

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ADVOCARE INTERNATIONAL, L.P., a limited  
partnership,

BRIAN CONNOLLY,

DANNY McDANIEL,

DIANE McDANIEL,

CARLTON HARDMAN, and

mission (“Commission”), filed its Complaint for

le Relief (“Complaint”) in this matter, pursuant to

mission Act (“FTC Act”), 15 U.S.C. § 53(b). The

Carlton Hardman and Lisa Hardman stipulate to the entry

njunction and Monetary Judgment (“Order”) to resolve all

them.

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argues that Defendants participated in deceptive acts or practices



3. “6 H W W O L Q J” means a person, firm, and Lisa Hardman, individually, collectively, or in any combination.

C. “O X O W L Ø Ø Y N Ø W L Q J” means any plan or program in which a participant has the right to (1) recruit others into the program or Ma cy pli

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, 7 , 8 5 7 + ( 5 2 5 ' ( 5 ( ' that Settling Defendants, Settling Defendants' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, or operating of any Business Venture, are permanently restrained and enjoined from providing payment or other compensation to any Business Venture participant unless: (A) the compensation is based solely on the purchase of product directly from the company operating the Business Venture by a customer; (B) only one participant is compensated for the customer's purchase; and (C) the customer whose purchase

1. That participants will or are likely to achieve substantial sales, income, or profit;
2. The amount of sales, income, or profit that participants have actually earned;
3. The amount of time or effort required to earn an amount of compensation or to advance in a Business Venture;
4. The reason participants do not earn substantial compensation, including representations that participants fail because they do not devote substantial or sufficient effort or are not active; or
5. Any other fact material to consumers concerning the Business Venture, such as: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics.

B. Making any representation, expressly or by implication, regarding the amount of sales, income, or profits that a participant can expect to earn unless the representation is non-misleading and, at the time such representation is made, Settling Defendants possess and rely upon competent and reliable evidence sufficient to substantiate such representation.

connection with the advertising, marketing, promoting, or offering of any Business Venture, are permanently restrained and enjoined from:

A. Failing to monitor and take all reasonable steps necessary to ensure that Settling Defendants' officers, agents, employees, and other persons

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and information regarding real estate held by the Childrens' Trust identified in Item 22 of the Financial Statement; and

4. Additional documentation and information submitted by email dated June 2, 2019, from Settling Defendants' counsel Keith Beauchamp to Commission counsel Aaron Haberman, attaching the partnership agreement for Marie Investment Co. LLP. listed in Item 11 of the Financial Statement, "Non-Public Business and Financial Interests," and answering follow-up questions about Settling Defendants' financial disclosures.

F. The suspension of the judgment as to any Settling Defendants will be lifted if, upon motion by the Commission, the Court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the financial representations identified above or failed to comply with any portion of Subsection C of this Section.

G. If the suspension of the judgment against a Settling Defendant is lifted, the judgment becomes immediately due as to that Defendant in the amount specified in Subsection A above (which parties stipulate only for purposes of this Section represents that Defendant's unjust enrichment alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

H. Settling Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.

I. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission against Settling Defendants, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to





Commission:

A. One-hundred and eighty (180) days after entry of this Order, each Settling Defendant must submit a compliance report, sworn under penalty of perjury in which each Settling Defendant must: (1) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (2) identify all business activities, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest; (3) describe in detail such Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership; (4) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with that Defendant; (5) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (6) describe the activities of each business, including the products and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which Settling Defendants must describe if they know or should know due to their own involvement); (7) describe in detail whether and how that Defendant is in compliance with each Section of this Order; and (8) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

B. For 15 years after entry of this Order, each Settling Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in: (1) name, including aliases or fictitious name, or residence address; (2) title or role in any business activity, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify the

name, physical address, and any Internet address of the business or entity; (3) any designated point of contact; or (4) the structure of any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Each Settling Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Settling Defendant within 14 de n #

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Defendants, is a majority owner or controls directly or indirectly must create and retain the following records:

- A. Accounting records showing the revenues from all products or services sold;
- B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. Records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission;
- E. A copy of each unique advertisement or other marketing or training material, including videos and calls, used or disseminated by that Defendant

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