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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission,

Plaintiff,

v.

Sameer Lakhany,
an individual;

The Credit Shop, LLC,
a limited liability company;

Fidelity Legal Services LLC,
a limited liability company;

Titanium Realty, Inc.,
a corporation;

Precision Law Center, Inc.,
a corporation;

Precision Law Center LLC,
a limited liability company;

Brian Pacios,
an individual;

Assurity Law Group, Inc.,
a corporation; and

National Legal Network, Inc.,
a corporation;

Defendants.

Case No. SACV12-0337-CJC(JPRx)

~~PROPOSED~~
**PRELIMINARY INJUNCTION
ORDER WITH ASSET FREEZE AND
OTHER EQUITABLE RELIEF AS
TO DEFENDANTS BRIAN PACIOS
AND NATIONAL LEGAL
NETWORK, INC.**

Judge: Hon. Cormac J. Carney
Courtroom 9B

1 Plaintiff Federal Trade Commission (“FTC”), pursuant to Sections 13(b) of
2 the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §53(b), and the 2009
3 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678
4 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability
5 Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123
6 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-
7 Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203,
8 Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), has
9 filed an Amended Complaint for preliminary and permanent injunctive relief,
10 rescission or reformation of contracts, restitution, the refund of monies paid,
11 disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or
12 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the
13 Mortgage Assistance Relief Services Rule, 16 C.F.R. Part 322 (“MARS Rule”)
14 (effective December 29, 2010, except for Section 322.5, which became effective on
15 January 31, 2011), recodified as Mortgage Assistance Relief Services (Regulation
16 O), 12 C.F.R. Part 1015 (“Regulation O”) (effective December 30, 2011), in
17 connection with the marketing and sale of Mortgage Assistance Relief Services
18 (“MARS”), and applied for a temporary restraining order pursuant to Rule 65(b) of
19 the Federal Rules of Civil Procedure.

20 FINDINGS OF FACT

21 This Court, having considered the FTC’s pleadings, declarations, exhibits,
22 and memoranda and the evidence presented by all parties, finds that:

23 1. This Court has jurisdiction over the subject matter of this case, there is
24 good cause to believe it will have jurisdiction over all the parties hereto, and venue
25 in this district is proper;

26 2. There is good cause to believe that Defendants Brian Pacios (“Pacios”),
27 an individual, and National Legal Network, Inc. (“NLN”), a corporation, have
28 engaged and are likely to continue to engage in acts or practices that violate Section

1 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the MARS Rule, 16 C.F.R. Part 322,
2 recodified as Regulation O, 12 C.F.R. Part 1015 (effective December 30, 2011), and
3 that the FTC is therefore likely to prevail on the merits of this action;

4 3. There is good cause to believe that immediate and irreparable harm will
5 result from NLN's and Pacios's potential future violations of Section 5(a) of the
6 FTC Act and the MARS Rule unless NLN and Pacios are restrained and enjoined by
7 Order of this Court;

8 4. Pacios and NLN have no objection to a reasonable Order prohibiting
9 immediate and irreparable damage to the Court's ability to grant effective final relief
10 for consumers in the form of monetary restitution and disgorgement of allegedly
11 ill-gotten gains that could occur if they transferred, dissipated, or concealed their
12 assets or business records;

13 5. Weighing the equities and considering the FTC's likelihood of ultimate
14 success, this order is in the public interest; and

15 6. No security is required of any agency of the United States for issuance
16 of a restraining order. Fed. R. Civ. P. 65.

17 **ORDER**

18 **DEFINITIONS**

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

20 A. "Assets" means any legal or equitable interest in, right to, or claim to, any
21 real, personal, or intellectual property of NLN or Pacios, or held for the
22 benefit of NLN or Pacios, wherever located, whether in the United States or
23 abroad, including, but not limited to, chattel, goods, instruments, equipment,
24 fixtures, general intangibles, effects, leaseholds, contracts, mail or other
25 deliveries, shares of stock, commodities, futures, inventory, checks, notes,
26 accounts, credits, receivables (as those terms are defined in the Uniform
27 Commercial Code), cash, and trusts, including but not limited to any trust held
28 for the benefit of NLN or Pacios, any of Pacios' minor children, or any of

1 Pacios' spouses, and shall include both existing assets and assets acquired
2 after the date of entry of this Order.

3 B. "Document" and "Electronically Stored Information" are synonymous in
4 meaning and equal in scope to the usage of the terms in Rule 34(a) of the
5 Federal Rules of Civil Procedure and include but are not limited to:

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

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

27 C. "Electronic Data Host" means any person or entity in the business of storing,
28 hosting, or otherwise maintaining electronically stored information.

- 1 D. "Financial institution" means any bank, savings and loan institution, credit
2 union, or any financial depository of any kind, including, but not limited to,
3 any brokerage house, trustee, broker-dealer, escrow agent, title company,
4 commodity trading company, or precious metal dealer.
- 5 E. "Material fact" means any fact that is likely to affect a person's choice of, or
6 conduct regarding, goods or services.
- 7 F. "Mortgage assistance relief product or service" means any product, service,
8 plan, or program, offered or provided to the consumer in exchange for
9 consideration, that is represented, expressly or by implication, to assist or
10 attempt to assist the consumer with any of the following:
- 11 1. stopping, preventing, or postponing any mortgage or deed of
12 trust foreclosure sale for the consumer's dwelling, any
13 repossession of the consumer's dwelling, or otherwise saving the
14 consumer's dwelling from foreclosure or repossession;
 - 15 2. negotiating, obtaining, or arranging a modification of any term of
16 a dwelling loan, including a reduction in the amount of interest,
17 principal balance, monthly payments, or fees;
 - 18 3. obtaining any forbearance or modification in the timing of
19 payments from any dwelling loan holder or servicer on any
20 dwelling loan;
 - 21 4. negotiating, obtaining, or arranging any extension of the period
22 of time within which the consumer may (i) cure his or her default
23 on a dwelling loan, (ii) reinstate his or her dwelling loan, (iii)
24 redeem a dwelling, or (iv) exercise any right to reinstate a
25 dwelling loan or redeem a dwelling;
 - 26 5. obtaining any waiver of an acceleration clause or balloon
27 payment contained in any promissory note or contract secured by
28 any dwelling; or

1 6. negotiating, obtaining, or arranging (i) a short sale of a dwelling,
2 (ii) a deed-in-lieu of foreclosure, (iii) or any other disposition of
3 a dwelling loan other than a sale to a third party that is not the
4 dwelling loan holder.

5 The foregoing shall include any manner of claimed assistance, including, but not
6 limited to, auditing or examining a consumer’s mortgage or home loan application
7 and offering to provide or providing legal services.

8 G. “Person” means any individual, group, unincorporated association, limited or
9 general partnership, corporation, or other business entity.

10 H. “Receivership Defendants” means The Credit Shop, LLC, Fidelity Legal
11 Services, LLC, Precision Law Center, Inc., Precision Law Center LLC, and
12 Titanium Realty, Inc.; and their successors, assigns, affiliates, or subsidiaries,
13 and each of them by whatever names each might be known, as determined by
14 the Permanent Receiver to be owned or controlled in whole or in part by
15 Defendants Sameer Lakhany or The Credit Shop, LLC, Fidelity Legal
16 Services, LLC, Precision Law Center, Inc., Precision Law Center LLC, or
17 Titanium Realty, Inc.

18 I. “Permanent Receiver” means Thomas W. McNamara, the appointed Receiver
19 for the business activities of Receivership Defendants with the full power of
20 an equity receiver, per the Court’s Preliminary Injunction Order issued on
21 March 19, 2012.

22 J. The words “and” and “or” shall be understood to have both conjunctive and
23 disjunctive meanings as necessary to make the applicable phrase or sentence
24 inclusive rather than exclusive.

25 **I.**

26 **PROHIBITED REPRESENTATIONS**

27 **IT IS THEREFORE ORDERED** that NLN, Pacios and their successors,
28 assigns, officers, agents, servants, and employees, all others covered by Fed. R. Civ.

1 P. 65(d)(2)(B) (Dec. 1, 2011), and those persons or entities in active concert or
2 participation with any of them who receive actual notice of this Order by personal
3 service, facsimile transmission, email, or otherwise, whether acting directly or
4 through any corporation, subsidiary, division, or other device, in connection with the
5 advertising, marketing, promotion, offering for sale or sale of any mortgage
6 assistance relief product or service, are hereby restrained and enjoined from falsely
7 representing, or from assisting others who are falsely representing, expressly or by
8 implication, any of the following:

9 A. that NLN, Pacios, or any other person:

- 10 1. generally will obtain for consumers a renegotiation, settlement,
11 modification, or other alteration of the terms of any secured or
12 unsecured debt, including but not limited to mortgage loan
13 modifications, that will make consumers' payments substantially
14 more affordable, or will help consumers avoid foreclosure;
- 15 2. as a result of a loan audit, generally will obtain for consumers a
16 renegotiation, settlement, modification, or other alteration of the
17 terms of any secured or unsecured debt, including but not limited
18 to mortgage loan modifications, that will make consumers'
19 payments substantially more affordable or help consumers avoid
20 foreclosure;
- 21 3. are accredited non-profit organizations with superior techniques
22 and qualifications for obtaining mortgage loan modifications that
23 will make consumers' payments substantially more affordable;
- 24 4. generally will give refunds to consumers if NLN or Pacios fails
25 to obtain a renegotiation, settlement, modification, or other
26 alteration of the terms of any secured or unsecured debt; or

1 5. generally will obtain favorable mortgage concessions from
2 consumers' lenders or stop foreclosure if consumers join mass
3 joinder lawsuits initiated by NLN, Pacios, or any other person.

4 B. The degree of success that NLN, Pacios, or any other person has had in
5 performing any mortgage assistance relief service;

6 C. The nature of NLN's, Pacios's, or any other person's relationship with
7 any mortgage loan holder or servicer, or other secured or unsecured lender;

8 D. The amount of time it will take or is likely to take to obtain or arrange a
9 renegotiation, settlement, modification, or other alteration of the terms of any
10 secured or unsecured debt, including but not limited to the modification of any term
11 of a consumer's home loan, deed of trust, or mortgage, including any recapitalization
12 or reinstatement agreement;

13 E. That NLN, Pacios, or any other person is affiliated with, endorsed or
14 approved by the government;

15 F. The refund policy of NLN, Pacios, or any other person, including but
16 not limited to the likelihood of a consumer obtaining a full or partial refund, or the
17 circumstances in which a full or partial refund will be granted to the consumer; or

18 G. The cost of NLN's, or Pacios's service, including that there will be no
19 charge for all or a portion of such service.

20 **II.**

21 **DISCLOSURES REQUIRED BY AND REPRESENTATIONS PROHIBITED**
22 **BY MARS RULE (REGULATION O)**

23 **IT IS FURTHER ORDERED** that NLN, Pacios, and their successors,
24 assigns, officers, agents, servants, and employees, all others covered by Fed. R. Civ.
25 P. 65(d)(2)(B) (Dec. 1, 2011), and those persons or entities in active concert or
26 participation with any of them who receive actual notice of this Order by personal
27 service or otherwise, whether acting directly or through any corporation, subsidiary,
28 division, or other device, in connection with the telemarketing, advertising,

1 marketing, promotion, offering for sale or sale of any mortgage assistance relief
2 product or service, are hereby restrained and enjoined from engaging in, or assisting
3 others in engaging in, the following conduct:

4 A. representing, expressly or by implication, in connection with the
5 advertising, marketing, promotion, offering for sale, sale or performance of any
6 mortgage assistance relief service, that a consumer cannot or should not contact or
7 communicate with his or her lender or servicer, in violation of 12 C.F.R. § 1015.3(a)
8 (Dec. 30, 2011),

9 B. failing to make the following disclosure in all general and consumer-
10 specific commercial communications: “[Name of Company] is not associated with
11 the government, and our service is not approved by the government or your lender,”
12 in violation of 12 C.F.R. § 1015.4(a)(1) & 1015.4(b)(2) (Dec. 30, 2011),

13 C. failing to make the following disclosure in all general and consumer-
14 specific commercial communications: “Even if you accept this offer and use our
15 service, your lender may not agree to change your loan,” in violation of 12 C.F.R.
16 § 1015.4(a)(2) & 1015.4(b)(3) (Dec. 30, 2011),

17 D. failing to make the following disclosure in all consumer-specific
18 commercial communications: “You may stop doing business with us at any time.
19 You may accept or reject the offer of mortgage assistance we obtain from your
20 lender [or servicer]. If you reject the offer, you do not have to pay us. If you accept
21 the offer, you will have to pay us [insert amount or method for calculating the
22 amount] for our services.” For the purposes of this paragraph, the amount “you will
23 have to pay” shall consist of the total amount the consumer must pay to purchase,
24 receive, and use all of the mortgage assistance relief services that are the subject of
25 the sales offer, including but not limited to, all fees and charges, in violation of 12
26 C.F.R. § 1015.4(b)(1) (Dec. 30, 2011),

27 E. failing, in all general commercial communications, consumer-specific
28 commercial communications, and other communications in cases where any

1 defendant or person has represented, expressly or by implication, in connection with
2 the advertising, marketing, promotion, offering for sale, sale, or performance of any
3 mortgage assistance relief service, that the consumer should temporarily or
4 permanently discontinue payments, in whole or in part, on a dwelling loan, to place
5 clearly and prominently, and in close proximity to any such representation the
6 following disclosure: "If you stop paying your mortgage, you could lose your home
7 and damage your credit rating," in violation of 12 C.F.R. § 1015.4(c) (Dec. 30,
8 2011).

9 **III.**

10 **PROHIBITION ON COLLECTION OF ADVANCE FEES**

11 **IT IS FURTHER ORDERED** that NLN, Pacios, and their successors,
12 assigns, officers, agents, servants, and employees, all others covered by Fed. R. Civ.
13 P. 65(d)(2)(B) (Dec. 1, 2011), and those persons or entities in active concert or
14 participation with any of them who receive actual notice of this Order by personal
15 service or otherwise, whether acting directly or through any corporation, subsidiary,
16 division, or other device, in connection with the telemarketing, advertising,
17 marketing, promotion, offering for sale or sale of any mortgage assistance relief
18 product or service, are hereby restrained and enjoined from asking for or receiving
19 payment before consumers have executed a written agreement between the
20 consumer and the loan holder or servicer that incorporates the offer obtained by
21 NLN or Pacios.

22 **IV.**

23 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

24 **IT IS FURTHER ORDERED** that NLN, Pacios and their successors, assigns,
25 officers, agents, servants, and employees, all others covered by Fed. R. Civ. P.
26 65(d)(2)(B) (Dec. 1, 2011), and those persons or entities in active concert or
27 participation with any of them who receive actual notice of this Order by personal
28 service, facsimile transmission, email, or otherwise, whether acting directly or

1 through any corporation, subsidiary, division, or other device, are hereby enjoined
2 from destroying, erasing, mutilating, concealing, altering, transferring, or otherwise
3 disposing of, in any manner, directly or indirectly, any documents or records that
4 relate to the business practices, or business or personal finances, of NLN or Pacios,
5 or an entity directly or indirectly under the control of NLN or Pacios.

6 V.

7 **DISABLEMENT OF WEB SITES**

8 **IT IS FURTHER ORDERED** that (1) any person hosting any Internet
9 website for, or on behalf of NLN or Pacios, and (2) NLN, Pacios, and their
10 successors, assigns, officers, agents, servants, and employees, all others covered by
11 Fed. R. Civ. P. 65(d)(2)(B) (Dec. 1, 2011), and those persons or entities in active
12 concert or participation with any of them who receive actual notice of this Order by
13 personal service or otherwise, whether acting directly or through any corporation,
14 subsidiary, division, or other device, shall:

- 15 A. Do whatever is necessary to ensure that any Internet website used by NLN or
16 Pacios for the advertising, marketing, promotion, offering for sale, sale, or
17 provision of any mortgage assistance relief service, and containing statements
18 or representations prohibited by Section I of this Order cannot be accessed by
19 the public; and
- 20 B. Direct all hosts, operators and others with the ability to do so not to destroy or
21 erase, in whole or in part, any Internet website(s) used by NLN or Pacios for
22 the advertising, marketing, promotion, offering for sale, sale, or provision of
23 any mortgage assistance relief service, and to preserve such website(s) in the
24 format in which they are maintained currently. NLN and Pacios shall provide
25 counsel for the FTC with evidence of such direction within three (3) business
26 days of service of this Order.
- 27 C. Take no action to undermine the direction set forth in subparagraph B of this
28 Section.

1 D. Notify in writing counsel for the FTC of any other Internet website operated
2 or controlled by NLN or Pacios.

3 VI.

4 **SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

5 **IT IS FURTHER ORDERED** that NLN and Pacios shall direct any domain
6 name registrar to suspend the registration of any Internet website used by NLN or
7 Pacios for the advertising, marketing, promotion, offering for sale, sale, or provision
8 of any mortgage assistance relief service, and containing statements or
9 representations prohibited by Section I of this Order and provide notice to counsel
10 for the FTC of any other Internet domain names registered by NLN, Pacios, or their
11 officers, agents, servants, and employees, all others covered by Fed. R. Civ. P.
12 65(d)(2)(B) (Dec. 1, 2011), and those persons in active concert or participation with
13 NLN or Pacios who receive actual notice of this Order by personal service or
14 otherwise. NLN and Pacios shall provide counsel for the FTC with evidence of such
15 direction within three (3) business days of service of this Order.

16 VII.

17 **ASSET FREEZE**

18 **IT IS FURTHER ORDERED** that NLN and Pacios, and their officers,
19 agents, servants, and employees, all others covered by Fed. R. Civ. P. 65(d)(2)(B)
20 (Dec. 1, 2011), and all persons or entities directly or indirectly under the control of
21 any of them, including any financial institution, and all other persons or entities in
22 active concert or participation with any of them who receive actual notice of this
23 Order by personal service, facsimile, email, or otherwise, each are hereby restrained
24 and enjoined from directly or indirectly:

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

1 wherever located, including any assets outside the territorial United States,
2 that are:

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

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

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

15 D. Obtaining a personal or secured loan; or

16 E. Cashing any checks from consumers, clients, or customers of NLN or Pacios.

17 This section shall not prohibit Pacios from obtaining an unsecured loan for the
18 payment of legal fees and defense costs incurred in connection with this action or
19 for living expenses, provided that the loan is subordinate to any equitable relief,
20 monetary or otherwise, that may be entered in this action, and provided further that
21 Pacios shall provide to the FTC (1) at least three (3) days prior to the consummation
22 of the loan, documentation evidencing the creditor's agreement that the loan will be
23 unsecured and subordinate to any equitable relief, monetary or otherwise, that may
24 be entered in this action, and (2) within three (3) days following the consummation
25 of the loan, documentation setting forth the terms of the loan, including that it is
26 unsecured and subordinate to any equitable relief, monetary or otherwise, that may
27 be entered in this action.

28

1 IT IS FURTHER ORDERED that the funds, property, and assets affected by
2 this Paragraph shall include: (a) all assets of NLN and Pacios as of the time this
3 Order is entered, and (b) those assets obtained or received after entry of this Order
4 that are derived from the actions alleged in the Plaintiff’s Complaint. This Section
5 does not prohibit transfers to the Permanent Receiver, as specifically required in
6 Section XIII (Delivery of Receivership Property), nor does it prohibit the
7 Repatriation of Foreign Assets, as specifically required in Section X of this Order.
8

9 VIII.

10 FINANCIAL STATEMENTS AND ACCOUNTING

11 IT IS FURTHER ORDERED that, within three (3) business days of service
12 of this Order, the following shall be prepared and delivered to counsel for the FTC:

13 A. For Pacios, a completed financial statement accurate as of the date of service
14 of this Order upon him in the form of Attachment A to this Order captioned
15 “Financial Statement of Individual Defendant.” In addition, Defendant Pacios
16 shall complete a financial statement, accurate to the best of his knowledge as
17 of the date of service of this Order upon him, in the form of Attachment B
18 with respect to Assurity Law Group, Inc.

19 B. For NLN and Pacios, a completed statement, verified under oath, of all
20 payments, transfers or assignments of funds, assets, or property worth more
21 than \$2,500 in funds or other assets since January 1, 2010 by loan, gift, sale or
22 other transfer. For each person to whom a transfer has been made, state the
23 total amount transferred during that period. Such statement shall include: (a)
24 the transferee’s name, address and relationship; (b) the property transferred;
25 (c) the aggregate value; and (d) the transfer date; and (e) the type of transfer.

26 C. For NLN a completed financial statement accurate as of the date of service of
27 this Order upon NLN (unless otherwise agreed upon with FTC counsel) in the
28

1 form of Attachment B to this Order captioned "Financial Statement of
2 Corporate Defendant."

3 **IX.**

4 **CONSUMER CREDIT REPORTS**

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

8 **X.**

9 **REPATRIATION OF FOREIGN ASSETS**

10 **IT IS FURTHER ORDERED** that, within five (5) business days following
11 the service of this Order, NLN and Pacios shall:

12 A. Provide counsel for the FTC with a full accounting of all assets,
13 accounts, funds, and documents outside of the territory of the United States that are
14 held either: (1) by NLN or Pacios (2) for their benefit; (3) in trust by or for them,
15 individually or jointly; or (4) under their direct or indirect control, individually or
16 jointly; and

17 B. Transfer to the territory of the United States all assets, accounts, funds,
18 and documents in foreign countries held either: (1) by them; (2) for their benefit; (3)
19 in trust by or for them, individually or jointly; or (4) under their direct or indirect
20 control, individually or jointly.

21 **IT IS FURTHER ORDERED** that all repatriated assets, accounts, funds, and
22 documents are subject to Paragraph VII of this Order.

23 **XI.**

24 **NONINTERFERENCE WITH REPATRIATION**

25 **IT IS FURTHER ORDERED** that NLN and Pacios are hereby restrained
26 and enjoined from taking any action, directly or indirectly, that may result in the
27 encumbrance or dissipation of foreign assets, or in the hindrance of the repatriation
28 required by the preceding Paragraph X of this Order, including, but not limited to:

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

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

10 XII.

11 COOPERATION WITH PERMANENT RECEIVER

12 IT IS FURTHER ORDERED that:

13 A. NLN, Pacios, and their officers, agents, directors, servants, employees,
14 salespersons, independent contractors, corporations, subsidiaries, affiliates,
15 successors, and assigns, all others covered by Fed. R. Civ. P. 65(d)(2)(B)
16 (Dec. 1, 2011), and all other persons or entities in active concert or
17 participation with them, who receive actual notice of this Order by personal
18 service or otherwise, whether acting directly or through any trust, corporation,
19 subsidiary, division, or other device, or any of them, shall fully cooperate with
20 and assist the Permanent Receiver. Such cooperation and assistance shall
21 include, but not be limited to:

- 22 1. Providing any information to the Permanent Receiver that the
23 Permanent Receiver deems necessary to exercising the authority and
24 discharging the responsibilities of the Permanent Receiver under the
25 Court’s Preliminary Injunction Order issued on March 19, 2012; and
 - 26 2. Advising all persons who owe money to the Receivership Defendants
27 that all debts should be paid directly to the Permanent Receiver.
- 28

1 B. NLN, Pacios, and their officers, directors, agents, servants, employees,
2 successors, assigns, employees, all others covered by Fed. R. Civ. P.
3 65(d)(2)(B) (Dec. 1, 2011), and all other persons or entities directly or
4 indirectly, in whole or in part, under their control, and all other persons in
5 active concert or participation with them who receive actual notice of this
6 Order by personal service or otherwise, are hereby restrained and enjoined
7 from directly or indirectly:

- 8 1. Transacting any of the business of the Receivership Defendants;
- 9 2. Destroying, secreting, erasing, mutilating, defacing, concealing,
10 altering, transferring or otherwise disposing of, in any manner, directly
11 or indirectly, any documents, electronically stored information, or
12 equipment of the Receivership Defendants, including but not limited to
13 contracts, agreements, consumer files, consumer lists, consumer
14 addresses and telephone numbers, correspondence, advertisements,
15 brochures, sales material, sales presentations, documents evidencing or
16 referring to Defendants' services, training materials, scripts, data,
17 computer tapes, disks, or other computerized records, books, written or
18 printed records, handwritten notes, telephone logs, "verification" or
19 "compliance" tapes or other audio or video tape recordings, receipt
20 books, invoices, postal receipts, ledgers, personal and business
21 canceled checks and check registers, bank statements, appointment
22 books, copies of federal, state or local business or personal income or
23 property tax returns, photographs, mobile devices, electronic storage
24 media, accessories, and any other documents, records or equipment of
25 any kind that relate to the business practices or business or personal
26 finances of the Receivership Defendants or any other entity directly or
27 indirectly under the control of the Receivership Defendants;
28

- 1 3. Transferring, receiving, altering, selling, encumbering, pledging,
2 assigning, liquidating, or otherwise disposing of any assets owned,
3 controlled, or in the possession or custody of, or in which an interest is
4 held or claimed by, the Receivership Defendants, or the Permanent
5 Receiver;
- 6 4. Excusing debts owed to the Receivership Defendants;
- 7 5. Doing any act or refraining from any act whatsoever to interfere with
8 the Permanent Receiver's taking custody, control, possession, or
9 managing of the assets or documents subject to this Receivership; or to
10 harass or to interfere with the Permanent Receiver in any way; or to
11 interfere in any manner with the exclusive jurisdiction of this Court
12 over the assets or documents of the Receivership Defendants; or to
13 refuse to cooperate with the Permanent Receiver or the Permanent
14 Receiver's duly authorized agents in the exercise of their duties or
15 authority under any Order of this Court;
- 16 6. Filing, or causing to be filed, any petition on behalf of the Receivership
17 Defendants for relief under the United States Bankruptcy Code, 11
18 U.S.C. § 101 *et seq.*, without prior permission from this Court;
- 19 7. Failing to notify the Permanent Receiver of any asset, including
20 accounts, of a Receivership Defendant held in any name other than the
21 name of the Receivership Defendant, or by any person or entity other
22 than the Receivership Defendant, or failing to provide any assistance or
23 information requested by the Permanent Receiver in connection with
24 obtaining possession, custody, or control of such assets; and
- 25 8. Failing to create and maintain books, records, and accounts which, in
26 reasonable detail, accurately, fairly, and completely reflect the incomes,
27 assets, disbursements, transactions and use of monies by the Defendants
28

1 or any other entity directly or indirectly under the control of the
2 Defendants.

3 **XIII.**

4 **DELIVERY OF RECEIVERSHIP PROPERTY**

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

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

27 **IT IS FURTHER ORDERED** that, in the event any person or entity fails to
28 deliver or transfer immediately any asset or otherwise fails to comply with any

1 provision of this Paragraph XIII, the Permanent Receiver may file *ex parte* with the
2 Court an Affidavit of Non-Compliance regarding the failure. Upon filing of the
3 affidavit, the Court may authorize, without additional process or demand, Writs of
4 Possession or Sequestration or other equitable writs requested by the Receiver. The
5 writs shall authorize and direct the United States Marshal or any sheriff or deputy
6 sheriff of any county to seize the asset, document, or other thing and to deliver it to
7 the Permanent Receiver.

8 **XIV.**

9 **PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

10 **IT IS FURTHER ORDERED** that, except as required by a law enforcement
11 agency, law, regulation or court order, NLN, Pacios, and their officers, agents,
12 servants, and employees, all others covered by Fed. R. Civ. P. 65(d)(2)(B) (Dec. 1,
13 2011), and all other persons in active concert or participation with any of them who
14 receive actual notice of this Order by personal service or otherwise, are restrained
15 and enjoined from disclosing, using, or benefitting from consumer information,
16 including the name, address, telephone number, email address, social security
17 number, other identifying information, or any data that enables access to a
18 consumer's account (including a credit card, bank account, or other financial
19 account), of any person which NLN or Pacios obtained prior to entry of this Order in
20 connection with any mortgage assistance relief product or service.

21 **XV.**

22 **NOTIFICATION OF BUSINESS ACTIVITIES**

23 **IT IS FURTHER ORDERED** that:

24 A. Defendant Pacios is hereby preliminarily enjoined from directly or
25 indirectly creating, operating, or exercising any control over any business entity,
26 including any partnership, limited partnership, joint venture, sole proprietorship or
27 corporation, without first serving on counsel for the FTC a written statement
28 disclosing the following: (1) the name of the business entity; (2) the address and

1 telephone number of the business entity; (3) the names of the business entity's
2 officers, directors, principals, managers and employees; and (4) a detailed
3 description of the business entity's intended or actual activities.

4 B. Defendant Pacios shall notify counsel for the FTC at least seven (7)
5 days prior to affiliating with, becoming employed by, or performing any work for
6 any business that is not a named Defendant in this action. Each notice shall include
7 Defendant Pacios' new business address and a statement of the nature of the
8 business or employment and the nature of his duties and responsibilities in
9 connection with that business or employment.

10 **XVI.**

11 **MONITORING**

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

16 **XVII.**

17 **CORRESPONDENCE WITH PLAINTIFF**

18 **IT IS FURTHER ORDERED** that, for the purposes of this Order, because
19 mail addressed to the FTC is subject to delay due to heightened security screening,
20 all correspondence and service of pleadings on Plaintiff shall be sent either via
21 electronic submission or via Federal Express to:
22

23 Mark L. Glassman
24 Federal Trade Commission
25 601 New Jersey Ave., N.W., Mail Drop NJ-3158
Washington, DC 20580
Mglassman@ftc.gov

26 with a copy to:

27 John D. Jacobs
28 Federal Trade Commission
10877 Wilshire Blvd., Ste. 700

1 Los Angeles, CA 90024
2 Jjacobs@ftc.gov

3 XVIII.

4 SERVICE OF THIS ORDER

5 IT IS FURTHER ORDERED that copies of this Order may be served by
6 facsimile transmission, email, personal or overnight delivery, or U.S. Mail, by
7 agents and employees of the FTC or any state or federal law enforcement agency or
8 by private process server, upon any financial institution or other entity or person that
9 may have possession, custody, or control of any documents or assets of any
10 Defendant, or that may otherwise be subject to any provision of this Order. Service
11 upon any branch or office of any financial institution shall effect service upon the
12 entire financial institution.

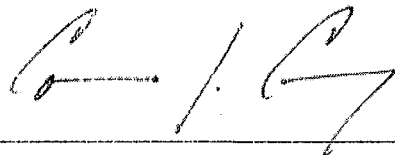
13 XVII.

14 RETENTION OF JURISDICTION

15 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this
16 matter for all purposes of construction, modification, and enforcement of this Order.

17 IT IS SO ORDERED, this 24th day of April, 2012, at 1:45 p.m., Pacific
18 Standard Time.

19
20
21
22 Dated: 4/24/12



23 CORMAC J. CARNEY

24 UNITED STATES DISTRICT JUDGE