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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN DIEGO

10 **THE PEOPLE OF THE STATE OF CALIFORNIA,**

GIC 810828

11 Plaintiff,

**STIPULATED FINAL
JUDGMENT AND
PERMANENT INJUNCTION**

12 v.

13 **ALYON TECHNOLOGIES, INC., a foreign**
14 **corporation, STEPHANE TOUBOUL and DOES 1**
15 **through 100, inclusive,**

16 Defendants.

Dept: 72
Judge: Hon. J. Richard Haden
Trial Date: October 15, 2004
Action Filed: May 15, 2003

17 Plaintiff, the People of the State of California, having filed its complaint herein; and
18 Defendants Alyon Technologies, Inc., Stephane Touboul, and Telcollect, Inc. (hereinafter referred
19 to collectively as "Defendants") having been served with a copy of the summons and complaint
20 filed herein; and Plaintiff, appearing through its attorneys, Bill Lockyer, Attorney General, Albert
21 Norman Sheldon, Acting Senior Assistant Attorney General; Susan E. Henrichsen, Supervising
22 Deputy Attorney General; and Judith A. Fiorentini and Dennis W. Dawson, Deputy Attorneys
23 General; and Defendants Alyon Technologies, Inc., Stephane Touboul, appearing through their
24 attorneys, McDermott, Will & Emery, by Jennifer Kolen, Lawrence Fox, and Matthew Oster, and
25 Defendant Telcollect, Inc., who was served herein as Doe 1, appearing through its attorneys,
26 McDermott, Will & Emery, by Jennifer Kolen, Lawrence Fox, and Matthew Oster; and Plaintiff,
27 by its counsel, and Defendants by their counsel, having agreed to entry of this Stipulated Final
28 Judgment and Permanent Injunction by the Court to resolve all matters alleged in Plaintiff's

1 Complaint without trial or adjudication of any issue of fact or law, Defendants enter into this
2 Stipulated Final Judgment and Permanent Injunction without admitting, but rather specifically
3 denying, each claim, fact (other than jurisdictional facts), and assertion of liability alleged in the
4 Complaint;

5 The Court having considered the pleadings and good cause appearing;

6 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

7 1. This court has jurisdiction of the subject matter hereof and the parties hereto.

8 2. The injunctive provisions of this Stipulated Final Judgment and Permanent
9 Injunction are entered pursuant to Business and Professions Code sections 17203 and 17535 and,
10 except as specified in paragraph 5 herein, are applicable to Defendants and to the directors,
11 officers, principals, representatives, employees, agents, successors and assignees of said
12 Defendants, and to all persons, corporations, or other entities acting by, through, under, or on
13 behalf of said Defendants, and to all persons acting in concert with or participating with said
14 Defendants with actual or constructive knowledge of this Stipulated Final Judgment and
15 Permanent Injunction.

16 3. All Exhibits attached to this Stipulated Final Judgment and Permanent Injunction
17 are part of this Stipulated Final Judgment and Permanent Injunction and are incorporated herein,
18 whether or not specifically referred to.

19 4. For the purpose of this Stipulated Final Judgment and Permanent Injunction, the
20 following definitions shall apply:

21 A. "Billing Inquiry" shall mean any written, electronic, or telephonic
22 communication by a consumer or a law enforcement agency on behalf of a consumer to the
23 Defendants concerning any bill for access to Videotext Services.

24 B. "Defendants" shall mean Stephane Touboul; Alyon Technologies, Inc.;
25 Telcollect, Inc.; their directors, officers, principals, representatives, employees, agents,
26 successors and assignees, and all persons, corporations, or other entities acting by, through,
27 under, or on behalf of said Defendants, and all persons acting in concert with or participating
28 with said Defendants with actual or constructive knowledge of this Stipulated Final

1 Judgment and Permanent Injunction.

2 C. "Express Verifiable Authorization" shall mean a contractual agreement,
3 electronic or otherwise, in which:

4 (1) The Defendants clearly and conspicuously disclose to the person to be
5 billed all material terms and conditions associated with the purchase and/or use of the
6 product or service, including the Defendants' name and address, a business telephone
7 number which the person to be billed may use to obtain additional information (both the
8 address and telephone number may be included in a hyperlink), and the charges to be
9 incurred for the product or service;

10 (2) The Defendants agree, in any recurring billing situation, to notify the
11 person to be billed of any future changes in the charges to be incurred;

12 (3) The person to be billed agrees to purchase and/or use the product or
13 service on the terms and conditions disclosed by the Defendants;

14 (4) The Defendants require the use of an identification number or other
15 means to prevent the unauthorized purchase and/or use of the product or service; and

16 (5) The Defendants obtain sufficient documentation for use in the event that
17 a billed person subsequently disputes any portion of the charges, which shall include
18 (a) documentation, electronic or otherwise, evidencing the date and time a consumer
19 connected to the Defendants' billing gateway; (b) documentation, electronic or
20 otherwise, evidencing the unique identifying information entered by the consumer, as
21 required by the Defendants, at a date and time contemporaneous with the date and time
22 of the consumer's connection; and (c) the information obtained from any database
23 lookup of the consumer's identifying information.

24 (6) The requirement for an identification number or other means to prevent
25 the unauthorized purchase and/or use of the product or service, set forth in
26 paragraph 4.C.(4) above, shall be satisfied by soliciting and obtaining from the
27 consumer identifying information that is unique to the consumer to be charged (such as
28 a portion of the consumer's social security number combined with other identifying

1 information, such as the consumer's household telephone number), is not likely to be
2 widely known, and the accuracy of which the Defendants may reliably verify before a
3 consumer may proceed with his or her purchase.

4 (7) For purposes of this Stipulated Final Judgment and Permanent
5 Injunction, Automatic Number Identification ("ANI") alone does not constitute Express
6 Verifiable Authorization.

7 (8) Satisfaction of the requirements of Express Verifiable Authorization
8 shall constitute satisfaction of the definitions of "presubscription or comparable
9 arrangement" as referenced in the Pay-Per-Call Rule, 16 C.F.R. § 308.2(e).

10 D. "Full Credit" shall mean that the Defendants permanently forgive a debt, do
11 not make any further attempts to collect the debt, do not sell or assign the debt to a
12 third party debt collector, withdraw from all third party debt collectors all previous
13 assignments of the debt, do not report or cause to be reported any negative credit
14 information to any credit reporting bureau, and withdraw all previously reported
15 negative credit information which they have caused to be reported.

16 E. "Minor Access Affidavit" shall mean an affidavit that shall take the form of
17 Exhibit A, in which a consumer shall attest under penalty of perjury that a minor who was
18 not competent to enter into an agreement to bind the consumer and who did not have the
19 consumer's authorization to access Videotext Services provided through the Defendants,
20 incurred the charges which are the subject of the bill the consumer received from the
21 Defendants.

22 F. "No Authorization Affidavit" shall mean an affidavit that shall take the form
23 of Exhibit B, in which a consumer shall attest under penalty of perjury that the consumer did
24 not enter into an agreement for accessing Videotext Services provided through the
25 Defendants or that the Videotext Services were otherwise accessed without his or her
26 authorization.

27 G. "Records" shall include either paper or electronic data, in whatever form the
28 Defendants normally maintain such data in the ordinary course of business.

1 H. "Videotext Service(s)" shall mean visual (and in some instances audio)
2 information and entertainment services offered over the Internet through individual websites.

3 I. "Wrong Number Affidavit" shall mean an affidavit that shall take the form of
4 Exhibit C, in which a consumer shall attest under penalty of perjury that the consumer did
5 not access any Videotext Services provided through the Defendants and the bill the
6 consumer received from the Defendants lists a telephone number which was not a telephone
7 line the consumer was subscribed to at the time the charges itemized on the bill were
8 incurred.

9 5. To the extent that Defendant Telcollect does not engage in the business of billing
10 for access to Videotext Services, the provisions of the judgment that pertain to the business of
11 billing for access to Videotext Services are not applicable to Telcollect.

12 6. **IT IS THEREFORE ORDERED** that the Defendants, in connection with the
13 offering for sale of, selling of, facilitating of access to, providing of access to, billing for, or
14 otherwise attempting to collect money from consumers for access to Videotext Services, which
15 access occurs after the date of entry of this Stipulated Final Judgment and Permanent Injunction,
16 are permanently restrained and enjoined from:

17 A. Representing, expressly or by implication, that a consumer who is being billed
18 or who is the subject of other collection efforts owes money unless:

19 (1) The consumer is a person who has reached the age of majority by the
20 time he or she is presented with the offer of access to Videotext Services and is capable
21 of forming a contract; provided, however, that where a minor misrepresents that he or
22 she is a person that has reached the age of majority and provides unique identifying
23 information belonging to the adult whom the minor purports to be, the Defendants shall
24 not be held to be in violation of this provision; and

25 (2) The consumer received a clear and conspicuous disclosure of all material
26 terms and conditions of the offer to access Videotext Services; and

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1 (3) The consumer, after having received the disclosures required by
2 paragraph 6.A.(2) of this Stipulated Final Judgment and Permanent Injunction, provided
3 to the Defendants Express Verifiable Authorization to:

4 (a) receive the Videotext Services for which the consumer is being
5 billed or subjected to other collection efforts; and

6 (b) be billed for the Videotext Services charges;

7 (4) The requirements of this paragraph 6.A. apply to each separate
8 connection for which the consumer is being billed or subjected to other collection
9 efforts by any of the Defendants;

10 B. Failing to monitor in a reasonable manner the actions of any Videotext
11 Service provider with which the Defendants do business, including but not limited to
12 investigating, in a reasonable manner, given their nature and quantity, consumer complaints
13 about unauthorized billing for Videotext Service charges, to determine whether the
14 Videotext Service provider continues to abide by the procedures established pursuant to
15 paragraph 7 of this Stipulated Final Judgment and Permanent Injunction, and failing to take
16 appropriate action against the Videotext Service provider, which may include terminating
17 their business relationship with the Videotext Service provider, should the Defendants
18 discover that the Videotext Service provider is not complying with those procedures;
19 provided, however:

20 (1) Should the Plaintiff discover that any Videotext Service provider with
21 which the Defendants do business is not abiding by the procedures established pursuant
22 to paragraph 7 of this Stipulated Final Judgment and Permanent Injunction, the Plaintiff
23 shall not bring an action under this Stipulated Final Judgment and Permanent Injunction
24 against the Defendants before the Plaintiff notifies the Defendants of the alleged
25 wrongdoing and provides the Defendants with a reasonable time period within which to
26 take appropriate action against the Videotext Service provider, unless the Plaintiff
27 believes that the public welfare requires Plaintiff to take action without such notice, or
28 the Plaintiff determines that such notice to the Defendants would likely result in the

possible dissipation or concealment of assets, the possible destruction or concealment of records or other evidence, or the disclosure of facts that would hinder an ongoing investigation; and

(2) When investigating a consumer's complaint which asserts that one of the Defendants' Videotext Service providers has failed to abide by the procedures established pursuant to paragraph 7 of this Stipulated Final Judgment and Permanent Injunction, the Defendants may request that the consumer furnish the Defendants with information, facts, or evidence supporting the consumer's complaint;

C. Failing to offer and provide on Defendants' website a free utility to remove all dialer software used to access any billing gateway which will result in a charge from any of the Defendants; and

D. Failing to comply directly with the provisions of paragraph 7 in all transactions in which the Defendants are the Videotext Service provider.

7. **IT IS FURTHER ORDERED** that, in all contracts with Videotext Service providers, the Defendants are hereby permanently restrained and enjoined from failing to require that the Videotext Service providers:

A. Refrain from advertising or distributing dialer programs that access the Defendants' billing gateway which will result in Videotext Service charges that in any way:

(1) Impair the ability of the person to be billed to read the terms and conditions of the Videotext Service offer or software download, including but not limited to, by way of unsolicited electronic mail messages, or by "pop-up" boxes which cannot be permanently closed or disabled by clicking on a "close" button or the "x" in the upper right hand corner of the box;

(2) Contain any type of spyware, virus, or additional software, other than that necessary to connect the billed person to the billing gateway, unless such inclusions are clearly and conspicuously disclosed to the consumer;

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1 (3) Impair the ability of the person to be billed to identify and remove a
2 dialer program from his or her personal computer system, including, but not limited to,
3 impairing the Add/Remove controls within Windows or other computer operating
4 systems;

5 (4) Impair the ability of the person to be billed to fully disconnect from the
6 Videotext Services and to avoid additional reconnection attempts without first
7 obtaining Express Verifiable Authorization from the person to be billed for each
8 connection;

9 (5) Fail to disclose the billing time increments used or relied upon by the
10 Defendants to calculate charges to such billed person (for example, six seconds or more
11 of usage equals one minute of charges); and

12 B. Refrain from downloading onto the computer of any consumer, or cause,
13 enable, or facilitate the downloading onto the computer of any consumer, any modem dialer
14 software without first having obtained authorization for such download from the person to
15 be billed after clear and conspicuous disclosure of the material terms and conditions of the
16 download.

17 8. **IT IS FURTHER ORDERED** that, to the extent applicable to the Defendants'
18 business, the Defendants are hereby permanently restrained and enjoined from failing to comply
19 with the Pay-Per-Call Rule, 16 C.F.R. Part 308 (attached hereto as Exhibit D), as it may be
20 amended, including, but not limited to, the billing dispute resolution procedures set forth in
21 Section 308.7 of said Rule. This paragraph is not intended and should not be construed as
22 suggesting that transactions of Defendants in compliance with paragraph 6 of this Stipulated Final
23 Judgment and Permanent Injunction are subject to the Pay-Per-Call Rule.

24 9. **IT IS FURTHER ORDERED** that, for any consumer who has received a bill
25 from or on behalf of the Defendants for Videotext Service charges incurred on or before June 15,
26 2003:

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1 A. On or before January 31, 2005, the Defendants shall provide a Full Credit to
2 those consumers who have not paid all or any part of those charges and who submitted a
3 Billing Inquiry to the Defendants on or before January 15, 2004;

4 B. The Defendants shall be permitted to bill and collect from those consumers
5 who have not paid all or any part of those charges and who have not submitted a Billing
6 Inquiry to the Defendants on or before January 15, 2004, provided that the Defendants
7 comply with the Dispute Resolution Procedures set forth in paragraph 10 of this Stipulated
8 Final Judgment and Permanent Injunction; and

9 C. Except as provided for in paragraphs 14 through 17 of the Stipulated Final
10 Judgment and Permanent Injunction, the Defendants shall not be required by this Stipulated
11 Final Judgment and Permanent Injunction to refund any money already paid by any such
12 consumer; provided, however, that the California Attorney General's Office's agreement to,
13 and the Court's approval of, this Stipulated Final Judgment and Permanent Injunction
14 provision is expressly premised upon the truthfulness, accuracy, and completeness of the
15 sworn financial statements of Defendants Alyon and Touboul dated July 7 and 8, 2004,
16 which contain material information relied upon by the California Attorney General's Office in
17 negotiating and agreeing to the terms of this Stipulated Final Judgment and Permanent
18 Injunction. If, upon motion by the California Attorney General's Office and after a hearing,
19 this Court should find that Defendants Alyon or Touboul made a material misrepresentation
20 or omitted material information concerning their respective financial conditions, then this
21 Stipulated Final Judgment and Permanent Injunction shall be reopened for the purposes of
22 determining whether and to what extent payment of monetary redress or obtaining other
23 equitable relief are appropriate; *provided, however*, that in all other respects this Stipulated
24 Final Judgment and Permanent Injunction shall remain in full force and effect, unless
25 otherwise ordered by the Court.

26 10. **IT IS FURTHER ORDERED** that the Defendants shall provide the following
27 dispute resolution procedures for any consumer who has received a bill from or on behalf of the
28 Defendants for Videotext Service charges incurred on or before June 15, 2003, and who has not

1 submitted a Billing Inquiry to the Defendants on or before January 15, 2004:

2 A. In only the first bill sent by or on behalf of the Defendants to each such
3 consumer after the date of entry of this Stipulated Final Judgment and Permanent Injunction,
4 the Defendants shall clearly and conspicuously disclose, in the format set forth as Exhibit E
5 to this Stipulated Final Judgment and Permanent Injunction, that the consumer has a right to
6 dispute the bill by submitting to the Defendants an affidavit appropriate to his or her claim,
7 which must be signed and sworn to, under penalty of perjury, by the consumer being billed;

8 B. Defendant Alyon Technologies, Inc. and Defendant Stephane Touboul shall
9 include on their website, in the format set forth as Exhibit F to this Stipulated Final Judgment
10 and Permanent Injunction, a page that sets forth the Dispute Resolution Procedures and
11 includes links to each of the Affidavits set forth as Exhibits A, B, and C to this Stipulated
12 Final Judgment and Permanent Injunction;

13 C. That first bill referenced in paragraph 10.A above shall be sent by first class
14 mail within one day of the “billing date,” which shall be clearly and conspicuously disclosed
15 on the face of the bill;

16 D. If the consumer submits such a signed and sworn Affidavit to the Defendants
17 within the prescribed time period of not less than 45 days as set forth in Exhibits E and F, the
18 Defendants shall provide a Full Credit to such consumer;

19 E. Nothing in this Stipulated Final Judgment and Permanent Injunction shall be
20 deemed to prevent the Defendants from exercising their lawful rights to collect on the bills of
21 any consumer who does not submit a signed and sworn Affidavit to the Defendants within
22 the prescribed time period of not less than 45 days as set forth in Exhibits E and F; and

23 F. Nothing in this Stipulated Final Judgment and Permanent Injunction shall be
24 construed to prevent the Defendants from pursuing an action against any consumer who
25 submits a perjurious affidavit.

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1 11. **IT IS FURTHER ORDERED** that, for any bill sent by the Defendants to
2 consumers, after the date of entry of this Stipulated Final Judgment and Permanent Injunction, for
3 Videotext Service charges incurred after June 15, 2003, the Defendants shall:

4 A. Clearly and conspicuously disclose, on each bill sent to consumers, the
5 “Billing Rights Summary” that is included as Exhibit G to this Stipulated Final Judgment and
6 Permanent Injunction; provided, however, that until the Defendants use up their current
7 stock of billing stationery, the complete Billing Rights Summary may be divided with
8 sections appearing in two places on the bill; and

9 B. Comply with all of the terms and conditions set forth in the Billing Rights
10 Summary.

11 12. **IT IS FURTHER ORDERED** that, for a period of six (6) years from the date of
12 entry of this Stipulated Final Judgment and Permanent Injunction, Touboul, in connection with
13 any business in which he is the majority owner or otherwise controls the business and which
14 business is involved in the offering for sale of, selling of, facilitating of access to, providing of
15 access to, billing for, or otherwise attempting to collect money from consumers for access to
16 Videotext Services, and Alyon are hereby restrained and enjoined from failing to create and retain
17 the following records:

18 A. Accounting records that, in reasonable detail, reflect the cost of goods or
19 services sold, revenues generated, and the disbursement of such revenues;

20 B. Personnel records accurately reflecting: the name, address, and telephone
21 number of each person employed in any capacity by such business, including as an
22 independent contractor; that person's job title or position; the date upon which the person
23 commenced work; and the date and reason for the person's termination, if applicable;

24 C. Customer records containing the names, addresses, phone numbers, dollar
25 amounts paid, quantity of items or services purchased, description of items or services
26 purchased, and the Express Verifiable Authorization obtained by the Defendants, to the
27 extent such information is obtained in the ordinary course of business;

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1 D. Complaints and refund requests (whether received directly, indirectly or
2 through any third party), including any Minor Affidavits, No Authorization Affidavits, and
3 Wrong Number Affidavits, and any responses to those complaints or requests;

4 E. Copies of all advertisements or other marketing materials for any Videotext
5 Service billing program used by or on behalf of the Defendants, including copies of any and
6 all unique website pages that would be viewed by a consumer to access any Videotext
7 Service billing program;

8 F. Copies of all contracts with Videotext Service providers; and

9 G. All records and documents necessary to demonstrate full compliance with
10 each provision of this Stipulated Final Judgment and Permanent Injunction.

11 13. Jurisdiction is retained for the purpose of enabling any party to the Stipulated Final
12 Judgment and Permanent Injunction to apply to the court at any time for such further orders and
13 directions as may be necessary and appropriate for the construction or carrying out of this
14 Stipulated Final Judgment and Permanent Injunction, for the modification of any of the provisions
15 hereof, for the enforcement of compliance herewith, or for the punishment of violations hereof.

16 14. For purposes of paragraphs 14 through 17, an "Eligible Consumer" is a consumer
17 who meets all of the following criteria:

18 A. The consumer has received from or on behalf of any of the Defendants a
19 statement for Videotext Service charges allegedly incurred via a telephone line with a
20 California telephone number on or before June 15, 2003;

21 B. The consumer has filed a written complaint , including, but not limited to, by
22 letter, electronic mail, and/or facsimile, with the California Attorney General's Office on or
23 before January 15, 2004; and

24 C. The consumer has paid any portion of the Videotext Service charges.

25 15. The Defendants shall provide a cash refund to each Eligible Consumer for the total
26 amount paid by each Eligible Consumer to the Defendants. Such cash refunds must be made
27 within thirty (30) days of the date this Stipulated Final Judgment and Permanent Injunction is
28 entered.

1 16. The Defendants shall as soon as possible block the telephone numbers for the
2 Eligible Consumer from access to all billing gateways which will result in Videotext Service
3 charges for which any of the Defendants bill, provide billing services, or otherwise attempt to
4 collect for access to such Videotext Service charges incurred.

5 17. Refunds provided to Eligible Consumers as set forth in paragraphs 14 through 16
6 above is in addition to, and not in lieu of, the Full Credits provided for in paragraph 9 of this
7 Stipulated Final Judgment and Permanent Injunction.

8 18. Pursuant to Business and Professions Code sections 17206 and 17536, defendants
9 are ordered to pay to Plaintiff the People of the State of California the sum of one million three
10 hundred thousand dollars (\$1,300,000.00) as a civil penalty. The amount payable under this
11 paragraph 18 shall be reduced, on a dollar-for-dollar basis, by the amount of Full Credits issued to
12 California consumers pursuant to paragraph 9.A above. Any amount remaining due on March 31,
13 2005, shall be paid by check or money order made payable to the People of the State of California
14 and delivered to the attention of Judith Fiorentini, Deputy Attorney General, Office of the
15 Attorney General, 110 West "A" Street, Suite 1100, San Diego, California 92101.

16 19. Upon request from the Attorney General of California or his or her authorized
17 representative, the Defendants shall produce, within 30 days of such request, accurate and
18 complete copies of the information provided to the Federal Trade Commission pursuant to
19 Section XIII. (Entitled "Compliance Reporting by the Defendants") of the Final Order entered in
20 the matter of the Federal Trade Commission v. Alyon Technologies, Inc., Telcollect, Inc., and
21 Stephane Touboul, filed in the U.S. District Court for the Northern District of Georgia, Atlanta
22 Division, Civil Number 1:03-CV-1297-RWS. This paragraph shall not be construed to limit the
23 Plaintiff's powers to obtain information.

24 20. This Stipulated Final Judgment and Permanent Injunction is executed as part of a
25 settlement by the Defendants with 23 State Attorneys General (the "States"). As part of their
26 settlement with the States, the Defendants are ordered to pay to the States a total of \$285,000.00
27 dollars (Two Hundred Eighty-Five Thousand Dollars) for attorneys fees and investigative costs,
28 for consumer education, litigation or local consumer aid funds, or for public protection or

1 consumer protection purposes, as allowed by each State's law at the discretion of each State's
2 Attorney General. Of that \$285,000.00, Defendant Stephane Touboul is ordered to pay \$50,000
3 (Fifty Thousand Dollars), Defendant Telcollect, Inc., a Defendant in some of the States' actions,
4 is ordered to pay \$50,000.00 (Fifty Thousand Dollars), and Defendant Alyon Technologies, Inc.
5 is order to pay \$185,000.00 (One Hundred Eighty-Five Thousand Dollars). The Plaintiff has
6 agreed with the other States that its share of the Defendants' payments to the States is \$15,000.00
7 (Fifteen Thousand Dollars).

8 21. The Defendants shall pay the \$285,000.00, ordered to be paid pursuant to
9 paragraph 20 hereof, on the following schedule and terms:

10 A. On or before January 13, 2005, \$25,000.00 shall be paid to the States;

11 B. On or before April 13, 2005, \$50,000.00 shall be paid to the States;

12 C. On or before June 30, 2005, \$25,000.00 shall be paid to the States;

13 D. On or before December 31, 2005, \$50,000.00 shall be paid to the States;

14 E. On or before June 30, 2006, \$50,000.00 shall be paid to the States;

15 F. On or before December 31, 2006, \$50,000.00 shall be paid to the States;

16 G. On or before June 30, 2007, \$35,000.00 shall be paid to the States;

17 H. Defendant Stephane Touboul's liability for payment to the States of the
18 \$285,000.00 pursuant to the settlement between the States and the Defendants will be
19 discharged after the first \$50,000.00 of payments are made to the States;

20 I. Defendant Telcollect, Inc.'s liability for payment to the States of the
21 \$285,000.00 pursuant to the settlement between the States and the Defendants will be
22 discharged after the first \$100,000.00 of payments are made to the States;

23 J. Defendant Alyon Technologies, Inc.'s liability for payment to the States of
24 the \$285,000.00 pursuant to the settlement between the States and the Defendants will be
25 discharged after \$285,000.00 of payments are made to the States;

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1 22. The Court enters this Stipulated Final Judgment and Permanent Injunction in favor
2 of the Plaintiff against Defendant Stephane Touboul in the amount of \$2,631.56, for attorneys
3 fees and costs to the California Attorney General's Office. Payment shall be in the form of a
4 cashier's check or certified check made payable to the "California Attorney General's Office."
5 Payment in the amount of \$2,631.56 is due as follows: \$1,315.78 on or before January 13, 2005;
6 and the remaining \$1,315.78 on or before April 13, 2005.

7 23. The Court enters this Stipulated Final Judgment and Permanent Injunction in favor
8 of the Plaintiff against Defendant Telcollect, Inc. in the amount of \$2,631.56, for attorneys fees
9 and costs to the California Attorney General's Office. Payment shall be in the form of a cashier's
10 check or certified check made payable to the "California Attorney General's Office." Payment of
11 in the amount of \$2,631.56 is due as follows: \$1,315.78 on or before April 13, 2005; and the
12 remaining \$1,315.78 on or before June 30, 2005.

13 24. The Court enters this Stipulated Final Judgment and Permanent Injunction in favor
14 of the Plaintiff against Defendant Alyon Technologies, Inc. in the amount of \$9,736.84 for
15 attorneys fees and costs to the California Attorney General's Office. Payment shall be in the form
16 of a cashier's check or certified check made payable to the "California Attorney General's
17 Office." Payment in the amount of \$9,736.84 is due as follows: \$2,631.58 on or before December
18 31, 2005; \$2,631.58 on or before June 30, 2006; \$2,631.58 on or before December 31, 2006; and
19 the remaining \$1,842.10 on or before June 30, 2007.

20 25. Plaintiff agrees to stay collection of the judgment debts through other proceedings
21 provided by law for enforcement of judgments unless and until any of the Defendants is in default
22 as that term is defined in paragraph 26 of this Stipulated Final Judgment and Permanent
23 Injunction.

24 26. A Defendant shall be in default upon the happening of one or more of the
25 following:

26 A. Failure of the Defendant to inform the Plaintiff of any change in the
27 Defendants' location or telephone number within twenty (20) days from the date of any such
28 change; or

1 B. Payment of less than the amount due as specified in paragraphs 22, 23, and 24
2 of this Stipulated Final Judgment and Permanent Injunction; provided, however that:

3 i. Defendant Stephane Touboul shall have a sixty day grace period after
4 the date on which a payment is due from said Defendant within which to tender the
5 payment due before said Defendant shall be in default;

6 ii. Defendant Stephane Touboul shall have sixty days from the date on
7 which he is in default within which to cure the default;

8 iii. Defendants Telcollect, Inc. and Alyon Technologies, Inc. shall have a
9 thirty day grace period after the date on which a payment is due from said Defendants
10 within which to tender the payment due before said Defendants shall be in default; and

11 iv. Defendants Telcollect, Inc. and Alyon Technologies, Inc. shall have
12 thirty days from the date on which said Defendants are in default within which to cure
13 the default;

14 C. Default by a Defendant, after all grace and cure periods have expired without
15 payments being made, will, at the option of the Plaintiff, render the total unpaid balance at
16 the time of default immediately due and payable, and release the Plaintiff to pursue collection
17 of the amount due through judicial enforcement of the Stipulated Final Judgment and
18 Permanent Injunction.

19 D. In any suit or other proceeding initiated by the Plaintiff to collect the amount
20 due through enforcement of this Stipulated Judgment and Permanent Injunction, default by a
21 Defendant will constitute a waiver by the defendant of all defenses of this Stipulated Final
22 Judgment and Permanent Injunction other than:

23 (i) competent evidence of payment in accordance with the terms of this
24 Stipulated Final Judgment and Permanent Injunction; and

25 (ii) competent evidence demonstrating that a Defendant's default was the
26 result of an act of God.
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1 27. For purposes of insuring compliance with this Stipulated Final Judgment and
2 Permanent Injunction, duly authorized representatives of the Attorney General shall, upon
3 reasonable notice to Defendants, be permitted, subject to any legally recognized privilege, to
4 inspect and copy all books, ledgers, accounts, correspondence, memoranda, contracts, banking
5 records or other records or documents in the possession or under the control of Defendants which
6 relate to any matters contained in this Stipulated Final Judgment and Permanent Injunction.

7 28. Should the Plaintiff discover that any Defendant is not abiding by any of the
8 provisions of this Stipulated Final Judgment and Permanent Injunction, the Plaintiff shall not bring
9 an action under this Stipulated Final Judgment and Permanent Injunction against said Defendant
10 before the Plaintiff notifies the Defendant of the alleged wrongdoing and provides the Defendant
11 with a reasonable time period within which to take appropriate action to cure such violation,
12 unless the Plaintiff believes that the public welfare requires Plaintiff to take action without such
13 notice, or the Plaintiff determines that such notice to the Defendants would likely result in the
14 possible dissipation or concealment of assets, the possible destruction or concealment of records
15 or other evidence, or the disclosure of facts that would hinder an ongoing investigation.

16 29. Nothing contained in this Stipulated Final Judgment and Permanent Injunction
17 shall be construed to deprive any consumer or other person or entity of any right to pursue any
18 available remedy or remedies pursuant to applicable law.

19 30. For purposes of this Stipulated Final Judgment and Permanent Injunction, the
20 Defendants shall, unless otherwise directed by the Plaintiff's authorized representatives, mail all
21 written notifications to the Plaintiff to:

22 The California Attorney General's Office
23 Judith A. Fiorentini, Deputy Attorney General
24 110 West A Street, Suite 1100
25 San Diego, California 92101

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31. For purposes of this Stipulated Final Judgment and Permanent Injunction, including, but not limited to, compliance reporting and monitoring by this Stipulated Final Judgment and Permanent Injunction, the Plaintiff shall, unless otherwise directed by the Defendants' authorized representatives, mail all written notifications to the Defendants to:

Lawrence I. Fox
McDermott, Will & Emery LLP
50 Rockefeller Plaza 11th Floor
New York, NY 10020

32. This Stipulated Final Judgment and Permanent Injunction shall take effect immediately upon the entry thereof.

33. The Clerk is ordered to enter this Stipulated Final Judgment and Permanent Injunction forthwith.

Dated: _____, 2005

JUDGE OF THE SUPERIOR COURT