

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

CASE NO. 12-23065-CIV-ALTONAGA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**FITNESS BRANDS, INC.; FITNESS BRANDS
INTERNATIONAL, INC.; TARA PRODUCTIONS,
INC.; NEW U, INC.; DIRECT HOLDINGS
AMERICAS, INC.; DIRECT ENTERTAINMENT
MEDIA GROUP, INC.; JNL, INC.; JNL
WORLDWIDE, INC.; corporations; MICHAEL CASEY;
DAVID BRODESS; individually and as officers of
FITNESS BRANDS INTERNATIONAL, INC.;
FITNESS BRANDS, INC.; TARA BORAKOS, individually
and as an officer of TARA PRODUCTIONS, INC.; NEW
U, INC.; JENNIFER NICOLE LEE, individually and as an
officer of JNL, INC.; and JNL WORLDWIDE, INC.,**

Defendants, and

THE READER'S DIGEST ASSOCIATION, INC.,

Relief Defendant.

**STIPULATED FINAL JUDGMENT AND ORDER FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF AGAINST DEFENDANTS FITNESS
BRANDS INTERNATIONAL, INC., FITNESS BRANDS, INC.,
MICHAEL CASEY, AND DAVID BRODESS**

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), filed its Complaint for Permanent Injunction and Other Equitable Relief ("Complaint") against Defendants Fitness Brands, Inc., Fitness Brands International, Inc., Tara Productions, Inc., New U, Inc., Direct Holdings Americas, Inc., Direct Entertainment Media Group, Inc., JNL, Inc., JNL Worldwide,

CASE NO. 12-23065-CIV-ALTONAGA

Inc., Michael Casey, David Brodess, Tara Borakos, and Jennifer Nicole Lee and Relief Defendant The Reader's Digest Association, Inc. alleging deceptive acts or practices and false advertisements in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52.

Defendants Fitness Brands, Inc., Fitness Brands International, Inc., Michael Casey, and David Brodess (collectively, the "FBI Defendants"), having been represented by counsel, and acting by and through said counsel, have consented to the entry of this Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief ("Order") without a trial or adjudication of any issue of law or fact herein.

NOW THEREFORE, the Plaintiff and the FBI Defendants, having requested the Court to enter this Order, and the Court having considered the Order reached between the parties, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

FINDINGS

This is an action by the Commission instituted under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b). The Commission has the authority to seek the relief contained herein.

1. The Commission's Complaint states claims upon which relief may be granted under Sections 5(a), 12, and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a), 52, and 53(b).
2. This Court has jurisdiction over the subject matter of this case and personal jurisdiction over the FBI Defendants.
3. Venue in the United States District Court for the Southern District of Florida is proper pursuant to 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

CASE NO. 12-23065-CIV-ALTONAGA

4. The alleged activities of the FBI Defendants are “in or affecting commerce” as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
5. This Order is for settlement purposes and does not constitute, and shall not be interpreted to constitute, an admission by the FBI Defendants or a finding that the law, including but not limited to the FTC Act, has been violated as alleged in the Commission’s Complaint.
6. The FBI Defendants waive: (a) all rights to seek appellate review or otherwise challenge or contest the validity of this Order; (b) any claim that they may have against the Commission, its employees, representatives, or agents; (c) all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, *as amended* by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996); and (d) any rights to attorney’s fees that may arise under said provision of law. The Commission and the FBI Defendants shall each bear their own costs and attorney’s fees incurred in this action.
7. This Order is in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law.
8. Entry of this Order is in the public interest.
9. This Order reflects the negotiated agreement of the parties. The Commission and the FBI Defendants have agreed that entry of this Order settles and resolves all matters of dispute between them arising from the conduct alleged in the Commission’s Complaint as of the date of entry of this Order.

DEFINITIONS

For the purposes of this Order, the following definitions shall apply:

CASE NO. 12-23065-CIV-ALTONAGA

1. The “Ab Circle Pro” means the Ab Circle Pro exercise device described in the Commission’s Complaint and any related accessories or supplies.
2. “Corporate Defendants” means Fitness Brands, Inc. and Fitness Brands International, Inc. and their successors and assigns, individually, collectively, or in any combination.
3. “Individual Defendants” means Michael Casey and David Brodess, individually and as officers and directors of Fitness Brands, Inc. and Fitness Brands International, Inc.
4. “FBI Defendants” means all of the Corporate and Individual Defendants, individually, collectively, or in any combination.
5. “Commerce” means as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
6. “Adequate and Well-Controlled Human Clinical Study” shall mean a human clinical study conducted by persons qualified by training and experience to conduct such study. Such study shall be randomized, and, unless it can be demonstrated that blinding or placebo control cannot be effectively or ethically implemented given the nature of the intervention, shall be double-blind and placebo-controlled.
7. “Covered Product” means any exercise equipment, or any food, drug, or device, as the terms “food,” “drug,” and “device” are defined in Section 15 of the FTC Act, 15 U.S.C. § 55.
8. “Essentially Equivalent Product” means any product that contains the identical ingredients, except for inactive ingredients (*e.g.*, binders, colors, fillers, excipients), in the same form and dosage, and with the same route of administration (*e.g.*, orally, sublingually); *provided that* it may contain additional ingredients if reliable scientific evidence generally accepted

CASE NO. 12-23065-CIV-ALTONAGA

by experts in the field demonstrates that the amount and combination of additional ingredients is unlikely to impede or inhibit the effectiveness of the ingredients in the Essentially Equivalent Product.

9. "Substantially Similar Device" means an abdominal exercise device that is substantially similar in function, appearance, and design to the Ab Circle Pro device.
10. "Document" or "Documents" means any materials listed in Federal Rule of Civil Procedure 34(a) and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, into reasonably usable form through detection devices. A draft or nonidentical copy is a separate Document within the meaning of the term.
11. "Endorsement" or "Testimonial" means endorsement as defined in 16 C.F.R. § 255.0(b). The two terms shall be treated identically in this Order, pursuant to 16 C.F.R. § 255.0(c).
12. "Plaintiff" means the Federal Trade Commission.
13. A requirement that any defendant "notify," "furnish," "submit to," or "provide to" the Commission means that the defendant must send the necessary information via email to DEbrief@ftc.gov or by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. Fitness Brands, Inc. (S.D. Fla.).
14. The term "including" in this order shall mean "without limitation."

CASE NO. 12-23065-CIV-ALTONAGA

15. The terms “and” and “or” in this Order shall be construed conjunctively or disjunctively as necessary, to make the applicable phrase or sentence inclusive rather than exclusive.

PROHIBITED REPRESENTATIONS

I.

THEREFORE, IT IS HEREBY ORDERED that the FBI Defendants, and their officers, agents, servants, and employees, and other persons in active concert and participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, promotion, offering for sale, sale, or distribution of the Ab Circle Pro or any Substantially Similar Device, in or affecting commerce, are hereby permanently restrained and enjoined from making, or assisting others in making, directly or indirectly, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, any representation:

- A. That such device causes or is likely to cause rapid and substantial weight, inch, or fat loss;
- B. That such device causes or is likely to cause rapid and substantial weight, inch, or fat loss in specific, desired areas of the body, such as the abdominal area, hips, thighs, and buttocks;
- C. That if used for three minutes a day, such device:
 - 1. Will cause users to lose ten pounds in two weeks;
 - 2. Is equal to 100 sit-ups; or

CASE NO. 12-23065-CIV-ALTONAGA

3. Provides weight or fat loss benefits that are equivalent or superior to significantly longer workouts on other exercise devices or gym equipment;
- D. That such device makes a material contribution to any system, program, or plan that produces the results referenced in Subsections A through C of this Section;
- E. That consumers who use such device are likely to obtain the rapid and substantial weight or fat loss obtained by consumers who give testimonials concerning such device; and
- F. That any particular testimonialist achieved specific weight loss, fat loss, or other fitness benefits unless such representation is true and not misleading.

II.

IT IS FURTHER ORDERED that the FBI Defendants and their officers, agents, servants, and employees, and other persons in active concert and participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, promotion, offering for sale, sale, or distribution of any Covered Product, in or affecting commerce, are hereby permanently restrained and enjoined from representing, or assisting others in representing, directly or indirectly, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, that:

- A. Such Covered Product causes or is likely to cause rapid and substantial loss of weight, inches, or fat;

CASE NO. 12-23065-CIV-ALTONAGA

- B. Such Covered Product causes or is likely to cause weight, inch, or fat loss primarily in specific, desired areas of the body, such as the abdominal area, hips, thighs, and buttocks;
- C. Use of such Covered Product for any period of time provides weight, inch, or fat loss benefits that are equivalent or superior to any form of exercise, including but not limited to exercising on specific devices or equipment;
- D. Such Covered Product makes a material contribution to any system, program, or plan that produces the results referenced in Subsections A through C of this Section; unless such representation is non-misleading, and, at the time of making such representation, the FBI Defendants possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true.

For purposes of this Section, for any Covered Product that is a food or drug, competent and reliable scientific evidence shall consist of at least two Adequate and Well-Controlled Human Clinical Studies of such food or drug, or of an Essentially Equivalent Product, conducted by different researchers, independently of each other, that conform to acceptable designs and protocols and whose results, when considered in light of the entire body of relevant and reliable scientific evidence, are sufficient to substantiate that the representation is true.

For purposes of this Section, for any Covered Product that is exercise equipment, competent and reliable scientific evidence shall consist of at least one human clinical study that conforms to acceptable designs and protocols, is randomized, controlled, blinded to the maximum

CASE NO. 12-23065-CIV-ALTONAGA

extent practicable, of at least six weeks duration, uses appropriate measuring tools, is conducted by persons qualified by training and experience to conduct and measure compliance with such a study, and whose results, when considered in light of the entire body of relevant and reliable scientific evidence, are sufficient to substantiate that the representation is true.

For purposes of this Section, for any Covered Product that is not a food, drug, or exercise equipment, competent and reliable scientific evidence shall consist of tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

III.

IT IS FURTHER ORDERED that the FBI Defendants, and their officers, agents, servants, and employees, and other persons in active concert and participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, promotion, offering for sale, sale, or distribution of any food, drug, or device, as those terms are defined in Section 15 of the FTC Act, 15 U.S.C. § 55, in or affecting commerce, are hereby permanently restrained and enjoined from making, or assisting others in making, directly or indirectly, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, any representation, other than representations covered under Section II of this Order, about the performance, efficacy, or safety of such food, drug, or device unless the representation is non-misleading, and, at the time of making such representation, the FBI

CASE NO. 12-23065-CIV-ALTONAGA

Defendants possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. For purposes of this Section, competent and reliable scientific evidence shall consist of tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

IV.

IT IS FURTHER ORDERED that the FBI Defendants, and their officers, agents, servants, and employees, and other persons in active concert and participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, promotion, offering for sale, sale, or distribution of any Covered Product, in or affecting commerce, shall not represent, or assist others in representing, in any manner, directly or indirectly, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, that members of the public who use the Covered Product can generally expect to achieve the results represented by an endorser of such Covered Product unless:

- A. Such representation is non-misleading; and
- B. At the time of making such representation, the FBI Defendants possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity

CASE NO. 12-23065-CIV-ALTONAGA

based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. For purposes of this Section, competent and reliable scientific evidence shall consist of tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

V.

MEANS AND INSTRUMENTALITIES

IT IS FURTHER ORDERED that the FBI Defendants and their officers, agents, servants, and employees, and other persons in active concert and participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, promotion, offering for sale, sale, or distribution of any Covered Product, in or affecting commerce, shall not provide to others the means and instrumentalities, including but not limited to infomercials, commercials, scripts for infomercials or commercials, or video, pictures, or computer animation that could be used as advertising or promotional material, with which to make, expressly or by implication, orally, graphically, or in writing, any representation prohibited under Sections I-IV of this Order.

CASE NO. 12-23065-CIV-ALTONAGA

VI.

EQUITABLE MONETARY RELIEF

IT IS FURTHER ORDERED that:

- A. Judgment is hereby entered in favor of the Commission and against the FBI Defendants, jointly and severally, in the amount of seven million, four hundred fifteen thousand, six hundred nine dollars (\$7,415,609); *provided* that this judgment will be satisfied upon the FBI Defendants' full compliance with the conditions set forth in this Section.
- B. Within five (5) days after entry of this Order, the FBI Defendants shall pay to the FTC by electronic funds transfer the sum of one million, two hundred fifty six thousand, seven hundred thirty four dollars (\$1,256,734).
- C. In the event that the FBI Defendants fail to make the required payment when due, or the Commission is not allowed to retain that payment, the entire judgment amount (\$7,415,609) shall immediately become due and payable, less any amount previously paid by the FBI Defendants. Interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance. Time is of the essence for the payments specified in this Section.
- D. The Commission's agreement to this Order is expressly premised upon the truthfulness, accuracy, and completeness of the following financial statements and documents, along with all attachments, exhibits, schedules, forms, and statements attached thereto, submitted to the Commission by the FBI Defendants:
 - 1. Financial Statement for David Brodess, signed 04/13/2012;

CASE NO. 12-23065-CIV-ALTONAGA

2. Financial Statement for Michael Edward Casey, signed 04/16/2012;
3. Financial Statement for Fitness Brands, Inc., signed 04/12/2012 by David Brodess, C.O.O.;
4. Financial Statement for Fitness Brands International, Inc., signed 04/12/2012 by David Brodess, C.O.O.;
5. Form 1040, U.S. Individual Income Tax Return, for David and Avis Brodess, for calendar year 2008;
6. Form 1040, U.S. Individual Income Tax Return, for David and Avis Brodess, for calendar year 2009;
7. Form 1040, U.S. Individual Income Tax Return, for David and Avis Brodess, for calendar year 2010;
8. Form 1040, U.S. Individual Income Tax Return, for Michael Casey, for calendar year 2008;
9. Form 1040, U.S. Individual Income Tax Return, for Michael Casey, for calendar year 2009;
10. Form 1040, U.S. Individual Income Tax Return, for Michael Casey, for calendar year 2010;
11. Form 1120, U.S. Corporation Income Tax Return, for Fitness Brands International, Inc., for tax year beginning 07/01/2008, ending 06/30/2009;
12. Form 1120, U.S. Corporation Income Tax Return, for Fitness Brands International, Inc., for tax year beginning 07/01/2009, ending 06/30/2010; and

CASE NO. 12-23065-CIV-ALTONAGA

13. Form 1120, U.S. Corporation Income Tax Return, for Fitness Brands International, Inc., for tax year beginning 07/01/2010, ending 06/30/2011.

The FBI Defendants stipulate that all of the materials referenced above are truthful, accurate, and complete in all material respects as of the date of such information. These documents contain material information upon which the Commission relied in negotiating and agreeing to the terms of this Order.

- E. If, upon motion by the Commission, a Court determines that, with respect to any of the materials referenced above, any Corporate Defendant made a material misrepresentation or omitted material information concerning its financial condition, the entire judgment amount (\$7,415,609), less any amount previously paid by the FBI Defendants, shall immediately become due and payable as to all FBI Defendants. Interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance.
- F. If, upon motion by the Commission, a Court determines that, with respect to any of the materials referenced above, any Individual Defendant made a material misrepresentation or omitted material information concerning his financial condition, the entire judgment amount (\$7,415,609), less any amount previously paid by the FBI Defendants, shall immediately become due and payable as to that Individual Defendant. Interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance.

CASE NO. 12-23065-CIV-ALTONAGA

- G. All funds paid pursuant to this Order shall be deposited into an account administered by the Commission or its agents to be used for equitable relief, including, but not limited to, consumer redress, and any attendant expenses for the administration of such equitable relief. If the Commission determines, in its sole discretion, that direct redress to consumers is wholly or partially impracticable, or funds remain after the redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to the FBI Defendants' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited in the United States Treasury as disgorgement. The FBI Defendants shall have no right to challenge the Commission's choice of remedies under this Section. The FBI Defendants shall have no right to contest the manner of distribution chosen by the Commission. This judgment for equitable monetary relief is solely remedial in nature and is not a fine, penalty, punitive assessment, or forfeiture.
- H. The FBI Defendants relinquish all dominion, control and title to the funds paid, to the fullest extent permitted by law. The FBI Defendants shall make no claim to, or demand return of the funds, directly or indirectly, through counsel or otherwise.
- I. The FBI Defendants agree that the facts as alleged in the Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the Commission to enforce its rights to any payment or money judgment pursuant to this Order, including, but not limited to, a nondischargeability complaint in any bankruptcy case. The FBI Defendants further stipulate and agree that the facts alleged in

CASE NO. 12-23065-CIV-ALTONAGA

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

- J. In accordance with 31 U.S.C. § 7701, the FBI Defendants are hereby required, unless they have done so already, to furnish to the Commission their taxpayer identifying numbers, which shall be used for the purposes of collecting and reporting on any delinquent amount arising out of the FBI Defendants' relationship with the government.
- K. Proceedings instituted under this Section are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including but not limited to contempt proceedings or any other proceedings the Commission may initiate to enforce this Order.

VII.

CONSUMER LIST

IT IS FURTHER ORDERED that:

- A. Within fifteen (15) days of the entry of this Order, the FBI Defendants shall provide to the Commission a list of all consumers who have purchased the Ab Circle Pro to the extent such information is in the FBI Defendants' possession, custody, or control. The list shall be in searchable and sortable electronic format and shall include, to the extent possible, the following information for each consumer: name, address, phone number, email address, date of purchase, products purchased (including any related accessories or supplies) and total dollar amount of purchase (including tax and shipping and handling charges); and

CASE NO. 12-23065-CIV-ALTONAGA

B. The FBI Defendants, and their officers, agents, servants, and employees, and other persons in active concert and participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, are permanently restrained and enjoined from:

1. Disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, Social Security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), of any person which was obtained by any FBI Defendant prior to entry of this Order in connection with the marketing and sale of the Ab Circle Pro; and
2. Failing to dispose of such customer information in all forms in their possession, custody, or control within thirty (30) days after they have provided such customer information to the Commission pursuant to subsection A of this Section, except that any FBI Defendant's database of consumers of the Ab Circle Pro must be preserved until consumer redress is complete and notice is provided by a Commission representative that the data may be destroyed. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed.

CASE NO. 12-23065-CIV-ALTONAGA

Provided, however, that customer information need not be disposed of, and may be disclosed, to the extent requested by a government agency or required by a law, regulation, or court order, or needed for legal defense or for non-marketing, customer service purposes.

VIII.

ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that the FBI Defendants obtain acknowledgments of receipt of this Order:

- A. Each FBI Defendant, within seven (7) days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For five (5) years after entry of this Order, each Individual Defendant for any business that such Defendant, individually or collectively with any other Defendant, is the majority owner or directly or indirectly controls, and each Corporate Defendant, must deliver a copy of this Order to: (1) all principals, officers, directors, and managers with responsibilities with respect to the subject matter of this Order; (2) all employees, agents, and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within seven (7) days of entry of this Order for current personnel. To all others, delivery must occur before they assume their responsibilities.

CASE NO. 12-23065-CIV-ALTONAGA

- C. From each individual or entity to which an FBI Defendant delivered a copy of this Order, that Defendant must obtain, within thirty (30) days, a signed and dated acknowledgment of receipt of this Order.

IX.

COMPLIANCE REPORTING

IT IS FURTHER ORDERED that the FBI Defendants make timely submissions to the Commission:

- A. One hundred eighty (180) days after entry of this Order, each FBI Defendant must submit a compliance report, sworn under penalty of perjury.
1. Each FBI Defendant must: (a) designate at least one telephone number and an email, physical, and postal address as points of contact, which representatives of the Commission may use to communicate with that FBI Defendant; (b) identify all of that FBI Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) 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 in this case (which Individual Defendants must describe if they know or should know due to their own involvement); (d) describe in detail whether and how that FBI Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission;

CASE NO. 12-23065-CIV-ALTONAGA

2. Additionally, each Individual Defendant must: (a) identify all telephone numbers and all email, Internet, physical, and postal addresses, including all residences; (b) identify all titles and roles in 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; and (c) describe in detail such Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control and any ownership.
- B. For twenty (20) years following entry of this Order, each FBI Defendant must submit a compliance notice, sworn under penalty of perjury, within fourteen (14) days of any change in the following:
1. Each FBI Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Defendant or any entity of which the FBI Defendant has direct or indirect control 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.
 2. Additionally, each Individual Defendant must report any change in: (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity in or affecting commerce, 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 its name, physical address, and Internet address, if any.

CASE NO. 12-23065-CIV-ALTONAGA

- C. Each FBI Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against such Defendant within fourteen (14) days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 18 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. Fitness Brands, Inc. (S.D. Fla.).

X.

RECORDKEEPING

IT IS FURTHER ORDERED that FBI Defendants must create certain records for twenty (20) years after entry of the Order and retain each such record for five (5) years. Specifically, each Corporate Defendant, in connection with the advertising, promotion, offering for sale, sale, or distribution of any Covered Product, and each Individual Defendant for any business in which that

CASE NO. 12-23065-CIV-ALTONAGA

Individual Defendant, individually or collectively with any other defendant in this case, is a majority owner or directly or indirectly controls, must maintain the following records:

- A. Accounting records showing the revenues from all goods or services sold, all costs incurred in generating those revenues, and the resulting net profit or loss;
- B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name, addresses, and telephone numbers; job title or position; dates of service; and, if applicable, the reason for termination;
- C. Customer files showing the names, addresses, telephone numbers, dollar amounts paid, and the quantity and description of goods or services purchased;
- D. Complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- E. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and
- F. A copy of each advertisement or other marketing material.

XI.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring the FBI Defendants' compliance with this Order, including any failure to transfer any assets as required by this Order:

- A. Within fourteen (14) days of receipt of a written request from a representative of the Commission, each FBI Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for

CASE NO. 12-23065-CIV-ALTONAGA

depositions; and produce documents, for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

- B. For matters concerning this Order, the Commission is authorized to communicate directly with each FBI Defendant. The FBI Defendants must permit representatives of the Commission to interview any employee or other person affiliated with any FBI Defendant who has agreed to such an interview. The person interviewed may have counsel present.
- C. The Commission may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to the FBI Defendants or any individual or entity affiliated with the FBI Defendants, without the necessity of identification or prior notice. Nothing in this Order limits 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.

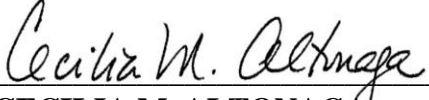
XII.

RETENTION OF JURISDICTION

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

CASE NO. 12-23065-CIV-ALTONAGA

DONE AN ORDERED in Miami, Florida, this 27th day of August, 2012.



CECILIA M. ALTONAGA
UNITED STATES DISTRICT JUDGE