, services, plans, or programs offered for sale or sold by the Defendants.

7 F. **“Debt relief service”** means any product, service, plan, or program represented,  
8 expressly or by implication, to renegotiate, settle, or in any way alter the terms of  
9 payment or other terms of the debt between a consumer and one or more  
10 unsecured creditors or debt collectors, including, but not limited to, a reduction in  
11 the balance, interest rate, or fees owed by a consumer to an unsecured creditor or  
12 debt collector.

13 G. **“Defendants”** means the Individual Defendant and the Corporate Defendants,  
14 individually, collectively, or in any combination.

15 H. **“Distribution(s)”** means any direct or indirect transfer of money, securities, or  
16 other property from the Investment Properties or either of them to, or for the  
17 benefit of, the Individual Defendant.

18 I. **“Document”** is synonymous in meaning and equal in scope to the usage of the  
19 term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings,  
20 graphs, charts, photographs, audio and video recordings, computer records, and  
21 other data compilations from which the information can be obtained and  
22 translated, if necessary, through detection devices into reasonably usable form. A  
23 draft or non-identical copy is a separate document within the meaning of the term.

24 J. **“Financial related product or service”** means any product, service, plan or  
25 program represented, expressly or by implication, to:

- 26 1. provide any consumer, arrange for any consumer to receive, or assist any  
27 consumer in receiving, credit, debit, or stored value cards;
- 28 2. improve, or arrange to improve, any consumer’s credit record, credit

1 history, or credit rating;

2 3. provide advice or assistance to any consumer with regard to any activity  
3 or service the purpose of which is to improve a consumer's credit record,  
4 credit history, or credit rating;

5 4. provide any consumer, arrange for any consumer to receive, or assist any  
6 consumer in receiving, a loan or other extension of credit; or

7 5. provide any consumer, arrange for any consumer to receive, or assist any  
8 consumer in receiving any service represented, expressly or by  
9 implication, to renegotiate, settle, or in any way alter the terms of payment  
10 or other terms of the debt between a consumer and one or more secured  
11 creditors, servicers, or debt collectors.

12 K. **“Individual Defendant”** means Stephen Todd Cook.

13 L. **“Investment Properties”** means the Individual Defendant's:

14 1. 2% ownership interest in the Two Oceans Fund, L.P. investment fund; and

15 2. 2% ownership interest in the Two Oceans Fund II, L.P. investment fund.

16 M. **“Investment Property Net Proceeds”** means the total proceeds from the sale or  
17 liquidation of the Investment Properties, individually or collectively, after  
18 payment of any reasonable and customary fees incurred in connection with such  
19 sale or liquidation that have been approved by counsel for the FTC, which  
20 approval shall not be unreasonably withheld.

21 N. **“Person”** means a natural person, an organization, or other legal entity, including  
22 a corporation, partnership, sole proprietorship, limited liability company,  
23 association, cooperative, or any other group or combination acting as an entity.

24 O. **“Real Properties”** means:

25 1. the real property and dwelling house located at 38541 Shoal Creek Drive,  
26 Murrieta, California;

27 2. the condominium located at 38707 Muirfield Drive, Murrieta, California;  
28 and

1           3.       the real properties located at Plots 32 and 33, Coakley Bay, East End “B,”  
2                       St. Croix, United States Virgin Islands (Public Works Drawing 4839);  
3           together with any other structures, improvements, appurtenances, hereditaments,  
4           and other rights appertaining or belonging thereto.

5       P.       **“Real Property Net Proceeds”** means the total proceeds from the sale or auction  
6           of the Real Properties, individually or collectively, after payment of obligations  
7           due and owing to any and all valid mortgage holders and other priority lien  
8           holders, any property taxes owed, any adjustments in favor of the buyer(s)  
9           required to sell the Real Properties, and any reasonable and customary real estate  
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1 of any financial related product or service, are hereby permanently restrained and enjoined from  
2 misrepresenting or assisting others in misrepresenting, expressly or by implication, any material  
3 fact, including but not limited to:

- 4 A. The terms or rates that are available for any loan or other extension of credit;
- 5 B. Any person's ability to improve or otherwise affect a consumer's credit record,  
6 credit history, credit rating, or ability to obtain credit;
- 7 C. That any person can obtain a modification of any secured loan or mortgage or  
8 postpone or cancel the foreclosure of any property by renegotiating, settling, or in  
9 any other way altering the terms of payment or other terms of such debt; or
- 10 D. That a consumer will receive legal representation.

11 **PROHIBITED MISREPRESENTATIONS RELATING TO ANY**  
12 **PRODUCTS OR SERVICES**

13 **III.**

14 IT IS FURTHER ORDERED that Defendants and their officers, agents, servants,  
15 employees, and attorneys, and those persons or entities in active concert or participation with  
16 any of them who receive actual notice of this Order by personal service, facsimile transmission,  
17 email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or  
18 other device, in connection with the advertising, marketing, promotion, offering for sale, or sale  
19 of any product, service, plan, or program are hereby permanently restrained and enjoined from  
20 misrepresenting or assisting others in misrepresenting, expressly or by implication, any material  
21 fact, including but not limited to:

- 22 A. Any material aspect of the nature or terms of any refund, cancellation, exchange,  
23 or repurchase policy, including, but not limited to, the likelihood of a consumer  
24 obtaining a full or partial refund, or the circumstances in which a full or partial  
25 refund will be granted to the consumer;
- 26 B. That any person is affiliated with, endorsed or approved by, or otherwise  
27 connected to any other person; government entity; public, non-profit, or other  
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- C. That they themselves provide the product, service, plan, or program;
- D. That any person providing a testimonial has purchased, received, or used the product, service, plan, or program;
- E. That the experience represented in a testimonial of the product, service, plan, or program represents the person's actual experience resulting from the use of the product, service, plan, or program under the circumstances depicted in the advertisement;



1 IT IS FURTHER ORDERED that Defendants and their officers, agents, servants,  
2 employees, and attorneys, and those persons or entities in active concert or participation with  
3 any of them who receive actual notice of this Order by personal service, facsimile transmission,  
4 email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or  
5 other device, are permanently restrained and enjoined from:

- 6 A. Disclosing, using, or benefitting from customer information, including the name,  
7 address, telephone number, email address, Social Security number, other  
8 identifying information, or any data that enables access to a customer's account  
9 (including a credit card, bank account, or other financial account), of any person  
10 which any Defendant obtained prior to the date of entry of this Order in  
11 connection with the marketing or promotion of debt relief services; and  
12 B. Failing to dispose of such customer information in all forms in their possession,  
13 custody, or control within thirty (30) days after the date of entry of this Order.  
14 Disposal shall be by means that protect against unauthorized access to the  
15 customer information, such as by burning, pulverizing, or shredding any papers,  
16 and by erasing or destroying any electronic media, to ensure that the customer  
17 information cannot practicably be read or reconstructed.

18 *Provided, however,* that customer information need not be disposed of, and may be disclosed, to  
19 the extent requested by a government agency or required by a law, regulation, or court order.

20 **MONETARY JUDGMENT**

21 **VI.**

22 IT IS FURTHER ORDERED that a judgment for equitable monetary relief is hereby  
23 entered jointly and severally against Defendants in the amount of TWENTY-EIGHT MILLION,  
24 TWO HUNDRED TWENTY-TWO THOUSAND, ONE HUNDRED FIFTY-THREE  
25 DOLLARS (\$28,222,153); *provided, however,* that this judgment shall be suspended, subject to  
26 the provisions of Section VII, upon completion of the requirements of Sections VI.A through  
27 VI.K:

- 28 A. Defendants shall, within ten (10) business days from the date of entry of this



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Defendant shall, within twenty (20) business days of the liquidation,  
transfer the Investment Property Net Proceeds to the Commission or its

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including the name, address and telephone number of the individual closing agent; and (d) a copy of the Good Faith Estimate to be used in connection with the closing.

3. For each of the Real Properties, Defendants shall provide to counsel for

1 designated agent, or as otherwise provided in Section VI.F of this  
2 Order; and

3 d. If the property remains unsold after auction, Individual Defendant  
4 shall market and re-auction the property until sold.

5 6. Individual Defendant hereby releases and waives any statutory, common  
6 law, or other homestead exemption that may apply to the Real Properties  
7 or any of them, and shall not declare and claim any homestead exemption  
8 in the Real Properties.

9 7. If a valid mortgage holder declares Individual Defendant in default of his  
10 mortgage with respect to the Real Properties or any of them and  
11 forecloses, upon providing counsel for the FTC with documented proof of  
12 the foreclosure, Defendants shall be deemed in compliance with this  
13 Section with respect to that property.

14 D. To secure performance of Defendants' obligations under Sections VI.B, VI.C, and  
15 VI.F of this Order with regard to the Investment Properties and the real property  
16 located at Plots 32 and 33, Coakley Bay, East End "B," St. Croix, United States  
17 Virgin Islands (Public Works Drawing 4839) (the "Virgin Island Properties"):

18 1. Individual Defendant grants to the Commission a lien on and a security  
19 interest in each of the Investment Properties and the Virgin Island  
20 Properties, each of which shall terminate upon Individual Defendant's  
21 transfer of all interests in each such property and remittance of any  
22 resulting Investment Property Net Proceeds and Real Property Net  
23 Proceeds to the Commission or its designated agent, or as otherwise  
24 provided in Section VI.F of this Order. The Commission also shall  
25 promptly release a lien or security interest to the extent necessary to  
26 permit the sale of the Investment Properties, the Virgin Island Properties,  
27 or any of them, provided that Defendants remit the Investment Property  
28 Net Proceeds and Real Property Net Proceeds from the sale of the Virgin

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1 ten (10) business days after each such return is officially filed. Individual  
2 Defendant also shall deliver to counsel for the FTC copies of any amended  
3 federal and state income tax returns, including all related forms,  
4 schedules, statements, and attachments, that he files for each tax year for  
5 which payments enumerated in this Section are made to the Tax  
6 Authorities within ten (10) business days after each such amended return  
7 is officially filed. Individual Defendant shall, within thirty (30) days after  
8 his final date permitted by the IRS for filing an amended federal tax return  
9 for that tax year, sign and submit to the IRS an IRS Form 4506, along with  
10 a payment to the IRS of the Form 4506 fee, directing the IRS to send to  
11 counsel for the FTC a copy of his original and amended tax returns that he  
12 filed with the IRS for that tax year.

13 4. If Defendants fail to transfer the Account Funds, Investment Property Net  
14 Proceeds, Distributions, or Real Property Net Proceeds in accordance with  
15 this Section, then judgment in the amount of TWENTY-EIGHT  
16 MILLION, TWO HUNDRED TWENTY-TWO THOUSAND, ONE  
17 HUNDRED FIFTY-THREE DOLLARS (\$28,222,153) shall be entered  
18 and will become immediately due and payable, less any amounts already  
19 paid. *Provided, however,* that Defendants shall have a fourteen (14) day  
20 period in which to cure their default.

21 G. All funds received by the Commission pursuant to this Order shall be deposited  
22 into a fund administered by the Commission or its agent to be used for equitable  
23 relief, including, but not limited to, restitution and any attendant expenses for the  
24 administration of such equitable relief. In the event that direct restitution to  
25 consumers is wholly or partially impracticable or funds remain after restitution is  
26 completed, the Commission may apply any remaining funds for such other  
27 equitable relief (including consumer information remedies) as it determines to be  
28 reasonably related to Defendants' practices alleged in the Complaint. Any funds



1 not used for such equitable relief shall be deposited to the U.S. Treasury as  
2 disgorgement. Defendants shall have no right to challenge the Commission's  
3 choice of remedies under this Section, and shall have no right to contest the  
4 manner of distribution chosen by the Commission. This judgment for equitable  
5 monetary relief is solely remedial in nature and is not a fine, penalty, punitive  
6 assessment, or forfeiture.

7 H. In the event of any default on Defendants' obligation to make payment under this  
8 Section, interest, computed pursuant to 28 U.S.C. § 1961, as amended, shall  
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**COMPLIANCE MONITORING**

**VIII.**

IT IS FURTHER ORDERED that, for the purpose of (i) monitoring and investigating compliance with any provision of this Order, and (ii) investigating the accuracy of any Defendants' financial statements upon which the Commission's agreement to this Order is expressly premised:

- A. Within ten (10) days of receipt of written notice from a representative of the Commission, Defendants each shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in each Defendant's possession or direct or indirect control to inspect the business operation;
- B. In addition, the Commission is authorized to use all other lawful means, including but not limited to:
  - 1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45, and 69;
  - 2. having its representatives pose as consumers and suppliers to Defendants, their employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice; and
- C. Defendants each 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 this Order. The person interviewed may have counsel present.

Provided, however, that nothing in this 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, 57b-1, to

1 obtain any documentary material, tangible things, testimony, or information relevant to unfair or  
2 deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C.  
3 § 45(a)(1)).

4 **COMPLIANCE REPORTING**

5 **IX.**

6 IT IS FURTHER ORDERED that, in order that compliance with the provisions of this  
7 Order may be monitored:

8 A. For a period of five (5) years from the date of entry of this Order,

9 1. Each Individual Defendant shall notify the Commission of the following:

10 a. any changes in such Defendant's residence, mailing addresses, and  
11 telephone numbers, within ten (10) days of the date of such  
12 change;

13 b. any changes in such Defendant's employment status (including  
14 self-employment), and any change in such Defendant's ownership  
15 in any business entity, within ten (10) days of the date of such  
16 change. Such notice shall include the name and address of each  
17 business that such Defendant is affiliated with, employed by,  
18 creates or forms, or performs services for; a detailed description of  
19 the nature of the business; and a detailed description of such  
20 Defendant's duties and responsibilities in connection with the  
21 business or employment; and

22 c. any changes in such Defendant's name or use of any aliases or  
23 fictitious names within ten (10) days of the date of such change.

24 2. Defendants shall notify the Commission of any changes in structure of any  
25 Corporate Defendant or any business entity that any Defendant directly or  
26 indirectly controls, or has an ownership interest in, that may affect  
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1 compliance obligations arising under this Order, including but not limited  
2 to: incorporation or other organization; a dissolution, assignment, sale,  
3 merger, or other action; the creation or dissolution of a subsidiary, parent,  
4 or affiliate that engages in any acts or practices subject to this Order; or a  
5 change in the business name or address, at least thirty (30) days prior to  
6 such change, *provided* that, with respect to any such change in the  
7 business entity about which a Defendant learns less than thirty (30) days  
8 prior to the date such action is to take place, such Defendant shall notify  
9 the Commission as soon as is practicable after obtaining such knowledge.

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11 B. One hundred eighty (180) days after the date of entry of this Order and annually  
12 thereafter for a period of five (5) years, Defendants each shall provide a written  
13 report to the Commission, which is true and accurate and sworn to under penalty  
14 of perjury, setting forth in detail the manner and form in which they have  
15 complied and are complying with this Order. This report shall include, but not be  
16 limited to:

17 1. For each Individual Defendant:

- 18 a. such Defendant's then-current residence address, mailing  
19 addresses, and telephone numbers;
- 20 b. such Defendant's then-current employment status (including self-  
21 employment), including the name, addresses, and telephone  
22 numbers of each business that such Defendant is affiliated with,  
23 employed by, or performs services for; a detailed description of the  
24 nature of the business; and a detailed description of such  
25 Defendant's duties and responsibilities in connection with the  
26 business or employment; and
- 27 c. any other changes required to be reported under Subsection A of  
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this Section.

2. For all Defendants:

- a. a copy of each acknowledgment of receipt of this Order, obtained pursuant to the Section titled “Distribution of Order;” and
- b. any other changes required to be reported under Subsection A of this Section.

C. Each Defendant shall notify the Commission of the filing of a bankruptcy petition

1 IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of  
2 this Order, Corporate Defendants, in connection with the advertising, marketing, promotion,  
3 offering for sale, or sale of any financial related product or service, and Individual Defendants  
4 for any business for which they, individually or collectively, are the majority owner or directly  
5 or indirectly control, are hereby restrained and enjoined from failing to create and retain the  
6 following records:

7 A. Accounting records that reflect the cost of products, services, plans, or programs  
8 sold, revenues generated, and the disbursement of such revenues;

9 B. Personnel records accurately reflecting: the name, address, and telephone number  
10 of each person employed in any capacity by such business, including as an  
11 independent contractor; that person's job title or position; the date upon which the  
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**DISTRIBUTION OF ORDER**

**XI.**

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants must deliver copies of this Order as directed below:

- A. Corporate Defendant: Each Corporate Defendant must deliver a copy of this Order to (1) all of its principals, officers, directors, and managers; (2) all of its employees, agents, and representatives who engage in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled “Compliance Reporting.” For current personnel, delivery shall be within five (5) days of service of this Order upon such Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled “Compliance Reporting,” delivery shall be at least ten (10) days prior to the change in structure.
  
- B. Individual Defendant as control person: For any business that an Individual Defendant controls, directly or indirectly, or in which such Defendant has a majority ownership interest, such Defendant must deliver a copy of this Order to (1) all principals, officers, directors, and managers of that business; (2) all employees, agents, and representatives of that business who engage in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled “Compliance Reporting.” For current personnel, delivery shall be within five (5) days of service of this Order upon such Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section



1 titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the  
2 change in structure.

3 C. Individual Defendant as employee or non-control person: For any business where  
4 an Individual Defendant is not a controlling person of a business but otherwise  
5 engages in conduct related to the subject matter of this Order, such Defendant  
6 must deliver a copy of this Order to all principals and managers of such business  
7 before engaging in such conduct.

8 D. Defendants must secure a signed and dated statement acknowledging receipt of  
9 the Order, within thirty (30) days of delivery, from all persons receiving a copy of  
10 the Order pursuant to this Section.  
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12 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

13 **XII.**

14  
15 IT IS FURTHER ORDERED that each Defendant, within five (5) business days of  
16 receipt of this Order as entered by the Court, must submit to the Commission a truthful sworn  
17 statement acknowledging receipt of this Order.

18 **RETENTION OF JURISDICTION**

19 **XIII.**

20 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of  
21 this matter for purposes of construction, modification, and enforcement of this Order.  
22

23 IT IS SO ORDERED.

24  
25 DATED this 23 day of November, 2010.  
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28 UNITED STATES DISTRICT JUDGE