

1 16 C.F.R. Part 310, in the operation of a telemarketing scheme offering consumers
2 purported money-making opportunities.

3 3. Settling Defendant admits the allegations in the Complaint.

4 4. Settling Defendant waives any claim that he may have under the Equal
5 Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action
6 through the date of this Order, and agrees to bear his own costs and attorney fees.

7 5. Settling Defendant and the Commission waive all rights to appeal or
8 otherwise challenge or contest the validity of this Order.

9 **DEFINITIONS**

10 1. **“Assists” or “assisting”** includes, but is not limited to: (a) performing
11 customer service functions, including receiving or responding to consumer complaints;
12 (b) formulating or providing, or arranging for the formulation or provision of, (i) any
13 advertising or marketing material, including but not limited to any telephone sales script;
14 or (ii) advertising or marketing services; (c) providing names of, or assisting in the
15 generation of, potential customers; (d) advising on, arranging for, or brokering consumer
16 payment processing services; or (e) establishing corporate entities.

17 2. **“Business Opportunity”** means a commercial arrangement in which: (a) a
18 seller solicits a prospective purchaser to enter into a new business; and (b) the prospective
19 purchaser makes a required payment; and (c) the seller, expressly or by implication,
20 orally or in writing, represents that the seller or one or more designated persons will: (i)
21 provide locations for the use or operation of equipment, displays, vending machines, or
22 similar devices, owned, leased, controlled, or paid for by the purchaser; or (ii) provide
23 outlets, accounts, or customers, including, but not limited to internet outlets, accounts, or
24 customers, for the purchaser’s goods or services; or (iii) buy back any or all of the goods
25 or services that the purchaser makes, produces, fabricates, grows, breeds, modifies, or
26 provides, including but not limited to providing payment for such services as, for
27 example, stuffing envelopes from the purchaser’s home.

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1 3. **“Corporate Defendants”** means Blue Saguario Marketing, LLC; Marketing
2 Ways.com, LLC; Max Results Marketing, LLC; Oro Canyon Marketing II, LLC;
3 Paramount Business Services, LLC, individually, collectively, and in any combination
4 doing business as Amazon Associates, Amazon Associates Program, Amazon Affiliates,
5 Amazon Affiliate Program, Gera Grant, Grant Strategy Solutions, GSS, Grant Assistance
6 Center, Grant Babylon, Hydra Grant, Cenex Worldwide, Grant(s) Community United,
7 Paramount Business Resources, and their successors and assigns.

8 4. **“Defendants”** means Corporate Defendants, Settling Defendant, Stephanie
9 A. Bateluna, and Stacey A. Vela, individually, collectively, or in any combination.

10 5. **“Designated person”** means any person, other than the seller, whose goods
11 or services the seller suggests, recommends, or requires that the purchaser use in
12 establishing a new business.

13 6. **“Document”** is synonymous in meaning and equal in scope to the usage of
14 the term in Federal Rule of Civil Procedure 34(a), and includes writing, drawings, graphs,
15 charts, photographs, sound and video recordings, images, Internet sites, Web pages, Web
16 sites, electronic correspondence, including e-mail and instant messages, contracts,
17 accounting data, advertisements (including advertisements placed on the World Wide
18 Web), FTP Logs, Server Access Logs, USENET Newsgroup postings, World Wide Web
19 pages, books, written or printed records, handwritten notes, telephone logs, telephone
20 scripts, receipt books, ledgers, personal and business canceled checks and check registers,
21 bank statements, appointment books, computer records, and any other electronically
22 stored information, and other data or data compilations from which information can be
23 obtained directly or, if necessary, after translation into a reasonably usable form. A draft
24 or non-identical copy is a separate document within the meaning of the term.

25 7. **“FTC”** or **“Commission”** means the Federal Trade Commission.

26 8. **“Grant Product or Service”** means any product or service, including a
27 plan or program, that is represented, expressly or by implication, to assist a consumer in
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1 any manner in obtaining a grant or similar financial assistance from the government or
2 any other source.

3 9. **“Person”** means a natural person, organization, or other legal entity,
4 including a corporation, limited liability company, partnership, proprietorship,
5 association, cooperative, government or governmental subdivision or agency, or any
6 other group or combination acting as an entity.

7 10. **“Receiver”** means the receiver appointed in Section XIII of the Preliminary
8 Injunction Order with Asset Freeze, Appointment of Receiver, and Other Equitable Relief
9 as to Carl E. Morris, Jr. (“Stipulated Preliminary Injunction”) (Doc. 62) and any deputy
10 receivers that shall be named by the Receiver.

11 11. **“Receivership Estate”** means all the assets that are in the Receiver’s
12 control or possession pursuant to the Stipulated Preliminary Injunction (Doc. 62).

13 12. **“Related Product or Service”** means any product or service (a) offered
14 using consumer information obtained in connection with the sale of any Business
15 Opportunity or Grant Product or Service, and (b) offered to: (i) fulfill a consumer’s order
16 for a Business Opportunity or Grant Product or Service; (ii) increase the profitability of a
17 Business Opportunity (including but not limited to search engine optimization and
18 customer maximization services); (iii) increase the amount of grant money available to a
19 consumer through the use of a Grant Product or Service; or (iv) improve a consumer’s
20 ability to use a Business Opportunity or Grant Product or Service.

21 13. **“Seller”** means a person who offers for sale or sells a business opportunity.

22 14. **“Settling Defendant”** means Carl E. Morris, Jr.

23 15. **“Telemarketing”** means any plan, program, or campaign that is conducted
24 to induce the purchase of goods or services by use of one or more telephones, and which
25 involves a telephone call, whether or not covered by the TSR.

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1 **ORDER**

2 **I.**

3 **BAN ON TELEMARKETING**

4 **IT IS THEREFORE ORDERED** that Settling Defendant is **hereby**
5 **permanently restrained and enjoined** from engaging in telemarketing or assisting
6 others to engage in telemarketing, whether directly or through an intermediary.

7 **II.**

8 **BAN ON MARKETING AND SALE OF BUSINESS OPPORTUNITIES, GRANT**
9 **PRODUCTS AND SERVICES, AND RELATED PRODUCTS AND SERVICES**

10 **IT IS FURTHER ORDERED** that Settling Defendant, whether acting directly or
11 through an intermediary, is **hereby permanently restrained and enjoined** from:

12 A. Advertising, marketing, promoting, offering for sale, or selling, or assisting
13 in the advertising, marketing, promoting, offering for sale, or selling, of any Business
14 Opportunities, Grant Products or Services, or any Related Products or Services; and

15 B. Providing, or assisting in providing, any Related Products or Services.

16 **III.**

17 **PROHIBITION ON MISREPRESENTATIONS**

18 **IT IS FURTHER ORDERED** that Settling Defendant, his agents, employees,
19 and attorneys, and all other persons in active concert or participation with any of them,
20 who receive actual notice of this Order, whether acting directly or indirectly, in
21 connection with the advertising, marketing, promoting, offering for sale, or selling of any
22 product, service, plan, or program, are **permanently restrained and enjoined** from
23 misrepresenting, or assisting others in misrepresenting, expressly or by implication:

24 A. That a person is, or represents, Amazon or any other on-line merchant;

25 B. That consumers who purchase websites or advertising packages will earn,
26 or are likely to earn, any specified level of income;

27 C. That a person is, or represents, the government or any other entity;

28 D. That consumers will, or are likely to, earn substantial income; and

1 E. Any fact material to consumers concerning any product, service, plan or
2 program, such as: the total costs; any material restrictions, limitations, or conditions; or
3 any material aspect of its performance, efficacy, nature, or central characteristics.

4 **IV.**

5 **MONETARY JUDGMENT**

6 **IT IS FURTHER ORDERED** that:

7 A. Judgment in the amount of **eleven million eight hundred ninety-eight**
8 **thousand five hundred fifty-five dollars and eighty-nine cents (\$11,898,555.89)** is
9 entered in favor of the Commission against Settling Defendant, jointly and severally, as
10 equitable monetary relief.

11 B. Upon termination of the Consent Restraining Order entered by the United
12 States District Court for the Southern District of New York in Case No. 17 Cr. 201 on
13 July 24, 2017 (“CRO”), any assets covered by the CRO that Morris has not forfeited to
14 the United States shall be transferred to the Commission immediately in accordance with
15 instructions provided by a representative of the Commission.

16 **V.**

17 **ADDITIONAL MONETARY PROVISIONS**

18 **IT IS FURTHER ORDERED** that:

19 A. Settling Defendant relinquishes dominion and all legal and equitable right,
20 title, and interest in the Receivership Estate and all assets transferred pursuant to this
21 Order, and may not seek the return of any assets.

22 B. The facts alleged in the Complaint will be taken as true, without further
23 proof, in any subsequent civil litigation by or on behalf of the Commission, including in a
24 proceeding to enforce its rights to any payment or monetary judgment pursuant to this
25 Order, such as a nondischargeability complaint in any bankruptcy case.

26 C. The facts alleged in the Complaint establish all elements necessary to
27 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy
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1 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for
2 such purposes.

3 D. Settling Defendant acknowledges that his Taxpayer Identification Numbers
4 (Social Security Numbers or Employer Identification Numbers), which Settling
5 Defendant previously submitted to the Commission, may be used for collecting and
6 reporting on any delinquent amount arising out of this Order, in accordance with 31
7 U.S.C. §7701.

8 E. All money paid to the Commission pursuant to this Order may be deposited
9 into a fund administered by the Commission or its designee to be used for equitable
10 relief, including consumer redress and any attendant expenses for the administration of
11 any redress fund. If a representative of the Commission decides that direct redress to
12 consumers is wholly or partially impracticable or money remains after redress is
13 completed, the Commission may apply any remaining money for such other equitable
14 relief (including consumer information remedies) as it determines to be reasonably
15 related to Settling Defendants' practices alleged in the Complaint. Any money not used
16 for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Settling
17 Defendant has no right to challenge any actions the Commission or its representatives
18 may take pursuant to this subsection.

19 **VI.**

20 **LIFTING OF ASSET FREEZE**

21 **IT IS FURTHER ORDERED** that the asset freeze set forth in the Stipulated
22 Preliminary Injunction (Doc. 62, ¶ VI) is modified to permit the payments and transfers
23 identified in Section IV of this Order. Upon completion of all payments and transfers
24 required by Section IV of this Order, the asset freeze as to Settling Defendant is
25 dissolved.

26 **VII.**

27 **CUSTOMER INFORMATION**

28 **IT IS FURTHER ORDERED** that Settling Defendant, his officers, agents,

1 employees, and attorneys, and all other persons in active concert or participation with any
2 them, who receive actual notice of this Order, whether acting directly or indirectly, are
3 **permanently restrained and enjoined from:**

4 A. Failing to provide sufficient customer information to enable the
5 Commission to efficiently administer consumer redress. If a representative of the
6 Commission requests in writing any information related to redress, Settling Defendant
7 must provide it, in the form prescribed by the Commission, within fourteen (14) days;

8 B. Disclosing, using, or benefitting from customer information, including the
9 name, address, telephone number, email address, social security number, other identifying
10 information, or any data that enables access to a customer's account (including a credit
11 card, bank account, or other financial account), that Settling Defendant obtained prior to
12 entry of this Order; and

13 C. Failing to destroy such customer information in all forms in their
14 possession, custody, or control within thirty (30) days after receipt of written direction to
15 do so from a representative of the Commission.

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

19 **VIII.**

20 **COOPERATION**

21 **IT IS FURTHER ORDERED** that Settling Defendant must fully cooperate with
22 representatives of the Receiver and the Commission in this case and in any investigation
23 related to or associated with the transactions or the occurrences that are the subject of the
24 Complaint. Settling Defendant must provide truthful and complete information,
25 evidence, and testimony. Settling Defendant must appear for interviews, discovery,
26 hearings, trials, and any other proceedings that a representative for the Receiver or for the
27 Commission may reasonably request upon five (5) days written notice, or other
28 reasonable notice, at such places and times as the representative may designate, without

1 the service of a subpoena.

2 **IX.**

3 **ORDER ACKNOWLEDGMENTS**

4 **IT IS FURTHER ORDERED** that Settling Defendant obtain acknowledgments
5 of receipt of this Order as follows:

6 A. Settling Defendant, within seven (7) days of entry of this Order, must
7 submit to the Commission an acknowledgment of receipt of this Order sworn under
8 penalty of perjury.

9 B. For five (5) years after entry of this Order, Settling Defendant, for any
10 business that he, individually or collectively with any other Defendants, is the majority
11 owner or controls directly or indirectly, must deliver a copy of this Order to: (1) all
12 principals, officers, directors, and LLC managers and members; (2) all employees,
13 agents, and representatives who participate in conduct related to the subject matter of the
14 Order; and (3) any business entity resulting from any change in structure as set forth in
15 the Section titled Compliance Reporting. Delivery must occur within seven (7) days of
16 entry of this Order for current personnel. For all others, delivery must occur before they
17 assume their responsibilities.

18 C. From each individual or entity to which Settling Defendant delivered a
19 copy of this Order, Settling Defendant must obtain, within thirty (30) days, a signed and
20 dated acknowledgment of receipt of this Order.

21 **X.**

22 **COMPLIANCE REPORTING**

23 **IT IS FURTHER ORDERED** that Settling Defendant make timely submissions
24 to the Commission:

25 A. One year after entry of this Order, Settling Defendant must submit a
26 compliance report, sworn under penalty of perjury:

27 Settling Defendant must: (1) identify the primary physical, postal, and email
28 address and telephone number, as designated points of contact, which representatives of

1 the Commission may use to communicate with Settling Defendant; (2) identify all of
2 Settling Defendant's businesses by all of their names, telephone numbers, and physical,
3 postal, email, and Internet addresses; (3) describe the activities of each business,
4 including the goods and services offered, the means of advertising, marketing, and sales,
5 and the involvement of any other Defendant (which Settling Defendant must describe if
6 he knows or should know due to his own involvement); (4) describe in detail whether and
7 how that Defendant is in compliance with each Section of this Order; and (5) provide a
8 copy of each Order Acknowledgment obtained pursuant to this Order, unless previously
9 submitted to the Commission.

10 Additionally, Settling Defendant must: (1) identify all telephone numbers and all
11 physical, postal, email and Internet addresses, including all residences; (2) identify all
12 business activities, including any business for which Settling Defendant performs
13 services whether as an employee or otherwise and any entity in which Settling Defendant
14 has any ownership interest; and (3) describe in detail Settling Defendant's involvement in
15 each such business, including title, role, responsibilities, participation, authority, control,
16 and any ownership.

17 B. For twenty (20) years after entry of this Order, Settling Defendant must
18 submit a compliance notice, sworn under penalty of perjury, within fourteen (14) days of
19 any change in the following:

20 Settling Defendant must report any change in: (1) any designated point of contact;
21 or (2) the structure of any Corporate Defendant or any entity that Settling Defendant has
22 any ownership interest in or controls directly or indirectly that may affect compliance
23 obligations arising under this Order, including: creation, merger, sale, or dissolution of
24 the entity or any subsidiary, parent, or affiliate that engages in any acts or practices
25 subject to this Order.

26 Additionally, Settling Defendant must report any change in: (1) name, including
27 aliases or fictitious name, or residence address; or (2) title or role in any business activity,
28 including any business for which Settling Defendant performs services whether as an

1 employee or otherwise and any entity in which Settling Defendant has any ownership
2 interest, and identify the name, physical address, and any Internet address of the business
3 or entity.

4 C. Settling Defendant must submit to the Commission notice of the filing of
5 any bankruptcy petition, insolvency proceeding, or similar proceeding by or against
6 Settling Defendant within fourteen (14) days of its filing.

7 D. Any submission to the Commission required by this Order to be sworn
8 under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746,
9 such as by concluding: “I declare under penalty of perjury under the laws of the United
10 States of America that the foregoing is true and correct. Executed on: _____” and
11 supplying the date, signatory’s full name, title (if applicable), and signature.

12 E. Unless otherwise directed by a Commission representative in writing, all
13 submissions to the Commission pursuant to this Order must be emailed to
14 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:

15 Associate Director for Enforcement
16 Bureau of Consumer Protection
17 Federal Trade Commission
18 600 Pennsylvania Avenue NW
19 Washington, DC 20580

20 The subject line must begin: FTC v. Carl E. Morris, Jr., *et al.*, X170003.

21 XI.

22 RECORDKEEPING

23 **IT IS FURTHER ORDERED** that Settling Defendant must create certain
24 records for twenty (20) years after entry of the Order, and retain each such record for five
25 (5) years. Specifically, Settling Defendant for any business that he, individually or
26 collectively with any other Defendants, is a majority owner or controls directly or
indirectly, must create and retain the following records:

27 A. Accounting records showing the revenues from all goods or services sold;
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1 C. The Commission may use all other lawful means, including posing, through
2 its representatives, as consumers, suppliers, or other individuals or entities, to Settling
3 Defendant or any individual or entity affiliated with Settling Defendant, without the
4 necessity of identification or prior notice. Nothing in this Order limits the Commission's
5 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15
6 U.S.C. §§ 49, 57b-1.

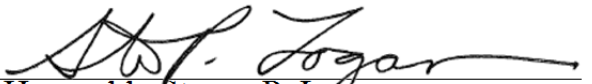
7 D. Upon written request from a representative of the Commission, any
8 consumer reporting agency must furnish consumer reports concerning Settling
9 Defendant, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C.
10 §1681b(a)(1).

11 **XIII.**

12 **RETENTION OF JURISDICTION**

13 **IT IS FURTHER ORDERED** that this Court retains jurisdiction of this matter
14 for purposes of construction, modification, and enforcement of this Order.

15 Dated this 29th day of August, 2017.

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18 Honorable Steven P. Logan
United States District Judge