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12 **UNITED STATES DISTRICT COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**

14 FEDERAL TRADE COMMISSION,

15 Plaintiff,

16 v.

17 CENTRO NATURAL SERVICES, INC.,  
18 a corporation; *et al*,

19 Defendants.

Case No.

**SACV06-989-JVS-(RNBx)**

**STIPULATED FINAL JUDGMENT  
FOR PERMANENT INJUNCTION  
AND OTHER EQUITABLE  
RELIEF**

22  
23 WHEREAS Plaintiff, the Federal Trade Commission  
24 ("Commission" or "FTC"), has commenced this action by filing the  
25 Complaint herein; Defendants Centro Natural Services, Inc., and  
26 Xavier Rodriguez have been served with the Summons and  
27 Complaint; and the parties have agreed to settlement of this  
28 action upon the following terms and conditions, without

Stipulated Permanent Injunction

Page 1



1 Centro Natural Services, Inc. ("Centro Natural"), and Xavier  
2 Rodriguez.

3 B. "Commerce" means as defined in Section 4 of the Federal  
4 Trade Commission Act, 15 U.S.C. § 44.

5 C. "Competent and reliable scientific evidence" means tests,  
6 analyses, research, studies, or other evidence based on the  
7 expertise of professionals in the relevant area, that have been  
8 conducted and evaluated in an objective manner by persons  
9 qualified to do so, using procedures generally accepted in the  
10 profession to yield accurate and reliable results.

11 D. "Covered Product" means any weight loss product, dietary  
12 supplement, food, drug, or device.

13 E. "Endorsement" means as defined in 16 C.F.R. § 255.0(b).

14 F. "Food," "drug," and "device" means as "food," "drug," and  
15 "device" are defined in Section 15 of the Federal Trade  
16 Commission Act, 15 U.S.C. § 55.

17 G. "FTC" or "Commission" means the Federal Trade Commission.

18 H. A requirement that Defendants "notify the Commission"  
19 means that the Defendants shall send the necessary information  
20 via first class mail, costs prepaid, to: Associate Director for  
21 Enforcement, Federal Trade Commission, 600 Pennsylvania Avenue,  
22 N.W., Washington, DC 20580. Attn: *FTC v. Centro Natural*  
23 *Services, Inc., et al.*, Civ. No. 06-989-JVS (C.D. Cal.).

24 I. "Weight loss product" means any food, drug, dietary  
25 supplement, cream, patch, or device purported to produce weight  
26 loss, reduction or elimination of fat, or to prevent weight gain  
27 in a user of the product.

28 J. The term "including" in this Order means "including,

1 without limitation."

2 K. The terms "and" and "or" in this Order shall be construed  
3 conjunctively or disjunctively as necessary to make the  
4 applicable phrase or sentence inclusive rather than exclusive.

5 **I.**

6 **PROHIBITED REPRESENTATIONS REGARDING WEIGHT LOSS PRODUCTS**

7 **IT IS HEREBY ORDERED** that Defendants, and their officers,  
8 agents, servants, employees, and representatives, and all  
9 persons and entities in active concert or participation with  
10 them who receive actual notice of this Order by personal service  
11 or otherwise, whether acting directly or through any  
12 corporation, subsidiary, division, or other entity, in  
13 connection with the labeling, advertising, promotion, offering  
14 for sale, sale, or distribution of any weight loss product, in  
15 or affecting commerce, are hereby permanently enjoined from  
16 representing, in any manner, expressly or by implication,  
17 including through the use of endorsements or trade name, that:

- 18 A. Any weight loss product causes users to lose substantial  
19 amounts of weight rapidly without reducing caloric intake;  
20 B. Any weight loss product causes users safely to lose as  
21 much as a half pound per day for multiple weeks and  
22 months; and  
23 C. Any weight loss product causes users to lose weight  
24 permanently.

25 **II.**

26 **PROHIBITED REPRESENTATIONS REGARDING ANY COVERED PRODUCT**

27 **IT IS FURTHER ORDERED** that Defendants, and their officers,  
28 agents, servants, employees, and representatives, and all

1 persons and entities in active concert or participation with  
2 them who receive actual notice of this Order by personal service  
3 or otherwise, whether acting directly or through any  
4 corporation, subsidiary, division, or other entity, in  
5 connection with the labeling, advertising, promotion, offering  
6 for sale, sale, or distribution of any covered product or  
7 service, in or affecting commerce, are hereby permanently  
8 restrained and enjoined from making, or assisting others in  
9 making, directly or by implication, including through the use of  
10 endorsements or product names, any representation about the  
11 weight loss effect or the health benefits, performance, or  
12 efficacy of such covered product or service unless the  
13 representation is true and not misleading, and, at the time it  
14 is made, Defendants possess and rely upon competent and reliable  
15 scientific evidence that substantiates the representation.

16 **III.**

17 **FDA-APPROVED CLAIMS**

18 Nothing in this Order shall prohibit Defendants from making  
19 any representation for any drug that is permitted in the  
20 labeling for such drug under any tentative or final standard  
21 promulgated by the FDA, or under any new drug application  
22 approved by the FDA. Nothing in this Order shall prohibit  
23 Defendants from making any representation for any product that  
24 is specifically permitted in labeling for such product by  
25 regulations promulgated by the FDA pursuant to the Nutrition  
26 Labeling and Education Act of 1990.

1 IV.

2 MONETARY RELIEF

3 IT IS FURTHER ORDERED that:

- 4 A. Judgment for equitable monetary relief is hereby entered  
5 against Defendants Centro Natural Services, Inc., and  
6 Xavier Rodriguez in the amount of two million three  
7 hundred seventy seven thousand dollars (\$2,377,000);  
8 **provided, however,** that all of this amount except twenty  
9 thousand dollars (\$20,000) shall be suspended.
- 10 B. Defendants shall pay to the Commission the sum of twenty  
11 thousand dollars (\$20,000) not later than five (5) days  
12 after the date of entry of this Order, such payment to be  
13 made in cash by electronic funds transfer to the  
14 Commission, or to such agent as the Commission may direct,  
15 pursuant to instructions provided by the Commission.
- 16 C. All funds paid pursuant to this Order shall be deposited  
17 into a fund administered by the FTC or its designated  
18 agents to be used for equitable relief, including, but not  
19 limited to consumer redress and any attendant expenses for  
20 the administration of such equitable relief. In the event  
21 that direct redress for consumers is wholly or partially  
22 impracticable, or funds remain after restitution is  
23 completed, the FTC may apply any remaining funds for any  
24 other equitable relief (including consumer information  
25 remedies) that it determines to be reasonably related to  
26 the Defendants' practices alleged in the Complaint. Any  
27 funds not used for this equitable relief shall be  
28 deposited into the United States Treasury as disgorgement.

1 Defendants shall have no right to challenge the FTC's  
2 choice of remedies under this Section.

3 D. No portion of any payment under the judgment herein shall  
4 be deemed a payment of any fine, penalty, or punitive  
5 assessment.

6 E. Defendants relinquish all dominion, control and title to  
7 the funds paid, and all legal and equitable title to the  
8 funds shall vest in the Treasurer of the United States and  
9 in the designated consumers. Defendants shall make no  
10 claim to or demand for the return of funds, directly or  
11 indirectly, through counsel or otherwise.

12 F. In the event of any default by Defendants of any  
13 obligation imposed on them under this Section, including  
14 but not limited to the failure to timely and completely  
15 fulfill the payment obligations set forth in Subsection  
16 IV. B, the suspension of the judgment amount set forth in  
17 Subsection IV. A shall be vacated as to the Defendants,  
18 and the full amount of that judgment shall immediately  
19 become due, plus interest from the date of entry of this  
20 Order pursuant to 28 U.S.C. § 1961, less any payments  
21 already made.

22 G. Defendants agree that, if they fail to timely and  
23 completely fulfill the payment and other obligations set  
24 forth in this Order, the facts as alleged in the Complaint  
25 filed in this matter shall be taken as true in any  
26 subsequent litigation filed by the Commission to enforce  
27 its rights pursuant to this Order, including but not  
28 limited to a nondischargeability complaint in any

1 bankruptcy case.

2 H. Defendant Xavier Rodriguez is hereby required, in  
3 accordance with 31 U.S.C. § 7701, to furnish to the  
4 Commission his taxpayer identification number (Social  
5 Security number or employer identification number), which  
6 shall be used for purposes of collecting and reporting on  
7 any delinquent amount arising out of this judgment.

8 **V.**

9 **RIGHT TO REOPEN**

10 The Commission's agreement to, and the Court's approval of,  
11 this Order is expressly premised upon the financial condition of  
12 Defendants as represented in the Defendants' 2005 and 2006 IRS  
13 tax returns, and financial statements dated April 16, 2007 and  
14 October 22, 2007. Such financial statements contain material  
15 information upon which the Commission relied in negotiating and  
16 agreeing to this Order. If, upon motion by the Commission, the  
17 Court finds that such financial statements contain any material  
18 misrepresentation or omission, the suspended judgment entered  
19 pursuant to Subsection IV. A of this Order shall become  
20 immediately due and payable by Defendants, and interest computed  
21 at the rate prescribed under 28 U.S.C. § 1961, as amended, shall  
22 immediately begin to accrue on the unpaid balance; **provided,**  
23 **however,** that in all other respects this Order shall remain in  
24 full force and effect unless otherwise ordered by the Court;  
25 and, **provided further,** that proceedings instituted under this  
26 provision would be in addition to, and not in lieu of, any other  
27 civil or criminal remedies as may be provided by law, including  
28 but not limited to contempt proceedings, or any other

1 proceedings that the Commission or the United States may  
2 initiate to enforce this Order. For purposes of this Section,  
3 and any subsequent proceedings to enforce payment, including,  
4 but not limited, to a non-dischargeability complaint filed in a  
5 bankruptcy proceeding, Defendants agree not to contest any of  
6 the allegations in the Commission's Complaint.

7 **VI.**

8 **DISTRIBUTION OF ORDER BY DEFENDANTS**

9 **IT IS FURTHER ORDERED** that, for a period of three (3) years  
10 from the date of entry of this Order, Defendants Centro Natural  
11 Services, Inc., and Xavier Rodriguez shall deliver copies of the  
12 Order as directed below:

13 A. Defendant Centro Natural Services, Inc., must deliver a  
14 copy of this Order to all of its principals, officers,  
15 directors, and managers. Defendant Centro Natural  
16 Services, Inc. also must deliver copies of the Order to  
17 all of its employees, agents, and representatives who  
18 engage in conduct related to the subject matter of the  
19 Order. For current personnel, delivery shall be within  
20 five (5) days of service of this Order upon Defendant.  
21 For new personnel, delivery shall occur prior to their  
22 assuming their responsibilities.

23 B. For any business that Defendant Xavier Rodriguez controls,  
24 directly or indirectly, or in which Xavier Rodriguez has a  
25 majority ownership interest, Defendant Xavier Rodriguez  
26 must deliver copies of this Order to all principals,  
27 officers, directors, and managers of such business.  
28 Defendant Xavier Rodriguez must also deliver copies of

1 this Order to all employees, agents, and representatives  
2 of such business who engage in conduct related to the  
3 subject matter of the Order. For current personnel,  
4 delivery shall be within five (5) days of service of this  
5 Order upon Defendant. For new personnel, delivery shall  
6 occur prior to them assuming their responsibilities.

7 C. For any business in which Defendant Xavier Rodriguez is  
8 not a controlling person of the business but otherwise  
9 engages in conduct related to the subject matter of this  
10 Order, Defendant Xavier Rodriguez must deliver a copy of  
11 this Order to all principals and managers of such business  
12 before engaging in such conduct.

13 D. Defendant Centro Natural Services, Inc., and Defendant  
14 Xavier Rodriguez must secure a signed and dated statement  
15 acknowledging receipt of this Order, within thirty days of  
16 delivery, from all persons receiving a copy of the Order  
17 pursuant to this Part.

## 18 VII.

### 19 COMPLIANCE MONITORING

20 **IT IS FURTHER ORDERED** that, for the purpose of monitoring  
21 and investigating compliance with any provision of this Order:

22 A. Within ten (10) days of receipt of written notice from a  
23 representative of the Commission, Defendants Centro  
24 Natural Services, Inc., and Defendant Xavier Rodriguez  
25 each shall submit additional written reports, sworn to  
26 under penalty of perjury; produce documents for inspection  
27 and copying; appear for deposition; and/or provide entry  
28 during normal business hours to any business location in

1 such Defendants' possession or direct or indirect control  
2 to inspect the business operation;

3 B. In addition, the Commission is authorized to monitor  
4 compliance with this Order by all other lawful means,  
5 including but not limited to, the following:

6 1. obtaining discovery from any person, without further  
7 leave of court, using the procedures prescribed by  
8 Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;

9 2. posing as consumers and suppliers to Defendants Centro  
10 Natural Services, Inc., and Xavier Rodriguez,  
11 Defendants' employees, or any other entity managed or  
12 controlled in whole or in part by Defendants, without  
13 the necessity of identification or prior notice;

14 C. Defendants Centro Natural Services, Inc., and Xavier  
15 Rodriguez shall permit representatives of the Commission  
16 to interview any employer, consultant, independent  
17 contractor, representative, agent, or employee who has  
18 agreed to such an interview, relating in any way to any  
19 conduct subject to this Order. The person interviewed may  
20 have counsel present.

21 **Provided, however,** that nothing in this Order shall  
22 limit the Commission's lawful use of compulsory process,  
23 pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§  
24 49, 57b-1, to obtain any documentary material, tangible  
25 things, testimony, or information relevant to unfair or  
26 deceptive acts or practices in or affecting commerce  
27 (within the meaning of 15 U.S.C. § 45(a)(1)).  
28

1 VIII.

2 COMPLIANCE REPORTING BY DEFENDANTS

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

5 A. For a period of three (3) years from the date of entry of  
6 this Order:

7 1. Individual Defendant Xavier Rodriguez shall notify  
8 the Commission of the following:

9 a. Any changes in residence, mailing addresses, and  
10 telephone numbers of Xavier Rodriguez within ten  
11 (10) days of the date of such change;

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

24 c. Any changes in Xavier Rodriguez's name or use of any  
25 aliases or fictitious names; and

26 2. Defendants Centro Natural Services, Inc., and Xavier  
27 Rodriguez shall notify the Commission of any changes  
28 in the corporate structure of Centro Natural Services

1 or any business entity that Defendant Xavier Rodriguez  
2 directly or indirectly controls, or has an ownership  
3 interest in, that may affect compliance obligations  
4 arising under this Order, including but not limited to  
5 a dissolution, assignment, sale, merger, or other  
6 action that would result in the emergence of a  
7 successor entity; the creation or dissolution of a  
8 subsidiary, parent, or affiliate that engages in any  
9 acts or practices subject to this Order; the filing of  
10 a bankruptcy petition; or a change in the corporate  
11 name or address, at least thirty (30) days prior to  
12 such change; *provided that*, with respect to any  
13 proposed change in the corporation about which  
14 Defendants Centro Natural Services, Inc., and Xavier  
15 Rodriguez learn less than thirty (30) days prior to  
16 the date such action is to take place, Defendants  
17 Centro Natural Services, Inc., and Xavier Rodriguez  
18 shall notify the Commission as soon as is practicable  
19 after obtaining such knowledge.

20 B. Within one hundred eighty (180) days after the date of  
21 entry of this Order, Centro Natural Services, Inc., and  
22 Xavier Rodriguez each shall provide a written report to  
23 the FTC, sworn to under penalty of perjury, setting forth  
24 in detail the manner and form in which they have complied  
25 and are complying with this Order. This report shall  
26 include, but not be limited to:

27 1. For Defendant Xavier Rodriguez:

28 a. The then-current residence address, mailing

1 addresses, and telephone numbers of Xavier  
2 Rodriguez;

3 b. The then-current employment and business addresses  
4 and telephone numbers of Xavier Rodriguez, a  
5 description of the business activities of each such  
6 employer or business, and the title and  
7 responsibilities of Defendant Xavier Rodriguez, for  
8 each such employer or business; and

9 c. Any other changes required to be reported under  
10 subparagraph A of this Section.

11 2. For Centro Natural Services, Inc., and Xavier  
12 Rodriguez:

13 a. A copy of each acknowledgment of receipt of this  
14 Order, obtained pursuant to Section VI of this  
15 Order;

16 b. Any other changes required to be reported under  
17 subparagraph A of this Section.

18 C. For the purposes of this Order, Defendants Centro Natural  
19 Services, Inc., and Xavier Rodriguez shall, unless  
20 otherwise directed by the Commission's authorized  
21 representatives, mail all written notifications to the  
22 Commission to: Associate Director for Enforcement,  
23 Federal Trade Commission, 600 Pennsylvania Avenue, N.W.,  
24 Washington, DC 20580. Attn: *FTC v. Centro Natural*  
25 *Services, Inc., et al.*, Civ. No. 06-989-JVS (C.D. Cal.).

26 D. For purposes of the compliance reporting and monitoring  
27 required by this Order, the Commission is authorized to  
28 communicate directly with Centro Natural and Mr. Rodriguez.

1 IX.

2 RECORD KEEPING PROVISIONS

3 IT IS FURTHER ORDERED that, for a period of six (6) years  
4 from the date of entry of this Order, in connection with any  
5 business involved in the manufacturing, labeling, advertising,  
6 promoting, offering for sale, sale, or distribution of any  
7 Covered Product, Defendants Centro Natural Services Inc., and  
8 Xavier Rodriguez, and their agents, employees, officers,  
9 corporations, successors, and assigns, and those persons in  
10 active concert or participation with them who receive actual  
11 notice of this Order by personal service or otherwise, are  
12 hereby restrained and enjoined from failing to create and retain  
13 the following records:

- 14 A. Accounting records that reflect the cost of goods or  
15 services sold, revenues generated, and the disbursement of  
16 such revenues;
- 17 B. Personnel records accurately reflecting: the name,  
18 address, and telephone number of each person employed in  
19 any capacity by such business, including as an independent  
20 contractor; that person's job title or position; the date  
21 upon which the person commenced work; and the date and  
22 reason for the person's termination, if applicable;
- 23 C. Customer files containing the names, addresses, telephone  
24 numbers, dollar amounts paid, quantity of items or  
25 services purchased, and description of items of services  
26 purchased, to the extent such information is obtained in  
27 the ordinary course of business;
- 28 D. Complaints and refund requests (whether received directly,

1 indirectly, or through any third party) and any responses  
2 to those complaints or requests;

3 E. Copies of all advertisements, promotional materials, sales  
4 scripts, training materials, or other marketing materials  
5 utilized in the advertising, labeling, promotion, offering  
6 for sale, sale, or distribution of any Covered Product;

7 F. All other documents evidencing or referring to the  
8 accuracy of any claim contained in the materials  
9 identified in Subparagraph E or to the safety or efficacy  
10 of any Covered Product, including, but not limited to, all  
11 tests, reports, studies, demonstrations, or other evidence  
12 that confirm, contradict, qualify, or call into question  
13 the safety or efficacy of any such Covered Product;

14 G. Records accurately reflecting the name, address, and  
15 telephone number of each manufacturer or laboratory  
16 engaged in the development or creation of any testing  
17 obtained for the purpose of advertising, labeling,  
18 promoting, offering for sale, sale, or distribution of any  
19 Covered Product; and

20 H. All records and documents necessary to demonstrate full  
21 compliance with each provision of this Order, including,  
22 but not limited to, copies of acknowledgments of receipt,  
23 required by Section VI, and all reports submitted to the  
24 FTC pursuant to Section VIII.

25 **X.**

26 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

27 **IT IS FURTHER ORDERED** that each Defendant, within five (5)  
28 business days of receipt of this Order as entered by the Court,

1 must submit to the Commission a truthful sworn statement  
2 acknowledging receipt of this Order.

3 **XI.**

4 **RETENTION OF JURISDICTION**

5 This Court shall retain jurisdiction of this matter for  
6 purposes of construction, modification, and enforcement of this  
7 Order.

8 **XII.**

9 **SCOPE OF ORDER**

10 **IT IS FURTHER ORDERED** that this Order resolves only claims  
11 against the named Defendants and does not preclude the  
12 Commission from initiating further action or seeking any remedy  
13 against any other persons or entities, including without  
14 limitation persons or entities who may be subject to portions of  
15 this Order by virtue of actions taken in concert or  
16 participation with Defendants, and persons or entities in any  
17 type of indemnification or contractual relationship with  
18 Defendants.

19 **IT IS SO ORDERED.**

20  
21 Date: January 28, 2008\_\_\_\_\_

  
The Honorable James V. Selna  
United States District Judge