

Bogus Domain Name Seller Settles FTC Charges

".USA," ".Brit," Deceptively Marketed as Useable

FOR RELEASE

December 3, 2002

Operators that allegedly used deceptive spam messages and appeals to patriotism to sell Web addresses that don't work, including ".usa," have agreed to settle Federal Trade Commission charges that the scam violated federal laws. The settlement will bar the defendants from misrepresenting the usability of domain names, require the disclosure of limitations or conditions on the use or function of domain names, and bar the operators from selling their customer lists. The settlement also will provide as much as \$300,000 for consumer redress.

In March 2002, at the request of the FTC, a U.S. district court shut down businesses that sold domain names ending with suffixes such as ".brit," and ".scot," and ordered an asset freeze to preserve money for consumer redress. The FTC alleged that after September 11, the companies launched an aggressive spam campaign in the United States to advertise domain names ending in ".usa." Subject lines in their e-mail read, "Be Patriotic! Register .USA Domains." A hyperlink in the e-mail connected consumers to a Web site where they were offered the advertised domain names for \$59 each. The FTC alleged that the companies were not accredited domain name registrars, that the ".usa" domain names are not usable on the Internet, and that they probably never will be useable. The FTC has asked the court to permanently bar the operation from deceptively selling the domain names and to order consumer redress. The settlement announced today ends that litigation.

The settlement bars the defendants from making misrepresentations about the usability of domain names or about the nature of any product or service they sell over the Internet. The settlement also bars the defendants from failing to clearly and conspicuously disclose material limitations or conditions on the usability or functionality of domain names. The settlement bars the defendants from selling customer lists. In addition, the defendants will turn over as much as \$300,000 being held in merchant accounts for consumer redress. Redress payments will be available to consumers in the UK and other countries, as well as the United States. The settlement also contains record-keeping requirements to allow the FTC to monitor compliance with the court's order.

The original complaint named TLD Network Ltd., Quantum Management (GB) Ltd., TBS Industries Ltd., Thomas Goolnik, and Edward Harris Goolnik of the United Kingdom. The FTC amended its complaint to dismiss Edward Harris Goolnik as a defendant and to add another entity, Quantum Management U.S., Inc., as a defendant.

The Commission vote to accept the stipulated final judgment and order was 5-0.

(FTC File No. X02 0026)

(Civil Action No. 02 C 1475)

CONTACT INFORMATION

Media Contact:

Claudia Bourne Farrell,
Office of Public Affairs
202-326-2181

Staff Contact:

C. Steven Baker or Steven M. Wernikoff,
FTC Midwest Region
312-960-5634

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

TLD NETWORK LTD., QUANTUM
MANAGEMENT U.S., INC., QUANTUM
MANAGEMENT (GB) LTD., TBS
INDUSTRIES LTD., TLD NETWORKS LTD.,
and THOMAS GOOLNIK, individually, and
as an officer of the above companies,

Defendants

Case No. 02 CV 1475

Judge Holderman

Magistrate Judge Ashman

**STIPULATED FINAL JUDGMENT AND ORDER
FOR PERMANENT INJUNCTION AND CONSUMER REDRESS**

Plaintiff Federal Trade Commission (“Commission” or “FTC”) having filed its Complaint for a permanent injunction and other relief in this matter, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), respectively, and the parties having conferred through counsel, and having agreed to settle this action without adjudication or admission of any issue of fact or law and without Defendants admitting liability for any of the violations alleged in the Complaint or for any wrongdoing whatsoever, therefore, on the joint motion of the parties, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

FINDINGS

1. This Court has jurisdiction of the subject matter of this case and of the parties consenting hereto.
2. Venue is proper as to all parties in the Northern District of Illinois under 28 U.S.C. §§ 1391(b), (c) & (d), and 15 U.S.C. § 53(b).
3. The activities of Defendants are in or affecting commerce, as defined in the FTC Act, 15 U.S.C. § 44.

4. The Complaint states a claim upon which relief may be granted against Defendants under Section 5 of the Federal Trade Commission Act (the “FTC Act”), 15 U.S.C. § 45(a).

5. Defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order. They also waive any claim that they may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each settling party shall bear its own costs and attorneys’ fees.

6. This Order does not constitute, and shall not be interpreted to constitute, an admission by any Defendant that such Defendant has engaged in violations of the FTC Act or any other law, nor does it constitute evidence against, or an admission by, any Defendant with respect to any issue of law or fact herein or any alleged in the Complaint.

7. This Order resolves all matters arising from the allegations in the Complaint.

8. All Attachments to this Order are part of this Order and are incorporated herein, whether or not specifically referred to.

9. Entry of this Order is in the public interest.

DEFINITIONS

1. “Defendants” shall mean TLD Network Ltd., Quantum Management (GB) Ltd., Quantum Management U.S., Inc., TBS Industries Ltd., TLD Networks Ltd. and Thomas Goolnik, individually, and as an officer of the companies.

2. “Document” is synonymous in meaning and equal in scope to the usage of the term 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, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

3. "Material" means likely to affect a person's choice of, or conduct regarding, goods or services.

4. "Person" means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.

5. "Internet" means a worldwide system of linked computer networks that use a common protocol (TCP/IP) to deliver and receive information. The "Internet" includes but is not limited to the following forms of electronic communication: electronic mail and e-mail mailing lists, the World Wide Web, Web sites, newsgroups, Internet Relay Chat, and file transfers protocols thereon, and remote computer access from anywhere in the world thereto.

6. "World Wide Web" means a system used on the Internet for cross-referencing and retrieving information. A "Web site" is a set of electronic documents, usually a home page and subordinate pages, readily viewable on computer by anyone with access to the Web, standard software, and knowledge of the Web site's location or address.

7. "Clear(ly) and conspicuous(ly)" means of a size and shape appearing on the Web page so as to be reasonably unavoidable, and is presented prior to the consumer incurring any financial obligation, and using language and syntax sufficient for an ordinary consumer to read and understand the disclosure; provided, however, that nothing contrary to, inconsistent with, or that otherwise interferes with a consumer's understanding of the disclosure shall be used in any advertisement.

I.

PROHIBITED BUSINESS ACTIVITIES

IT IS THEREFORE ORDERED that in connection with the advertising, promotion, offering for sale, sale or provision of any goods or services, including but not limited to domain names, the Defendants are hereby permanently restrained and enjoined from making or assisting others in making, expressly or by implication, orally or in writing, any false or misleading statement or representation of material fact, including but not limited to representations:

A. that domain names are, or will be, usable over the Internet without at least one of the following actions being taken: (1) modification of the consumer's browser; or (2) the

consumer downloading and installing a program file; or (3) securing cooperation from third parties so that independent computer servers will resolve the domain names; or

B. about the nature of any product or service offered or sold over the Internet; or

C. any material term, condition, or limitation of the transaction or on the use of any offered good or service.

II.

IT IS FURTHER ORDERED that in connection with the advertising, promotion, offering for sale, or sale of domain names, Defendants are hereby permanently restrained and enjoined from failing to disclose, clearly and conspicuously, any material limitation or condition on the usability or functionality of those domain names.

III.

PROHIBITION AGAINST DISTRIBUTION OF CUSTOMER LISTS

IT IS FURTHER ORDERED that Defendants, and their officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other information of any person who submitted information in conjunction with Defendants' business practices, *provided, however*, that Defendants may disclose such information to a law enforcement agency, to Plaintiff, or as required by any law, regulation, or court order.

IV.

MONETARY SETTLEMENT

IT IS FURTHER ORDERED that:

A. Defendants shall assign its remaining interests in certain merchant accounts to the Commission in the form shown as Appendix A to this Order. The assignments attached as Appendix A are for purposes of settlement only and do not constitute an admission by defendants or a finding by the Court of the occurrence of consumer injury or the total amount of consumer injury caused by the law violations alleged in this action.

B. For purposes of administration, all payments required under this Section to be made to the Commission shall be made by certified check or other guaranteed funds payable to and delivered to the Commission, or by wire transfer in accord with directions provided by the Commission.

C. Any funds paid pursuant to subsection A of this Section shall be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including but not limited to consumer redress and any attendant expenses for the administration of any redress fund. Defendants will cooperate fully to assist Plaintiff in making the redress fund available to individual consumers, including providing Plaintiff with available credit card information and other consumer information.

D. The Commission shall not, in its efforts to provide redress to individual consumers, limit its efforts to, or otherwise favor, those consumers residing in the United States. The Commission shall undertake to provide redress to individual consumers residing anywhere in the world and in particular to those consumers residing in the United Kingdom.

E. In the event that Plaintiff determines that direct redress to consumers is wholly or partially impracticable or funds remain after 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 defendants' practices alleged in the complaint. Any funds not used for such equitable relief shall be deposited to the Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Section IV.

F. In the event of any default on any obligation of defendants to make payment under this Section, interest, computed pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment.

G. Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Commission their respective taxpayer identifying numbers (social security numbers or employer identification numbers), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of such persons' relationship with the government.

H. Defendants hereby assign all rights they may have to pursue any and all claims related to this case under any existing corporate or directors and officers liability insurance policies to the Commission.

V.

RIGHT TO REOPEN: ACCURACY OF FINANCIAL STATEMENTS

IT IS FURTHER ORDERED that within five (5) business days after the date of entry of this Stipulated Order, Defendants shall each submit to the Commission a truthful sworn statement (in the form shown on Appendix B to this Stipulated Order) that shall reaffirm and attest to the truthfulness, accuracy, and completeness of the financial statements submitted by Defendants, dated May 23, 2002. The Commission's agreement to this Stipulated Order is expressly premised upon the financial condition of Defendants, as represented in Defendants' respective financial statements, which contains material information upon which the Commission relied in negotiating and agreeing upon this Stipulated Order.

If, upon motion of the Commission, the Court finds that Defendants failed to file the sworn statement required by this Section, or that any defendant failed to disclose any material asset, materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from the financial statement, the Court shall enter judgment against such defendant, in favor of the Commission, in the amount of \$150,000, and the entire amount of the judgment shall become immediately due and payable.

Provided, however, that in all other respects, this judgment shall remain in full force and effect, unless otherwise ordered by the Court; and *provided further,* that 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 that the Commission or the United States might initiate to enforce this Stipulated Order.

VI.

LIFTING OF THE ASSET FREEZE

IT IS FURTHER ORDERED that the freeze against the assets of Defendants ordered by the Court on February 28, 2002, and extended thereafter, shall be extinguished on the date this Order is entered by the Court and thereupon shall be lifted permanently.

VII.

ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANT

IT IS FURTHER ORDERED that, within five (5) business days after receipt by Defendant Thomas Goolnik of this Order as entered by the Court, Defendant Thomas Goolnik shall submit to the FTC a truthful sworn statement, in the form shown on Appendix C, that shall acknowledge receipt of this Final Order.

VIII.

DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that, for a period of four (4) years from the date of entry of this Order, Defendants shall:

A. Provide a copy of this Order to, and obtain a signed and dated acknowledgment of receipt of same from, each officer or director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, immediately upon employing or retaining any such persons, for any business engaging in advertising, promoting, offering for sale, or selling domain names on or through the Internet, where Defendant Thomas Goolnik is the majority owner of the business or directly or indirectly manages or controls the business; and

B. Maintain for a period of three (3) years after creation, and upon reasonable notice, make available to representatives of the Commission, the original signed and dated acknowledgments of the receipt of copies of this Order, as required in Subsection (A) of this Section.

IX.

MONITORING BY DEFENDANTS

IT IS FURTHER ORDERED that, for any business engaging in advertising, promoting, offering for sale, or selling domain names on or through the Internet, where Defendant Thomas Goolnik is the majority owner of the business or directly or indirectly manages or controls the business, Defendants are hereby permanently restrained and enjoined from:

- A. Failing to take reasonable steps sufficient to monitor and ensure that all employees and independent contractors engaged in sales or other customer service functions comply with Sections I-III of this Stipulated Order;
- B. Failing to investigate promptly and fully any consumer complaint received by any business to which this Section applies; and
- C. Failing to take corrective action with respect to any sales person whom Defendants determine are not complying with this Stipulated Order, which may include training, disciplining, and/or terminating such sales person.

X.

RECORD KEEPING

IT IS FURTHER ORDERED that, for a period of seven (7) years from the date of entry of this Order, Defendants, in connection with any business engaging in advertising, promoting, offering for sale, or selling domain names on or through the Internet, where Defendant Thomas Goolnik is the majority owner of the business or directly or indirectly manages or controls the business, are hereby restrained and enjoined from failing to create and retain the following records:

- A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- C. Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaint and refund requests (whether received directly, indirectly or through any third party), and any responses to those complaints or requests; and
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials.

XI.

COMPLIANCE REPORTING BY DEFENDANTS

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

A. For a period of four (4) years from the date of entry of this Order, Defendants shall notify the Commission of the following:

- (1) Any changes in Defendant Thomas Goolnik's residence, mailing address, or telephone numbers, within ten (10) days of the date of such change;
- (2) Any changes in any Defendant's employment status (including self-employment) within ten (10) days of such change. Such notice shall include the name and address of each business that such Defendant is affiliated with or employed by, a statement of the nature of the business, and a statement of Defendant's duties and responsibilities in connection with the business or employment; and
- (3) Any proposed change in the structure of any business entity owned or controlled by any Defendant, such as creation, incorporation, dissolution, assignment, sale, merger, creation or dissolution of subsidiaries, proposed filing of a bankruptcy petition, or change in the corporate name or address, or any other change that could affect compliance obligations arising out of this Stipulated Order, thirty (30) days prior to the effective date of any proposed change;

B. One hundred eighty (180) days after the date of entry of this Order, Defendants shall provide a written report to the Commission, sworn to under penalty of perjury, setting forth in detail the manner and form in which that Defendant has complied and is complying with this Order. This report shall include, but not be limited to:

- (1) Defendant Thomas Goolnik's current residence address and telephone number;
- (2) Defendant Thomas Goolnik's current employment, business addresses and telephone numbers, a description of the business activities of each such employer, and Defendant's titles and responsibilities for each employer;

(3) A copy of each acknowledgment of receipt of this Order obtained by Defendant pursuant to Section VII; and

(4) A statement describing the manner in which Defendant has complied and is complying with Sections I-IV of this Stipulated Order;

C. Upon written request by a representative of the Commission, Defendants shall submit additional written reports (under oath, if requested) and shall respond to any reasonable request to produce documents with respect to any conduct subject to this Order, within thirty (30) days from the date the request was received;

D. For the purposes of this Order, Defendants shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Federal Trade Commission
Midwest Region, Regional Director
55 East Monroe Street, Suite 1860
Chicago, Illinois 60603
Re: FTC v. TLD Network, et al.;

E. For the purposes of this Section, "employment" includes the performance of services as an employee, consultant, or independent contractor; and "employers" include any individual or entity for whom Defendant Thomas Goolnik performs services as an employee, consultant, or independent contractor; and

F. For purposes of the compliance reporting required by this Section, the Commission is authorized to communicate directly with Defendants, unless represented by counsel.

XII.

COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE

IT IS FURTHER ORDERED that the Commission is authorized to monitor Defendants' compliance with this Stipulated Order by all lawful means, including but not limited to the following means:

A. The Commission is authorized, without further leave of Court, to obtain discovery from any person in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 26 - 37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45,

for the purpose of monitoring and investigating Defendants' compliance with any provision of this Order;

B. The Commission is authorized to use representatives posing as consumers and suppliers to any Defendant, any Defendant's employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice; and

C. Nothing in this Order shall limit 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, to investigate whether Defendants have violated any provision of this Stipulated Order or Section 5 of the FTC Act, 15 U.S.C. § 45.

XIII.

ACCESS TO BUSINESS PREMISES

IT IS FURTHER ORDERED that, for a period of four (4) years from the date of entry of this Order, for the purpose of further determining compliance with this Order, Defendants shall permit representatives of the Commission, within ten (10) business days of receipt of written notice from the Commission:

A. Access during normal business hours to any office, or facility storing documents, of any business engaging in advertising, promoting, offering for sale, or selling domain names on or through the Internet, where Defendant Thomas Goolnik is the majority owner of the business or directly or indirectly manages or controls the business. In providing such access, Defendants shall permit representatives of the Commission to inspect and copy all documents relevant to any matter contained in this Stipulated Order; and shall permit Commission representatives to remove documents relevant to any matter contained in this Stipulated Order for a period not to exceed five (5) business days so that the documents may be inspected, inventoried, and copied; and

B. To interview the officers, directors, and employees, including all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, of any business to terms of this Order. The persons interviewed may have counsel present.

**XIV.
RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

The parties agree and stipulate to entry of the foregoing Stipulated Order, which shall constitute a final judgment in this action.

FEDERAL TRADE COMMISSION

Dated: OCT 15, 2002


STEVEN M. WERNIKOFF
Attorney for Federal Trade Commission

Dated: 11 June 2002


DAVID P. BERTEN

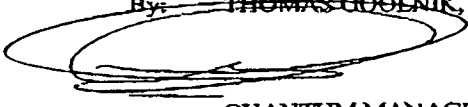
Attorney
for
Defenda
nts

Dated: _____




ILD NETWORK LIMITED
By: THOMAS GOOLNIK, Managing Director

Dated: _____



QUANTUM MANAGEMENT (GB) LIMITED
By: THOMAS GOOLNIK, Managing Director

Dated: _____



QUANTUM MANAGEMENT (US) INC
By: THOMAS GOOLNIK, Managing Director

Dated: _____



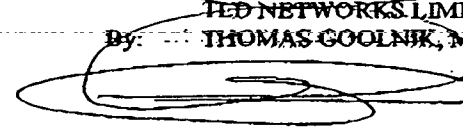
TBS INDUSTRIES LIMITED
By: THOMAS GOOLNIK, Managing Director

Dated: _____



TLD NETWORKS LIMITED
By: THOMAS GOOLNIK, Managing Director

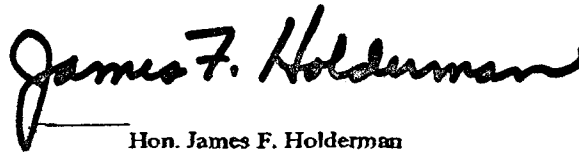
Dated: _____




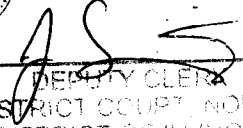
THOMAS GOOLNIK

IT IS SO ORDERED.

Dated: OCT 15 2002



Hon. James F. Holderman
United States District Judge


 A TRUE COPY ATTEST
 MICHAEL W. DOBBS, CLERK
 BY 
 DEPUTY CLERK
 U.S. DISTRICT COURT, NORTHERN
 DISTRICT OF ILLINOIS
 DATE: OCT 15 2002

Assignment and Release of TLD Networks Ltd. Merchant Account

This Assignment and Release is made by TLD Networks, Ltd., a company organized under the laws of the Bailiwick of Guernsey ("TLD Networks"), by its Managing Director, Thomas Goolnik, in connection with, for the benefit of, and with the approval of the United States Federal Trade Commission ("FTC"). It has also been reviewed and approved by Barclays Bank, PLC ("Barclays").

Related Agreement. This Assignment and Release is in conjunction with the Stipulated Final Judgment and Order For Permanent Injunction and Consumer Redress in the matter of *Federal Trade Commission v. TLD Network, Ltd., et al.*, No. 02 CV 1475, pending in the United States District Court for the Northern District of Illinois (the "Stipulated Order"). TLD Networks is a party to the Stipulated Order.

Merchant Accounts. TLD Networks established, and Barclays has maintained, five merchant accounts, with the numbers and designations below, for the processing of certain credit card transactions for the benefit of TLD Networks (the "Merchant Accounts"):

Merchant Number 3686193	DOT.BET REGISTRAR, GUERNSEY
Merchant Number 3686243	DOT.SCOT REGISTRAR, GUERNSEY
Merchant Number 3686250	TLD NETWORKS LTD, GUERNSEY
Merchant Number 3686219	DOT.BRIT REGISTRAR, GUERNSEY
Merchant Number 36843210	DOT.USA REGISTRAR, GUERNSEY

Assignment. Subject to the entry of the Stipulated Order and on the Effective Date as described below, TLD Networks assigns, transfers, sets over and releases to The Federal Trade Commission of the United States, all rights, title, and interest to any refunds, rebates, credits and other amounts currently held by Barclays in the Merchant Accounts, and otherwise due and payable to TLD Networks.

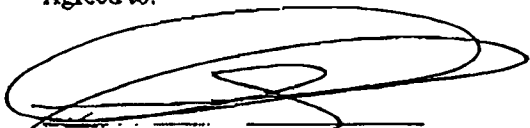
Release by TLD Networks. Subject to the entry of the Stipulated Order and on the Effective Date as described below, TLD Networks releases and discharges Barclays, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands owing TLD Networks under or arising from the Merchant Accounts.

Release by Barclays. Subject to the entry of the Stipulated Order and on the Effective Date as described below, and as indicated by its signature below, Barclays releases and discharges TLD Networks, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands owing TLD Networks under or arising from the Merchant Accounts.

Effective Date. This Assignment and Release shall be effective only upon the entry of an Order by the United States District Court for the Northern District of Illinois provided that this Assignment and Release is specifically mentioned in the Order and the Order has been sought by agreement of the parties. In the event the Court fails to enter the Order by December 31, 2002, this assignment and release shall be null and void and of no legal effect whatsoever.

FTC Approval. This Assignment and Release has been reviewed and, as indicated by its signature below, approved by the Federal Trade Commission. Upon the effective date, this Assignment and Release fully and completely satisfies the obligations of the Defendants with regard to the monetary settlement contemplated in Section IV of the Stipulated Order.

Agreed to:



Thomas Goetzik, individually and
on behalf of TLD Networks, Ltd.

Reviewed and Approved:

For Barclays Bank PLC



For the Federal Trade Commission

Assignment and Release of TLD Networks Ltd. Merchant Account

This Assignment and Release is made by TLD Networks, Ltd, a company organized under the laws of the Bailiwick of Guernsey ("TLD Networks"), by its Managing Director, Thomas Goolnik, in connection with, for the benefit of, and with the approval of the United States Federal Trade Commission ("FTC"). It has also been reviewed and approved by Netbanx, Ltd. ("Netbanx").

Related Agreement. This Assignment and Release is in conjunction with the Stipulated Final Judgment and Order For Permanent Injunction and Consumer Redress in the matter of *Federal Trade Commission v. TLD Network, Ltd., et al.*, No. 02 CV 1475, pending in the United States District Court for the Northern District of Illinois (the "Stipulated Order"). TLD Networks is a party to the Stipulated Order.

Merchant Accounts. TLD Networks established, and Netbanx has maintained merchant accounts, with the numbers and designations below, for the processing of certain credit card transactions for the benefit of TLD Networks (the "Merchant Accounts"):

- Merchant Number 3643210
- Merchant Number 3686193
- Merchant Number 3686243

Assignment. Subject to the entry of the Stipulated Order and on the Effective Date as described below, TLD Networks assigns, transfers, sets over and releases to The Federal Trade Commission of the United States, all rights, title, and interest to any refunds, rebates, credits and other amounts currently held by Netbanx in the Merchant Accounts, and otherwise due and payable to TLD Networks.

Release by TLD Networks. Subject to the entry of the Stipulated Order and on the Effective Date as described below, TLD Networks releases and discharges Netbanx, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands owing TLD Networks under or arising from the Merchant Accounts.

Release by Netbanx. Subject to the entry of the Stipulated Order and on the Effective Date as described below, and as indicated by its signature below, Netbanx releases and discharges TLD Networks, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands owing TLD Networks under or arising from the Merchant Accounts.

Effective Date. This Assignment and Release shall be effective only upon the entry of an Order by the United States District Court for the Northern District of Illinois provided that this Assignment and Release is specifically mentioned in the Order and the Order has been sought by agreement of the parties. In the event the Court fails to enter the Order by December 31, 2002, this assignment and release shall be null and void and of no legal effect whatsoever.

FTC Approval. This Assignment and Release has been reviewed and, as indicated by its signature below, approved by the Federal Trade Commission. Upon the effective date, this Assignment and Release fully and completely satisfies the obligations of the Defendants with regard to the monetary settlement contemplated in Section IV of the Stipulated Order.

Agreed to:



Thomas Goolnik, individually and
on behalf of TLD Networks, Ltd.

Reviewed and Approved:

For Netbanx, Ltd.



For the Federal Trade Commission

Assignment and Release of TLD Networks Ltd. Merchant Account

This Assignment and Release is made by TLD Networks, Ltd., a company organized under the laws of the Bailiwick of Guernsey ("TLD Networks"), by its Managing Director, Thomas Goolnik, in connection with, for the benefit of, and with the approval of the United States Federal Trade Commission ("FTC"). It has also been reviewed and approved by CardService International ("CardService").

Related Agreement. This Assignment and Release is in conjunction with the Stipulated Final Judgment and Order For Permanent Injunction and Consumer Redress in the matter of *Federal Trade Commission v. TLD Network, Ltd., et al.*, No. 02 CV 1475, pending in the United States District Court for the Northern District of Illinois (the "Stipulated Order"). TLD Networks is a party to the Stipulated Order.

Merchant Accounts. TLD Networks established, and CardService has maintained, merchant accounts, with the numbers and designations below, for the processing of certain credit card transactions for the benefit of TLD Networks (the "Merchant Accounts"):

Unknown Merchant Number

Assignment. Subject to the entry of the Stipulated Order and on the Effective Date as described below, TLD Networks assigns, transfers, sets over and releases to The Federal Trade Commission of the United States, all rights, title, and interest to any refunds, rebates, credits and other amounts currently held by CardService in the Merchant Accounts, and otherwise due and payable to TLD Networks.

Release by TLD Networks. Subject to the entry of the Stipulated Order and on the Effective Date as described below, TLD Networks releases and discharges CardService, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands owing TLD Networks under or arising from the Merchant Accounts.

Release by Barclays. Subject to the entry of the Stipulated Order and on the Effective Date as described below, and as indicated by its signature below, CardService releases and discharges TLD Networks, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands owing TLD Networks under or arising from the Merchant Accounts.

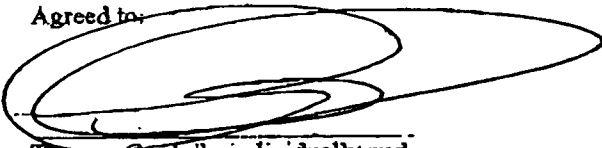
Effective Date. This Assignment and Release shall be effective only upon the entry of an Order by the United States District Court for the Northern District of Illinois provided that this Assignment and Release is specifically mentioned in the Order and the Order has been sought by agreement of the parties. In the event the Court fails to enter the Order by December 31, 2002, this assignment and release shall be null and void and of no legal effect whatsoever.

FTC Approval. This Assignment and Release has been reviewed and, as indicated by its signature below, approved by the Federal Trade Commission. Upon the effective date, this Assignment and Release fully and completely satisfies the obligations of the Defendants with regard to the monetary settlement contemplated in Section IV of the Stipulated Order.

08/01/2002 17:45 FAX

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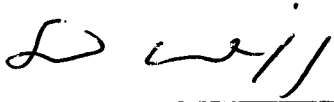
Agreed to:



Thomas Górnik, individually and
on behalf of TLD Networks, Ltd.

Reviewed and Approved:

For CardService International



For the Federal Trade Commission

APPENDIX B

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

TLD NETWORK LTD., QUANTUM
MANAGEMENT U.S., INC., QUANTUM
MANAGEMENT (GB) LTD., TBS
INDUSTRIES LTD., TLD NETWORKS LTD.,
and THOMAS GOOLNIK, individually, and
as an officer of the above companies,

Defendants

Case No. 02 CV 1475

Judge Holderman

Magistrate Judge Ashman

I, Thomas Goolnik, hereby state that the information contained in the Financial Statements of Defendant Thomas Goolnik, TLD Network Ltd., Quantum Management (GB) Ltd., TBS Industries Ltd. dated May 23, 2002 that were provided to the Federal Trade Commission, and the financial statements of Quantum Management U.S., Inc. and TLD Networks Ltd. dated June 26, 2002 that were provided to the Federal Trade Commission were all true, accurate, and complete at such time.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: _____, 2002

Thomas Goolnik

APPENDIX C

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

TLD NETWORK LTD., QUANTUM
MANAGEMENT U.S., INC., QUANTUM
MANAGEMENT (GB) LTD., TBS
INDUSTRIES LTD., TLD NETWORKS LTD.,
and THOMAS GOOLNIK, individually, and
as an officer of the above companies,

Defendants

Case No. 02 CV 1475

Judge Holderman

Magistrate Judge Ashman

AFFIDAVIT OF THOMAS GOOLNIK

I, Thomas Goolnik, being duly sworn, hereby states and affirms as follows:

1. My name is Thomas Goolnik. My current residence address is _____ . I have personal knowledge of the facts set forth in this Affidavit.

2. I am a defendant in *FTC v. TLD Network Ltd., et al.*, Case No. 02C 1475 (N.D. Ill. 2002).

3. On _____, I received a copy of the Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress which was signed by the Honorable _____, and entered by the Court on _____. A true and correct copy of the Order I received is appended to this Affidavit.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on _____, 2002 at _____ .

Thomas Goolnik

Subscribed and sworn to before me this ____ day of _____, ____.

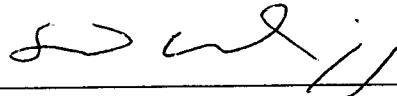
Notary Public
My Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress was served by facsimile on October 15, 2002 before 4 p.m., upon the following counsel:

Lee N. Abrams, Esq.
Donald William Rupert, Esq.
Mayer, Brown, Rowe & Maw
190 South LaSalle Street
Chicago, IL 60603

David Powers Berten, Esq.
Competition Law Group LLC
120 South State Street
Suite 300
Chicago, IL 60603



Steven Wernikoff