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11 **UNITED STATES DISTRICT COURT**  
12 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

13  
14 **FEDERAL TRADE COMMISSION,**  
15 **Plaintiff,**  
16 **v.**  
17 **IN DEEP SERVICES, INC., et al.**  
18 **Defendants.**

Civil No. ED CV 09-01193  
DEW (PJWx)

**[PROPOSED] FINAL  
ORDER FOR  
PERMANENT  
INJUNCTION AND  
MONETARY JUDGMENT  
AS TO CORPORATE  
DEFENDANT IN DEEP  
SERVICES, INC.**

21  
22  
23 On June 23, 2009, Plaintiff Federal Trade Commission (“FTC” or  
24 “Commission”) filed a Complaint in this Court for injunctive and other equitable  
25 relief against the Corporate Defendant In Deep Services, Inc., and Individual  
26 Defendants Ryan Champion and Joseph C. Fleming IV (collectively “the IDS  
27 Defendants”), for engaging in acts and practices that violate Section 5 of the  
28 Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45(a) and Section

1 917(c) of the Electronic Fund Transfer Act, 15 U.S.C. § 1693o(c) (“EFTA”)  
2 [Docket Entry 1].

3 On June 23, 2009, upon motion by the FTC, the Court entered a noticed  
4 Temporary Restraining Order (“TRO”) that, among other things, froze the IDS  
5 Defendants' personal and corporate assets, enjoined defendants from making  
6 certain misrepresentations, and ordered the IDS Defendants to show cause why a  
7 preliminary injunction should not issue [DE 21]. On June 29, 2009, the Court  
8 extended the TRO and changed the date set for the preliminary injunction  
9 hearing [DE 32]. On July 21, 2009, the Court entered a Stipulated Preliminary  
10 Injunction that continued the substantive provisions of the TRO [DE 36].

11 The IDS Defendants were served with copies of the Complaint, Summons,  
12 and associated documents. [DE 24 (IDS Service), DE 26 (Fleming), DE 25 and  
13 27 (Champion)]. The Individual Defendants Ryan Champion and Joseph C.  
14 Fleming answered the FTC’s Complaint. [DE 58]. IDS did not answer the FTC’s  
15 Complaint.

16 The Commission and Corporate Defendant In Deep Services, Inc., have  
17 agreed to the following stipulated Final Order for Permanent Injunction and  
18 Monetary Judgment as to Corporate Defendant In Deep Services, Inc. (“Order”),  
19 to resolve all matters of dispute between them in this action.

20  
21 **IT IS THEREFORE AGREED, AND ORDERED** as follows:

- 22 1. This Court has jurisdiction over the subject matter of this case and there is  
23 good cause to believe it has jurisdiction over the Defendant In Deep  
24 Services, Inc.;
- 25 2. Venue is proper in this District under 28 U.S.C. § 1391(b) and 15 U.S.C.  
26 § 53(b);
- 27

- 1 3. The activities alleged in the Complaint are in or affecting “commerce” as  
2 that term is defined in Section 4 of the FTC Act, 15 U.S.C. § 44;
- 3 4. The Complaint states a claim upon which relief may be granted under  
4 Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b); and  
5 under Section 917(c) of EFTA, 15 U.S.C. § 1693o(c);
- 6 5. In Deep Services, Inc., has entered into this Order freely and without  
7 coercion, and the corporation acknowledges that it has read the provisions  
8 of this Order and is prepared to abide by them;
- 9 6. This Order is in addition to, and not in lieu of, any other civil or criminal  
10 remedies that may be provided by law;
- 11 7. In Deep Services, Inc., waives all rights to seek appellate review or  
12 otherwise challenge or contest the validity of this Order and waives and  
13 releases any claim it may have against the Commission, its employees,  
14 representatives, or agents;
- 15 8. In Deep Services, Inc., agrees that this Order does not entitle it to seek or  
16 to obtain attorneys’ fees as a prevailing party under the Equal Access to  
17 Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat.  
18 847, 863-64 (1996), and it further waives any rights to attorneys’ fees that  
19 may arise under said provision of law;
- 20 9. This Order is for settlement purposes only and does not constitute an  
21 admission by In Deep Services, Inc., that the law has been violated as  
22 alleged in the Complaint or any admission of wrongdoing. However, for  
23 the purposes of bankruptcy proceedings, if any, see Section V, Paragraph  
24 J;
- 25 10. This Order is remedial in nature and no portion of any payments paid  
26 herein shall be deemed or construed as payment of a fine, damages,  
27  
28

1 penalty, or punitive assessment; and

2 11. Entry of this Order is in the public interest.

3 **ORDER**

4 **DEFINITIONS**

5 For the purpose of this Order, the following definitions shall apply:

- 6 1. **“Assisting others”** means providing any of the following products or  
7 services to another entity: (1) performing customer service functions,  
8 including, but not limited to, receiving or responding to consumer  
9 complaints; (2) formulating or providing, or arranging for the formulation  
10 or provision of, any promotional material; (3) providing names of, or  
11 assisting in the generation of, potential customers; (4) performing  
12 promotional or marketing services of any kind; or (5) processing credit  
13 and debit card payment;
- 14 2. **“Continuity program”** means any plan, arrangement, or system under  
15 which a consumer is periodically charged to maintain a service or  
16 periodically receive products, including but not limited to access to a  
17 “member only” website, without prior notification by the seller with  
18 sufficient time before each charge to allow the consumer to cancel without  
19 incurring charges;
- 20 3. **“Document”** is synonymous in meaning and equal in scope to the usage of  
21 the term in Federal Rule of Civil Procedure 34(a), and includes writings,  
22 drawings, graphs, charts, Internet sites, Webpages, Websites, electronic  
23 correspondence, including e-mail and instant messages, photographs,  
24 audio and video recordings, contracts, accounting data, advertisements  
25 (including, but not limited to, advertisements placed on the World Wide  
26 Web), FTP Logs, Server Access Logs, USENET Newsgroup postings,

1 World Wide Web pages, books, written or printed records, handwritten  
2 notes, telephone logs, telephone scripts, receipt books, ledgers, personal  
3 and business canceled checks and check registers, bank statements,  
4 appointment books, computer records, and other data compilations from  
5 which information can be obtained and translated. A draft or non-identical  
6 copy is a separate document within the meaning of the term;

7 4. **“Grant-related product or service”** means any product or service,  
8 including a plan or program, that is represented, directly or by implication,  
9 to assist a consumer in any manner in obtaining a grant or similar financial  
10 assistance from the government or any other source;

11 5. **“In Deep Services”** or **“IDS”** means defendant In Deep Services, Inc., a  
12 California corporation, and its successors and assigns;

13 6. **“Material fact”** means any statement that is likely to affect a person’s  
14 choice of, or conduct regarding, products or services;

15 7. **“Negative-option program”** means any plan, arrangement, or system  
16 under which a consumer's silence or failure to take an affirmative action to  
17 reject products or services or to cancel the agreement is interpreted by the  
18 seller as acceptance of the offer;

19 8. **“Plaintiff”** or **“Commission”** or **“FTC”** means the Federal Trade  
20 Commission;

21 9. **“Representative”** means In Deep Services’ officers, agents, servants,  
22 employees, and attorneys and those persons in active concert or  
23 participation with them who receive actual notice of this Order by personal  
24 service or otherwise;

25 10. The words **“and”** and **“or”** shall be understood to have both conjunctive  
26 and disjunctive meanings.

I.

**BAN AGAINST MARKETING OF GRANT -RELATED PRODUCTS AND SERVICES**

**IT IS THEREFORE ORDERED** that In Deep Services, whether acting directly or through any sole proprietorship, officer, agent, servant, employee, partnership, limited liability company, corporation, subsidiary, branch, division or other entity, is hereby permanently restrained and enjoined from:

- A. Advertising, marketing, promoting, offering for sale, or selling any Grant-related product or service;
- B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling of any Grant-related product or service;
- C. Holding any ownership interest, share, or stock in any business entity that engages in or assists in the advertising, marketing, promoting, offering for sale, or selling of any Grant-related product or service; *provided, however*, this prohibition shall not apply to any publicly-traded company in which In Deep Services owns one (1) percent or less of the outstanding common shares.

II.

**BAN AGAINST CONTINUITY PROGRAMS AND NEGATIVE-OPTION MARKETING**

**IT IS THEREFORE ORDERED** that In Deep Services, whether acting directly or through any sole proprietorship, officer, agent, servant, employee, partnership, limited liability company, corporation, subsidiary, branch, division or other entity, is hereby permanently restrained and enjoined from:

- A. Advertising, marketing, promoting, offering for sale, or selling any product or service in which consumers will be entered into a

Continuity program or a Negative-option program;

- B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any product or service in which consumers will be entered into a Continuity program or a Negative-option program;
- C. Holding any ownership interest, share, or stock in any business entity that engages in or assists in the advertising, marketing, promoting, offering for sale, or selling of any product or service in which consumers will be entered into a Continuity program or a Negative-option program; *provided, however*, this prohibition shall not apply to any publicly-traded company in which In Deep Services owns one (1) percent or less of the outstanding common shares.

**III.**

**PROHIBITION AGAINST VIOLATION OF THE ELECTRONIC FUND TRANSFER ACT**

**IT IS FURTHER ORDERED** that, in connection with the advertising, marketing, promotion, offering for sale, or sale of any product or service, In Deep Services and its Representatives are hereby permanently restrained and enjoined from:

- A. Engaging or Assisting others in engaging in any recurring debiting of a consumer’s account without first obtaining a written authorization signed or similarly authenticated from consumers for Preauthorized Electronic Fund Transfers from the consumers accounts; so that the authorization is clear and readily understandable, identifiable as an authorization, and reflects the

1 consumer's assent; as required by Section 907(a) of EFTA, 15  
2 U.S.C. § 1693e(a) and Section 205.10(b) of Regulation E, 12 C.F.R.  
3 § 205.10(b) , as more fully set out in Section 205.10(b) -5 and -6 of  
4 the Federal Reserve Board's Official Staff Commentary to  
5 Regulation E, 12 C.F.R. § 205.10(b) -5 and -6, Supp. I;

6 B. Engaging or Assisting others in engaging in any recurring debiting  
7 of a consumer's account on a recurring basis without providing to  
8 the consumer a copy of the written authorization signed or similarly  
9 authenticated by the consumer for Preauthorized Electronic Fund  
10 Transfers from the consumer's account, as required by Section  
11 907(a) of EFTA, 15 U.S.C. § 1693e(a) and Section 205.10(b) of  
12 Regulation E, 12 C.F.R. § 205.10(b) , as more fully set out in  
13 Section 205.10(b) -5 and -6 of the Federal Reserve Board's Official  
14 Staff Commentary to Regulation E, 12 C.F.R. § 205.10(b) -5 and -6,  
15 Supp. I; and

16 C. Failing to maintain procedures reasonably adapted to avoid an  
17 unintentional failure to obtain a written authorization for  
18 Preauthorized Electronic Fund Transfers, as required in Section  
19 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), as more fully set  
20 out in Section 205.10(b) -7 of the Federal Reserve Board's Official  
21 Staff Commentary to Regulation E, 12 C.F.R. § 205.10(b) -7,  
22 Supp.I..

23  
24 **IV.**

25 **PROHIBITION AGAINST MAKING MISREPRESENTATIONS OF**  
26 **MATERIAL FACTS**



1 **IT IS FURTHER ORDERED** that, in connection with the advertising,  
2 marketing, promoting, offering for sale or selling of any product or service, In  
3 Deep Services and its Representatives are hereby permanently restrained and  
4 enjoined from misrepresenting or Assisting others in misrepresenting, directly or  
5 by implication, any Material fact, including, but not limited to:

6 A. The total cost to purchase, receive, or use, and the quantity of, any  
7 products or services that are the subject of the sales offer;

8 B. Any material restrictions, limitations, or conditions to purchase,  
9 receive, or use the products or services;

10 C. Any material aspect of the nature or terms of a refund, cancellation,  
11 exchange, or repurchase policy for the products or services; or

12 D. The income, profits, or sales volume likely to be achieved from the  
13 products or services.

14  
15 **V.**

16 **MONETARY JUDGMENT**

17 **IT IS FURTHER ORDERED** that:

18 A. Judgment in the amount of **Nine Million Forty-two Thousand and**  
19 **Seventy dollars (\$9,042,070)** is entered against Corporate  
20 Defendant In Deep Services jointly and severally with any other  
21 defendants found liable in this matter;

22 B. The monetary judgment set forth in Paragraph A shall be suspended  
23 upon In Deep Services' compliance with Paragraphs C and D of this  
24 Section;

25 C. In Deep Services shall pay the United States Internal Revenue  
26 Service ("IRS") and the State of California Franchise Tax Board  
27 (the "State of California") monies due to wholly or partially satisfy

1 its existing tax liabilities and the tax liabilities of the individual  
2 defendants Ryan Champion and Joseph C. Fleming IV.

- 3 1. Within sixty (60) days of the entry of this Order, In Deep  
4 Services shall pay the IRS and the State of California using  
5 funds previously frozen by the Court in this action. The  
6 accounts are listed in Attachment A to this Order. The freeze  
7 on In Deep Services' assets contained in the preliminary  
8 injunction issued in this matter is hereby lifted to enable In  
9 Deep Services to make payments from the accounts listed in  
10 Attachment A pursuant to this Section;
- 11 2. In Deep Services shall use funds contained in the accounts  
12 listed in Attachment A solely for the purposes of: (a) wholly  
13 or partially satisfying its existing tax liability; (b) wholly or  
14 partially satisfying the tax liabilities of individual defendants  
15 Ryan Champion and Joseph C. Fleming IV; or (c) paying the  
16 Commission, as described in Paragraph C(5) of this Section;
- 17 3. Any portion of In Deep Services' tax liabilities to the IRS and  
18 State of California not satisfied by payments made from the  
19 accounts listed in Attachment A shall be the sole  
20 responsibility of In Deep Services;
- 21 4. Within ninety (90) days of the entry of this Order, In Deep  
22 Services shall provide the Commission with copies of the  
23 front and back of all cancelled checks, or electronic payment  
24 receipts, made by In Deep Services to the IRS and State of  
25 California pursuant to this Paragraph;
- 26 5. If, after making payments to the IRS and State of California  
27 pursuant to this Paragraph, any funds remain in the accounts  
28

1 listed in Attachment A, In Deep Services shall arrange for the  
2 prompt payment of such funds to the Commission by wire  
3 transfer in accordance with directions provided by the  
4 Commission;

5 D. In order to ensure that In Deep Services uses funds held in the  
6 accounts listed in Attachment A for the purpose of paying the IRS  
7 and State of California for tax liabilities, and that In Deep Services  
8 complies with Paragraph L of this Section, In Deep Services shall:

9 1. Upon issuance of this Order, execute the statement in  
10 Attachment B, and submit it to the Commission at the  
11 following address:

12 Associate Director, Division of Marketing Practices,  
13 600 Pennsylvania Avenue, N.W., Room 286,  
14 Washington, D.C. 20580;

15 2. Within sixty (60) days of the entry of this Order, provide the  
16 Commission with copies of its 2008 and 2009 federal tax  
17 returns as filed with the IRS and with copies of its 2008 and  
18 2009 state tax returns as filed with the State of California; and

19 3. Within ten (10) days of being directed by the Commission,  
20 complete, date, sign, and submit to the IRS, along with the  
21 required fee, an IRS Form 4506, directing that copies of In  
22 Deep Services' federal tax returns and amended federal tax  
23 returns for tax years 2008,2009, and 2010 be sent directly to  
24 the Commission at the address provided in Paragraph D(1)  
25 above. The time period within which the Commission can so  
26 direct In Deep Services will end sixty (60) days after the last  
27 date on which In Deep Services has a right under law to file

an amended tax return for In Deep Services' 2010 tax year;

1  
2 E. The Commission's agreement to this Order is expressly premised  
3 upon the truthfulness, accuracy and completeness of In Deep  
4 Services' sworn financial statements and supporting documents  
5 submitted to the Commission on or about July 2, 2009, as well as all  
6 subsequent addenda thereto, all of which In Deep Services has  
7 stipulated are truthful, accurate, and complete. In Deep Services  
8 and the Commission have stipulated that these financial disclosures  
9 provide the basis for the assets listed in Attachment A to this Order  
10 and include material information upon which the Commission relied  
11 in negotiating and agreeing to this Order. In Deep Services and the  
12 Commission have stipulated that the Commission has relied on the  
13 truthfulness, accuracy, and completeness of these financial  
14 disclosures in agreeing to the terms of this Order and that the  
15 Commission would not have entered into this Order but for the  
16 truthfulness, accuracy, and completeness of these financial  
17 disclosures;

18 F. If, upon motion by the Commission, this Court finds that In Deep  
19 Services has failed to disclose any material asset or materially  
20 misstated the value of any asset in the financial statement and  
21 related documents described above, or has made any other material  
22 misstatement or omission in the financial statements and related  
23 documents described above, then this Order shall be reopened and  
24 suspension of the judgment shall be lifted for the purpose of  
25 requiring payment of **Nine Million Forty-two Thousand and**  
26 **Seventy dollars (\$9,042,070)**, as set forth in Paragraph A of this  
27 Section. *Provided, however,* that in all other respects this Order

1 shall remain in full force and effect, unless otherwise ordered by the  
2 Court;

3 G. Upon such reinstatement of the monetary judgment, the Court shall  
4 make an express determination that the monetary judgment shall be  
5 immediately due and payable. The Commission shall be entitled to  
6 interest on the judgment, computed from the day of entry of this  
7 Order, at the rate prescribed by 18 U.S.C. § 1961, as amended. The  
8 Commission shall be permitted to execute on the judgment  
9 immediately after the suspension is lifted and engage in discovery in  
10 aid of execution;

11 H. All funds paid to the pursuant to the Order shall be deposited into an  
12 account administered by the Commission or its agent to be used for  
13 equitable relief, including but not limited to consumer redress, and  
14 any attendant expenses for the administration of such equitable  
15 relief. In the event that direct redress to consumers is wholly or  
16 partially impracticable or funds remain after redress is completed,  
17 the Commission may apply any remaining funds for such other  
18 equitable relief (including consumer information remedies) as it  
19 determines to be reasonably related to In Deep Services' practices  
20 alleged in the Complaint. Any funds not used for such equitable  
21 relief shall be deposited to the United States Treasury as  
22 disgorgement. In Deep Services shall have no right to challenge the  
23 Commission's choice of remedies under this Section. In Deep  
24 Services shall have no right to contest the manner of distribution  
25 chosen by the Commission;

26 I. As to all funds paid to the Commission pursuant to this Order, In  
27 Deep Services relinquishes all dominion, control, and title to the  
28

1 funds paid to the fullest extent permitted by law. In Deep Services  
2 shall make no claim to or demand return of the funds, directly or  
3 indirectly, through counsel or otherwise;

4 J. In Deep Services agrees that the facts as alleged in the Complaint  
5 filed in this action shall be taken as true without further proof in any  
6 bankruptcy case or subsequent civil litigation pursued by the  
7 Commission to enforce its rights to any payment or money judgment  
8 pursuant to this Final Order, including but not limited to a  
9 nondischargeability complaint in any bankruptcy case. In Deep  
10 Services further has stipulated and agreed that the facts alleged in  
11 the Complaint establish all elements necessary to sustain an action  
12 pursuant to, and that this Order shall have collateral estoppel effect  
13 for purposes of, Section 523(a)(2)(A) of the Bankruptcy Code, 11  
14 U.S.C. § 523(a)(2)(A);

15 K. Proceedings instituted under this Section are in addition to, and not  
16 in lieu of, any other civil or criminal remedies that may be provided  
17 by law, including any other proceedings the Commission may  
18 initiate to enforce this Order;

19 L. In Deep Services agrees that it will not, whether acting directly or  
20 through any corporation, partnership, subsidiary, division, trade  
21 name, device, or other entity, submit to any federal or state tax  
22 authority any return, amended return, or other official document that  
23 takes a deduction for, or seeks a tax refund or other favorable  
24 treatment for, any payment by In Deep Services pursuant to this  
25 Order. In Deep Services further agrees that it will not seek a credit  
26 or refund of any kind for federal or state taxes or penalties for tax  
27 years 2007, 2008 and 2009. However, if In Deep Services

1 otherwise obtains a credit or refund of any federal or state taxes or  
2 penalties paid for tax years 2007, 2008 or 2009, then In Deep  
3 Services shall promptly remit such amount, together with any  
4 interest In Deep Services has earned in connection with any such  
5 credit or refund, to the Commission pursuant to the procedure set  
6 forth in Section C(5) of this Paragraph.

7  
8 **VI.**

9 **BAN ON USE OF CUSTOMER INFORMATION**

10 **IT IS FURTHER ORDERED** that In Deep Services and its  
11 Representatives are permanently restrained and enjoined from:

- 12 A. disclosing, using, or benefitting from customer information,  
13 including the name, address, telephone number, email address,  
14 social security number, other identifying information, or any data  
15 that enables access to a customer's account (including a credit card,  
16 bank account, or other financial account), of any person which In  
17 Deep Services obtained prior to entry of this Order in connection  
18 with the advertising, marketing, promotion, or offering of grant-  
19 related products and services;
- 20 B. failing to dispose of such customer information in all forms in their  
21 possession, custody, or control within thirty (30) days after entry of  
22 this Order. Disposal shall be by means that protect against  
23 unauthorized access to the customer information, such as by  
24 burning, pulverizing, or shredding any papers, and by erasing or  
25 destroying any electronic media, to ensure that the customer  
26 information cannot practicably be read or reconstructed.

27 *Provided, however,* that customer information need not be disposed of, and may

1 be disclosed, to the extent requested by a government agency or required by a  
2 law, regulation, or court order. In particular, a copy of the names, addresses and  
3 email addresses of customers of In Deep Services for grant-related products and  
4 services shall be share with the Commission before the time limit for disposal of  
5 the information as outline in VI(B).

6  
7  
8 **VII.**

9 **COMPLIANCE MONITORING**

10 **IT IS FURTHER ORDERED** that, for the purpose of (i) monitoring and  
11 investigating compliance with any provision of this Order, and (ii) investigating  
12 the accuracy of In Deep Services' financial statements upon which the  
13 Commission's agreement to this Order is expressly premised:

- 14 A. Within ten (10) days of receipt of written notice from a  
15 representative of the Commission, In Deep Services shall submit  
16 additional written reports, which are true and accurate and sworn to  
17 under penalty of perjury; produce documents for inspection and  
18 copying; appear for deposition; and provide entry during normal  
19 business hours to any business location in possession or direct or  
20 indirect control of In Deep Services to inspect the business  
21 operation;
- 22 B. In addition, the Commission is authorized to use all other lawful  
23 means, including but not limited to:
- 24 1. obtaining discovery from any person, without further leave of  
25 court, using the procedures prescribed by Fed. R. Civ. P. 30,  
26 31, 33, 34, 36, 45 and 69;
  - 27 2. having its representatives pose as consumers to In Deep



1 Services, its employees, or any other entity managed or  
2 controlled in whole or in part by In Deep Services, without  
3 the necessity of identification or prior notice; and

- 4 C. In Deep Services shall permit representatives of the Commission to  
5 interview any employer, consultant, independent contractor,  
6 representative, agent, or employee who has agreed to such an  
7 interview, relating in any way to any conduct subject to this Order.

8 The person interviewed may have counsel present.

9 *Provided however*, that nothing in this Order shall limit the Commission's  
10 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act,  
11 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things,  
12 testimony, or information relevant to unfair or deceptive acts or practices in or  
13 affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

14  
15 **VIII.**

16 **COMPLIANCE REPORTING**

17 **IT IS FURTHER ORDERED** that, in order that compliance with the  
18 provisions of this Order may be monitored:

- 19 A. For a period of five (5) years from the date of entry of this Order,  
20 1. In Deep Services shall notify the Commission of any changes  
21 in structure of In Deep Services, Inc., or any business entity  
22 that it directly or indirectly controls, or has an ownership  
23 interest in, that may affect compliance obligations arising  
24 under this Order, including but not limited to: incorporation  
25 or other organization; a dissolution, assignment, sale, merger,  
26 or other action; the creation or dissolution of a subsidiary,  
27 parent, or affiliate that engages in any acts or practices subject

1 to this Order; or a change in the business name or address, at  
2 least thirty (30) days prior to such change, provided that, with  
3 respect to any such change in the business entity about which  
4 In Deep Services learns less than thirty (30) days prior to the  
5 date such action is to take place, In Deep Services shall notify  
6 the Commission as soon as is practicable after obtaining such  
7 knowledge.

8 B. One hundred eighty (180) days after the date of entry of this Order  
9 and annually thereafter for a period of five (5) years, In Deep  
10 Services shall provide a written report to the FTC, which is true and  
11 accurate and sworn to under penalty of perjury, setting forth in  
12 detail the manner and form in which it has complied and is  
13 complying with this Order. This report shall include, but not be  
14 limited to:

- 15 1. A copy of the acknowledgment of receipt of this Order,  
16 obtained pursuant to the Section titled "Distribution of  
17 Order;" and
- 18 2. Any other changes required to be reported under Subsection  
19 A of this Section.

20 C. In Deep Services shall notify the Commission of the filing of a  
21 bankruptcy petition by it within fifteen (15) days of filing.

22 D. For the purposes of this Order, In Deep Services shall, unless  
23 otherwise directed by the Commission's authorized representatives,  
24 send by overnight courier all reports and notifications required by  
25 this Order to the Commission, to the following address:

26 Associate Director for Enforcement  
27 Federal Trade Commission

1 600 Pennsylvania Avenue, N.W., Room NJ-2122  
2 Washington, D.C. 20580

3 Re: FTC v. In Deep Services, Inc., Ryan Champion and  
4 Joseph C. Fleming IV

5 Case No.: 5:09-CV-01193-SGL (PJW)

6 *Provided that*, in lieu of overnight courier, In Deep Services may  
7 send such reports or notifications by first-class mail, but only if it  
8 contemporaneously sends an electronic version of such report or  
9 notification to the Commission at: DEBrief@ftc.gov.

- 10 E. For purposes of the compliance reporting and monitoring required  
11 by this Order, the Commission is authorized to communicate  
12 directly with In Deep Services.

13 **IX.**

14 **RECORD KEEPING**

15 **IT IS FURTHER ORDERED** that, for a period of eight (8) years from  
16 the date of entry of this Order, In Deep Services is hereby restrained and  
17 enjoined from failing to create and retain the following records:

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

1 information is obtained in the ordinary course of business;

2 D. Complaints and refund requests (whether received directly or  
3 indirectly, such as through a third party,) and any responses to those  
4 complaints or requests;

5 E. Copies of all sales scripts, training materials, advertisements, or  
6 other marketing materials; and

7 F. All records and documents necessary to demonstrate full  
8 compliance with each provision of this Order, including but not  
9 limited to, copies of acknowledgments of receipt of this Order  
10 required by the Sections titled "Distribution of Order" and  
11 "Acknowledgment of Receipt of Order" and all reports submitted to  
12 the FTC pursuant to the Section titled "Compliance Reporting."

13  
14 **X.**

15 **DISTRIBUTION OF ORDER**

16 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the  
17 date of entry of this Order, In Deep Services shall deliver copies of the Order as  
18 directed below:

19 A. In Deep Services must deliver a copy of this Order to: (1) all of its  
20 principals, officers, directors, and managers; (2) all of its  
21 employees, agents, and representatives who engage in conduct  
22 related to the subject matter of the Order; and (3) any business entity  
23 resulting from any change in structure set forth in Subsection A of  
24 the Section titled "Compliance Reporting." For current personnel,  
25 delivery shall be within five (5) days of service of this Order upon  
26 In Deep Services. For new personnel, delivery shall occur prior to  
27 them assuming their responsibilities. For any business entity

1 resulting from any change in structure set forth in Subsection A of  
2 the Section titled "Compliance Reporting," delivery shall be at least  
3 ten (10) days prior to the change in structure.

4 B. In Deep Services must secure a signed and dated statement  
5 acknowledging receipt of this Order within thirty (30) days of  
6 delivery, from all persons receiving a copy of this Order pursuant to  
7 this Section.

8 **XI.**

9 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

10 **IT IS FURTHER ORDERED** that In Deep Services, within five (5)  
11 business days of receipt of this Order as entered by the Court, must submit to the  
12 Commission a truthful sworn statement acknowledging receipt of this Order.

13 **XII.**

14 **RETENTION OF JURISDICTION**

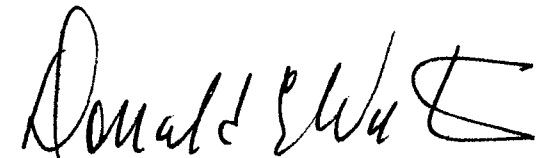
15 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of  
16 this matter for purposes of construction, modification, and enforcement of this  
17 Order.  
18

19 **XIII.**

20 **ENTRY OF ORDER**

21 **IT IS FURTHER ORDERED** that there is no just reason for delay, and  
22 the Clerk of Court is hereby directed to enter this Order immediately.

23 **SO ORDERED**, this 26 day of Oct, 2010, at 8 am., Pacific  
24 Standard Time.  
25

26   
27 \_\_\_\_\_  
28

The Honorable Donald E. Walter  
United States District Judge

**Attachment A**

Accounts with Citibank:

\*\*\*\*\*2659

\*\*\*\*\*0672

\*\*\*\*\*2917

\*\*\*\*\*2933

\*\*\*\*\*8959

\*\*\*\*\*6606.

Accounts with Wells Fargo:

\*\*\*\*\*0395

\*\*\*\*\*7710

\*\*\*\*\*6868

\*\*\*\*\*6767.

Accounts with Bank of America:

\*\*\*\*\*8526

\*\*\*\*\*7386.

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**Attachment B**

In Deep Services, Inc.,

i. will use its share of the released frozen funds only to pay the tax liabilities described in this Order;

ii. to the extent that In Deep Services does not need part of its share of the frozen funds to pay such tax liabilities, will return that part of the frozen funds to the Federal Trade Commission.

I declare under penalty of perjury that the foregoing is true and correct. Executed on \_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_

By : Ryan Champion

Title: \_\_\_\_\_

In Deep Services, Inc.

\_\_\_\_\_

Joseph C. Fleming IV

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In Deep Services, Inc.

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