

UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND

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FEDERAL TRADE COMMISSION, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 AMERIDEBT, INC., et al. )  
 )  
 Defendants )

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Case No.: PJM 03-3317

ALYSSA POLACSEK, individually, )  
 on behalf of the classes of similarly )  
 situated persons, )  
 )  
 Plaintiffs, )  
 )  
 v. )  
 )  
 DEBTICATED CONSUMER )  
 COUNSELING, INC., et al. )  
 )  
 Defendants )

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Case No.: PJM 04-0631

**STIPULATION AND ORDER REGARDING DIVISION OF SETTLEMENT FUNDS**

The Federal Trade Commission (“FTC” or “Commission”), plaintiff in *FTC v. AmeriDebt, Inc., et al.*, No. 03-3317 (D. Md.); Plaintiff Alyssa Polacsek and Plaintiffs-in-Intervention, Sarah Leoni and Felicia Robinson, in *Polacsek v. Debticated Consumer Counseling, Inc., et al.* (collectively, “Polacsek Class”); and Intervener United States of America, by and through its Internal Revenue Service (“IRS”), by and through their respective counsel, have agreed to entry of this Stipulation and Order Regarding Division of Settlement Funds

(“Stipulation”) by this Court. This Stipulation only addresses the interests of the FTC, Polacsek Class, and IRS in (i) the “Net Monies,” as that term is defined in paragraph II.1 below, and (ii) the other property interests described in Paragraph III.2 below. This Stipulation does not affect the interests of the FTC, Polacsek Class, IRS, or any other persons or entities in any other property interests, including, without limitation, the bankruptcy estate in the case captioned *In re AmeriDebt, Inc.*, Case No. 04-23649-PM (USBC D. Md.) (“AmeriDebt Bankruptcy Case”). Nor shall this Stipulation have any res judicata or collateral estoppel effect with respect to any issues that might arise in the AmeriDebt Bankruptcy Case or constitute a waiver or elimination of any claims or defenses available in the AmeriDebt Bankruptcy Case to any party in the AmeriDebt Bankruptcy Case.

Now, therefore, the FTC, Polacsek Class, and IRS having requested the Court to enter this order,

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

**I. FINDINGS**

1. On November 19, 2003, the FTC filed its law enforcement action in this Court, against AmeriDebt, Inc., DebtWorks, Inc. (“DebtWorks”), and Andris Pukke (“Pukke”), captioned *FTC v. AmeriDebt, Inc., et al.*, Case No. PJM 03-3317 (“FTC Action”). The Polacsek Class initiated its action against Pukke and other defendants on January 31, 2003 in the Central District of California, and venue of the case was subsequently transferred to this Court, captioned as *Polacsek v. Debticated Consumer Counseling, Inc., et al.*, Case No. PJM 04-0631 (“Polacsek Action”).

2. On April 20, 2005, the Court issued a preliminary injunction against Pukke and DebtWorks and appointed a receiver over their assets. (FTC Action, Dkt. #122)
3. On July 11, 2005, Pukke filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court for the Central District of California. Venue was transferred to this district in August, 2005, and after the transfer the Court withdrew the reference to the bankruptcy court. *In Re Pukke*, Case No. PJM 05-2362 (“Pukke Bankruptcy Case”).
4. On August 5, 2005, the IRS filed a proof of claim in the Pukke Bankruptcy Case in the total amount of \$316,757,294.04. The IRS proof of claim lists secured claims in the total amount of \$14,195,102.73, priority claims in the total amount of \$6,559,601.96, and general unsecured claims totaling \$296,002,589.34.
5. The IRS filed a motion to intervene in the FTC Action on September 22, 2005. (FTC Action, Dkt. #301) The Court granted the motion to intervene on October 14, 2005. (FTC Action, Dkt. #318)
6. On January 9, 2006, the FTC and Polacsek Class filed proposed settlements with Pukke and DebtWorks in their respective actions. (FTC Action, Dkt. #411; Polacsek Action, Dkt. #420)
7. On January 12, 2006, Pukke filed a motion in his bankruptcy case to obtain permission to enter into the proposed settlements. (Pukke Bankruptcy Case, Dkt. #130) On February 23, 2006, the IRS filed an opposition to Pukke’s motion to the extent the proposed settlements seek to impose a constructive trust on all of Pukke’s property that would

prime the secured and priority claims filed by the IRS in the Pukke Bankruptcy Case.

(Pukke Bankruptcy Case, Dkt. #148)

## II. DEFINITIONS

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

1. “Net Monies” and “Receiver” are defined as provided in the FTC Consent Order.
2. “FTC Consent Order” means Stipulated Final Judgment and Permanent Injunction as to Defendants DebtWorks, Inc. and Andris Pukke, filed in the District of Maryland on January 9, 2006. (FTC Action, Dkt. #411)
3. “Polacsek Order” means Stipulated Final Judgment and Permanent Injunction as to Defendants DebtWorks, Inc., Andris Pukke, Eriks Pukke, Debticated Consumer Counseling, Inc. and Infinity Resources Group, Inc., filed in the District of Maryland on January 9, 2006. (Polacsek Action, Dkt. #420)

## III. STIPULATION

The FTC, Polacsek Class, and IRS agree to resolve their dispute regarding the proposed settlements as follows:

1. Contemporaneously with the filing of this Stipulation, the IRS does hereby withdraw its opposition to Pukke’s motion in his bankruptcy case for permission to enter into the FTC Consent Order and Polacsek Order. Further, the IRS shall not oppose final approval and entry of the FTC Consent Order and the Polacsek Order by this Court, or any filings implementing consumer redress authorized thereby, or any fee application made by the Polacsek Class’s counsel.

2. After payment of the Receiver's approved fees and expenses and after the Receiver turns over the Net Monies to the FTC in accordance with Sections III and IX(O) of the FTC Consent Order, the FTC and Polacsek Class agree to divide the Net Monies with the IRS as follows: thirty percent (30%) shall go to the IRS in partial satisfaction of its secured claims in the Pukke Bankruptcy Case, and the remaining seventy percent (70%) shall be used for consumer redress as set forth in the FTC Consent Order and Polacsek Order, and for payment of Polacsek Class's counsel's fees and expenses as approved by the Court. The Net Monies shall be divided in this manner dollar for dollar up to the \$35 million cap specified in Sections III and IX(O) of the FTC Consent Order. The Net Monies to be divided shall include all monies previously held by the Receiver subject to IRS liens or claims. *Provided, however,* that the IRS disclaims and shall not be entitled to share in any proceeds obtained by the FTC and Polacsek Class as a result of their settlements with Pamela Pukke, *e.g.*, the proceeds attributable to her share of Andris and Pamela Pukke's real property in Potomac, Maryland and Miami Beach, Florida, and such proceeds shall be deducted before the Net Monies are divided as set forth herein.
3. Nothing in this Stipulation modifies or supersedes the FTC Consent Order and Polacsek Order.

**IT IS SO ORDERED.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES DISTRICT COURT JUDGE

**STIPULATED AND AGREED TO BY:**

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