

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

MAY 24 2011

JAMES W. McCORMACK, CLERK
By: *[Signature]* DEP. CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

SYLVAN LEARNING, INC., *et al.*,

Plaintiffs,

v.

PCAG, INC., *et al.*,

Defendants.

Case No.: 4:11-CV-398-BSM

PRELIMINARY AND PERMANENT INJUNCTION CONSENT ORDER

Plaintiff Sylvan Learning, Inc. ("SLI") and Defendants PCAG, Inc. and Anthony P. Gagliardo (collectively the "Defendants") hereby consent to the entry of the following Preliminary and Permanent Injunction in the above-captioned action:

ORDERED that Defendants PCAG, Inc. and Anthony P. Gagliardo (collectively the "Defendants"), their officers, agents, representatives, employees, and all other persons acting for, on behalf of, or in concert with Defendants who receive actual notice of this Order by personal service or otherwise, are hereby preliminarily and permanently ENJOINED pursuant to this Order, the terms of which are set forth below:

1. Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with them, shall not use any or all of the trademarks, service marks, or trade names associated with SLI for any purpose;

2. Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with them, shall comply with all post-termination obligations of

the Little Rock License Agreement and the Ace it! License Agreement, including, but not necessarily limited to, Defendants' obligation to:

a. immediately cease to do business under any name incorporating or similar to Sylvan and cease using any and all of the SLI Marks, Ace it! Marks, proprietary programs, systems, techniques, or materials;

b. immediately return to SLI all proprietary, confidential or trade secret materials in its possession, custody or control including without limitation, all student records, the Confidential Operating Manual(s), all computer software and database material, customer lists, records and files;

c. immediately remove and destroy all signs, designs and insignia in any way indicating or suggesting that Defendants' business establishment is related to or connected with SLI, its subsidiaries or affiliates, or any of SLI's licensees;

d. immediately cease using telephone number (510) 868-7068, which is associated with Defendants' former Sylvan Learning franchise; and

e. immediately refrain from engaging in any and all contacts with customers, whether with respect to providing service to customers, or for any other purpose whatsoever; and

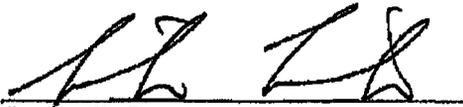
3. Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with them, shall not violate the terms of the non-compete provisions of the Little Rock License Agreement and the Ace it! License Agreement. In particular, Defendants shall not, for a period of two (2) years after termination of the Little Rock License Agreement and the Ace it! License Agreement, engage as owners, operators, or in any managerial capacity in any educational business offering individualized diagnostic tests or

academic or prescriptive educational programs which are designed to be personally taught, supervised or administered by trained instructors, or in any educational business offering programs or services competitive with programs or services available at the Sylvan Learning Center or through the Ace it! System during the term of the Little Rock License Agreement and the Ace it! License Agreement with SLI and at the time of termination, and which programs or services Defendants offered at their Center during the two (2) year period prior to the termination of the Little Rock License Agreement and the Ace it! License Agreement within the Territory identified in the License Agreements or at any location less than five (5) miles from the Territory boundary, other than as an authorized licensee of another Sylvan Center.

4. Notwithstanding the terms of Paragraph 3 set forth above, Defendants shall be permitted to act as consultants for any new owner(s) of the subject Little Rock, Arkansas Sylvan Learning Center identified in the Little Rock License Agreement and the Ace it! License Agreement, subject to SLI's approval of such new owner(s) pursuant to the terms of the License Agreements, and subject to the new owner(s) desire and agreement for such a relationship with Defendants.

5. Defendants shall comply fully with all terms of this Order by 5:00 p.m. EST on May 23, 2011.

AGREED TO:



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Application for Pro Hac Vice Being Submitted for

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Attorneys for Defendants

SO ORDERED this 23rd day of May 2011 at 11:06 a.m.

5-24-2011
Date



The Hon. Brian S. Miller
United States District Court Judge