STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30th JUDICIAL CIRCUIT
INGHAM COUNTY

JENNIFER M. GRANHOLM
Attorney General of the State of Michigan
On Behalf of the People of the State of Michigan

Plaintiff,

Hon. William E. Collete
File No. 01-93897-CP

v

POWERCARD INTERNATIONAL, INC
doing business as KM.NET and ECB4U.COM,
and STEWART GIARDINA Individually,
Jointly and Severally,

Defendants.

/

CONSENT JUDGMENT BETWEEN THE MICHIGAN ATTORNEY GENERAL AND POWERCARD INTERNATIONAL, INC, d/b/a KM.NET

The Michigan Attorney General filed her complaint in the above captioned action on July 16, 2001. The Michigan Attorney General also filed an intervenor complaint in an Alabama Class Action case captioned Nathan Foote et al, v. PowerCard International, Inc., d/b/a KM.NET, Circuit Court Baldwin County, Civil Action No. CV-2000-1074 on August 2, 2001. By Consent Order dated October 1, 2001, the Michigan Attorney General intervened in the Alabama Class Action case and reserved her right to assert claims to funds (if any) that are left over after the designated payment of class claims, attorneys' fees, costs and expenses associated with the resolution of the class action lawsuit. The Michigan Attorney General and defendants Powercard International, Inc.,

and Stewart Giardina, have consented to the entry of this Consent Judgment without trial or adjudication of any issue of fact or law. This Consent Judgment shall not be evidence or admission by any party with respect to any issue of fact or law. Therefore, before any testimony is taken, and without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is hereby Ordered:

1. JURISDICTION & VENUE

1.1 The Baldwin County Circuit Court has jurisdiction over the subject matter of this action and has personal jurisdiction over Defendant for the purpose of entering this Consent Judgment. Defendant waives all objections and defenses that it may have as to the jurisdiction of the Court or to venue in this Court.

1.2 The Ingham County Circuit Court in Michigan also has jurisdiction over the subject matter of this action and has personal jurisdiction over Defendant for the purpose of entering this Consent Judgment. Defendant waives all objections and defenses that it may have as to the jurisdiction of the Ingham County Circuit Court or to venue in the Ingham County Circuit Court.

2. PARTIES

2.1 Defendant warrants and represents that it sold "internet malls" and "e-commerce packages" in Michigan. Defendant further acknowledges that it is a proper party to this Consent Judgment and that PowerCard International Inc. is the true legal name of the entity entering into this Consent Judgment. Defendant further acknowledges that it understands that the Michigan Attorney General expressly relied upon this representation and warranty, and that if it is false, unfair, deceptive, misleading or inaccurate, the Michigan Attorney General has the right to move to vacate or set aside

this Consent Judgment, or request that Defendant be held in contempt, if the Attorney General so elects.

2.2 Plaintiff is Jennifer M. Granholm Attorney General of the State of Michigan, on Behalf of the People of the State of Michigan.

3. APPLICABILITY

3.1 This Consent Judgment shall apply to and be binding upon Defendant and its successors (including but not limited to ECB4U.Com (collectively referred to simply as "Defendant")). Defendant is responsible for compliance with the terms of this Consent Judgment and shall terminate Distributors who are not in compliance.

3.2 The signatories of this Consent Judgment certify that they are authorized to execute and legally bind the parties they represent.

4. DEFINITIONS

4.1 "Claims Administrator" shall refer to the Settlement Administrator appointed by this Court pursuant to the Class Action Settlement Agreement.

4.2 "Class Action Settlement Agreement" shall refer to the class action settlement agreement preliminarily approved by this Court on October 1, 2001, and any subsequent modifications to this agreement approved by the Court.

4.3 "Commission" includes bonuses, overrides, dividends, points or any other direct or indirect benefit payable by Defendant to, or received by, any Distributor in Defendant's Marketing Program.

4.4 "Distributor" means any Person who pays or has paid any money to Defendant, and has or had the right to sell Defendant's products/services or who earns or has earned a Commission on the sale of any Defendant's products/services.

4.5 "Distributor Produced Sales Aids" means any sales aid created or produced by any Person other than Defendant that has not been approved in writing by Defendant.

4.6 "Downline" means participants or direct sellers sponsored one or more levels away from another in a directly linked line.

4.7 "Marketing Program" means any system through which Defendant's products/services are distributed.

4.8 "Michigan Distributor" means any Person who is a resident of the State of Michigan who pays or has paid any money to Defendant, and has or had the right to sell Defendant products/services or who earns or has earned a Commission on the sale of any Defendant products/services.

4.9 "Person" means any individual(s), partnership, firm, association or corporation.

4.10 "Prospect" shall mean a Person to whom the Defendant Marketing Program is shown.

4.11 "Upline" means, with respect to each Distributor, those Distributors positioned above this Distributor who may earn and receive compensation based upon this Distributor's purchases and retail sales.

5. STATEMENT OF PURPOSE

5.1 It is the mutual objective of the parties to resolve, without further litigation, the claims asserted by the Michigan Attorney General in her complaint.

6. IMPLEMENTATION OF COMPLIANCE MEASURES

Sworn Verification of Complete Downline and Financial Condition

6.1 The Department of Attorney General's agreement to this Consent Judgment is expressly premised upon the truthfulness, accuracy and completeness of:

a. the Downline for Defendant and all successors including an indication of any position in which Stewart Giardina or any member of his immediate family have an interest, namely the Downline provided by electronic mail from electronic mail account "BG32541@aol.com" on May 14, 2001; and

b. the financial statement of corporate defendant and related documents that were submitted to the Attorney General.

The Downline and financial statements, including supporting documents, contain material information upon which the Department of Attorney General relied in negotiating and agreeing to this Consent Judgment. If there is any material misrepresentation in the Downline or if there is a failure to disclose any material asset or a material misstatement in the value of any asset in the financial statements and related documents described above, or if there is any other material misstatement or omission, and the refund provisions of Paragraph 6.10, the historical legal, investigative and administrative expenses provision in Paragraph 7.1, and the civil penalty provision in Paragraph 7.2 of this Consent Judgment are not complied with, Defendant shall pay to the state of Michigan one million dollars ($1,000,000.00), provided that such misrepresentation or omission is not inadvertent.

6.2 Defendant shall cooperate fully with the Attorney General and her agents in all attempts to collect the amounts due pursuant to this Consent Judgment. If Defendant fails to pay the full amount due at the time specified herein, Defendant agrees to provide the Department of Attorney General with their federal and state tax returns from year 1999 to present, and to complete new financial disclosure forms fully and accurately within ten (10) business days of receiving a request from the Attorney General to do so. Defendant further authorizes the Department of Attorney General to verify all information provided on their financial disclosure forms with all appropriate third parties, including but not limited to financial institutions. Defendant will additionally execute, within 24 hours of request, all necessary documents to allow the release of financial information.

Incorporate Obligation of This Consent Judgment Into Any Settlement That Provides For Payment of Commissions or Provides Defendant or Stewart Giardina Direct or Indirect Access to Funds.

6.3 The parties acknowledge the existence of claims made by Defendant in *PowerCard International, Inc. and Stewart Giardina v. Virtual City Vision, Inc., James Van Trang a/k/a James Bond and Patrick MacDonald*, Case No. CV2000-350.

6.4 A settlement in the case referenced in paragraph 6.3 or in any case involving Defendant may not provide for the payment of Commissions to a Distributor or damages to Defendant or Stewart Giardina without first insuring all Michigan residents are offered refunds. However, this Paragraph shall not be binding upon Defendant if it has fulfilled the refund provisions of Paragraph 6.10, the historical legal, investigative and administrative expenses provision in Paragraph 7.1, and the civil penalty provision in Paragraph 7.2 of this Consent Judgment.

6.5 Within seven (7) days of signing this Consent Judgment, Defendant shall serve on the parties to the Maryland Interpleader Case (the *Columbia Bank v Network 1 Financial Corporation, Inc., et al*. Case No. CV-2000-350 "Maryland Complaint for Interpleader") a copy of this Consent Judgment and provide the Michigan Attorney General with proof of such service.

Offer Refund to Michigan Distributors

6.6 It is expressly acknowledged by the parties that this Consent Judgment contemplates that the Class Action Settlement Agreement will be finally approved by the court and after receipt of funds from the Maryland Interpleader that Defendant will provide the required refund to all eligible Michigan class members who timely submit claim forms and are entitled to payment.

6.7 Defendant shall, within thirty (30) days of signing this Consent Judgment, provide electronically in diskette(s), CD-ROM(s), or in such format as may be required at any time by the Claims Administrator, data that show or from which can be derived or ascertained present and past Distributors who have a mailing address in the State of Michigan.

6.8 In addition, Defendant shall, within thirty (30) days of signing this Consent Judgment, provide electronically in diskette(s) or CD-ROM(s) format, or in such format that Defendant possesses as may be required at any time by the Claims Administrator, data that show or from which can be derived or ascertained, for each Michigan Distributor whose mall or e-commerce package payment is not part of the Alabama Class Action Settlement Agreement, the amount that Disributor paid Defendant for malls and if applicable the amount of Commissions paid to that Distributor.

6.9 Immediately after payment of refund claims and all related costs and expenses in the Alabama Class Action Settlement, if there are any funds remaining after such payments, Defendant through the Claims Administrator will offer, by letter mailed to their last known address, all Michigan Distributors who purchased shopping mall(s) and/or e-commerce package(s) from Defendant prior to and/or after the period March 3-22, 2000 refunds in the amount of the purchase price of the mall(s) and/or e-commerce package(s) during such period(s) minus any Commissions actually paid to the Distributor for the sale of internet malls or e-commerce packages. Michigan Distributors whose payment has previously been refunded by Defendant are not eligible for an additional refund. Defendant may not deduct from the refund any Commissions paid to Upline Distributors.

6.10 This Consent Judgment assumes sufficient funds will be available to compensate the Claims Administrator and to offer appropriate refunds to all Michigan Distributors. If sufficient funds do not remain after all mandated payments in the Class Action Settlement Agreement, the parties agree that by mutual agreement they will determine the pro rata amount to be paid each Michigan Distributor who shall be entitled to a refund, and if they cannot reach agreement the court shall determine such amount. If the parties or the court determine that a pro-rata distribution is not advisable, then the parties agree that the State of Michigan will first be reimbursed its historical legal, investigative and administrative expenses in the amount of $85,000, and then payment of the $10,000 civil penalty.

6.11 Defendant, through the Claims Administrator, shall send by first class mail a letter in substantially the same form as the letter in "Exhibit A" to all Michigan

Distributors, at their last known address, who purchased an Internet mall or e-commerce package from Defendant prior to and/or after the period March 3-22, 2000.

6.12 Michigan Distributors shall have sixty (60) days to postmark refund claims, after which their claims shall be regarded as untimely and ineligible for payment.

6.13 Eligible Michigan Distributors who do not receive a letter are required to make a written showing as to why the letter was not received (unless the Claims Administrator determines the reason is self-evident) and must submit the claim form no latter than 90 days after the original claim letters were mailed.

6.14 During the refund process for Distributors who purchased malls from Defendant prior to and/or after the period March 3-22, 2000, the Michigan Attorney General and Defendant will forward new complaints regarding refunds to the Claims Administrator. The Claims Administrator shall attempt to resolve such complaints through records in its possession. However, if these records are insufficient to resolve the complaint, the Claims Administrator may request records from Defendant or the complainant in an effort to resolve the complaint. Defendant shall cooperate fully with the Claims Administrator in this process. The Claims Administrator's decision shall be binding subject only to review by the Circuit Court Judge.

Prohibited Practices

6.15 Defendant, whether acting directly or indirectly hereby, agrees to refrain from:

A. Making any unfair, deceptive or misleading representations, claims, or computations, directly or by implication, or by use of hypothetical examples or representations of past earnings of any

company officials or other Distributors, regarding income levels, earnings, sales, profits or payments that a Person will or should earn or receive, or has the reasonable expectancy of earning or receiving as a Distributor.

B. Representing in any way anticipated, prospective or potential product/service sales figures.

C. Making any visual or audio displays of bonus or commission checks earned or received by Distributors (includes hypothetical examples), tax forms, or similar types of records or other documents or representations specifying income.

D. Allowing or condoning, by action or by words, the use, production, marketing or distribution, by sale or otherwise, of Distributor Produced Sales Aids.

E. Falsely claiming or misrepresenting, by means of any medium accessible to Michigan residents, that any retailer has entered into a contract to provide discounts or commissions to or through Defendant or exaggerating the level of such discounts or commissions.

F. Representing that this Consent Judgment, or actions taken pursuant to this Consent Judgment, implies or suggests that the State of Michigan has in any way approved or endorsed any Defendant multi-level program, or other business practices of Defendant.

G. Representing that this Consent Judgment, or actions taken pursuant to this Consent Judgment, implies or suggests that the State of

Michigan has in any way approved or endorsed ECB4U.com's multi-level program, or other business practices of ECB4U.com.

H. Charging or allowing Distributors to pay for any type of business benefit, including qualification or certification to earn commissions, whether or not that benefit is provided in conjunction with a product or service.

I. Allowing any connection between a Distributor's purchase of product or service and his or her status as a representative, his or her level of compensation, his or her qualification or certification or any other business benefit.

J. Otherwise selling the opportunity to recruit others.

K. Permitting avoidance of this Consent Judgment by use of any device, including sham or corporate alter ego(s).

6.16 Defendant shall not require or permit any payment or investment other than the cost of a sales kit as a condition of participation in the Marketing Program. Distributors shall not be permitted to buy into levels or positions in Defendant's program. The sales kit must be furnished at cost and shall not be furnished for purpose of resale. The cost of the sales kit shall be limited to direct, out of pocket expenses and shall not include any amount attributable to general overhead or capital improvement expenses.

6.17 Defendant shall not operate a binary marketing system without providing the Prospect with a written explanation of the Marketing Program which is in sufficient

detail to inform them of the steps which must be taken in order to become eligible to receive Commission under the Marketing Program.

Reporting and Record Keeping Requirements

6.18 ECB4U.com and any other multi-level Marketing Program operated by Defendant, shall for four years after signing this Consent Judgment, maintain and upon request make available to the Michigan Attorney General for inspection and copying, documents demonstrating compliance with the requirements of this Consent Judgment. These documents shall include, but are not limited to:

a. Records of all sales and Commission paid. Note that records of Commission paid shall be broken down by Commission paid for the sale of the "mall" or "e-commerce package" and Commission paid on retail purchases from an entity other than Defendant.

b. All instructions given to employees or Distributors regarding compliance with the provisions of this Consent Judgment, any notices provide to Distributors in connection with the terms of this Consent Judgment, and any changes or amendments made to the Marketing Program.

6.19 If ECB4U.com or any other multi-level Marketing Program operated by Defendant intends to offer products or services in Michigan or to Michigan residents, then for four years after signing this Consent Judgment Defendant or any other multi-level Marketing Program operated by Defendant shall quarterly provide to the Michigan Attorney General:

a. Records of all sales and associated Commissions paid.

b. Identification of whether each sale was made to a Person who is a Distributor or was a sale to a non-Distributor.

c. A list of the name and address for all "retail" customers (a "retail" customer is a Person who purchases products or services but does not become a Distributor).

7. REIMBURSEMENT OF COSTS AND EXPENSES, PAYMENT OF CIVIL PENALTY

7.1 After appropriate refunds are provided to eligible Michigan Distributors who timely request same, Defendant shall pay to the State of Michigan the sum of $85,000 to cover the historical legal, investigative and administrative expenses relating to this matter.

7.2 After appropriate refunds are provided to eligible Michigan Distributors, and after reimbursed of Michigan's historical legal, investigative and administrative expenses in the amount of $85,000, Defendant shall pay to the State of Michigan the sum of $10,000 as a civil penalty.

7.3 Payment shall be made by check payable to the "State of Michigan" and remitted to Assistant in Charge, Consumer Protection Division, PO Box 30213, Lansing, MI 48909. The check shall reference *Foote et al v. PowerCard International Inc. d/b/a KM.NET*.

8. DISPUTE RESOLUTION

8.1 Except for paragraph 6.10, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under this Consent Judgment and shall apply to all provisions of this Consent Judgment. Any dispute that arises under this Consent Judgment shall in the first instance be the subject of informal negotiations between the parties. The period of negotiations shall not exceed ten (10) days from the date of written notice by any party that a dispute has arisen, but it may be extended by agreement between parties. The period for informal negotiations shall end when the Attorney General provides a written statement setting forth its proposed resolution of the dispute to Defendant.

8.2 If the parties fail to resolve a dispute by informal negotiations, then the dispute shall be resolved in accordance with the resolution proposed by the Attorney General unless, within ten (10) days after receipt of the Attorney General's proposed resolution, Defendant files a petition for resolution of and or to enforce this Consent Judgment with the Court setting forth the matters in dispute, the efforts made by the parties to resolve it, the relief requested, and the schedule, if any, within which the dispute must be resolved to insure orderly implementation of this Consent Judgment. Provided, however, the Michigan Attorney General may at any time file a petition for resolution of and or to enforce this consent Judgment.

8.3 The Michigan Attorney General may enforce or interpret this Consent Judgment in Michigan or in Alabama. The Michigan Attorney General, however, shall enforce or interpret this Consent judgment in only one of the two jurisdictions for any given alleged violation or pattern of violations. Wherever the Michigan Attorney General chooses to enforce or interpret this Consent Judgment, it waives the right to enforce in the other jurisdiction for the same alleged violation or pattern of violations.

9. CONDITIONAL COVENANT NOT TO SUE AND RESERVATION OF RIGHTS

9.1 The parties expressly acknowledge that the covenant not to sue is a conditional covenant.

9.2 In consideration of the implementation of compliance measures (Section six (6)), the reimbursement of the costs of historical legal, investigative and administrative expenses relating to this matter, and except as specifically provided in this

Section (Section nine (9)), Plaintiff covenants not to sue or to take administrative action against Defendant, officers, directors, employees and agents for Covered Matters.

9.3 "Covered Matters" shall include any liability to the State of Michigan for the following:

a. All claims asserted in the complaint for violations of the PPA and the CPA through the date of the last signature on this Consent Judgment.

b. Reimbursement of costs and expenses incurred by the Department of Attorney General through the date of the last signature on this Consent Judgment.

c. Payment of all civil penalties for violation of the PPA and CPA through the date of the last signature on this Consent Judgment.

9.4 The covenant not to sue set forth in this Section does not pertain to any matters other than those expressly specified in "Covered Matters" in paragraph 9.3. The Attorney General reserves, and this Consent Judgment is without prejudice to, all rights against Defendant with respect to all other matters including, but not limited to, the following:

a. Liability arising from a violation by Defendant of a requirement of this Consent Judgment;

b. Liability for violations of the PPA and the CPA that occur after the date of the last signature on this Consent Judgment.

9.5 Execution of this Consent Judgment does not preclude the Department of Attorney General from bringing an action against Defendant for violations of section 28

of the Michigan Franchise Investment Law (commonly referred to as the Pyramid Promotion Act –"PPA"), MCL 445.1528, for operating an illegal pyramid or for violations of the Michigan Consumer Protection Act ("CPA"), MCL 445.901 et seq., or any other law if the violations occur after the date the Court enters this Consent Judgment.

9.6 Notwithstanding the provision set forth above, if Defendant, any successor in interest or any other person or entity acting on Defendant's behalf, is successful in avoiding the refund as provided in Section six (6) or the reimbursement under Section seven (7), then any release shall be null and void as to all parties covered by the release and for all conduct covered by the release.

9.7 Upon entry of this Consent Judgment, the complaint is dismissed with prejudice, subject to each party's right to enforce the Consent Judgment.

10. GENERAL PROVISIONS

10.3 Defendant agrees not to contest (a) the authority of the Department of Attorney General to execute this Consent Judgment; or, (b) any terms or conditions set forth herein.

10.4 The Parties agree that the terms and conditions of the Consent Judgment are fair, reasonable and consistent with the public interest and the doctrines of applicable law.

10.5 This Consent Judgment shall be binding upon, inure to the benefit of, and apply to the parties and their successors-in-interest. This Consent Judgment shall not create any private rights or causes of action in any third parties.

10.6 This Consent Judgment is entered into by the parties as their own free and voluntary act and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed by this Consent Judgment. Each party represents and warrants that no offers, agreements or inducements of any nature whatsoever (except as expressly set forth herein) have been made to it by the other party to procure this Consent Judgment.

10.7 Neither Defendant nor anyone acting on its behalf shall state or imply or cause to be stated or implied that the State of Michigan, the Attorney General, or any other governmental unit of the State of Michigan has approved, sanctioned, or authorized any practice, act, advertisement or conduct of the Defendant.

10.8 This Consent Judgment may only be enforced by the parties hereto and in the manner set forth in Section eight (8).

10.9 The titles and headers to each section of this Consent Judgment are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the Consent Judgment.

10.10 This document shall not be construed against the "drafter" because both parties participated in the drafting of this document.

10.11 As used herein, the plural shall refer to the singular and the singular shall refer to the plural and the masculine and the feminine and the neuter shall refer to the other, as the context requires.

10.12 Nothing in this Consent Judgment constitutes any agreement by the parties concerning the characterization of the amounts paid hereunder for purposes of any proceeding under the Internal Revenue Code or any state tax laws.

10.13 Any failure by any party to this Consent Judgment to insist upon the strict performance by any other party of any of the provisions of this Consent Judgment shall not be deemed a waiver of any of the provisions of this Consent Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Consent Judgment and the imposition of any applicable penalties, including but not limited to contempt, civil penalties and/or the payment of reasonable and appropriate attorneys' fees to the State of Michigan related thereto.

10.14 If any clause, provision or section of this Consent Judgment shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Consent Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein. Provided however, that if any portion of Section six (6) or seven (7) is declared illegal, invalid, or unenforceable for any reason, this entire Consent Judgment shall be null and void at the election of the Michigan Attorney General.

10.15 Time shall be of the essence with respect to each provision of this Consent Judgment that requires action to be taken by either party within a stated time period or upon a specified date.

10.16 This Consent Judgment sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Consent Judgment that are not fully expressed herein or attached hereto.

10.17 Nothing in this Consent Judgment shall be construed to waive any claims of Sovereign Immunity the State of Michigan may have in any action or proceeding.

11. REPRESENTATIONS AND WARRANTIES

11.1 The parties represent and warrant that their signatories to this Consent Judgment have authority to act for and bind the respective parties.

11.2 The parties represent and warrant that this Consent Judgment is the result of good faith negotiations. The parties represent and warrant that they will implement the terms of this Judgment in good faith and in a fair and reasonable manner.

12. APPLICABLE LAW

12.1 This Consent Judgment shall be construed in accordance with and governed by the internal laws of the State of Michigan.

13. NOTICES UNDER THIS JUDGMENT

13.1 All notices, deliveries or other communications required or permitted hereunder shall be in writing and shall be deemed given when sent by facsimile transmission and confirmed by certified or registered mail (unless otherwise specified) addressed as follows:

a. If to the Attorney General:
Assistant in Charge
Consumer Protection Division
PO Box 30213
Lansing, Michigan 48909

b. If to Defendant:
Stewart B. Giardina
PowerCard International, Inc.
Suite 203
6483 Van Buren Street
Daphne, Alabama 36526

13.2 Defendant shall fully advise all present and future management officials having administrative, sales, advertising or policy responsibilities of the contents and requirements of this Consent Judgment.

13.3 Defendant shall incorporate within its existing or future training meetings and seminar programs a training session that shall emphasize compliance with the rules and policies consistent with this Consent Judgment.

14. FORBEARANCE ON EXECUTION AND DEFAULT

14.1 Defendant agrees to pay all reasonable attorneys' fees and costs, including but not limited to court costs, associated with any successful collection efforts under this Consent Judgment by the Attorney General or its representative.

14.2 On the day of entry of this Consent Judgment, Defendant shall provide the Attorney General with a current address and telephone number where it can be contacted and served with process in the event of default on its monetary obligations under this Consent Judgment. Defendant shall further be required to provide any new address, telephone number and facsimile number within five (5) days of relocating to a new address or of obtaining a new telephone/facsimile number. Service upon the Defendant for the purposes of enforcing the monetary portion of this Consent Judgment in the event of default shall be effective upon mailing a notice via first class mail and facsimile transmissions. If there is no response within ten (10) business days, the Attorney General may obtain a default judgment or other adverse ruling.

14.3 Defendant agrees that if Defendant defaults on any monetary payments or in the event Defendant substantially fails to make restitution payments under Section six (6), then the State shall be able to seek any remedies available at law including but not limited to statutory interest.

14.4 In the event Defendant should enter bankruptcy, Defendant agrees not to oppose any motion for the entry of orders granting relief from any stay for the Attorney General to proceed to judgment in any civil action. The Attorney General will make no efforts to enforce any monetary judgment herein except as permitted by bankruptcy law.

14.5 In the event of default of any monetary provision of this Consent Judgment or any proceeding based upon the monetary amount, Defendant agrees that all statements and allegations set forth in the Attorney General's complaint in intervention shall be deemed to be admitted for the limited purpose of establishing the nature and the amount of the debt owed.

14.6 The parties expressly warrant that in evaluating whether to execute this Consent Judgment the parties:

(A) represent that the mutual promises, covenants and obligations set forth herein constitute a contemporaneous exchange for new value given to Defendant, within the meaning of 11 U.S.C. § 547(c)(1); and

(B) agree that these mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange;

14.7 The Defendant is receiving reasonably equivalent value, so as to take these promises, covenants and obligations outside the purview of 11 U.S.C. § 548 (a)(1)(B)(i).

14.8 Defendant shall give written notice of any bankruptcy filing to:

Assistant in Charge
Consumer Protection Division
Office of the Michigan Attorney General
Post Office Box 30213
Lansing, MI 48909
Telephone: 517-335-0855
Facsimile: 517-335-1935

15. PENALTIES FOR FAILURE TO COMPLY

15.1 Any knowing violation of the terms of this Consent Judgment shall be punishable by a civil penalty of not more than five thousand dollars ($5,000.00) for each violation, in addition to any other appropriate relief (which the State contends includes but is not limited to the recovery of reasonable costs and expenses of the investigation and prosecution, including costs and contempt).

15.2 The Attorney General shall have the authority to enforce the injunctive provisions of this Consent Judgment or to seek sanctions for violations hereof or both.

15.3 Nothing herein shall be construed to exonerate any contempt or failure to comply with any provision of this Consent Judgment after the date of its entry, to compromise the authority of the Attorney General to initiate a proceeding for any contempt or other sanctions for failure to comply, or to compromise the authority of the court to punish as contempt any violation of this Consent Judgment. Further, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State of Michigan.

16. PRIVATE RIGHT OF ACTION

16.1 Nothing in this Consent Judgment shall affect the right of a consumer to commence a private cause of action against Defendant for claims that have not been released by operation of the claim form. Further, nothing in this Consent Judgment may prevent Defendant from raising any defenses it may have in any private right of action, including a claim of set-off for any restitution received under this Consent Judgment by a particular consumer.

17. PAYMENT OF COURT COSTS

17.1 All court costs associated with the entry and approval of this Consent Judgment shall be borne by Defendant. No costs shall be taxed to the State. Further, no discretionary costs shall be taxed to the State.

IT IS SO ORDERED, ADJUDGED AND DECREED.

_____
HONORABLE WILLIAM E. COLLETE
CIRCUIT COURT FOR THE 30th
JUDICIAL CIRCUIT
INGHAM COUNTY, MICHIGAN

JOINTLY APPROVED AND SUBMITTED FOR ENTRY:

JENNIFER M. GRANHOLM
Attorney General of Michigan
On behalf of the People of the State of Michigan

_____ Dated: _____

Katharyn A. Barron (P45363)
First Assistant Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909
517-335-0855; FAX 517-335-1935

POWERCARD INTERNATIONAL, INC. d/b/a KM.NET and ECB4U.COM

_____ Dated:_____

Stewart Giardina
President and CEO
6438 Van Buren Street, Suite 203
Daphne, Alabama 36526

_____ Dated:_____

Stewart Giardina
In His Personal Capacity

IN THE CIRCUIT COURT OF BALDWIN COUNTY, ALABAMA

NATHAN FOOTE, and KENNETH LALLY on behalf of himself and others similarly situated, and Intervenor Plaintiff JENNIFER M. GRANHOLM Attorney General of Michigan Plaintiffs, v. POWERCARD INTERNATIONAL, INC., d/b/a KM.NET, Defendant.	))))))))))))))))	CIVIL ACTION NO. CV 2000-1074

CONSENT JUDGMENT BETWEEN THE MICHIGAN ATTORNEY GENERAL AND POWERCARD INTERNATIONAL, INC, d/b/a KM.NET

The Michigan Attorney General filed her intervenor complaint in the captioned action on August 2 , 2001. By Consent Order dated October 1, 2001, the Michigan Attorney General intervened in the above captioned matter and reserved her right to assert claims to funds (if any) that are left over after the designated payment of class claims, attorneys' fees, costs and expenses associated with the resolution of the class action lawsuit being pursued by Nathan Foote and Kenneth Lally. The Michigan Attorney General and defendant PowerCard International, Inc., by their respective attorneys, have consented to the entry of this Consent Judgment without trial or adjudication of any issue of fact or law. This Consent Judgment shall not be evidence or admission by any party with respect to any issue of fact or law. Therefore, before any

testimony is taken, and without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is hereby Ordered:

1. JURISDICTION & VENUE

1.1 The Baldwin County Circuit Court has jurisdiction over the subject matter of this action and has personal jurisdiction over Defendant for the purpose of entering this Consent Judgment. Defendant waives all objections and defenses that it may have as to the jurisdiction of the Court or to venue in this Court.

1.2 The Ingham County Circuit Court in Michigan also has jurisdiction over the subject matter of this action and has personal jurisdiction over Defendant for the purpose of entering this Consent Judgment. Defendant waives all objections and defenses that it may have as to the jurisdiction of the Ingham County Circuit Court or to venue in the Ingham County Circuit Court.

2. PARTIES

2.1 Defendant warrants and represents that it sold "internet malls" and "e-commerce packages" in Michigan. Defendant further acknowledges that it is a proper party to this Consent Judgment and that PowerCard International Inc. is the true legal name of the entity entering into this Consent Judgment. Defendant further acknowledges that it understands that the Michigan Attorney General expressly relied upon this representation and warranty, and that if it is false, unfair, deceptive, misleading or inaccurate, the Michigan Attorney General has the right to move to vacate or set aside this Consent Judgment, or request that Defendant be held in contempt, if the Attorney General so elects.

2.2 Plaintiff is Jennifer M. Granholm Attorney General of the State of Michigan, on Behalf of the People of the State of Michigan.

3. APPLICABILITY

3.1 This Consent Judgment shall apply to and be binding upon Defendant and its successors (including but not limited to ECB4U.Com (collectively referred to simply as "Defendant")). Defendant is responsible for compliance with the terms of this Consent Judgment and shall terminate Distributors who are not in compliance.

3.2 The signatories of this Consent Judgment certify that they are authorized to execute and legally bind the parties they represent.

4. DEFINITIONS

4.1 "Claims Administrator" shall refer to the Settlement Administrator appointed by this Court pursuant to the Class Action Settlement Agreement.

4.2 "Class Action Settlement Agreement" shall refer to the class action settlement agreement preliminarily approved by this Court on October 1, 2001, and any subsequent modifications to this agreement approved by the Court.

4.3 "Commission" includes bonuses, overrides, dividends, points or any other direct or indirect benefit payable by Defendant to, or received by, any Distributor in Defendant's Marketing Program.

4.4 "Distributor" means any Person who pays or has paid any money to Defendant, and has or had the right to sell Defendant's products/services or who earns or has earned a Commission on the sale of any Defendant's products/services.

4.5 “Distributor Produced Sales Aids” means any sales aid created or produced by any Person other than Defendant that has not been approved in writing by Defendant.

4.6 “Downline” means participants or direct sellers sponsored one or more levels away from another in a directly linked line.

4.7 “Marketing Program” means any system through which Defendant’s products/services are distributed.

4.8 “Michigan Distributor” means any Person who is a resident of the State of Michigan who pays or has paid any money to Defendant, and has or had the right to sell Defendant products/services or who earns or has earned a Commission on the sale of any Defendant products/services.

4.9 “Person” means any individual(s), partnership, firm, association or corporation.

4.10 “Prospect” shall mean a Person to whom the Defendant Marketing Program is shown.

4.11 “Upline” means, with respect to each Distributor, those Distributors positioned above this Distributor who may earn and receive compensation based upon this Distributor’s purchases and retail sales.

5. STATEMENT OF PURPOSE

5.1 It is the mutual objective of the parties to resolve, without further litigation, the claims asserted by the Michigan Attorney General in her complaint.

6. IMPLEMENTATION OF COMPLIANCE MEASURES

Sworn Verification of Complete Downline and Financial Condition

6.1 The Department of Attorney General's agreement to this Consent Judgment is expressly premised upon the truthfulness, accuracy and completeness of:

a. the Downline for Defendant and all successors including an indication of any position in which Stewart Giardina or any member of his immediate family have an interest, namely the Downline provided by electronic mail from electronic mail account "BG32541@aol.com" on May 14, 2001; and

b. the financial statement of corporate defendant and related documents that were submitted to the Attorney General.

The Downline and financial statements, including supporting documents, contain material information upon which the Department of Attorney General relied in negotiating and agreeing to this Consent Judgment. If there is any material misrepresentation in the Downline or if there is a failure to disclose any material asset or a material misstatement in the value of any asset in the financial statements and related documents described above, or if there is any other material misstatement or omission, and the refund provisions of Paragraph 6.10, the historical legal, investigative and administrative expenses provision in Paragraph 7.1, and the civil penalty provision in Paragraph 7.2 of this Consent Judgment are not complied with, Defendant shall pay to the state of Michigan one million dollars ($1,000,000.00), provided that such misrepresentation or omission is not inadvertent.

6.2 Defendant shall cooperate fully with the Attorney General and her agents in all attempts to collect the amounts due pursuant to this Consent Judgment. If Defendant fails to pay the full amount due at the time specified herein, Defendant agrees to provide the Department of Attorney General with their federal and state tax returns from year 1999 to present, and to complete new financial disclosure forms fully and accurately within ten (10) business days of receiving a request from the Attorney General to do so. Defendant further authorizes the Department of Attorney General to verify all information provided on their financial disclosure forms with all appropriate third parties, including but not limited to financial institutions. Defendant will additionally execute, within 24 hours of request, all necessary documents to allow the release of financial information.

Incorporate Obligation of This Consent Judgment Into Any Settlement That Provides For Payment of Commissions or Provides Defendant or Stewart Giardina Direct or Indirect Access to Funds.

6.3 The parties acknowledge the existence of claims made by Defendant in *PowerCard International, Inc. and Stewart Giardina v. Virtual City Vision, Inc., James Van Trang a/k/a James Bond and Patrick MacDonald*, Case No. CV2000-350.

6.4 A settlement in the case referenced in paragraph 6.3 or in any case involving Defendant may not provide for the payment of Commissions to a Distributor or damages to Defendant or Stewart Giardina without first insuring all Michigan residents are offered refunds. However, this Paragraph shall not be binding upon Defendant if it has fulfilled the refund provisions of Paragraph 6.10, the historical legal, investigative and administrative expenses provision in Paragraph 7.1, and the civil penalty provision in Paragraph 7.2 of this Consent Judgment.

6.5 Within seven (7) days of signing this Consent Judgment, Defendant shall serve on the parties to the Maryland Interpleader Case (the *Columbia Bank v Network 1 Financial Corporation, Inc., et al*. Case No. CV-2000-350 "Maryland Complaint for Interpleader") a copy of this Consent Judgment and provide the Michigan Attorney General with proof of such service.

Offer Refund to Michigan Distributors

6.6 It is expressly acknowledged by the parties that this Consent Judgment contemplates that the Class Action Settlement Agreement will be finally approved by the court and after receipt of funds from the Maryland Interpleader that Defendant will provide the required refund to all eligible Michigan class members who timely submit claim forms and are entitled to payment.

6.7 Defendant shall, within thirty (30) days of signing this Consent Judgment, provide electronically in diskette(s), CD-ROM(s), or in such format as may be required at any time by the Claims Administrator, data that show or from which can be derived or ascertained present and past Distributors who have a mailing address in the State of Michigan.

6.8 In addition, Defendant shall, within thirty (30) days of signing this Consent Judgment, provide electronically in diskette(s) or CD-ROM(s) format, or in such format that Defendant possesses as may be required at any time by the Claims Administrator, data that show or from which can be derived or ascertained, for each Michigan Distributor whose mall or e-commerce package payment is not part of the Alabama Class Action Settlement Agreement, the amount that Disributor paid Defendant for malls and if applicable the amount of Commissions paid to that Distributor.

6.9 Immediately after payment of refund claims and all related costs and expenses in the Alabama Class Action Settlement, if there are any funds remaining after such payments, Defendant through the Claims Administrator will offer, by letter mailed to their last known address, all Michigan Distributors who purchased shopping mall(s) and/or e-commerce package(s) from Defendant prior to and/or after the period March 3-22, 2000 refunds in the amount of the purchase price of the mall(s) and/or e-commerce package(s) during such period(s) minus any Commissions actually paid to the Distributor for the sale of internet malls or e-commerce packages. Michigan Distributors whose payment has previously been refunded by Defendant are not eligible for an additional refund. Defendant may not deduct from the refund any Commissions paid to Upline Distributors.

6.10 This Consent Judgment assumes sufficient funds will be available to compensate the Claims Administrator and to offer appropriate refunds to all Michigan Distributors. If sufficient funds do not remain after all mandated payments in the Class Action Settlement Agreement, the parties agree that by mutual agreement they will determine the pro rata amount to be paid each Michigan Distributor who shall be entitled to a refund, and if they cannot reach agreement the court shall determine such amount. If the parties or the court determine that a pro-rata distribution is not advisable, then the parties agree that the State of Michigan will first be reimbursed its historical legal, investigative and administrative expenses in the amount of $85,000, and then payment of the $10,000 civil penalty.

6.11 Defendant, through the Claims Administrator, shall send by first class mail a letter in substantially the same form as the letter in “Exhibit A” to all Michigan

Distributors, at their last known address, who purchased an Internet mall or e-commerce package from Defendant prior to and/or after the period March 3-22, 2000.

6.12 Michigan Distributors shall have sixty (60) days to postmark refund claims, after which their claims shall be regarded as untimely and ineligible for payment.

6.13 Eligible Michigan Distributors who do not receive a letter are required to make a written showing as to why the letter was not received (unless the Claims Administrator determines the reason is self-evident) and must submit the claim form no latter than 90 days after the original claim letters were mailed.

6.14 During the refund process for Distributors who purchased malls from Defendant prior to and/or after the period March 3-22, 2000, the Michigan Attorney General and Defendant will forward new complaints regarding refunds to the Claims Administrator. The Claims Administrator shall attempt to resolve such complaints through records in its possession. However, if these records are insufficient to resolve the complaint, the Claims Administrator may request records from Defendant or the complainant in an effort to resolve the complaint. Defendant shall cooperate fully with the Claims Administrator in this process. The Claims Administrator's decision shall be binding subject only to review by the Circuit Court Judge.

Prohibited Practices

6.15 Defendant, whether acting directly or indirectly hereby, agrees to refrain from:

A. Making any unfair, deceptive or misleading representations, claims, or computations, directly or by implication, or by use of hypothetical examples or representations of past earnings of any company officials

or other Distributors, regarding income levels, earnings, sales, profits or payments that a Person will or should earn or receive, or has the reasonable expectancy of earning or receiving as a Distributor.

B. Representing in any way anticipated, prospective or potential product/service sales figures.

C. Making any visual or audio displays of bonus or commission checks earned or received by Distributors (includes hypothetical examples), tax forms, or similar types of records or other documents or representations specifying income.

D. Allowing or condoning, by action or by words, the use, production, marketing or distribution, by sale or otherwise, of Distributor Produced Sales Aids.

E. Falsely claiming or misrepresenting, by means of any medium accessible to Michigan residents, that any retailer has entered into a contract to provide discounts or commissions to or through Defendant or exaggerating the level of such discounts or commissions.

F. Representing that this Consent Judgment, or actions taken pursuant to this Consent Judgment, implies or suggests that the State of Michigan has in any way approved or endorsed any Defendant multi-level program, or other business practices of Defendant.

G. Representing that this Consent Judgment, or actions taken pursuant to this Consent Judgment, implies or suggests that the State of Michigan

has in any way approved or endorsed ECB4U.com's multi-level program, or other business practices of ECB4U.com.

H. Charging or allowing Distributors to pay for any type of business benefit, including qualification or certification to earn commissions, whether or not that benefit is provided in conjunction with a product or service.

I. Allowing any connection between a Distributor's purchase of product or service and his or her status as a representative, his or her level of compensation, his or her qualification or certification or any other business benefit.

J. Otherwise selling the opportunity to recruit others.

K. Permitting avoidance of this Consent Judgment by use of any device, including sham or corporate alter ego(s).

6.16 Defendant shall not require or permit any payment or investment other than the cost of a sales kit as a condition of participation in the Marketing Program. Distributors shall not be permitted to buy into levels or positions in Defendant's program. The sales kit must be furnished at cost and shall not be furnished for purpose of resale. The cost of the sales kit shall be limited to direct, out of pocket expenses and shall not include any amount attributable to general overhead or capital improvement expenses.

6.17 Defendant shall not operate a binary marketing system without providing the Prospect with a written explanation of the Marketing Program which is in sufficient detail to inform them of the steps which must be taken in order to become eligible to receive Commission under the Marketing Program.

Reporting and Record Keeping Requirements

6.18 ECB4U.com and any other multi-level Marketing Program operated by Defendant, shall for four years after signing this Consent Judgment, maintain and upon request make available to the Michigan Attorney General for inspection and copying, documents demonstrating compliance with the requirements of this Consent Judgment. These documents shall include, but are not limited to:

a. Records of all sales and Commission paid. Note that records of Commission paid shall be broken down by Commission paid for the sale of the "mall" or "e-commerce package" and Commission paid on retail purchases from an entity other than Defendant.

b. All instructions given to employees or Distributors regarding compliance with the provisions of this Consent Judgment, any notices provide to Distributors in connection with the terms of this Consent Judgment, and any changes or amendments made to the Marketing Program.

6.19 If ECB4U.com or any other multi-level Marketing Program operated by Defendant intends to offer products or services in Michigan or to Michigan residents, then for four years after signing this Consent Judgment Defendant or any other multi-level Marketing Program operated by Defendant shall quarterly provide to the Michigan Attorney General:

a. Records of all sales and associated Commissions paid.

b. Identification of whether each sale was made to a Person who is a Distributor or was a sale to a non-Distributor.

c. A list of the name and address for all "retail" customers (a "retail" customer is a Person who purchases products or services but does not become a Distributor).

7. REIMBURSEMENT OF COSTS AND EXPENSES, PAYMENT OF CIVIL PENALTY

7.1 After appropriate refunds are provided to eligible Michigan Distributors who timely request same, Defendant shall pay to the State of Michigan the sum of $85,000 to cover the historical legal, investigative and administrative expenses relating to this matter.

7.2 After appropriate refunds are provided to eligible Michigan Distributors, and after reimbursed of Michigan's historical legal, investigative and administrative expenses in the amount of $85,000, Defendant shall pay to the State of Michigan the sum of $10,000 as a civil penalty.

7.3 Payment shall be made by check payable to the "State of Michigan" and remitted to Assistant in Charge, Consumer Protection Division, PO Box 30213, Lansing, MI 48909. The check shall reference *Foote et al v. PowerCard International Inc. d/b/a KM.NET*.

8. DISPUTE RESOLUTION

8.1 Except for paragraph 6.10, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under this Consent Judgment and shall apply to all provisions of this Consent Judgment. Any dispute that arises under this Consent Judgment shall in the first instance be the subject of informal negotiations between the parties. The period of negotiations shall not exceed ten (10) days from the date of written notice by any party that a dispute has arisen, but it may be extended by agreement between parties. The period for informal negotiations shall end when the Attorney General provides a written statement setting forth its proposed resolution of the dispute to Defendant.

8.2 If the parties fail to resolve a dispute by informal negotiations, then the dispute shall be resolved in accordance with the resolution proposed by the Attorney General unless, within ten (10) days after receipt of the Attorney General's proposed resolution, Defendant files a petition for resolution of and or to enforce this Consent Judgment with the Court setting forth the matters in dispute, the efforts made by the parties to resolve it, the relief requested, and the schedule, if any, within which the dispute must be resolved to insure orderly implementation of this Consent Judgment. Provided, however, the Michigan Attorney General may at any time file a petition for resolution of and or to enforce this consent Judgment.

8.3 The Michigan Attorney General may enforce or interpret this Consent Judgment in Michigan or in Alabama. The Michigan Attorney General, however, shall enforce or interpret this Consent judgment in only one of the two jurisdictions for any given alleged violation or pattern of violations. Wherever the Michigan Attorney General chooses to enforce or interpret this Consent Judgment, it waives the right to enforce in the other jurisdiction for the same alleged violation or pattern of violations.

9. CONDITIONAL COVENANT NOT TO SUE AND RESERVATION OF RIGHTS

9.1 The parties expressly acknowledge that the covenant not to sue is a conditional covenant.

9.2 In consideration of the implementation of compliance measures (Section six (6)), the reimbursement of the costs of historical legal, investigative and administrative expenses relating to this matter, and except as specifically provided in this Section (Section nine (9)), Plaintiff covenants not to sue or to take administrative action against Defendant, officers, directors, employees and agents for Covered Matters.

9.3 "Covered Matters" shall include any liability to the State of Michigan for the following:

a. All claims asserted in the complaint for violations of the PPA and the CPA through the date of the last signature on this Consent Judgment.

b. Reimbursement of costs and expenses incurred by the Department of Attorney General through the date of the last signature on this Consent Judgment.

c. Payment of all civil penalties for violation of the PPA and CPA through the date of the last signature on this Consent Judgment.

9.4 The covenant not to sue set forth in this Section does not pertain to any matters other than those expressly specified in "Covered Matters" in paragraph 9.3. The Attorney General reserves, and this Consent Judgment is without prejudice to, all rights against Defendant with respect to all other matters including, but not limited to, the following:

a. Liability arising from a violation by Defendant of a requirement of this Consent Judgment;

b. Liability for violations of the PPA and the CPA that occur after the date of the last signature on this Consent Judgment.

9.5 Execution of this Consent Judgment does not preclude the Department of Attorney General from bringing an action against Defendant for violations of section 28 of the Michigan Franchise Investment Law (commonly referred to as the Pyramid Promotion Act –"PPA"), MCL 445.1528, for operating an illegal pyramid or for

violations of the Michigan Consumer Protection Act ("CPA"), MCL 445.901 et seq., or any other law if the violations occur after the date the Court enters this Consent Judgment.

9.6 Notwithstanding the provision set forth above, if Defendant, any successor in interest or any other person or entity acting on Defendant's behalf, is successful in avoiding the refund as provided in Section six (6) or the reimbursement under Section seven (7), then any release shall be null and void as to all parties covered by the release and for all conduct covered by the release.

9.7 Upon entry of this Consent Judgment, the complaint is dismissed with prejudice, subject to each party's right to enforce the Consent Judgment.

10. GENERAL PROVISIONS

10.3 Defendant agrees not to contest (a) the authority of the Department of Attorney General to execute this Consent Judgment; or, (b) any terms or conditions set forth herein.

10.4 The Parties agree that the terms and conditions of the Consent Judgment are fair, reasonable and consistent with the public interest and the doctrines of applicable law.

10.5 This Consent Judgment shall be binding upon, inure to the benefit of, and apply to the parties and their successors-in-interest. This Consent Judgment shall not create any private rights or causes of action in any third parties.

10.6 This Consent Judgment is entered into by the parties as their own free and voluntary act and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed by this Consent Judgment. Each party represents

and warrants that no offers, agreements or inducements of any nature whatsoever (except as expressly set forth herein) have been made to it by the other party to procure this Consent Judgment.

10.7 Neither Defendant nor anyone acting on its behalf shall state or imply or cause to be stated or implied that the State of Michigan, the Attorney General, or any other governmental unit of the State of Michigan has approved, sanctioned, or authorized any practice, act, advertisement or conduct of the Defendant.

10.8 This Consent Judgment may only be enforced by the parties hereto and in the manner set forth in Section eight (8).

10.9 The titles and headers to each section of this Consent Judgment are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the Consent Judgment.

10.10 This document shall not be construed against the "drafter" because both parties participated in the drafting of this document.

10.11 As used herein, the plural shall refer to the singular and the singular shall refer to the plural and the masculine and the feminine and the neuter shall refer to the other, as the context requires.

10.12 Nothing in this Consent Judgment constitutes any agreement by the parties concerning the characterization of the amounts paid hereunder for purposes of any proceeding under the Internal Revenue Code or any state tax laws.

10.13 Any failure by any party to this Consent Judgment to insist upon the strict performance by any other party of any of the provisions of this Consent Judgment shall not be deemed a waiver of any of the provisions of this Consent Judgment, and such

party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Consent Judgment and the imposition of any applicable penalties, including but not limited to contempt, civil penalties and/or the payment of reasonable and appropriate attorneys' fees to the State of Michigan related thereto.

10.14 If any clause, provision or section of this Consent Judgment shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Consent Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein. Provided however, that if any portion of Section six (6) or seven (7) is declared illegal, invalid, or unenforceable for any reason, this entire Consent Judgment shall be null and void at the election of the Michigan Attorney General.

10.15 Time shall be of the essence with respect to each provision of this Consent Judgment that requires action to be taken by either party within a stated time period or upon a specified date.

10.16 This Consent Judgment sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Consent Judgment that are not fully expressed herein or attached hereto.

10.17 Nothing in this Consent Judgment shall be construed to waive any claims of Sovereign Immunity the State of Michigan may have in any action or proceeding.

11. REPRESENTATIONS AND WARRANTIES

11.1 The parties represent and warrant that their signatories to this Consent Judgment have authority to act for and bind the respective parties.

11.2 The parties represent and warrant that this Consent Judgment is the result of good faith negotiations. The parties represent and warrant that they will implement the terms of this Judgment in good faith and in a fair and reasonable manner.

12. APPLICABLE LAW

12.1 This Consent Judgment shall be construed in accordance with and governed by the internal laws of the State of Michigan.

13. NOTICES UNDER THIS JUDGMENT

13.1 All notices, deliveries or other communications required or permitted hereunder shall be in writing and shall be deemed given when sent by facsimile transmission and confirmed by certified or registered mail (unless otherwise specified) addressed as follows:

a. If to the Attorney General:

Assistant in Charge
Consumer Protection Division
PO Box 30213
Lansing, Michigan 48909

b. If to Defendant:

Stewart B. Giardina
PowerCard International, Inc.
Suite 203
6483 Van Buren Street
Daphne, Alabama 36526

13.2 Defendant shall fully advise all present and future management officials having administrative, sales, advertising or policy responsibilities of the contents and requirements of this Consent Judgment.

13.3 Defendant shall incorporate within its existing or future training meetings and seminar programs a training session that shall emphasize compliance with the rules and policies consistent with this Consent Judgment.

14. FORBEARANCE ON EXECUTION AND DEFAULT

14.1 Defendant agrees to pay all reasonable attorneys' fees and costs, including but not limited to court costs, associated with any successful collection efforts under this Consent Judgment by the Attorney General or its representative.

14.2 On the day of entry of this Consent Judgment, Defendant shall provide the Attorney General with a current address and telephone number where it can be contacted and served with process in the event of default on its monetary obligations under this Consent Judgment. Defendant shall further be required to provide any new address, telephone number and facsimile number within five (5) days of relocating to a new address or of obtaining a new telephone/facsimile number. Service upon the Defendant for the purposes of enforcing the monetary portion of this Consent Judgment in the event of default shall be effective upon mailing a notice via first class mail and facsimile transmissions. If there is no response within ten (10) business days, the Attorney General may obtain a default judgment or other adverse ruling.

14.3 Defendant agrees that if Defendant defaults on any monetary payments or in the event Defendant substantially fails to make restitution payments under Section six (6), then the State shall be able to seek any remedies available at law including but not limited to statutory interest.

14.4 In the event Defendant should enter bankruptcy, Defendant agrees not to oppose any motion for the entry of orders granting relief from any stay for the Attorney General to proceed to judgment in any civil action. The Attorney General will make no efforts to enforce any monetary judgment herein except as permitted by bankruptcy law.

14.5 In the event of default of any monetary provision of this Consent Judgment or any proceeding based upon the monetary amount, Defendant agrees that all statements and allegations set forth in the Attorney General's complaint in intervention shall be deemed to be admitted for the limited purpose of establishing the nature and the amount of the debt owed.

14.6 The parties expressly warrant that in evaluating whether to execute this Consent Judgment the parties:

(A) represent that the mutual promises, covenants and obligations set forth herein constitute a contemporaneous exchange for new value given to Defendant, within the meaning of 11 U.S.C. § 547(c)(1); and

(B) agree that these mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange;

14.7 The Defendant is receiving reasonably equivalent value, so as to take these promises, covenants and obligations outside the purview of 11 U.S.C. § 548 (a)(1)(B)(i).

14.8 Defendant shall give written notice of any bankruptcy filing to:

Assistant in Charge
Consumer Protection Division
Office of the Michigan Attorney General
Post Office Box 30213
Lansing, MI 48909
Telephone: 517-335-0855
Facsimile: 517-335-1935

15. PENALTIES FOR FAILURE TO COMPLY

15.1 Any knowing violation of the terms of this Consent Judgment shall be punishable by a civil penalty of not more than five thousand dollars ($5,000.00) for each violation, in addition to any other appropriate relief (which the State contends includes but is not limited to the recovery of reasonable costs and expenses of the investigation and prosecution, including costs and contempt).

15.2 The Attorney General shall have the authority to enforce the injunctive provisions of this Consent Judgment or to seek sanctions for violations hereof or both.

15.3 Nothing herein shall be construed to exonerate any contempt or failure to comply with any provision of this Consent Judgment after the date of its entry, to compromise the authority of the Attorney General to initiate a proceeding for any contempt or other sanctions for failure to comply, or to compromise the authority of the court to punish as contempt any violation of this Consent Judgment. Further, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State of Michigan.

16. PRIVATE RIGHT OF ACTION

16.1 Nothing in this Consent Judgment shall affect the right of a consumer to commence a private cause of action against Defendant for claims that have not been released by operation of the claim form. Further, nothing in this Consent Judgment may prevent Defendant from raising any defenses it may have in any private right of action, including a claim of set-off for any restitution received under this Consent Judgment by a particular consumer.

17. PAYMENT OF COURT COSTS

17.1 All court costs associated with the entry and approval of this Consent Judgment shall be borne by Defendant. No costs shall be taxed to the State. Further, no discretionary costs shall be taxed to the State.

IT IS SO ORDERED, ADJUDGED AND DECREED.

_____
HONORABLE ROBERT WILTERS
CIRCUIT COURT JUDGE
BALDWIN COUNTY, ALABAMA

JOINTLY APPROVED AND SUBMITTED FOR ENTRY:

JENNIFER M. GRANHOLM
Attorney General of Michigan
On behalf of the People of the State of Michigan

_____ Dated: _____

H. William Wasden, Esq.
Special Assistant Attorney General
State of Michigan
Of Counsel:
Pierce, Ledyard, Latta, Wasden
& Bowron, P.C.
Post Office Box 16046
Mobile, Alabama 36616
(251) 344-5151
(251) 344-9696 (Fax)

Katharyn A. Barron (P45363)
First Assistant Attorney General
Consumer Protection Division
PO Box 30213
Lansing, MI 48909
517-335-0855; FAX 517-335-1935

POWERCARD INTERNATIONAL, INC. d/b/a KM.NET

_____ Dated:_____

Daniel Blackburn, Esq.
Counsel for PowerCard International, Inc. d/b/a KM.NET
P.O. Box 458
Bay Minette, AL 36507
(251) 937-1750
(251) 937-1785 (Fax)

_____ Dated:_____

Stewart Giardina
President and CEO