UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS

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) Civil Action No. 3:11-CV-2059-N
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STIPULATED PERMANENT INJUNCTION AND FINAL ORDER AS TO DEFENDANT DEBT RELIEF USA, INC.

Plaintiff Federal Trade Commission ("Commission") filed a Complaint for Permanent Injunction and Other Equitable Relief against Defendants Debt Relief USA, Inc. ("DRUSA"), Kelly Reilly, Alvin Bell, James Wojcik, and Valerie Leath ("Defendants"). The Complaint alleges that Defendant DRUSA engaged in unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45(a). Robert Newhouse, the duly appointed Chapter 7 Trustee of the bankruptcy estate of DRUSA ("Trustee"), waived service of the Summons and Complaint.

proceeding. Subsequently, Robert Newhouse was appointed Chapter 7 Trustee in the Bankruptcy Case.

- 7. The Commission's action, including the enforcement of a judgment other than a money judgment obtained in this action, is not stayed by 11 U.S.C. § 362(a)(1), (2), (3), or (6) because it is an exercise of the Commission's police or regulatory power as a governmental unit pursuant to 11 U.S.C. § 362(b)(4) and, thus, falls within an exception to the automatic stay.
- 8. Trustee has entered into this Order freely and without coercion. Trustee further acknowledges that he has read the provisions of this Order and is prepared to abide by them.

 Trustee admits no liability for any of the matters alleged in the complaint.
- 9. Trustee waives all rights to seek appellate review or otherwise challenge or contest the validity of this Order.
- Trustee waives all claims that may arise under the Equal Access to Justice Act, 20U.S.C. § 2412, concerning the prosecution of this action to date. Trustee also waives any claim against Plaintiff and its employees, representatives, or agents.
- Case for the claim of the Attorney General of the State of Texas, which arose as a result of the action styled *State of Texas v. Debt Relief USA, Inc.*, Cause No. D-1-GV-09-00157, filed in the 53rd District Court in Travis County, Texas, on August 18, 2009 ("Texas Action"). In that action, the Attorney General alleged that Defendant DRUSA engaged in false, deceptive, and misleading acts and practices, and sought monetary relief for injured consumers. The acts and practices alleged in the Attorney General's action are similar to those the Commission alleges violated Section 5 of the FTC Act.

- 12. The Trustee has obtained the Bankruptcy Court's approval to enter into this Order and take any and all action necessary and appropriate to implement and effectuate the terms and conditions of this Order.
 - 13. Entry of this Order is in the public interest.
 - 14. Each party shall bear its own costs and attorneys' fees incurred in this action.

ORDER

I. PERMANENT CESSATION OF BUSINESS ACTIVITIES

IT IS ORDERED that Defendant DRUSA shall not engage in any business and Trustee, or any successor trustee appointed in the Bankruptcy Case, shall not seek authority to operate the business of Defendant DRUSA pursuant to section 721 of the Bankruptcy Code, 11 U.S.C. § 721, or otherwise.

II. DUTY TO PROTECT CUSTOMER INFORMATION

IT IS FURTHER ORDERED

B. Failing to dispose of customer information described in Subsection A of this Section, titled "Duty to Protect Customer Information," in all forms in its possession, custody, or control, no later than thirty (30) days after Trustee files a Final Report in the Bankruptcy Case. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding a

provide the Commission with any necessary means of access to the computer equipment or electronically stored information, including, but not limited to, computer access codes and passwords.

IT IS FURTHER ORDERED that the Trustee shall provide notice to the Commission of the proposed abandonment of any corporate books or records of Defendant DRUSA, and upon the Commission's designation, the Trustee shall transfer such books and records to the Commission or dispose of the books and records in the same manner prescribed in the Section of this Order titled "Duty to Protect Customer Information."

IV. OBLIGATIONS OF THE BANKRUPTCY TRUSTEE

IT IS FURTHER ORDERED that Trustee consents to the entry of this Order only in his fiduciary capacity as Chapter 7 Trustee for DRUSA, and not individually. The Trustee's obligations under this Order include only the obligations set forth in this Order.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that nothing in this

Judgment shall be construed to impose liability upon Trustee for actions consistent with the

Bankruptcy Code and pursuant to Bankruptcy Court order; provided, however, that Trustee shall

not take actions inconsistent with this Judgment or seek to collaterally attack the provisions of
this Judgment in Bankruptcy Court. Nothing in this Judgment shall be construed to require

IT IS SO ORDERED.

SIGNED September 27, 2011.

DAVID C. GODBEY

UNITED STATES DISTRICT JUDGE

The parties, by their respective counsel, consent to the terms and conditions of the Stipulated Final Judgment and Order for Permanent Injunction as set forth above and consent to the entry of it.

SO STIPULATED AND AGREED:

By: /s/Robert Newhouse, Trustee Date: 12-12-10

Robert Newhouse, solely in his capacity as Chapter 7 Trustee of the bankruptcy estate of Debt Relief USA, Inc.

/s/ *Linda S. LaRue* Date: <u>12-9-10</u>

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ATTORNEYS FOR CHAPTER 7 TRUSTEE, ROBERT NEWHOUSE