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FEDERAL TRADE COMMISSION

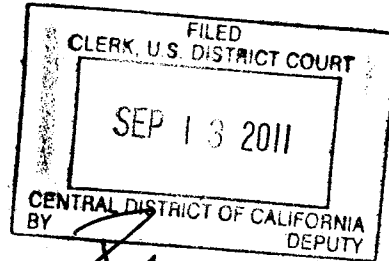
UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,  
Plaintiff,

v.

FORENSIC CASE MANAGEMENT  
SERVICES, INC. d/b/a Commercial  
Investigations, Inc., FCMS, Inc., Commercial  
Recovery Solutions, Inc., and Rumson,  
Bolling & Associates, a California  
corporation; SPECIALIZED RECOVERY,  
INC. d/b/a Joseph, Steven & Associates and  
Specialized Debt Recovery, a California  
corporation; COMMERCIAL  
RECEIVABLES ACQUISITION, INC. d/b/a  
Commercial Recovery Authority, Inc. and  
The Forwarding Company, a California  
corporation; DAVID M. HYNES II a/k/a  
David M. Hynes, Jr.; JAMES HYNES;  
KEVIN MEDLEY; HEATHER TRUE;  
FRANK E. LINDSTROM, JR.; and  
LORENA QUIROZ-HYNES a/k/a Lorena  
Quiroz and Lorena Hynes,

Defendants.



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CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

LACV11-7484 [Handwritten initials]

Case No.:

~~PROPOSED~~ EX PARTE  
TEMPORARY  
RESTRAINING ORDER  
WITH AN ASSET  
FREEZE, APPOINTMENT  
OF RECEIVER,  
EXPEDITED DISCOVERY,  
AND OTHER EQUITABLE  
RELIEF, AND ORDER TO  
SHOW CAUSE WHY A  
PRELIMINARY  
INJUNCTION SHOULD  
NOT BE ENTERED

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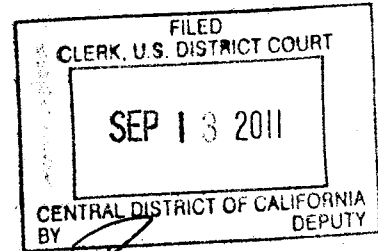
12 UNITED STATES DISTRICT COURT  
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA

14 FEDERAL TRADE COMMISSION,  
15 Plaintiff,

16 v.

17 FORENSIC CASE MANAGEMENT  
18 SERVICES, INC. d/b/a Commercial  
Investigations, Inc., FCMS, Inc., Commercial  
19 Recovery Solutions, Inc., and Rumson,  
Bolling & Associates, a California  
20 corporation; SPECIALIZED RECOVERY,  
INC. d/b/a Joseph, Steven & Associates and  
21 Specialized Debt Recovery, a California  
corporation; COMMERCIAL  
22 RECEIVABLES ACQUISITION, INC. d/b/a  
Commercial Recovery Authority, Inc. and  
23 The Forwarding Company, a California  
corporation; DAVID M. HYNES II a/k/a  
24 David M. Hynes, Jr.; JAMES HYNES;  
KEVIN MEDLEY; HEATHER TRUE;  
25 FRANK E. LINDSTROM, JR.; and  
LORENA QUIROZ-HYNES a/k/a Lorena  
26 Quiroz and Lorena Hynes,

27 Defendants.  
28



LACV11-7484RGK/SSJ  
Case No.:

~~PROPOSED~~ EX PARTE  
TEMPORARY  
RESTRAINING ORDER  
WITH AN ASSET  
FREEZE, APPOINTMENT  
OF RECEIVER,  
EXPEDITED DISCOVERY,  
AND OTHER EQUITABLE  
RELIEF, AND ORDER TO  
SHOW CAUSE WHY A  
PRELIMINARY  
INJUNCTION SHOULD  
NOT BE ENTERED

1 Plaintiff, the Federal Trade Commission (“FTC”), pursuant to Sections 13(b)  
2 and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b)  
3 and 57b, and Section 814(a) of the Fair Debt Collection Practices Act (“FDCPA”),  
4 15 U.S.C. § 1692l(a), has filed a Complaint for a permanent injunction and other  
5 equitable relief, including restitution to consumers, and applied for a temporary  
6 restraining order pursuant to Rule 65(b) of the Federal Rules of Civil Procedure.

7 **FINDINGS OF FACT**

8 This Court, having considered the FTC’s Complaint, *ex parte* application,  
9 declarations, exhibits, and memoranda filed in support of the FTC’s application,  
10 and the evidence presented by all parties, finds that:

- 11 1. This Court has jurisdiction over the subject matter of this case, there is good  
12 cause to believe it will have jurisdiction over all the parties hereto, and  
13 venue in this district is proper;
- 14 2. There is good cause to believe that Defendants Forensic Case Management  
15 Services, Inc. (d/b/a Commercial Investigations, Inc., FCMS, Inc.,  
16 Commercial Recovery Solutions, Inc., and Rumson, Bolling & Associates),  
17 a California corporation; Specialized Recovery, Inc. (d/b/a Joseph, Steven &  
18 Associates and Specialized Debt Recovery), a California corporation; and  
19 Commercial Receivables Acquisition, Inc. (d/b/a Commercial Recovery  
20 Authority, Inc. and The Forwarding Company), a California corporation;  
21 David M. Hynes II; James Hynes; Kevin Medley; Heather True; Frank E.  
22 Lindstrom, Jr., and Lorena Quiroz-Hynes have engaged and are likely to  
23 continue to engage in acts or practices that violate Section 5(a) of the FTC  
24 Act, 15 U.S.C. § 45(a), and the FDCPA, 15 U.S.C. § 1692-1692p, and that  
25 the FTC is therefore likely to prevail on the merits of this action;
- 26 3. There is good cause to believe that immediate and irreparable harm will  
27 result from Defendants’ ongoing violations of Section 5(a) of the FTC Act  
28 and the FDCPA unless Defendants are restrained and enjoined by Order of

1 this Court;

2 4. There is good cause to believe that immediate and irreparable damage to the  
3 Court's ability to grant effective final relief for consumers in the form of  
4 monetary restitution and disgorgement of ill-gotten gains will occur from the  
5 transfer, dissipation, or concealment by Defendants of their assets or  
6 business records unless Defendants continue to be restrained and enjoined  
7 by Order of this Court; and that in accordance with Fed. R. Civ. P. 65(b), the  
8 interest of justice requires that the FTC's application be heard *ex parte*  
9 without prior notice to Defendants. Therefore, there is good cause for  
10 relieving the FTC of the duty to provide Defendants with prior notice of the  
11 FTC's application;

12 5. Good cause exists for appointing a temporary receiver over Defendants  
13 Forensic Case Management Services, Inc. (d/b/a Commercial Investigations,  
14 Inc., FCMS, Inc., Commercial Recovery Solutions, Inc., and Rumson,  
15 Bolling & Associates); Specialized Recovery, Inc. (d/b/a Joseph, Steven &  
16 Associates and Specialized Debt Recovery); and Commercial Receivables  
17 Acquisition, Inc. (d/b/a Commercial Recovery Authority, Inc. and The  
18 Forwarding Company); permitting the FTC immediate access to Defendants'  
19 business premises; and permitting the FTC to take expedited discovery;

20 6. Weighing the equities and considering the FTC's likelihood of ultimate  
21 success, a temporary restraining order with an asset freeze, expedited  
22 discovery as to the existence and location of assets and documents, and other  
23 equitable relief is in the public interest; and

24 7. No security is required of any agency of the United States for issuance of a  
25 restraining order. Fed. R. Civ. P. 65.

26 **ORDER**

27 **Definitions**

28 For the purposes of this Order, the following definitions shall apply:

- 1 A. “Assets” means any legal or equitable interest in, right to, or claim to, any  
2 real, personal, or intellectual property of any Defendants, or held for the  
3 benefit of any Defendants, wherever located, whether in the United States or  
4 abroad, including, but not limited to, chattel, goods, instruments, equipment,  
5 fixtures, general intangibles, effects, leaseholds, contracts, mail or other  
6 deliveries, shares of stock, inventory, checks, notes, accounts, credits,  
7 receivables (as those terms are defined in the Uniform Commercial Code),  
8 cash, and trusts, including but not limited to any trust held for the benefit of  
9 any Defendant, any of the Individual Defendants’ minor children, or any of  
10 the Individual Defendants’ spouses, and shall include both existing assets  
11 and assets acquired after the date of entry of this Order.
- 12 B. “Corporate Defendants” means Forensic Case Management Services, Inc.  
13 (also d/b/a Commercial Investigations, Inc., FCMS, Inc., Commercial  
14 Recovery Solutions, Inc., and Rumson, Bolling & Associates), a California  
15 corporation; Specialized Recovery, Inc. (also d/b/a Joseph, Steven &  
16 Associates and Specialized Debt Recovery), a California corporation; and  
17 Commercial Receivables Acquisition, Inc. (also d/b/a Commercial Recovery  
18 Authority, Inc. and The Forwarding Company), a California corporation;  
19 and their successors, assigns, affiliates, or subsidiaries, and each of them by  
20 whatever names each might be known.
- 21 C. “Defendants” means all of the Individual Defendants and the Corporate  
22 Defendants, individually, collectively, or in any combination, and each of  
23 them by whatever names each might be known.
- 24 D. “Debt” means any obligation or alleged obligation to pay money arising out  
25 of a transaction, whether or not such obligation has been reduced to  
26 judgment.
- 27 E. “Document” or “Electronically Stored Information” is synonymous in  
28 meaning and equal in scope to the usage of the terms in Rule 34(a) of the

1 Federal Rules of Civil Procedure and includes:

2 1. The original or a true copy of any written, typed, printed,  
3 electronically stored, transcribed, taped, recorded, filmed, punched, or  
4 graphic matter or other data compilations of any kind, including, but  
5 not limited to, letters, email or other correspondence, messages,  
6 memoranda, interoffice communications, notes, reports, summaries,  
7 manuals, magnetic tapes or discs, tabulations, books, records, checks,  
8 invoices, work papers, journals, ledgers, statements, returns, reports,  
9 schedules, or files; and

10 2. Any electronically stored information stored on any Blackberrys, flash  
11 drives, personal digital assistants (“PDAs”), desktop personal  
12 computer and workstations, laptops, notebooks, and other portable  
13 computers, or other electronic storage media, whether assigned to  
14 individuals or in pools of computers available for shared use; and  
15 home computers used for work-related purposes; backup disks and  
16 tapes, archive disks and tapes, and other forms of offline storage,  
17 whether stored onsite with the computer used to generate them, stored  
18 offsite in another company facility, or stored, hosted, or otherwise  
19 maintained offsite by a third-party; and computers and related offline  
20 storage used by Defendants or Defendants’ participating associates,  
21 which may include persons who are not employees of the company or  
22 who do not work on company premises.

23 F. “Electronic Data Host” means any person or entity that stores, hosts, or  
24 otherwise maintains electronically stored information.

25 G. “Financial institution” means any bank, savings and loan institution, credit  
26 union, or any financial depository of any kind, including, but not limited to,  
27 any brokerage house, trustee, broker-dealer, escrow agent, title company,  
28 commodity trading company, or precious metal dealer.

- 1 H. "Individual Defendants" means David M. Hynes II a/k/a David Hynes, Jr.,  
2 James Hynes, Kevin Medley, Heather True, Frank E. Lindstrom, Jr., and  
3 Lorena Quiroz-Hynes, a/k/a Lorena Quiroz and Lorena Hynes, and each of  
4 them by whatever names each might be known.
- 5 I. "Material fact" means any fact that is likely to affect a person's choice of, or  
6 conduct regarding, goods or services.
- 7 J. "Person" means any individual, group, unincorporated association, limited  
8 or general partnership, corporation, or other business entity.
- 9 K. "Receiver" means the temporary receiver appointed by the Court herein.
- 10 L. "Receivership Defendants" means Forensic Case Management Services, Inc.  
11 (also d/b/a Commercial Investigations, Inc., FCMS, Inc., Commercial  
12 Recovery Solutions, Inc., and Rumson, Bolling & Associates), a California  
13 corporation; Specialized Recovery, Inc. (also d/b/a Joseph, Steven &  
14 Associates and Specialized Debt Recovery), a California corporation; and  
15 Commercial Receivables Acquisition, Inc. (also d/b/a Commercial Recovery  
16 Authority, Inc. and The Forwarding Company), a California corporation;  
17 and their successors, assigns, affiliates, or subsidiaries, and each of them by  
18 whatever names each might be known that conduct any business related to  
19 Defendants' debt collection business and which the Receiver has reason to  
20 believe are owned or controlled in whole or in part by any of the Defendants.
- 21 M. The words "and" and "or" shall be understood to have both conjunctive and  
22 disjunctive meanings as necessary to make the applicable phrase or sentence  
23 inclusive rather than exclusive.

24 **I.**

25 **PROHIBITION AGAINST USE OF DECEPTION AND**  
26 **MISREPRESENTATION IN DEALING WITH CLIENTS AND**  
27 **POTENTIAL CLIENTS**

28 **IT IS THEREFORE ORDERED** that in connection with offering their  
services to creditors and other clients, Defendants and their officers, agents,

1 servants, employees, and attorneys, and all other persons or entities in active  
2 concert or participation with any of them who receive actual notice of this Order by  
3 personal service, facsimile, email, or otherwise, each are hereby temporarily  
4 restrained and enjoined from, directly or indirectly:

5 A. Violating Section 5 of the FTC Act, 15 U.S.C. § 45, by engaging in unfair or  
6 deceptive acts or practices, including but not limited to:

- 7 1. Misrepresenting, directly or by implication, that if Defendants collect  
8 money from the alleged debtor, Defendants will forward the collected  
9 amount, minus a contingency fee for debt collection services, to the  
10 creditor on whose behalf Defendants propose to conduct debt  
11 collection services;
- 12 2. Misrepresenting, directly or by implication, that Defendants have  
13 identified or located at least some of the alleged debtor's assets, which  
14 can be used toward the satisfaction of the alleged debt;
- 15 3. Misrepresenting, directly or by implication, that Defendants will  
16 undertake certain legal actions, such as the filing of a collection  
17 lawsuit, the garnishment of wages, or seizure of assets; or
- 18 4. Misrepresenting, directly or by implication, that collection of at least  
19 some of the money owed on the alleged debt is guaranteed if the  
20 creditor on whose behalf Defendants propose to conduct debt  
21 collection services pays Defendants a fee to initiate the specified legal  
22 action(s).

23 **II.**

24 **PROHIBITION AGAINST USE OF DECEPTION,  
25 MISREPRESENTATION, ABUSE, AND HARASSMENT  
26 IN DEBT COLLECTION**

27 **IT IS THEREFORE ORDERED** that in connection with the collection or  
28 attempted collection of any debt, Defendants and their officers, agents, servants,  
employees, and attorneys, and all other persons or entities in active concert or



1 participation with any of them who receive actual notice of this Order by personal  
2 service, facsimile, email, or otherwise, each are hereby temporarily restrained and  
3 enjoined from, directly or indirectly:

4 A. Violating the FDCPA, 15 U.S.C. § 1692-1692p, including but not limited to:

- 5 1. Violating Section 805(b) of the FDCPA, 15 U.S.C. § 1692c(b), by  
6 communicating with third parties for purposes other than acquiring  
7 location information about a consumer, without having obtained  
8 directly the prior consent of the consumer or the express permission of  
9 a court of competent jurisdiction, and when not reasonably necessary  
10 to effectuate a postjudgment judicial remedy;
- 11 2. Violating Section 806 of the FDCPA, 15 U.S.C. § 1692d, by engaging  
12 in conduct the natural consequence of which is to harass, oppress, or  
13 abuse a person, including, but not limited to: (a) using or threatening  
14 to use violence or other criminal means to harm the physical person,  
15 reputation, or property of any person, in violation of Section 806(1) of  
16 the FDCPA, 15 U.S.C. § 1692d(1); (b) using obscene or profane  
17 language or language the natural consequence of which is to abuse the  
18 hearer, in violation of Section 806(2) of the FDCPA, 15 U.S.C.  
19 § 1692d(2); and (c) causing a telephone to ring or engaging a person  
20 in telephone conversation repeatedly or continuously with the intent to  
21 annoy, abuse, or harass a person at the number called, in violation of  
22 Section 806(5) of the FDCPA, 15 U.S.C. § 1692d(5); or
- 23 3. Violating Section 807 of the FDCPA, 15 U.S.C. § 1692e, by using  
24 false, deceptive, or misleading representations or means, including,  
25 but not limited to: (a) falsely representing or implying that  
26 nonpayment of a debt will result in the arrest or imprisonment of a  
27 person or seizure, garnishment, or attachment of a person's property  
28 or wages, when such action is not lawful or when Defendants have no

1 intention of taking such action, in violation of Section 807(4) of the  
2 FDCPA, 15 U.S.C. § 1692e(4); (b) threatening to take action that is  
3 not lawful or that Defendants do not intend to take, such as filing a  
4 lawsuit, in violation of Section 807(5) of the FDCPA, 15 U.S.C.  
5 § 1692(5); (c) falsely representing or implying to consumers that they  
6 will be responsible for paying Defendants' or the creditor's legal fees  
7 and costs associated with litigation if Defendants cause a lawsuit to be  
8 filed to collect the debt, in violation of Section 807(10) of the  
9 FDCPA, 15 U.S.C. § 1692e(10); and (d) falsely representing that any  
10 payments will be applied in whole or partial satisfaction of the debt, in  
11 violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10).

12 B. Making, or assisting others in making, any false, deceptive, or misleading  
13 representation of material fact, either expressly or by implication, orally or  
14 in writing, including, but not limited to: (a) using any false, deceptive, or  
15 misleading representation or means to collect or attempt to collect a debt or  
16 to obtain information concerning a consumer; or (b) making any false,  
17 deceptive, or misleading representation that:

- 18 1. Nonpayment of a debt will result in a consumer's arrest or  
19 imprisonment or lead to seizure, garnishment, or attachment of a  
20 consumer's property or wages, if such action is not lawful or if  
21 Defendants have no intention of taking such action;
- 22 2. Defendants will take any action that is not lawful or that they do not  
23 intend to take, such as filing a lawsuit, if the consumer does not pay  
24 the alleged debt to Defendants;
- 25 3. Consumers will be liable for Defendants' legal costs if the consumer  
26 does not pay the alleged debt to Defendants; or
- 27 4. That any payments made by the consumer toward an alleged debt will  
28 be applied by Defendants in whole or partial satisfaction of the alleged

1 debt;

2 C. Communicating with third parties for purposes other than acquiring location  
3 information about a consumer, without having obtained directly the prior  
4 consent of the consumer or the express permission of a court of competent  
5 jurisdiction, and when not reasonably necessary to effectuate a postjudgment  
6 judicial remedy; and

7 D. Engaging in conduct the natural consequence of which is to harass, oppress,  
8 or abuse a person, including, but not limited to:

- 9 1. using or threatening to use violence or other criminal means to harm  
10 the physical person, reputation, or property of any person;  
11 2. using obscene or profane language or language the natural  
12 consequence of which is to abuse the hearer; or  
13 3. causing a telephone to ring or engaging a person in telephone  
14 conversation repeatedly or continuously with the intent to annoy,  
15 abuse, or harass a person at the number called.

16 **III.**

17 **ASSET FREEZE**

18 **IT IS FURTHER ORDERED** that Defendants, and their officers, agents,  
19 servants, employees, and attorneys, and all persons or entities directly or indirectly  
20 under the control of any of them, including any financial institution, and all other  
21 persons or entities in active concert or participation with any of them who receive  
22 actual notice of this Order by personal service, facsimile, email, or otherwise, each  
23 are hereby temporarily restrained and enjoined from directly or indirectly:

24 A. Selling, liquidating, assigning, transferring, converting, loaning,  
25 hypothecating, disbursing, gifting, conveying, encumbering, pledging,  
26 concealing, dissipating, spending, withdrawing, or otherwise disposing of  
27 any funds, real or personal property, or other assets or any interest therein,  
28 wherever located, including any assets outside the territorial United States,

1 that are:

- 2 1. in the actual or constructive possession of any Defendant;
- 3 2. owned or controlled by, or held, in whole or in part for the benefit of,  
4 or subject to access by, or belonging to, any Defendant; or
- 5 3. in the actual or constructive possession of, or owned or controlled by,  
6 or subject to access by, or belong to, any corporation, partnership,  
7 trust or other entity directly or indirectly owned, managed or under the  
8 control of any Defendant;

9 B. Opening, or causing to be opened, any safe deposit boxes titled in the name  
10 of any Defendant, or subject to access by any Defendant;

11 C. Incurring charges on any credit card, stored value card, debit card or charge  
12 card issued in the name, singly or jointly, of any Defendant or any other  
13 entity directly or indirectly owned, managed or controlled by any Defendant;

14 D. Obtaining a personal or secured loan;

15 E. Cashing any checks from consumers, clients, or customers of any  
16 Defendant; or

17 F. Transferring any funds or other assets subject to this Order for attorneys'  
18 fees or living expenses, except from accounts or other assets identified by  
19 prior written notice to the FTC; *provided that* no attorneys' fees or living  
20 expenses, other than those set forth in Subparagraph G of this Paragraph III,  
21 and only in accordance with the procedures set forth in Subparagraph G of  
22 this Paragraph III, shall be paid from funds or other assets subject to this  
23 Order until the financial statements required by Paragraph V are provided to  
24 counsel for the FTC.

25 G. Notwithstanding the above, following the submission of all of the financial  
26 statements required by Paragraph V, any Defendant may make a one-time-  
27 only payment of up to \$1,000 from his personal funds for necessary living  
28 expenses and/or attorneys' fees. No such expense, however, shall be paid

1 from funds subject to this Order except from cash on the person of any  
2 Defendant, or from an account designated by prior written notice to counsel  
3 for the FTC.

4 **IT IS FURTHER ORDERED** that the funds, property, and assets affected  
5 by this Paragraph shall include: (a) all assets of each Defendant as of the time this  
6 Order is entered, and (b) those assets obtained after entry of this Order that are  
7 obtained from any debt collection activities that predate the entry of this Order.  
8 Defendants shall hold, preserve, and retain all assets, including, but not limited to,  
9 payments, loans, and gifts, received after service of this Order that are not obtained  
10 from any debt collection activities that predate the entry of this Order.

11 **IV.**

12 **RETENTION OF ASSETS AND DOCUMENTS BY THIRD PARTIES**

13 **IT IS FURTHER ORDERED** that, pending determination of the FTC's  
14 request for a preliminary injunction, any financial or brokerage institution,  
15 business entity, electronic data host, or person served with a copy of this Order that  
16 holds, controls, or maintains custody of any account, document, electronically  
17 stored information, or asset of, on behalf of, in the name of, for the benefit of,  
18 subject to withdrawal by, subject to access or use by, or under the signatory power  
19 of any Defendant or other party subject to Paragraph III above, or has held,  
20 controlled, or maintained any such account, document, electronically stored  
21 information, or asset at any time since January 1, 2008, shall:

22 A. Hold, preserve, and retain within such entity's or person's control, and  
23 prohibit the withdrawal, removal, alteration, assignment, transfer, pledge,  
24 hypothecation, encumbrance, disbursement, dissipation, conversion, sale,  
25 liquidation, or other disposal of such account, document, electronically  
26 stored information, or asset held by or under such entity's or person's  
27 control, except as directed by further order of the Court or as directed in  
28 writing by the Receiver regarding accounts, documents, or assets held in the

- 1 name of or benefit of any Receiver Defendant;
- 2 B. Provide the Receiver, the Receiver's agents, the FTC, and the FTC's agents
- 3 immediate access to electronically stored information stored, hosted, or
- 4 otherwise maintained on behalf of Defendants for forensic imaging;
- 5 C. Deny access to any safe deposit boxes that are either titled in the name,
- 6 individually or jointly, or subject to access by, any Defendant or other party
- 7 subject to Paragraph III above; and
- 8 D. Provide to counsel for the FTC and the Receiver, within one (1) business
- 9 day, a sworn statement setting forth:
- 10 1. the identification of each account or asset titled in the name,
- 11 individually or jointly, or held on behalf of or for the benefit of,
- 12 subject to withdrawal by, subject to access or use by, or under the
- 13 signatory power of any Defendant or other party subject to Paragraph
- 14 III above, whether in whole or in part;
- 15 2. the balance of each such account, or a description of the nature and
- 16 value of such asset, as of the close of business on the day on which
- 17 this Order is served;
- 18 3. the identification of any safe deposit box that is either titled in the
- 19 name of, individually or jointly, or is otherwise subject to access or
- 20 control by, any Defendant or other party subject to Paragraph III
- 21 above, whether in whole or in part; and
- 22 4. if the account, safe deposit box, or other asset has been closed or
- 23 removed, the date closed or removed, the balance on said date, and the
- 24 name or the person or entity to whom such account or other asset was
- 25 remitted;
- 26 E. Provide counsel for the FTC and the Receiver, within three (3) business days
- 27 after being served with a request, copies of all documents pertaining to such
- 28 account or asset, including but not limited to originals or copies of account

1 applications, account statements, signature cards, checks, drafts, deposit  
2 tickets, transfers to and from the accounts, all other debit and credit  
3 instruments or slips, currency transaction reports, 1099 forms, and safe  
4 deposit box logs; provided that such institution or custodian may charge a  
5 reasonable fee; and

6 F. Cooperate with all reasonable requests of the Receiver relating to this  
7 Order's implementation.

8 **IT IS FURTHER ORDERED** that the accounts subject to this provision  
9 include existing assets and assets deposited after the effective date of this Order.  
10 This Paragraph shall not prohibit transfers in accordance with any provision of this  
11 Order, or any further order of the Court.

12 **IT IS FURTHER ORDERED** the FTC is granted leave, pursuant to Fed. R.  
13 Civ. P. 45, to subpoena documents immediately from any such financial institution,  
14 account custodian, or other entity concerning the nature, location, status, and extent  
15 of Defendants' accounts, documents, and assets, and compliance with this Order,  
16 and such financial institution, account custodian, or other entity shall respond to  
17 such subpoena within three (3) business days after service.

18 **V.**

19 **FINANCIAL STATEMENTS AND ACCOUNTING**

20 **IT IS FURTHER ORDERED** that each Defendant, within three (3)  
21 business days of service of this Order, shall prepare and deliver to counsel for the  
22 FTC:

23 A. For Individual Defendants, a completed financial statement accurate as of  
24 the date of service of this Order upon such Defendant (unless otherwise  
25 agreed upon with FTC counsel) on the form of Attachment A to this Order  
26 captioned "Form Re: Financial Statement for Individual Defendant."

27 B. For Corporate Defendants, a completed financial statement accurate as of the  
28 date of service of this Order upon such Defendant (unless otherwise agreed

1 upon with FTC counsel) in the form of Attachment B to this Order captioned  
2 “Form Re: Financial Statement for Business Entity Defendant.”

- 3 C. For each Defendant, a completed statement, verified under oath, of all  
4 payments, transfers or assignments of funds, assets, or property worth  
5 \$1,000 or more since January 1, 2008. Such statement shall include: (a) the  
6 amount transferred or assigned; (b) the name of each transferee or assignee;  
7 (c) the date of the transfer or assignment; and (d) the type and amount of  
8 consideration paid the Defendant. Each statement shall specify the name  
9 and address of each financial institution and brokerage firm at which the  
10 Defendant has accounts or safe deposit boxes. Said statements shall include  
11 assets held in foreign as well as domestic accounts.

12 **VI.**

13 **CONSUMER CREDIT REPORTS**

14 **IT IS FURTHER ORDERED** that pursuant to Section 604(1) of the Fair  
15 Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may  
16 furnish to the FTC a consumer report concerning any Defendant.

17 **VII.**

18 **REPATRIATION OF FOREIGN ASSETS**

19 **IT IS FURTHER ORDERED** that, within five (5) business days following  
20 the service of this Order, each Defendant shall:

- 21 A. Provide counsel for the FTC and the Receiver with a full accounting of all  
22 assets, accounts, funds, and documents outside of the territory of the United  
23 States that are held either: (1) by them; (2) for their benefit; (3) in trust by or  
24 for them, individually or jointly; or (4) under their direct or indirect control,  
25 individually or jointly;
- 26 B. Transfer to the territory of the United States all assets, accounts, funds, and  
27 documents in foreign countries held either: (1) by them; (2) for their benefit;  
28 (3) in trust by or for them, individually or jointly; or (4) under their direct or



1 indirect control, individually or jointly;

2 C. Hold and retain all repatriated assets, accounts, funds, and documents, and  
3 prevent any transfer, disposition, or dissipation whatsoever of any such  
4 assets, accounts, funds, or documents except as allowed by Paragraph III of  
5 this Order; and

6 D. Provide the FTC access to all records of accounts or assets of the Corporate  
7 Defendants and Individual Defendants held by financial institutions located  
8 outside the territorial United States by signing the Consent to Release of  
9 Financial Records attached to this Order as Attachment C.

10 **VIII.**

11 **NONINTERFERENCE WITH REPATRIATION**

12 **IT IS FURTHER ORDERED** that Defendants are hereby temporarily  
13 restrained and enjoined from taking any action, directly or indirectly, that may  
14 result in the encumbrance or dissipation of foreign assets, or in the hindrance of the  
15 repatriation required by the preceding Paragraph VII of this Order, including, but  
16 not limited to:

17 A. Sending any statement, letter, fax, email or wire transmission, or telephoning  
18 or engaging in any other act, directly or indirectly, that results in a  
19 determination by a foreign trustee or other entity that a “duress” event has  
20 occurred under the terms of a foreign trust agreement until such time that all  
21 assets have been fully repatriated pursuant to Paragraph VII of this Order; or

22 B. Notifying any trustee, protector, or other agent of any foreign trust or other  
23 related entities of either the existence of this Order, or of the fact that  
24 repatriation is required pursuant to a court order, until such time that all  
25 assets have been fully repatriated pursuant to Paragraph VII of this Order.

26 **IX.**

27 **APPOINTMENT OF RECEIVER**

28 **IT IS FURTHER ORDERED** that Thomas W. McNamara

1 is appointed Receiver for the business activities of Receivership Defendants with  
2 the full power of an equity receiver. The Receiver shall be the agent of this Court  
3 and solely the agent of this Court in acting as Receiver under this Order. The  
4 Receiver shall be accountable directly to this Court. The Receiver shall comply  
5 with any laws and Local Rules of this Court governing receivers, including but not  
6 limited to Local Rules 66-1 through 66-5.1 and Local Rule 66-8.

7 **X.**

8 **DUTIES OF RECEIVER**

9 **IT IS FURTHER ORDERED** that the Receiver is directed and authorized  
10 to accomplish the following:

- 11 A. Assume full control of the Receivership Defendants by removing, as the  
12 Receiver deems necessary or advisable, any director, officer, independent  
13 contractor, employee, or agent of any of the Receivership Defendants,  
14 including any named Defendant, from control of, management of, or  
15 participation in, the affairs of the Receivership Defendants;
- 16 B. Take exclusive custody, control, and possession of all assets, documents,  
17 and electronically stored information of, or in the possession, custody, or  
18 under the control of, the Receivership Defendants, wherever situated. The  
19 Receiver shall have full power to divert mail and to sue for, collect, receive,  
20 take in possession, hold, and manage all assets and documents of the  
21 Receivership Defendants and other persons or entities whose interests are  
22 now held by or under the direction, possession, custody, or control of the  
23 Receivership Defendants. *Provided, however,* that the Receiver shall not  
24 attempt to collect or receive any amount from a consumer if the Receiver  
25 believes the consumer was a victim of the unlawful conduct alleged in the  
26 complaint in this matter;
- 27 C. Take all steps necessary to secure the business premises of the Receivership  
28 Defendants. Such steps may include, but are not limited to, the following, as

1 the Receiver deems necessary or advisable:

- 2 1. serving and filing this Order;
- 3 2. completing a written inventory of all Receivership assets;
- 4 3. obtaining pertinent information from all employees and other agents  
5 of the Receivership Defendants, including, but not limited to, the  
6 name, home address, social security number, job description, method  
7 of compensation, and all accrued and unpaid commissions and  
8 compensation of each such employee or agent, and all computer  
9 hardware and software passwords;
- 10 4. video taping all portions of the location;
- 11 5. securing the location by changing the locks and disconnecting any  
12 computer modems or other means of access to the computer or other  
13 records maintained at that location;
- 14 6. requiring any persons present on the premises at the time this Order is  
15 served to leave the premises, to provide the Receiver with proof of  
16 identification, or to demonstrate to the satisfaction of the Receiver that  
17 such persons are not removing from the premises documents or assets  
18 of the Receivership Defendants; and
- 19 7. requiring all employees, independent contractors, and consultants of  
20 the Receiver Defendants to complete a Questionnaire submitted by the  
21 Receiver;

22 D. Conserve, hold, and manage all Receivership assets, and perform all acts  
23 necessary or advisable to preserve the value of those assets, in order to  
24 prevent any irreparable loss, damage, or injury to consumers or to creditors  
25 of the Receivership Defendants, including, but not limited to, obtaining an  
26 accounting of the assets and preventing transfer, withdrawal, or  
27 misapplication of assets;

28 E. Liquidate any and all securities or commodities owned by or for the benefit

1 of the Receivership Defendants that the Receiver deems to be advisable or  
2 necessary;

3 F. Enter into contracts and purchase insurance as the Receiver deems to be  
4 advisable or necessary;

5 G. Prevent the inequitable distribution of assets and determine, adjust, and  
6 protect the interests of consumers and creditors who have transacted  
7 business with the Receivership Defendants;

8 H. Manage and administer the business of the Receivership Defendants until  
9 further order of this Court by performing all incidental acts that the Receiver  
10 deems to be advisable or necessary, which includes retaining, hiring, or  
11 dismissing any employees, independent contractors, or agents;

12 I. Choose, engage, and employ attorneys, accountants, appraisers, and other  
13 independent contractors and technical specialists, as the Receiver deems  
14 advisable or necessary in the performance of duties and responsibilities  
15 under the authority granted by this Order;

16 J. Make payments and disbursements from the Receivership estate that are  
17 necessary or advisable for carrying out the directions of, or exercising the  
18 authority granted by, this Order. The Receiver shall apply to the Court for  
19 prior approval of any payment of any debt or obligation incurred by the  
20 Receivership Defendants prior to the date of entry of this Order, except  
21 payments that the Receiver deems necessary or advisable to secure assets of  
22 the Receivership Defendants, such as rental payments;

23 K. Determine and implement the manner in which the Receivership Defendants  
24 will comply with, and prevent violations of, this Order and all other  
25 applicable laws, including, but not limited to, revising sales materials and  
26 implementing monitoring procedures;

27 L. Institute, compromise, adjust, appear in, intervene in, or become party to  
28 such actions or proceedings in state, federal, or foreign courts that the

- 1 Receiver deems necessary and advisable to preserve or recover the assets of  
2 the Receivership Defendants, or that the Receiver deems necessary and  
3 advisable to carry out the Receiver's mandate under this Order;
- 4 M. Defend, compromise, adjust, or otherwise dispose of any or all actions or  
5 proceedings instituted in the past or in the future against the Receiver in his  
6 role as Receiver, or against the Receivership Defendants, that the Receiver  
7 deems necessary and advisable to preserve the assets of the Receivership  
8 Defendants or that the Receiver deems necessary and advisable to carry out  
9 the Receiver's mandate under this Order;
- 10 N. Continue and conduct the business of the Receivership Defendants in such  
11 manner, to such extent, and for such duration as the Receiver may in good  
12 faith deem to be necessary or appropriate to operate the business profitably  
13 and lawfully, if at all; *provided, however*, that the continuation and conduct  
14 of the business shall be conditioned upon the Receiver's good faith  
15 determination that the businesses can be lawfully operated at a profit using  
16 the assets of the receivership estate;
- 17 O. Take depositions and issue subpoenas to obtain documents and records  
18 pertaining to the receivership estate and compliance with this Order.  
19 Subpoenas may be served by agents or attorneys of the Receiver and by  
20 agents of any process server retained by the Receiver;
- 21 P. Open one or more bank accounts in the Central or Southern District of  
22 California as designated depositories for funds of the Receivership  
23 Defendants. The Receiver shall deposit all funds of the Receivership  
24 Defendants in such a designated account and shall make all payments and  
25 disbursements from the receivership estate from such account(s);
- 26 Q. Maintain accurate records of all receipts and expenditures that he makes as  
27 Receiver; and
- 28 R. Cooperate with reasonable requests for information or assistance from any

1 state or federal law enforcement agency.

2 **IT IS FURTHER ORDERED** that the Receiver will be responsible for  
3 maintaining the chain of custody of all of Defendants' records in his possession,  
4 pursuant to procedures to be established in writing with the approval of the FTC.

5 **XI.**

6 **RECEIVER AND FTC IMMEDIATE ACCESS TO**  
7 **BUSINESS PREMISES AND RECORDS**

8 **IT IS FURTHER ORDERED** that Defendants and their officers, directors,  
9 agents, servants, employees, attorneys, successors, assigns, and all other persons or  
10 entities directly or indirectly, in whole or in part, under their control, and all other  
11 persons in active concert or participation with them who receive actual notice of  
12 this Order by personal service, facsimile, email, or otherwise, whether acting  
13 directly or through any corporation, subsidiary, division, or other entity, shall:

14 A. Immediately identify to FTC's counsel and the Receiver:

- 15 1. All of Defendants' business premises;
- 16 2. Any non-residence premises where any Defendant conducts business,  
17 sales operations, or customer service operations;
- 18 3. Any non-residence premises where documents or electronically stored  
19 information related to the business, sales operations, or customer  
20 service operations of any Defendant are hosted, stored, or otherwise  
21 maintained, including but not limited to the name and location of any  
22 electronic data hosts; and
- 23 4. Any non-residence premises where assets belonging to any Defendant  
24 are stored or maintained;

25 B. Allow the FTC and the Receiver, and their respective representatives,  
26 agents, attorneys, investigators, paralegals, contractors, or assistants  
27 immediate access to:

- 28 1. All of the Defendants' business premises, including but not limited to  
those located at 14509 Sylvan Street, Van Nuys, CA, 91411 and at

1 14532 Friar Street, Suites H-K1, Van Nuys, CA, 91411, and such  
2 other business locations that are wholly or partially owned, rented,  
3 leased, or under the temporary or permanent control of any Defendant;

4 2. Any other premises where the Defendants conduct business, sales  
5 operations or customer service operations;

6 3. Any premises where documents related to the Defendants' businesses  
7 are stored or maintained;

8 4. Any premises where assets belonging to any Defendant are stored or  
9 maintained; and

10 5. Any documents located at any of the locations described in this  
11 Paragraph; and

12 C. Provide the FTC and the Receiver, and their respective representatives,  
13 agents, attorneys, investigators, paralegals, contractors, or assistants with  
14 any necessary means of access to, copying of, and forensic imaging of  
15 documents or electronically stored information, including, without  
16 limitation, the locations of Receivership Defendants' business premises,  
17 keys and combinations to business premises locks, computer access codes of  
18 all computers used to conduct Receivership Defendants' business, access to  
19 (including but not limited to execution of any documents necessary for  
20 access to and forensic imaging of) any data stored, hosted or otherwise  
21 maintained by an electronic data host, and storage area access information.

22 **IT IS FURTHER ORDERED** that the FTC and the Receiver are authorized  
23 to employ the assistance of law enforcement officers, including, but not limited to,  
24 the United States Postal Inspection Service, Internal Revenue Service, and Federal  
25 Bureau of Investigation, to effect service, to implement peacefully the provisions  
26 of this Order, and to keep the peace. The Receiver shall allow the FTC and its  
27 representatives, agents, contractors, or assistants into the premises and facilities  
28 described in this Section to inspect, inventory, image, and copy documents or

1 electronically stored information relevant to any matter contained in this Order.  
2 Counsel for the FTC and the Receiver may exclude Defendants and their agents  
3 and employees from the business premises and facilities during the immediate  
4 access. No one shall interfere with the FTC's or Receiver's inspection of the  
5 Defendants' premises or documents.

6 **IT IS FURTHER ORDERED** that the Receiver and the FTC shall have the  
7 right to remove any documents related to Defendants' business practices from the  
8 premises in order that they may be inspected, inventoried, and copied. The  
9 materials so removed shall be returned within five (5) business days of completing  
10 said inventory and copying. If any property, records, documents, or computer files  
11 relating to the Receivership Defendants' finances or business practices are located  
12 in the residence of any Defendant or are otherwise in the custody or control of any  
13 Defendant, then such Defendant shall produce them to the Receiver within  
14 twenty-four (24) hours of service of this Order. In order to prevent the destruction  
15 of computer data, upon service of this Order upon Defendants, any such computers  
16 shall be powered down (turned off) in the normal course for the operating systems  
17 used on such computers and shall not be powered up or used again until produced  
18 for copying and inspection, along with any codes needed for access. The FTC's  
19 and the Receiver's representatives may also photograph or videotape the inside and  
20 outside of all premises to which they are permitted access by this Order, and all  
21 documents and other items found on such premises.

22 **IT IS FURTHER ORDERED** that the FTC's access to the Defendants'  
23 documents pursuant to this provision shall not provide grounds for any Defendant  
24 to object to any subsequent request for documents served by the FTC.

25 **IT IS FURTHER ORDERED** that the Receiver shall have the discretion to  
26 determine the time, manner, and reasonable conditions of such access.

27  
28



1 **XII.**

2 **COOPERATION WITH RECEIVER**

3 **IT IS FURTHER ORDERED** that:

4 A. Defendants, and their officers, agents, directors, servants, employees,  
5 salespersons, independent contractors, attorneys, corporations, subsidiaries,  
6 affiliates, successors, and assigns, all other persons or entities in active  
7 concert or participation with them, who receive actual notice of this Order  
8 by personal service or otherwise, whether acting directly or through any  
9 trust, corporation, subsidiary, division, or other device, or any of them, shall  
10 fully cooperate with and assist the Receiver. Defendants' cooperation and  
11 assistance shall include, but not be limited to:

- 12 1. Providing any information to the Receiver that the Receiver deems  
13 necessary to exercising the authority and discharging the  
14 responsibilities of the Receiver under this Order, including but not  
15 limited to allowing the Receiver to inspect documents and assets and  
16 to partition office space;
- 17 2. Providing any password and executing any documents required to  
18 access any computer or electronic files in any medium, including but  
19 not limited to electronically stored information stored, hosted or  
20 otherwise maintained by an electronic data host; and
- 21 3. Advising all persons who owe money to the Receivership Defendants  
22 that all debts should be paid directly to the Receiver.

23 B. Defendants and their officers, directors, agents, servants, employees,  
24 attorneys, successors, assigns, and all other persons or entities directly or  
25 indirectly, in whole or in part, under their control, and all other persons in  
26 active concert or participation with them who receive actual notice of this  
27 Order by personal service or otherwise, are hereby temporarily restrained  
28 and enjoined from directly or indirectly:

- 1 1. Transacting any of the business of the Receivership Defendants;
- 2 2. Destroying, secreting, erasing, mutilating, defacing, concealing,  
3 altering, transferring or otherwise disposing of, in any manner,  
4 directly or indirectly, any documents, electronically stored  
5 information, or equipment of the Receivership Defendants, including  
6 but not limited to contracts, agreements, consumer files, consumer  
7 lists, consumer addresses and telephone numbers, correspondence,  
8 advertisements, brochures, sales material, sales presentations,  
9 documents evidencing or referring to Defendants' services, debt  
10 collection training materials, debt collection scripts, data, computer  
11 tapes, disks, or other computerized records, books, written or printed  
12 records, handwritten notes, telephone logs, "verification" or  
13 "compliance" tapes or other audio or video tape recordings, receipt  
14 books, invoices, postal receipts, ledgers, personal and business  
15 canceled checks and check registers, bank statements, appointment  
16 books, copies of federal, state or local business or personal income or  
17 property tax returns, photographs, mobile devices, electronic storage  
18 media, accessories, and any other documents, records or equipment of  
19 any kind that relate to the business practices or business or personal  
20 finances of the Receiver Defendants or any other entity directly or  
21 indirectly under the control of the Receiver Defendants;
- 22 3. Transferring, receiving, altering, selling, encumbering, pledging,  
23 assigning, liquidating, or otherwise disposing of any assets owned,  
24 controlled, or in the possession or custody of, or in which an interest  
25 is held or claimed by, the Receivership Defendants, or the Receiver;
- 26 4. Excusing debts owed to the Receivership Defendants;
- 27 5. Failing to notify the Receiver of any asset, including accounts, of a  
28 Receivership Defendant held in any name other than the name of the

1 Receivership Defendant, or by any person or entity other than the  
2 Receivership Defendant, or failing to provide any assistance or  
3 information requested by the Receiver in connection with obtaining  
4 possession, custody, or control of such assets;

- 5 6. Failing to create and maintain books, records, and accounts which, in  
6 reasonable detail, accurately, fairly, and completely reflect the  
7 incomes, assets, disbursements, transactions and use of monies by the  
8 Defendants or any other entity directly or indirectly under the control  
9 of the Defendants;
- 10 7. Doing any act or refraining from any act whatsoever to interfere with  
11 the Receiver's taking custody, control, possession, or managing of the  
12 assets or documents subject to this Receivership; or to harass or to  
13 interfere with the Receiver in any way; or to interfere in any manner  
14 with the exclusive jurisdiction of this Court over the assets or  
15 documents of the Receivership Defendants; or to refuse to cooperate  
16 with the Receiver or the Receiver's duly authorized agents in the  
17 exercise of their duties or authority under any Order of this Court;
- 18 8. Filing, or causing to be filed, any petition on behalf of the  
19 Receivership Defendants for relief under the United States  
20 Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, without prior permission  
21 from this Court; and
- 22 9. Creating, operating, exercising any control over, becoming employed  
23 by or affiliated with, or performing any work for any business entity,  
24 including but not limited to any partnership, limited partnership, joint  
25 venture, sole proprietorship, or corporation without first providing the  
26 FTC with a sworn written statement at least seven (7) calendar days  
27 prior to such creation, operation, exercise, employment, affiliation, or  
28 performance of work disclosing:

- 1 a. The name, address and telephone number of the business entity;
- 2 b. The names of the business entity's officers, directors,
- 3 principals, managers, and employees; and
- 4 c. A detailed description of the business entity's intended
- 5 activities and the nature of the duties or responsibilities of the
- 6 Receivership Defendant.

7 **XIII.**

8 **DELIVERY OF RECEIVERSHIP PROPERTY**

9 **IT IS FURTHER ORDERED** that immediately upon service of this Order  
10 upon them or upon their otherwise obtaining actual knowledge of this Order, or  
11 within a period permitted by the Receiver, Defendants or any other person or  
12 entity, including but not limited to financial institutions and electronic data hosts,  
13 shall transfer or deliver access to, possession, custody, and control of the following  
14 to the Receiver:

- 15 A. All assets of the Receivership Defendants;
- 16 B. All documents and electronically stored information of the Receivership
- 17 Defendants, including, but not limited to, books and records of accounts, all
- 18 financial and accounting records, balance sheets, income statements, bank
- 19 records (including monthly statements, canceled checks, records of wire
- 20 transfers, records of ACH transactions, and check registers), client or
- 21 customer lists, title documents and other papers;
- 22 C. All assets belonging to members of the public now held by the Receivership
- 23 Defendants;
- 24 D. All keys, computer and other passwords, entry codes, combinations to locks
- 25 required to open or gain or secure access to any assets or documents of the
- 26 Receivership Defendants, wherever located, including, but not limited to,
- 27 access to their business premises, means of communication, accounts,
- 28 computer systems, or other property; and

1 E. Information identifying the accounts, employees, properties, or other assets  
2 or obligations of the Receivership Defendants.

3 **IT IS FURTHER ORDERED** that, in the event any person or entity fails to  
4 deliver or transfer immediately any asset or otherwise fails to comply with any  
5 provision of this Paragraph XIII, the Receiver may file *ex parte* with the Court an  
6 Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit,  
7 the Court may authorize, without additional process or demand, Writs of  
8 Possession or Sequestration or other equitable writs requested by the Receiver.  
9 The writs shall authorize and direct the United States Marshal or any sheriff or  
10 deputy sheriff of any county (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset,  
11 document, or other thing and to deliver it to the Receiver.

12 **XIV.**

13 **COMPENSATION FOR RECEIVER**

14 **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by  
15 the Receiver as herein authorized, including counsel to the Receiver and  
16 accountants, are entitled to reasonable compensation for the performance of duties  
17 pursuant to this Order, and for the cost of actual out-of-pocket expenses incurred by  
18 them, from the assets now held by or in the possession or control of, or which may  
19 be received by, the Receivership Defendants. <sup>or by as otherwise ordered by the Court.</sup> The Receiver shall file with the Court  
20 and serve on the parties periodic requests for the payment of such reasonable  
21 compensation, with the first such request filed no more than sixty (60) days after the  
22 date of this Order. The Receiver shall not increase the hourly rates used as the  
23 bases for such fee applications without prior approval of the Court.

24 **XV.**

25 **RECEIVER'S REPORTS**

26 **IT IS FURTHER ORDERED** that the Receiver shall report to this Court  
27 on or before the date set for the hearing to Show Cause regarding the Preliminary  
28 Injunction, regarding: (1) the steps taken by the Receiver to implement the terms

1 of this Order; (2) the value of all liquidated and unliquidated assets of the  
2 Receivership Defendants; (3) the sum of all liabilities of the Receivership  
3 Defendants; (4) the steps the Receiver intends to take in the future to: (a) prevent  
4 any diminution in the value of assets of the Receivership Defendants, (b) pursue  
5 receivership assets from third parties, and (c) adjust the liabilities of the  
6 Receivership Defendants, if appropriate; and (5) any other matters which the  
7 Receiver believes should be brought to the Court's attention. *Provided, however,*  
8 if any of the required information would hinder the Receiver's ability to pursue  
9 receivership assets, the portions of the Receiver's report containing such  
10 information may be filed under seal and not served on the parties.

11 **XVI.**

12 **RECEIVER'S BOND**

13 **IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of  
14 this Court a bond in the sum of \$ 1,000,000 with sureties to be approved by the  
15 Court, conditioned that the Receiver will well and truly perform the duties of the  
16 office and abide by and perform all acts the Court directs.

17 **XVII.**

18 **REQUIREMENT TO REPORT INFORMATION**  
19 **REGARDING DEFENDANTS' CLIENTS**

20 **IT IS FURTHER ORDERED** that within five (5) calendar days from the  
21 date of this Order, Defendants shall provide the FTC with the following  
22 information for each of its clients who has engaged any Defendant for any debt  
23 collection service, practice, or activity, including but not limited to engaging any  
24 Defendant to collect any past-due credit accounts on that client's behalf:

- 25 A. The client's name, address, telephone number(s), and e-mail address(es);  
26 B. The total amount paid by the client to any Defendant for any debt collection  
27 service, practice, or activity, including the amount and date(s) of such  
28 payments;

- 1 C. The date and status of any request for a refund by the client, and the amount  
2 and date of any refund that any Defendant paid to its client;
- 3 D. The name, address, telephone number(s), and e-mail address(es) of every  
4 third party with whom any Defendant (or their employees, agents,  
5 representatives, independent contractors, or franchisees) have communicated  
6 in connection with providing any debt collection service, practice, or activity  
7 for such client; the date of each communication; and a summary of the  
8 nature of the communication;
- 9 E. The name, address, telephone number(s), and e-mail address(es) of each  
10 person, including but not limited to attorneys, who has provided any service  
11 to any Defendant in connection with Defendants' debt collection services,  
12 practices, or activities and the amount paid for such service;
- 13 F. The status, resolution, and results of any debt collection service, practice, or  
14 activity performed by Defendants (or their employees, agents,  
15 representatives, independent contractors, or franchisees) on behalf of such  
16 client, including but not limited to the date and amount of any debt collected  
17 and paid to such client;
- 18 G. The status, resolution, and result of any litigation filed against an alleged  
19 debtor on behalf of such client, including but not limited to the date the  
20 action was filed, the date any alleged debtor was served or service of process  
21 was attempted, a description of any failed attempt to serve process on any  
22 alleged debtor, the jurisdiction and case number of the action, and the name  
23 and contact information of the attorney representing any Defendant or any of  
24 its clients in the action;
- 25 H. Copies of correspondence, settlement agreements, and all documents filed  
26 with any court in connection with any litigation identified in Subparagraph  
27 XVII(G) above; and  
28

1 I. A copy of any contract or agreement, including all signed versions, between  
2 the client and any Defendant (or their employees, agents, representatives,  
3 independent contractors, or franchisees) for the provision of debt collection  
4 services, practices or activities.

5 **XVIII.**

6 **REQUIREMENT TO REPORT INFORMATION**  
7 **REGARDING ALLEGED DEBTORS**

8 **IT IS FURTHER ORDERED** that within five (5) calendar days from the  
9 date of this Order, Defendants shall provide the FTC with the following  
10 information for each alleged debtor from whom any Defendant has attempted to  
11 collect, either directly or indirectly, any debt or alleged debt as part of any debt  
12 collective service, practice, or activity:

- 13 A. The alleged debtor's name, address, telephone number(s), and e-mail  
14 address(es);
- 15 B. The date of each communication with any such alleged debtor and a  
16 summary of the nature of such communication;
- 17 C. The total amount, if any, collected by any Defendant (or their employees,  
18 agents, representatives, independent contractors, or franchisees) from such  
19 alleged debtor as part of any debt collection service, practice, or activity; the  
20 amount and date(s) of each payment the alleged debtor made to any  
21 Defendant; and the amount and date(s) on which any Defendant remitted a  
22 payment, in whole or in part, to any Defendant's client(s);
- 23 D. The name, address, telephone number(s), and e-mail address(es) of every  
24 third party with whom any Defendant (or their employees, agents,  
25 representatives, independent contractors, or franchisees) has communicated  
26 in connection with any Defendant's attempt to collect any debt or alleged  
27 debt; the date of each communication; and a summary of the nature of the  
28 communication;



1 E. The status, resolution, and result of any litigation filed against any alleged  
2 debtor on behalf of any client of any Defendant, including but not limited to  
3 the date the action was filed, the date such alleged debtor was served or  
4 service of process was attempted, a description of any failed attempt to serve  
5 process, the jurisdiction and case number of the action, and the name and  
6 contact information of the attorney representing any Defendant or its  
7 client(s) in the action; and

8 F. Copies of correspondence, settlement agreements, and all documents filed  
9 with any court in connection with any litigation identified in Subparagraph  
10 XVIII(E) above.

11 **XIX.**

12 **PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

13 **IT IS FURTHER ORDERED** that, except as required by a law  
14 enforcement agency, law, regulation or court order, Defendants, and their officers,  
15 agents, servants, employees, and attorneys, and all other persons in active concert  
16 or participation with any of them who receive actual notice of this Order by  
17 personal service or otherwise, are temporarily restrained and enjoined from  
18 disclosing, using, or benefitting from consumer information, including the name,  
19 address, telephone number, email address, social security number, other identifying  
20 information, or any data that enables access to a consumer's account (including a  
21 credit card, bank account, or other financial account), of any person which any  
22 Defendant obtained prior to entry of this Order in connection with any debt  
23 collection service.

24 **XX.**

25 **STAY OF ACTIONS**

26 **IT IS FURTHER ORDERED** that:

27 A. Except by leave of this Court, during pendency of the Receivership ordered  
28 herein, Defendants and all other persons and entities be and hereby are

1 stayed from taking any action to establish or enforce any claim, right, or  
2 interest for, against, on behalf of, in, or in the name of, the Receivership  
3 Defendants, any of their subsidiaries, affiliates, partnerships, assets,  
4 documents, or the Receiver or the Receiver's duly authorized agents acting  
5 in their capacities as such, including, but not limited to, the following  
6 actions:

- 7 1. Commencing, prosecuting, continuing, entering, or enforcing any suit  
8 or proceeding, except that such actions may be filed to toll any  
9 applicable statute of limitations;
- 10 2. Accelerating the due date of any obligation or claimed obligation;  
11 filing or enforcing any lien; taking or attempting to take possession,  
12 custody, or control of any asset; attempting to foreclose, forfeit, alter,  
13 or terminate any interest in any asset, whether such acts are part of a  
14 judicial proceeding, are acts of self-help, or otherwise;
- 15 3. Executing, issuing, serving, or causing the execution, issuance or  
16 service of, any legal process, including, but not limited to,  
17 attachments, garnishments, subpoenas, writs of replevin, writs of  
18 execution, or any other form of process whether specified in this  
19 Order or not; or
- 20 4. Doing any act or thing whatsoever to interfere with the Receiver  
21 taking custody, control, possession, or management of the assets or  
22 documents subject to this Receivership, or to harass or interfere with  
23 the Receiver in any way, or to interfere in any manner with the  
24 exclusive jurisdiction of this Court over the assets or documents of the  
25 Receivership Defendants;

26 B. This Paragraph XX does not stay:

- 27 1. The commencement or continuation of a criminal action or  
28 proceeding;



1 shall not apply to depositions taken pursuant to this Section. Any such  
2 depositions taken pursuant to this Section shall not be counted toward the  
3 ten deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A) and 31(a)(2)(A).  
4 Service of discovery upon a party, taken pursuant to this Section, shall be  
5 sufficient if made by facsimile or by overnight delivery. Any deposition  
6 taken pursuant to this sub-section that has not been reviewed and signed by  
7 the deponent may be used by any party for purposes of the preliminary  
8 injunction hearing;

- 9 B. Serve upon parties requests for production of documents or inspection that  
10 require production or inspection within three (3) calendar days of service,  
11 and may serve subpoenas upon non-parties that direct production or  
12 inspection within five (5) calendar days of service, for the purpose of  
13 discovering: (1) the nature, location, status, and extent of assets of  
14 Defendants or their affiliates or subsidiaries; (2) the nature and location of  
15 documents reflecting the business transactions of Defendants or their  
16 affiliates or subsidiaries; and (3) compliance with this Order, *provided that*  
17 twenty-four (24) hours' notice shall be deemed sufficient for the production  
18 of any such documents that are maintained or stored only as electronic data;
- 19 C. Serve deposition notices and other discovery requests upon the parties to this  
20 action by facsimile or overnight courier, and take depositions by telephone  
21 or other remote electronic means; and
- 22 D. If a Defendant fails to appear for a properly noticed deposition or fails to  
23 comply with a request for production or inspection, seek to prohibit that  
24 Defendant from introducing evidence at any subsequent hearing.
- 25  
26  
27  
28

1 **XXII.**

2 **SERVICE OF PLEADINGS, EVIDENCE, WITNESS LISTS**

3 **IT IS FURTHER ORDERED** that:

- 4 A. Defendants shall file any answering affidavits, pleadings, or legal  
5 memoranda with the Court and serve the same on counsel for the FTC no  
6 later than five (5) business days prior to the preliminary injunction hearing  
7 in this matter. The FTC may file responsive or supplemental pleadings,  
8 materials, affidavits, or memoranda with the Court and serve the same on  
9 counsel for Defendants no later than one (1) business day prior to the  
10 preliminary injunction hearing in this matter. *Provided that* service shall be  
11 performed by personal or overnight delivery, facsimile, or email, and  
12 documents shall be delivered so that they shall be received by the other  
13 parties no later than 4 p.m. (EST) on the appropriate dates listed in this  
14 Subparagraph;
- 15 B. The question of whether this Court should enter a preliminary injunction  
16 pursuant to Rule 65 of the Federal Rules of Civil Procedure enjoining the  
17 Defendants during the pendency of this action shall be resolved on the  
18 pleadings, declarations, exhibits, and memoranda filed by, and oral argument  
19 of, the parties. Live testimony shall be heard only on further order of this  
20 Court on motion filed with the Court and served on counsel for the other  
21 parties at least five (5) business days prior to the preliminary injunction  
22 hearing in this matter. Such motion shall set forth the name, address, and  
23 telephone number of each proposed witness, a detailed summary or affidavit  
24 disclosing the substance of each proposed witness' expected testimony, and  
25 an explanation of why the taking of live testimony would be helpful to this  
26 Court. Any papers opposing a timely motion to present live testimony or to  
27 present live testimony in response to live testimony to be presented by  
28 another party shall be filed with this Court and served on the other parties at

1 least three (3) business days prior to the preliminary injunction hearing in  
2 this matter. *Provided that* service shall be performed by personal or  
3 overnight delivery or by facsimile or email, and documents shall be  
4 delivered so that they shall be received by the other parties no later than  
5 4 p.m. (EST) on the appropriate dates listed in this Subparagraph; and

6 C. Pursuant to Fed. R. Civ. P. 4(f)(3), the FTC may serve this Order and all  
7 related documents on any Defendant by private international courier.

8 **XXIII.**

9 **MONITORING**

10 **IT IS FURTHER ORDERED** that agents or representatives of the FTC  
11 may contact Defendants directly or anonymously for the purpose of monitoring  
12 compliance with this Order, and may tape record any oral communications that  
13 occur in the course of such contacts.

14 **XXIV.**

15 **DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

16 **IT IS FURTHER ORDERED** that Defendants shall immediately provide a  
17 copy of this Order to each affiliate, subsidiary, division, sales entity, successor,  
18 assign, officer, director, employee, independent contractor, client company,  
19 electronic data host, agent, attorney, spouse, and representative of Defendants and  
20 shall, within three (3) calendar days from the date of entry of this Order, provide  
21 counsel for the FTC with a sworn statement that: (a) confirms that Defendants  
22 have provided copies of the Order as required by this Paragraph and (b) lists the  
23 names and addresses of each entity or person to whom Defendants provided a copy  
24 of the Order. Furthermore, Defendants shall not take any action that would  
25 encourage officers, agents, directors, employees, salespersons, independent  
26 contractors, attorneys, subsidiaries, affiliates, successors, assigns, or other persons  
27 or entities in active concert or participation with Defendants to disregard this Order  
28 or believe that they are not bound by its provisions.

XXV.

DURATION OF TEMPORARY RESTRAINING ORDER

IT IS FURTHER ORDERED that the Temporary Restraining Order granted herein shall expire on the 23rd day of September, 2011, at 4 o'clock p.m., unless within such time, the Order, for good cause shown, is extended with the consent of the parties, or for an additional period not to exceed fourteen (14) calendar days, or unless it is further extended pursuant to Federal Rule of Civil Procedure 65.

XXVI.

ORDER TO SHOW CAUSE REGARDING PRELIMINARY INJUNCTION

IT IS FURTHER ORDERED that, pursuant to Federal Rule of Civil Procedure 65(b), <sup>the Court will consider</sup> ~~each of the Defendants shall appear before this Court~~ on the 26th day of September, 2011, at \_\_\_\_\_ o'clock \_\_\_\_\_ m., <sup>to show</sup> ~~to show~~ cause, if there is any, why this Court should not enter a preliminary injunction enjoining the violations of law alleged in the FTC's Complaint, continuing the freeze of their assets, and imposing such additional relief as may be appropriate.

*Defendants may file an opposition to the motion for Preliminary Injunction no later than 9/20/11. XXVII. Any Reply must be filed no later than 9/22/11. The matter will be taken under submission. The parties need not appear.*

For the purposes of this Order, all service on and correspondence to the FTC shall be addressed to: Christopher T. Koegel, Federal Trade Commission, 601 New Jersey Ave., N.W., Mail Drop NJ-3158, Washington, DC 20580, with a copy to Raymond E. McKown, Federal Trade Commission, 10877 Wilshire Blvd., Ste. 700, Los Angeles, CA 90024.

XXVIII.

SERVICE OF THIS ORDER

IT IS FURTHER ORDERED that copies of this Order may be served by ~~any means, including facsimile transmission, email, personal or overnight delivery, or U.S. Mail,~~ by agents and employees of the FTC or any state or federal law

1 enforcement agency or by private process server, upon any financial institution or  
2 other entity or person that may have possession, custody, or control of any  
3 documents or assets of any Defendant, or that may otherwise be subject to any  
4 provision of this Order. Service upon any branch or office of any financial  
5 institution shall effect service upon the entire financial institution.

6 *Plaintiff shall serve this Order on Defendants no later than 4 days from the date this XXIX. order is issued.*

7 **RETENTION OF JURISDICTION**

8 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this  
9 matter for all purposes of construction, modification, and enforcement of this  
10 Order.

11  
12 **IT IS SO ORDERED**, this 13 day of September, 2011, at  
13 3:00 p.m., Pacific Standard Time.

14  
15  
16 Dated: \_\_\_\_\_

17 *Gary Korman*  
18 UNITED STATES DISTRICT JUDGE  
19  
20  
21  
22  
23  
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25  
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27  
28



**EXHIBIT A**

# **ATTACHMENT A**

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

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**Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. "Dependents" include your live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

**Penalty for False Information:**

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration" (18 U.S.C. § 1623).

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

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**BACKGROUND INFORMATION**

**Item 1. Information About You**

Your Full Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Place of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_ Drivers License No. \_\_\_\_\_

Current Address \_\_\_\_\_ From (Date) \_\_\_\_\_

Rent or Own? \_\_\_\_\_ Telephone No. \_\_\_\_\_ Facsimile No. \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Internet Home Page \_\_\_\_\_

Previous Addresses for past five years:

Address \_\_\_\_\_ Rent or Own? \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ Rent or Own? \_\_\_\_\_ From/Until \_\_\_\_\_

Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used \_\_\_\_\_

**Item 2. Information About Your Spouse or Live-In Companion**

Spouse/Companion's Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Place of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_

Identify any other name(s) and/or social security number(s) your spouse/companion has used, and the time period(s) during which they were used \_\_\_\_\_

Address (if different from yours) \_\_\_\_\_

From (Date) \_\_\_\_\_ Rent or Own? \_\_\_\_\_ Telephone No. \_\_\_\_\_

Employer's Name and Address \_\_\_\_\_

Job Title \_\_\_\_\_ Years in Present Job \_\_\_\_\_ Annual Gross Salary/Wages \$ \_\_\_\_\_

**Item 3. Information About Your Previous Spouse**

Previous Spouse's Name & Address \_\_\_\_\_

\_\_\_\_\_ Social Security No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

**Item 4. Contact Information**

Name & Address of Nearest Living Relative or Friend \_\_\_\_\_  
\_\_\_\_\_  
Telephone No. \_\_\_\_\_

**Item 5. Information About Dependents Who Live With You**

▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

**Item 6. Information About Dependents Who Do Not Live With You**

▶Name & Address \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

▶Name Address \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

▶Name & Address \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

**Item 7. Employment Information**

Provide the following information for this year-to-date and for each of the previous five full years, for each company of which you were a director, officer, employee, agent, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, draws, consulting fees, loans, loan payments, dividends, royalties or other benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

▶Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

\_\_\_\_\_

**Item 7. continued**

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

►Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

►Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

**Item 8. Pending Lawsuits Filed by You or Your Spouse**

List all pending lawsuits that have been filed by you or your spouse in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 9. Pending Lawsuits Filed Against You or Your Spouse**

List all pending lawsuits that have been filed against you or your spouse in court or before an administrative agency. (List

lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 10. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or elsewhere, held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name &amp; Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Item 11. Business Interests**

List all businesses for which you, your spouse, or your dependents are an officer or director.

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

**FINANCIAL INFORMATION: ASSETS AND LIABILITIES**

**REMINDER: "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.**

**Item 12. Cash, Bank, and Money Market Accounts**

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ \_\_\_\_\_ Cash Held For Your Benefit \$ \_\_\_\_\_

<u>Name on Account</u>	<u>Name &amp; Address of Financial Institution</u>	<u>Account No.</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

**Item 13. U.S. Government Securities**

List all U.S. Government securities, including but not limited to, savings bonds, treasury bills, and treasury notes, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Name on Account</u>	<u>Type of Obligation</u>	<u>Security Amount</u>	<u>Maturity Date</u>
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____

**Item 14. Publicly Traded Securities and Loans Secured by Them**



List all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

► Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

**Item 15. Other Business Interests**

List all other business interests, including but not limited to, non-public corporations, subchapter-S corporations, limited liability corporations (“LLCs”), general or limited partnership interests, joint ventures, sole proprietorships, and oil and mineral leases, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Business Format \_\_\_\_\_ Business’ Name & Address \_\_\_\_\_

\_\_\_\_\_ Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

► Business Format \_\_\_\_\_ Business’ Name & Address \_\_\_\_\_

\_\_\_\_\_ Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

**Item 16. Monetary Judgments or Settlements Owed to You, Your Spouse, or Your Dependents**

List all monetary judgments or settlements owed to you, your spouse, or your dependents.

► Opposing Party’s Name & Address \_\_\_\_\_

Court’s Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

► Opposing Party’s Name & Address \_\_\_\_\_

Court’s Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 17. Other Amounts Owed to You, Your Spouse, or Your Dependents**

List all other amounts owed to you, your spouse, or your dependents.

Debtor's Name, Address, & Telephone No. \_\_\_\_\_

Original Amount Owed \$ \_\_\_\_\_ Current Amount Owed \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 18. Life Insurance Policies**

List all life insurance policies held by you, your spouse, or your dependents.

▶Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

▶Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

**Item 19. Deferred Income Arrangements**

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, and other retirement accounts, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

▶Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

**Item 20. Personal Property**

List all personal property, by category, whether held for personal use or for investment, including but not limited to,

furniture and household goods of value, computer equipment, electronics, coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Property Category</u> (e.g., artwork, jewelry)	<u>Name of Owner</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

**Item 21. Cars, Trucks, Motorcycles, Boats, Airplanes, and Other Vehicles**

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles owned or operated by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

► Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 21. Continued**

► Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 22. Real Property**

List all real estate held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Basis of Valuation \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

▶Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Basis of Valuation \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

**Item 23. Credit Cards**

List each credit card held by you, your spouse, or your dependents. Also list any other credit cards that you, your spouse, or your dependents use.

<u>Name of Credit Card (e.g., Visa, MasterCard, Department Store)</u>	<u>Account No.</u>	<u>Name(s) on Account</u>	<u>Current Balance</u>	<u>Minimum Monthly Payment</u>
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____

**Item 24. Taxes Payable**

List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependants.

<u>Type of Tax</u>	<u>Amount Owed</u>	<u>Year Incurred</u>
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____

**Item 25. Judgments or Settlements Owed**

List all judgments or settlements owed by you, your spouse, or your dependants.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 26. Other Loans and Liabilities**

List all other loans or liabilities in your, your spouse's, or your dependents' names.

▶Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

▶Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

**OTHER FINANCIAL INFORMATION**

**Item 27. Tax Returns**

List all federal tax returns that were filed during the last three years by or on behalf of you, your spouse, or your dependents. *Provide a copy of each signed tax return that was filed during the last three years.*

<u>Tax Year</u>	<u>Name(s) on Return</u>	<u>Refund Expected</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

**Item 28. Applications for Credit**

List all applications for bank loans or other extensions of credit that you, your spouse, or your dependents have submitted within the last two years. *Provide a copy of each application, including all attachments.*

<u>Name(s) on Application</u>	<u>Name &amp; Address of Lender</u>
_____	_____
_____	_____
_____	_____

**Item 29. Trusts and Escrows**

List all funds or other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity. *Provide copies of all executed trust documents.*

<u>Trustee or Escrow Agent's Name &amp; Address</u>	<u>Date Established</u>	<u>Grantor</u>	<u>Beneficiaries</u>	<u>Present Market Value of Assets</u>
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____

**Item 30. Transfers of Assets**

List each person to whom you have transferred, in the aggregate, more than \$2,500 in funds or other assets during the previous three years by loan, gift, sale, or other transfer. For each such person, state the total amount transferred during that period.

<u>Transferee's Name, Address, &amp; Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____

**SUMMARY FINANCIAL SCHEDULES**

**Item 31. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash on Hand (Item 12)	\$ _____	Credit Cards (Item 23)	\$ _____
Cash in Financial Institutions (Item 12)	\$ _____	Motor Vehicles - Liens (Item 21)	\$ _____
U.S. Government Securities (Item 13)	\$ _____	Real Property - Encumbrances (Item 22)	\$ _____
Publicly Traded Securities (Item 14)	\$ _____	Loans Against Publicly Traded Securities (Item 14)	\$ _____
Other Business Interests (Item 15)	\$ _____	Taxes Payable (Item 24)	\$ _____
Judgments or Settlements Owed to You (Item 16)	\$ _____	Judgments or Settlements Owed (Item 25)	\$ _____
Other Amounts Owed to You (Item 17)	\$ _____	Other Loans and Liabilities (Item 26)	\$ _____
Surrender Value of Life Insurance (Item 18)	\$ _____	<u>Other Liabilities (Itemize)</u>	
Deferred Income Arrangements (Item 19)	\$ _____	_____	\$ _____
Personal Property (Item 20)	\$ _____	_____	\$ _____
Motor Vehicles (Item 21)	\$ _____	_____	\$ _____
Real Property (Item 22)	\$ _____	_____	\$ _____
<u>Other Assets (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Assets</b>	\$ <u>_____</u>	<b>Total Liabilities</b>	\$ <u>_____</u>



**Item 32. Combined Average Monthly Income and Expenses for You, Your Spouse, and Your Dependents for the Last 6 Months**

Provide the average monthly income and expenses for you, your spouse, and your dependents for the last 6 months. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.

<u>INCOME</u>		<u>EXPENSES</u>	
Salary - After Taxes	\$ _____	Mortgage Payments for Residence(s)	\$ _____
Fees, Commissions, and Royalties	\$ _____	Property Taxes for Residence(s)	\$ _____
Interest	\$ _____	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$ _____
Dividends and Capital Gains	\$ _____	Car or Other Vehicle Lease or Loan Payments	\$ _____
Gross Rental Income	\$ _____	Food Expenses	\$ _____
Profits from Sole Proprietorships	\$ _____	Clothing Expenses	\$ _____
Distributions from Partnerships, S-Corporations, and LLCs	\$ _____	Utilities	\$ _____
Distributions from Trusts and Estates	\$ _____	Medical Expenses, Including Insurance	\$ _____
Distributions from Deferred Income Arrangements	\$ _____	Other Insurance Premiums	\$ _____
Social Security Payments	\$ _____	Other Transportation Expenses	\$ _____
Alimony/Child Support Received	\$ _____	Other Household Expenses	\$ _____
Gambling Income	\$ _____	<u>Other Expenses (Itemize)</u>	
<u>Other Income (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Income</b>	<b>\$ _____</b>	<b>Total Expenses</b>	<b>\$ _____</b>

**ATTACHMENTS**

**Item 33. Documents Attached to this Financial Statement**

List all documents that are being submitted with this financial statement.

<u>Item No. Document Relates To</u>	<u>Description of Document</u>

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

**EXHIBIT B**

# **ATTACHMENT B**

**FEDERAL TRADE COMMISSION**

**FINANCIAL STATEMENT OF CORPORATE DEFENDANT**

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**Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action.
3. When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
5. Type or print legibly.
6. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

**Penalty for False Information:**

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any ( . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration." (18 U.S.C. § 1623)

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

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**BACKGROUND INFORMATION**

**Item 1. General Information**

Corporation's Full Name \_\_\_\_\_

Primary Business Address \_\_\_\_\_ From (Date) \_\_\_\_\_

Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Internet Home Page \_\_\_\_\_

All other current addresses & previous addresses for past five years, including post office boxes and mail drops:

Address \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ From/Until \_\_\_\_\_

All predecessor companies for past five years:

Name & Address \_\_\_\_\_ From/Until \_\_\_\_\_

Name & Address \_\_\_\_\_ From/Until \_\_\_\_\_

Name & Address \_\_\_\_\_ From/Until \_\_\_\_\_

**Item 2. Legal Information**

Federal Taxpayer ID No. \_\_\_\_\_ State & Date of Incorporation \_\_\_\_\_

State Tax ID No. \_\_\_\_\_ State \_\_\_\_\_ Profit or Not For Profit \_\_\_\_\_

Corporation's Present Status: Active \_\_\_\_\_ Inactive \_\_\_\_\_ Dissolved \_\_\_\_\_

If Dissolved: Date dissolved \_\_\_\_\_ By Whom \_\_\_\_\_

Reasons \_\_\_\_\_

Fiscal Year-End (Mo./Day) \_\_\_\_\_ Corporation's Business Activities \_\_\_\_\_

**Item 3. Registered Agent**

Name of Registered Agent \_\_\_\_\_

Address \_\_\_\_\_ Telephone No. \_\_\_\_\_

**Item 4. Principal Stockholders**

List all persons and entities that own at least 5% of the corporation's stock.

<u>Name &amp; Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

**Item 5. Board Members**

List all members of the corporation's Board of Directors.

<u>Name &amp; Address</u>	<u>% Owned</u>	<u>Term (From/Until)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Item 6. Officers**

List all of the corporation's officers, including *de facto* officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

<u>Name &amp; Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**Item 7. Businesses Related to the Corporation**

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

<u>Name &amp; Address</u>	<u>Business Activities</u>	<u>% Owned</u>

State which of these businesses, if any, has ever transacted business with the corporation \_\_\_\_\_

\_\_\_\_\_

**Item 8. Businesses Related to Individuals**

List all corporations, partnerships, and other business entities in which the corporation's principal stockholders, board members, or officers (i.e., the individuals listed in Items 4 - 6 above) have an ownership interest.

<u>Individual's Name</u>	<u>Business Name &amp; Address</u>	<u>Business Activities</u>	<u>% Owned</u>

State which of these businesses, if any, have ever transacted business with the corporation \_\_\_\_\_

\_\_\_\_\_

**Item 9. Related Individuals**

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A "related individual" is a spouse, sibling, parent, or child of the principal stockholders, board members, and officers (i.e., the individuals listed in Items 4 - 6 above).

<u>Name and Address</u>	<u>Relationship</u>	<u>Business Activities</u>



**Item 10. Outside Accountants**

List all outside accountants retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>	<u>CPA/PA?</u>

**Item 11. Corporation's Recordkeeping**

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years.

<u>Name, Address, &amp; Telephone Number</u>	<u>Position(s) Held</u>

**Item 12. Attorneys**

List all attorneys retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>

**Item 13. Pending Lawsuits Filed by the Corporation**

List all pending lawsuits that have been filed by the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in favor of the corporation in Item 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 14. Current Lawsuits Filed Against the Corporation**

List all pending lawsuits that have been filed against the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments, settlements, or orders in Items 26 - 27).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 15. Bankruptcy Information**

List all state insolvency and federal bankruptcy proceedings involving the corporation.

Commencement Date \_\_\_\_\_ Termination Date \_\_\_\_\_ Docket No. \_\_\_\_\_

If State Court: Court & County \_\_\_\_\_ If Federal Court: District \_\_\_\_\_

Disposition \_\_\_\_\_

**Item 16. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or elsewhere, held by the corporation, or held by others for the benefit of the corporation. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name &amp; Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**FINANCIAL INFORMATION**

**REMINDER:** When an Item asks for information about assets or liabilities “held by the corporation,” include **ALL** such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.

**Item 17. Tax Returns**

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

<u>Federal/ State/Both</u>	<u>Tax Year</u>	<u>Tax Due Federal</u>	<u>Tax Paid Federal</u>	<u>Tax Due State</u>	<u>Tax Paid State</u>	<u>Preparer's Name</u>
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____

**Item 18. Financial Statements**

List all financial statements that were prepared for the corporation's last three complete fiscal years and for the current fiscal year-to-date. *Attach copies of all statements, providing audited statements if available.*

<u>Year</u>	<u>Balance Sheet</u>	<u>Profit &amp; Loss Statement</u>	<u>Cash Flow Statement</u>	<u>Changes in Owner's Equity</u>	<u>Audited?</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

**Item 19. Financial Summary**

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 17 above, provide the following summary financial information.

	<u>Current Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>3 Years Ago</u>
<u>Gross Revenue</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Expenses</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Net Profit After Taxes</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Payables</u>	\$ _____			
<u>Receivables</u>	\$ _____			

**Item 20. Cash, Bank, and Money Market Accounts**

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by the corporation. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ \_\_\_\_\_ Cash Held for the Corporation's Benefit \$ \_\_\_\_\_

<u>Name &amp; Address of Financial Institution</u>	<u>Signator(s) on Account</u>	<u>Account No.</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

**Item 21. Government Obligations and Publicly Traded Securities**

List all U.S. Government obligations, including but not limited to, savings bonds, treasury bills, or treasury notes, held by the corporation. Also list all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by the corporation.

Issuer \_\_\_\_\_ Type of Security/Obligation \_\_\_\_\_

No. of Units Owned \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Maturity Date \_\_\_\_\_

Issuer \_\_\_\_\_ Type of Security/Obligation \_\_\_\_\_

No. of Units Owned \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Maturity Date \_\_\_\_\_

**Item 22. Real Estate**

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Current Value \$ \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Current Value \$ \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

**Item 23. Other Assets**

List all other property, by category, with an estimated value of \$2,500 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

<u>Property Category</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____

**Item 24. Trusts and Escrows**

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation.

<u>Trustee or Escrow Agent's Name &amp; Address</u>	<u>Description and Location of Assets</u>	<u>Present Market Value of Assets</u>
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____

**Item 25. Monetary Judgments and Settlements Owed To the Corporation**

List all monetary judgments and settlements, recorded and unrecorded, owed to the corporation.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 26. Monetary Judgments and Settlements Owed By the Corporation**

List all monetary judgments and settlements, recorded and unrecorded, owed by the corporation.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 27. Government Orders and Settlements**

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency \_\_\_\_\_ Contact Person \_\_\_\_\_



Address \_\_\_\_\_ Telephone No. \_\_\_\_\_

Agreement Date \_\_\_\_\_ Nature of Agreement \_\_\_\_\_

**Item 28. Credit Cards**

List all of the corporation's credit cards and store charge accounts and the individuals authorized to use them.

<u>Name of Credit Card or Store</u>	<u>Names of Authorized Users and Positions Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**Item 29. Compensation of Employees**

List all compensation and other benefits received from the corporation by the five most highly compensated employees, independent contractors, and consultants (other than those individuals listed in Items 5 and 6 above), for the two previous fiscal years and current fiscal year-to-date. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
_____	\$ _____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	\$ _____	_____

**Item 30. Compensation of Board Members and Officers**

List all compensation and other benefits received from the corporation by each person listed in Items 5 and 6, for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

**Item 31. Transfers of Assets Including Cash and Property**

List all transfers of assets over \$2,500 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

<u>Transferee's Name, Address, &amp; Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		

**Item 32. Documents Attached to the Financial Statement**

List all documents that are being submitted with the financial statement.

<u>Item No.</u>	<u>Document Relates To</u>	<u>Description of Document</u>
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I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Corporate Position

J

**EXHIBIT C**

# **ATTACHMENT C**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

FORENSIC CASE MANAGEMENT SERVICES, INC. d/b/a Commercial Investigations, Inc., FCMS, Inc., Commercial Recovery Solutions, Inc., and Rumson, Bolling & Associates, a California corporation; SPECIALIZED RECOVERY, INC. d/b/a Joseph, Steven & Associates and Specialized Debt Recovery, a California corporation; COMMERCIAL RECEIVABLES ACQUISITION, INC. d/b/a Commercial Recovery Authority, Inc. and The Forwarding Company, a California corporation; DAVID M. HYNES II a/k/a David M. Hynes, Jr.; JAMES HYNES; KEVIN MEDLEY; HEATHER TRUE; FRANK E. LINDSTROM, JR.;; and LORENA QUIROZ-HYNES a/k/a Lorena Quiroz and Lorena Hynes,

Defendants.

Case No.:

**ATTACHMENT C**

**Form of Consent to Release of Financial Records**

I, \_\_\_\_\_, of the State of \_\_\_\_\_ in the

United States of America, do hereby direct any bank or trust company at which I

have a bank account of any kind or at which a corporation or other entity has a

bank account of any kind upon which I am authorized to draw, and its officers, employees, and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control which relate to the said bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of the *Federal Trade Commission v. Forensic Case Management Services, Inc., et al.*, pending in the United States District Court for the Central District of California, and this shall be irrevocable authority for so doing. This direction is intended to apply to the laws of countries other than the United States that restrict or prohibit the disclosure of bank information without the consent of the holder of the account, and shall be construed as consent with respect thereto, and the same shall apply to any of the bank accounts for which I may be a relevant principal.

Dated: \_\_\_\_\_, 2011

Signature: \_\_\_\_\_

Printed full name: \_\_\_\_\_