CONFORMED COPY 1 OF ORIGINAL FILED Los Angeles Superior Court 2 AUG 1 5 2011 3 John A. Clarke, Executive Officer/Clark 4 5 Tina Jacquez 6 7 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA 9 COUNTY OF LOS ANGELES 10 11 12 Case No. LCOS 4 13 THE PEOPLE OF THE STATE OF CALIFORNIA, TEMPORARY 14 RESTRAINING ORDER, ASSET Plaintiff. FREEZE AND ORDER TO SHOW 15 CAUSE REGARDING PRELIMINARY **INJUNCTION** ν. 16 THE LAW OFFICES OF KRAMER AND 17 KASLOW, a California professional law corporation and also doing business as K2 18 LAW, MASS LITIGATION ALLIANCE and CONSOLIDATED LITIGATION GROUP; 19 PHILIP ALLEN KRAMER, an individual; MITCHELL J. STEIN & ASSOCIATES, 20 INC., a California corporation; MITCHELL J. STEIN, an individual and doing business as 21 MITCHELL J. STEIN & ASSOCIATES: CHRISTOPHER VAN SON, an individual and 22 doing business as THE LAW OFFICES OF CHRISTOPHER J. VAN SON and 23 CONSOLIDATED LITIGATION GROUP; MESA LAW GROUP CORP., a California 24 corporation; PAUL WARREN PETERSEN, an individual; ATTORNEYS PROCESSING 25 CENTER, LLC, a California limited liability company and also doing business as 26 ATTORNEY PROCESSING CENTER and PROCESSING CENTER; DATA 27 MANAGEMENT, LLC, a California limited liability company; GARY DIGIROLAMO, an 28 individual; BILL MERRILL STEPHENSON, TRO, ASSET FREEZE AND OSC RE PRELIMINARY INJUNCTION

1	an individual; MITIGATION
2	PROFESSIONALS, LLC, a California limited liability company, and doing business as K2
3	LAW; GLEN RENEAU, an individual; PATE,
3 4	MARÍER AND ASSOCÍATES, INC., a California corporation; JAMES ERIC PATE, an individual: RYAN WILLIAM MARIER, an
	individual; HOME RETENTION DIVISION, a
5	business organization of unknown form; MICHAEL ANTHONY TAPIA, an individual
6	and doing business as CUSTOMER SOLUTIONS GROUP and HOME
7	RETENTION DIVISION; LEWIS MARKETING CORP., a California
. 8	corporation; CLARENCE JOHN BUTT, an individual; THOMAS DAVID PHANCO, an
. 9	individual; and DOES 1 through 100, inclusive,
10	Defendants.
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[PROPOSED] TRO, ASSET FREEZE AND OSC RE PRELIMINARY INJUNCTION

On August ___, 2011, the Court heard the *ex parte* application of Plaintiff, the People of the State of California (Plaintiff or the People), for a Temporary Restraining Order, Asset Freeze and an Order to Show Cause why a preliminary injunction should not issue in accord with the Temporary Restraining Order. On reading the complaint in this matter, the People's *ex parte* application, the memorandum of points and authorities and declarations submitted in support of the application, and considering the arguments of counsel, the Court finds as follows:

- 1. There is good cause to believe that Defendants have engaged, and are likely to engage, in acts that violate Business and Professions Code section 17200 et seq. (Unfair Competition Law) and section 17500 (False Advertising Law), and that the People are likely to prevail on the merits of this action.
- 2. There is good cause to believe that immediate and irreparable harm will result from Defendants' ongoing violations of the Unfair Competition Law and False Advertising Law, unless Defendants are restrained and enjoined by order of this Court.
- 3. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief in the form of permanent injunctive relief, rescission, restitution, disgorgement, or other equitable monetary relief will occur from the sale, transfer, or other disposition or concealment by Defendants of assets or business documents or records if Defendants are provided with advance notice of this Order, and that in accordance with Code of Civil Procedure 527, subsection (c), the interests of justice require that this Order be granted without prior notice to Defendants. There is good cause for relieving the People of the duty to provide Defendants with prior notice of the People's application.
- 4. Considering the People's likelihood of ultimate success and weighing the equities, a Temporary Restraining Order with an asset freeze and other equitable relief is in the public interest.
- 5. In accordance with Code of Civil Procedure section 995.220(a), no bond is required of the People.

ORDER

RESTRICTIONS ON BUSINESS ACTIVITIES

IT IS ORDERED that, pursuant to Business and Professions Code sections 17203 and 17535 and Government Code section 12527, until the hearing on the order to show cause regarding the preliminary injunction, Defendants and their agents, employees, officers, representatives, successors, partners, assigns, and those acting in concert or in participation with them, whether acting directly or through an corporation, subsidiary, division, or other device, are enjoined from committing or performing the following acts:

- 1. Making or causing to be made, or assisting others who are making or causing to be made, any untrue or misleading statements to consumers, in connection with any proposed or actual lawsuit or settlement with their home mortgage lender, including, but not limited to, any misrepresentations that state or imply that:
- a. Defendants obtained a settlement of a lawsuit, or that a settlement is imminent or likely to occur;
- b. Defendants have filed a lawsuit against a lender if no such lawsuit has been :

 filed;
- c. Defendants' proposed or actual lawsuit will provide, or is likely to provide, outcomes including the following:
 - (1) a certain fixed rate for the life of the loan (e.g., 2% fixed rate);
 - (2) a loan principal reduction (e.g., to 70% or 80% of the value of the property);
 - (3) foreclosure protection (e.g., stopping or delaying foreclosures);
 - (4) actual or punitive damages;
 - (5) obtaining homes free and clear of any mortgage or loan obligation; and
 - (6) elimination of any negative reporting to a credit agency;
 - d. Defendants' lawsuit has obtained the following relief for consumers:
 - (1) a certain fixed rate for the life of the loan (e.g., 2% fixed rate);

- 3. Violating Business and Professions Code section 6155, by (a) as a non-attorney, directly or indirectly referring potential clients to an attorney or law firm without seeking registration as a lawyer referral service by the State Bar, or (b) as an attorney, in accepting referrals of such potential clients; and
- 4. Engaging in any acts or practices that violate Business and Professions Code section 17200 et seq. (Unfair Competition Law) or section 17500 et seq. (False Advertising Law).

IT IS FURTHER ORDERED that, pursuant to Business and Professions Code sections 17203 and 17535 and Government Code section 12527, until the hearing on the order to show cause regarding the preliminary injunction, Defendants The Law Offices of Kramer and Kaslow, a California professional law corporation and also dba K2 Law, Mass Litigation Alliance, and Consolidated Litigation Group; Philip Allen Kramer, an individual; Mitchell J. Stein & Associates, Inc., a California corporation; Mitchell J. Stein, an individual and dba Mitchell J. Stein & Associates; Christopher Van Son, an individual, and dba The Law Offices of Christopher J. Van Son and Consolidated Litigation Group; Mesa Law Group Corp., a California corporation; Paul Warren Petersen, an individual; any dba, successor, affiliate, subsidiary, or other entity owned, controlled, managed, or held by or on behalf of, or for the benefit of, any of them; and their agents, employees, officers, representatives, successors, partners, assigns, and those acting in concert or in participation with them, whether acting directly or through an corporation, subsidiary, division, or other device, are also enjoined from committing or performing the following acts:

- 1. Disseminating, using, relying on, or directing or allowing others to disseminate, use, or rely on:
- a. any advertisement containing any false, misleading or deceptive statement or the omission of any fact necessary to make the statements made, in light of the circumstances under which they are made, not false, misleading, or deceptive, in violation of Business and Professions Code section 6157.1;
 - b. any advertisement containing or referring to any guarantee or warranty

regarding the outcome of a legal matter as a result of representation by an attorney, any agent of the attorney, or any law firm or law corporation doing business in the State of California, in violation of Business and Professions Code section 6157.2, subdivision (a);

- c. any advertisement containing or referring to any statements or symbols stating that the attorney or any law firm or law corporation doing business in the State of California featured in the advertisement can generally obtain immediate cash or quick settlements, in violation of Business and Professions Code section 6157.2, subdivision (b);
- d. any advertisement made on behalf of an attorney or any law firm or law corporation doing business in the State of California and not paid for by the attorney, law firm, or law corporation that fails to disclose the business relationship, past or present, between the attorney and the person paying for the advertisement, in violation of Business and Professions Code section 6157.3; or
- e. any false, misleading or deceptive advertisement for an attorney or any law firm or law corporation doing business in the State of California by electronic media, in violation of Business and Professions Code section 6158;
- Failing to make required disclosures concerning the factual and legal
 circumstances of results in particular cases, in violation of Business and Professions Code section
 6158.3;
- 3. Directly or indirectly sharing legal fees with a non-attorney, in violation of California Rules of Professional Conduct, rule 1-320(A);
- 4. Compensating persons or entities for the purpose of securing employment or as a reward for having made a recommendation resulting in the employment of any Attorney Defendant by a client, in violation of California Rules of Professional Conduct, rule 1-320(B);
- 5. Aiding persons or entities in the unauthorized practice of law, in violation of California Rules of Professional Conduct, rule 1-300(A);
- 6. Making a communication that is false, deceptive and tending to mislead the public, and failing to indicate clearly that their communications are advertisements, in violation of California Rules of Professional Conduct, rule 1-400(D); and

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7. Failing to provide prompt refunds, in violation of California Rules of Professional Code, rule 3-700(D)(2).

IT IS FURTHER ORDERED that, pursuant to Business and Professions Code sections 17203 and 17535 and Government Code section 12527, until the hearing on the order to show cause regarding the preliminary injunction, Defendants Attorneys Processing Center, LLC, a California limited liability company and also dba Attorney Processing Center and Processing Center; Data Management, LLC, a California limited liability company; Gary DiGirolamo, an individual; Bill Merrill Stephenson, an individual; Mitigation Professionals, LLC, a California limited liability company and dba K2 Law; Glen Reneau, an individual; Pate, Marier and Associates, Inc., a California corporation; James Eric Pate, an individual; Ryan William Marier, an individual; Home Retention Division, a business organization of unknown form; Michael Anthony Tapia, an individual and dba Customer Solutions Group and Home Retention Division; Lewis Marketing Corp., a California corporation; Clarence John Butt, an individual; Thomas David Phanco, an individual; any dba, successor, affiliate, subsidiary, or other entity owned, controlled, managed, or held by or on behalf of, or for the benefit of, any of them; and their agents, employees, officers, representatives, successors, partners, assigns, and those acting in concert or in participation with them, whether acting directly or through an corporation, subsidiary, division, or other device, are also enjoined from committing or performing the following acts:

- 1. Violating Business & Professions Code section 6125 prohibiting the unauthorized practice of law, including, but not limited to:
- a. Providing advice regarding the relief one can obtain by joining a lawsuit against their lender;
 - b. Providing advice regarding legal settlement;
 - c. Providing advice regarding the impact of the lawsuit on the foreclosure
- d. Having consumers sign attorney retainer agreements without consulting with an attorney;

and

e. Having consumers pay attorneys' fees without consulting with an attorney;

Adding consumers to any lawsuit without consulting with an attorney;

- 2. Operating as telephonic sellers, as defined in Business & Professions Code section 17511.1, without a certificate of registration from the Department of Justice as required by Business & Professions Code section 17511.3; and
- 3. Operating as telephonic sellers without obtaining and maintaining a surety bond as required by Business & Professions Code section 17511.12.

ASSET FREEZE

IT IS FURTHER ORDERED that, except as otherwise ordered by the Court, an immediate freeze shall be placed on all monies and assets in all accounts at any bank, financial institution, or brokerage firm, all certificates of deposit, and any other funds or assets, held in the name of, for the benefit of, or containing funds in which any Defendant purports to own any interest, or over which account authority is held by any Defendant, or any trust, partnership, joint venture, person, or entity associated with any Defendant, or containing funds derived directly or indirectly in the name of any Defendant, as of the date of the Complaint, including, but not limited to, the following:

- 1. Any money or other consideration that any Defendant has received or will receive from consumers in connection with any purported or actual lawsuit or settlement with their lenders;
- 2. Any accounts maintained at any financial institution into which any Defendant, their agents, employees, officers, representatives, successors, partners, assigns, and those acting in concert or in participation with them, whether acting directly or through an corporation, subsidiary, division, or other device, deposited any of this money, including, but not limited to, the specific accounts listed in the accompanying Order Appointing Receiver and the State Bar's orders to show cause and interim orders assuming jurisdiction over the law practices of Philip Allen Kramer, Mitchell J. Stein, Paul Petersen, and Christopher Van Son (State Bar Interim Orders Assuming Jurisdiction);

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- 3. Any profits derived from this money:
- 4. Any real property purchased or maintained, in whole or in part, by any of this money, or which otherwise may be used to satisfy a judgment in this action, including, but not limited to, the specific properties listed in the accompanying Order Appointing Receiver;
- 5. Any personal property purchased or maintained, in whole or in part, by any of this money, or which otherwise may be used to satisfy a judgment in this action, including, but not limited to, the vehicles listed in the accompanying Order Appointing Receiver; and
- Any money or other consideration that any Defendant has received or will receive as a result of any proposed or actual lawsuit or settlement, including, but not limited to, money or other consideration obtained from consumers, potential clients, existing clients, and named plaintiffs.

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

- 1. Repatriate to the United States all funds, documents, or assets in foreign countries held either by them, for their benefit, or under their direct or indirect control, jointly or singly, and
- Notify the People and the receiver appointed in this action (Receiver) of a. the name and location of the financial institution or other entity that is the recipient of such funds, documents, or assets; and
 - b. Serve this Order on any such financial institution or other entity;
- 2. Provide the People and Receiver with a full accounting of all funds, documents, and assets outside of the territory of the United States held either by them, for their benefit, or under their direct or indirect control, jointly or singly; and
- Hold and retain all repatriated funds, documents, and assets and prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds.

IT IS FURTHER ORDERED that Defendants are hereby enjoined, until further order of this Court, from:

7. Transferring, encumbering, selling, concealing, pledging, hypothecating, assigning, creating a security interest in, mortgaging, spending, withdrawing, disbursing,

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conveying, gifting, devising, concealing, secreting, dissipating, or otherwise disposing of any funds, property, coins, shares of stock, or other assets subject to the asset freeze, wherever located, that are (a) owned in whole or in part or controlled by any Defendant, in whole or in part, (b) in the actual or constructive possession of any Defendant, (c) held by an agent of any Defendant on its behalf, or (d) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of, any Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Defendant, as of the date of this Order;

- 8. Committing or permitting any waste on any property subject to the asset freeze or any part thereof;
- 9. Doing any act which will, or which will tend to, impair, defeat, divert, prevent, or prejudice the preservation of the property subject to the asset freeze or its income, rents, issues, profits, proceeds, sales, and all other monies arising therefrom;
- 10. Collecting or attempting to collect payment, in whole or in part, from any consumer who hired Defendants prior to the entry of this Order;
- 11. Opening or causing to be opened any safe deposit boxes titled in the name of any Defendant or subject to access by any Defendant; or
- 12. Incurring charges or cash advances on any credit or debit card issued in the name, singly or jointly, of any Defendant, or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Defendant.

The freeze imposed by this Order shall not be construed to prohibit the State Bar of California from disbursing funds that are held in trust fund accounts or client funds accounts established pursuant to Rule 4-100 of the California Rules of Professional Conduct and that are held for the benefit of legal services clients.

ASSET INFORMATION

IT IS FURTHER ORDERED that each Defendant shall provide the People and Receiver with the following information regarding its assets (Asset Information):

For any real property (i) owned in whole or in part or controlled by any 1.

Defendant, in whole or in part, (ii) in the actual or constructive possession of any Defendant, (iii) held by an agent of any Defendant on its behalf, or (iv) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of, any Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Defendant, as of the date of this Order, the legal description and address of each property.

- 2. For each and every bank account or investment account, including checking accounts, savings accounts, money market accounts, retirement accounts, mutual fund and stock brokerage accounts, that are (i) owned in whole or in part or controlled by any Defendant, in whole or in part, (ii) in the actual or constructive possession of any Defendant, (iii) held by an agent of any Defendant on its behalf, or (iv) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of, any Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Defendant, as of the date of this Order, the account number, name(s) on the account, current balance, and the name and contact information of the financial institution.
- 3. For all personal property with a fair market value in excess of \$2,500, that is (i) owned in whole or in part or controlled by any Defendant, in whole or in part, (ii) in the actual or constructive possession of any Defendant, (iii) held by an agent of any Defendant on its behalf, or (iv) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of, any Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Defendant, as of the date of this Order, a list of the property, the location of the property, and a reasonably detailed description of the property, including, as applicable, serial numbers or other identification numbers and registration information.
- 4. Each Defendant shall provide this Asset Information by overnight delivery service, facsimile, email, or hand delivery to:
- a. Deputy Attorney General James Toma, 300 South Spring Street, Suite 1702, Los Angeles, CA 90013, fax (213) 897-4951, email james.toma@doj.ca.gov;

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b. Receiver Thomas McNamara, 655 West Broadway, Suite 1600, San Diego, CA 92101-8494, fax (619) 696-9269, email mcnamarat@ballardspahr.com.

- 5. The Asset information must be received by the People and Receiver within five (5) business days of service of this Order on Defendants or their counsel.
- 6. Defendants shall provide to the People and Receiver such other financial statements as the People or Receiver may request in order to monitor Defendants' compliance with this Order.

CONSENT TO RELEASE FINANCIAL RECORDS

IT IS FURTHER ORDERED that each Defendant shall provide the People and Receiver with its consent to access records and documents pertaining to Defendant's property or assets that are held by financial institutions outside the territory of the United States (Consent).

- 1. The Consent shall state: "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 account(s), to any attorney of The People of the State of California in the matter of People v. The Law Offices of Kramer and Kaslow et al., pending in the Superior Court for the State of California, County of Los Angeles, 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." The consent shall be signed by Defendant.
- 2. The Consent must be received by the People and Receiver within five (5) business days of service of this Order on Defendants or their counsel.

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IT IS FURTHER ORDERED that Defendants and their agents, employees, officers, representatives, successors, partners, assigns, and those acting in concert or in participation with them, whether acting directly or through an corporation, subsidiary, division, or other device, are enjoined from:

- Destroying, secreting, defacing, transferring, or otherwise altering or 1. disposing, in any manner, directly or indirectly, any documents that relate to the business practices or business or personal finances of any Defendant or any other entity directly or indirectly under the control of any Defendant; or
- Failing to create and maintain books, records, and accounts which, in reasonable detail, accurately, fairly, and completely reflect the income, assets, disbursements, transactions, and use by monies by any Defendant or any other entity directly or indirectly under the control of any Defendant.

ORDER TO SHOW CAUSE

IT IS FURTHER ORDERED that Defendants appear in Department \$\mathcal{B}\$ of this Court, located at Van Nuys Courthouse East, 6230 Sylmar, Van Nuys, CA 91401 on 2011. at 1.75 Mor as soon thereafter as the matter can be heard, and then and there show cause, if any they have, why a preliminary injunction should not be issued in accord with the Temporary Restraining Order.

SERVICE AND FILING OF PAPERS

IT IS FURTHER ORDERED that:

- The People shall serve the summons and complaint, this order, the ex parte application, and the memorandum of points and authorities and supporting declarations on **8/33/**, 2011. Defendants on or before **LPM**
- The People shall deliver proof of service of the summons and complaint, this 2. order, the ex parte application, and the memorandum of points and authorities and supporting declarations to the court hearing the OSC on or before , 2011.

1	3. Defendants shall file and serve their written opposition, if any, on or before
2	8/26/, 2011. Fox + Overnight was
3	4. Plaintiff shall file and serve its written reply, if any, on or before
4	<u>8/31</u> , 2011.
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6	DATED: 8/15/11 By: John Committee Co
7	radge of the Superior Court
8	FRANK J. JOHNSON
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