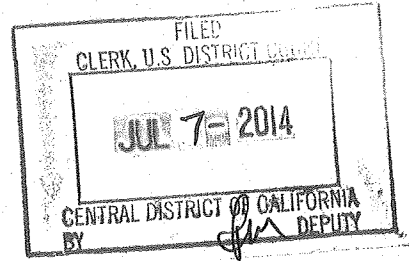


1 DAVID C. SHONKA  
Acting General Counsel  
2 FAYE CHEN BARNOUW, CA Bar No. 168631  
fbarnouw@ftc.gov  
3 MARICELA SEGURA, CA Bar No. 225999  
msegura@ftc.gov  
4 Federal Trade Commission  
10877 Wilshire Blvd., Ste. 700  
5 Los Angeles, CA 90024  
6 Tel: (310) 824-4343  
Fax: (310) 824-4380



7 Attorneys for the Plaintiff  
8 Federal Trade Commission

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11  
12 FEDERAL TRADE COMMISSION,  
13 Plaintiff,

Case No. **CV 14-5099 JFW-SHX**

14 v.

15 MDK MEDIA INC., a California  
corporation also doing business as SE  
16 VENTURES, GMK COMMUNICATIONS,  
and EMG;

[Proposed]  
TEMPORARY RESTRAINING  
ORDER WITH ASSET FREEZE,  
APPOINTMENT OF  
TEMPORARY RECEIVER, AND  
OTHER EQUITABLE RELIEF,  
AND ORDER TO SHOW CAUSE  
WHY A PRELIMINARY  
INJUNCTION SHOULD NOT  
ISSUE AND A PERMANENT  
RECEIVER SHOULD NOT BE  
APPOINTED

17 MAKONNEN DEMESSOW KEBEDE,  
18 individually and as an officer and owner of  
MDK Media Inc.;

19 TENDENCI MEDIA LLC, a California  
20 limited liability company;

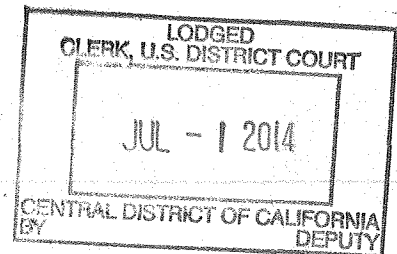
21 SARAH ANN BREKKE, individually and  
as a member of Tendenci Media LLC;

22 MINDKONTROL INDUSTRIES LLC, a  
23 California limited liability company;

24 CHRISTOPHER THOMAS  
25 DENOVELLIS, individually and as a  
member of Mindkontrol Industries LLC;

26 ANACAPA MEDIA LLC, a California  
27 limited liability company;

28 WAYNE CALVIN BYRD II, individually  
and as a member of Anacapa Media LLC;



1 DAVID C. SHONKA  
Acting General Counsel  
2 FAYE CHEN BARNOUW, CA Bar No. 168631  
fbarnouw@ftc.gov  
3 MARICELA SEGURA, CA Bar No. 225999  
msegura@ftc.gov  
4 Federal Trade Commission  
10877 Wilshire Blvd., Ste. 700  
5 Los Angeles, CA 90024  
Tel: (310) 824-4343  
6 Fax: (310) 824-4380

7 Attorneys for the Plaintiff  
8 Federal Trade Commission

FILED  
CLERK U.S. DISTRICT COURT  
JUL - 7 2014  
CENTRAL DISTRICT OF CALIFORNIA  
BY

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11  
12 FEDERAL TRADE COMMISSION,  
13 Plaintiff,

14 v.

15 MDK MEDIA INC., a California  
corporation also doing business as SE  
16 VENTURES; GMK COMMUNICATIONS,  
and EMG;

17 MAKONNEN DEMESSOW KEBEDE,  
18 individually and as an officer and owner of  
MDK Media Inc.;

19 TENDENCI MEDIA LLC, a California  
20 limited liability company;

21 SARAH ANN BREKKE, individually and  
as a member of Tendenci Media LLC;

22 MINDKONTROL INDUSTRIES LLC, a  
23 California limited liability company;

24 CHRISTOPHER THOMAS  
25 DENOVELLIS, individually and as a  
member of Mindkontrol Industries LLC;

26 ANACAPA MEDIA LLC, a California  
27 limited liability company;

28 WAYNE CALVIN BYRD II, individually  
and as a member of Anacapa Media LLC;

Case No.  
CV14-5099 JFW-SH\*

[Proposed]  
TEMPORARY RESTRAINING  
ORDER WITH ASSET FREEZE,  
APPOINTMENT OF  
TEMPORARY RECEIVER, AND  
OTHER EQUITABLE RELIEF,  
AND ORDER TO SHOW CAUSE  
WHY A PRELIMINARY  
INJUNCTION SHOULD NOT  
ISSUE AND A PERMANENT  
RECEIVER SHOULD NOT BE  
APPOINTED

LODGED  
CLERK, U.S. DISTRICT COURT  
JUL - 1 2014  
CENTRAL DISTRICT OF CALIFORNIA  
DEPUTY

1 BEAR COMMUNICATIONS LLC, a  
California limited liability company;  
2 JAMES MATTHEW DAWSON,  
3 individually and as a member of Bear  
Communications LLC;  
4 NETWORK ONE COMMERCE INC., a  
5 Nevada corporation; and  
6 CASEY LEE ADKISSON, individually and  
7 as an officer and owner of Network One  
Commerce Inc.,  
8 Defendants.

9  
10 Plaintiff Federal Trade Commission (“FTC”), has filed a Complaint for  
11 Injunctive and other Equitable Relief pursuant to Section 13(b) of the Federal  
12 Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and has applied *ex parte*  
13 for the issuance of a Temporary Restraining Order (“TRO”) pursuant to Rule 65 of  
14 the Federal Rules of Civil Procedure. The Court having considered the Complaint,  
15 Plaintiff’s *ex parte* TRO application, and the memorandum of points and  
16 authorities and other materials filed in support thereof, finds that:

17 **ORDER**

18 **FINDINGS OF FACT**

19 1. This Court has jurisdiction over the subject matter of this case. There  
20 is also good cause to believe the Court will have jurisdiction over all parties hereto,  
21 and that venue in this district is proper.

22 2. There is good cause to believe that Defendants MDK Media Inc. also  
23 d/b/a “SE Ventures,” “GMK Communications,” and “EMG”; Makonnen  
24 Demessow Kebede; Tendenci Media LLC; Sarah Anne Brekke; MindKontrol  
25 Industries LLC; Christopher Thomas DeNovellis; Anacapa Media LLC; Wayne  
26 Calvin Byrd II; Bear Communications LLC; James Matthew Dawson; Network  
27 One Commerce, Inc.; and Casey Lee Adkisson (collectively “Defendants”) have  
28

1 engaged in and are likely to engage in acts or practices that violate Section 5(a) of  
2 the FTC Act, 15 U.S.C. § 45(a), and that the FTC is likely to prevail on the merits  
3 of this action.

4 3. There is good cause to believe that consumers will suffer immediate  
5 and continuing harm unless Defendants are restrained and enjoined by Order of  
6 this Court.

7  
8 4. Good cause exists for appointing a temporary receiver over Corporate  
9 Defendants MDK Media Inc. also d/b/a "SE Ventures," "GMK Communications,"  
10 and "EMG"; Tendenci Media LLC; MindKontrol Industries LLC; Anacapa Media  
11 LLC; Bear Communications LLC; and Network One Commerce, Inc. ("Corporate  
12 Defendants").

13 5. Weighing the equities and considering the FTC's likelihood of  
14 ultimate success, a TRO with an asset freeze, the appointment of a temporary  
15 receiver, limited expedited discovery as to the existence and location of assets, and  
16 other equitable relief is in the public interest.

17  
18 6. No security is required of any agency of the United States for issuance  
19 of a restraining order. Fed. R. Civ. P. 65(c).

#### 20 **DEFINITIONS**

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

22 1. "Asset" or "Assets" means any legal or equitable interest in, right to,  
23 or claim to, any real or personal property of Defendants, or held for the benefit of  
24 Defendants, wherever located, whether in the United States or abroad, including  
25 but not limited to chattels, goods, instruments, equipment, fixtures, general  
26 intangibles, effects, leaseholds, contracts, mail or other deliveries, inventory,  
27 checks, notes, accounts, credits, receivables (as those terms are defined in the  
28

1 Uniform Commercial Code), shares of stock, futures, and all cash and currency,  
2 trusts, including but not limited to any trust held for the benefit of any Defendant,  
3 any Individual Defendant's minor children, or any of the Individual Defendants'  
4 spouses, and shall include both existing assets and assets acquired after entry of  
5 this Order.

6           2.     **"Corporate Defendants"** means MDK Media Inc., also d/b/a "SE  
7 Ventures," "GMK Communications," and "EMG"; Tendenci Media LLC;  
8 MindKontrol Industries LLC; Anacapa Media LLC; Bear Communications LLC;  
9 Network One Commerce Inc.; and their d/b/a's, successors, and assigns.

10           3.     **"Defendants"** means all of the Individual Defendants and Corporate  
11 Defendants individually, collectively, or in any combination.

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

15           a.     The original or a true copy of any written, typed, printed,  
16 electronically stored, transcribed, taped, recorded, filmed, punched, or graphic  
17 matter or other data compilations of any kind, including, but not limited to, letters,  
18 email, or other correspondence, messages, memoranda, interoffice  
19 communications, notes, reports, summaries, manuals, magnetic tapes or discs,  
20 tabulations, books, records, checks, invoices, work papers, journals, ledgers,  
21 statements, returns, reports, schedules, or files; and

22           b.     Any electronically stored information stored on any server,  
23 smartphone, or any type of mobile device, flash drives, personal digital assistances  
24 ("PDAs"), desktops computer and workstations, laptops notebooks, and other  
25 portable computers, or other electronic storage media, whether assigned to  
26 individuals or in pools of computers available for shared use, or personally owned  
27  
28

1 but used for work-related purposes; backup disks and tapes, archive disks and  
2 tapes, and other forms of offline storage, whether stored onsite with the computer  
3 used to generate them, stored offsite in another computer facility, or stored, hosted,  
4 or otherwise maintained offsite by a third party; and computers and related offline  
5 storage used by Defendants or Defendants' participating associates, which may  
6 include persons who are not employees of the company or who do not work on  
7 company premises.

8           5.     **“Electronic Data Host”** means any person or entity in the business of  
9 storing, hosting, or otherwise maintaining electronically stored information.

10           6.     **“Financial Institution”** means any bank, savings and loan institution,  
11 credit union, or any financial depository of any kind, including, but not limited to,  
12 any brokerage house, trustee, broker-dealer, escrow agent, title company,  
13 commodity trading company, or precious metal dealer.

14           7.     **“Individual Defendants”** means Makonnen Demessow Kebede,  
15 Sarah Anne Brekke, Christopher Thomas DeNovellis, Wayne Calvin Byrd II,  
16 James Matthew Dawson, and Casey Lee Adkisson.

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

19           9.     **“Receivership Defendants”** refers to Corporate Defendants, as well  
20 as any successors, assigns, affiliates, and subsidiaries that conduct any business  
21 related to Defendants' placement of third party charges on mobile phone bills and  
22 which the Temporary Receiver has reason to believe are owned or controlled in  
23 whole or in part by any of the Defendants.  
24  
25  
26  
27  
28

**I.**

**PROHIBITED PRACTICES**

1  
2  
3 IT IS HEREBY ORDERED that Defendants, directly or through any  
4 corporation, partnership, subsidiary, division, trade name, or other device, and their  
5 officers, agents, servants, employees, attorneys, and those persons or entities in  
6 active concert or participation with them who receive actual notice of this Order by  
7 personal service or otherwise, are temporarily restrained and enjoined from placing  
8 or assisting others in placing any charge on a consumer's telephone bill, or from  
9 representing or assisting others in representing, directly or indirectly, expressly or  
10 by implication, that a consumer is obligated to pay any charge on a telephone bill,  
11 unless Defendants have obtained the consumer's express informed consent to the  
12 charge and Defendants have made and maintained a record of the consent.  
13

**II.**

**PROHIBITION REGARDING CONSUMER INFORMATION**

14  
15 IT IS FURTHER ORDERED that Defendants, directly or through any  
16 corporation, partnership, subsidiary, division, trade name, or other device, and their  
17 officers, agents, servants, employees, and attorneys, and those persons or entities in  
18 active concert or participation with them who receive actual notice of this Order by  
19 personal service or otherwise, are temporarily restrained and enjoined from selling,  
20 transferring, or disclosing consumer information, including the name, address,  
21 telephone number, email address, social security number, birthdate, or other  
22 identifying information, or any other data that enables access to a consumer's  
23 account (including, but not limited to, a credit card, bank account, telephone billing  
24 account or other financial account), of any person or entity, which Defendants  
25 obtained prior to entry of this Order in connection with Defendants' services.  
26  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**III.**  
**ASSET FREEZE**

IT IS FURTHER ORDERED that Defendants and their officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, each are hereby temporarily restrained and enjoined from directly or indirectly:

A. Selling, liquidating, assigning, transferring, converting, loaning, hypothecating, disbursing, gifting, conveying, encumbering, pledging, concealing, dissipating, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any asset (including but not limited to funds, real or personal property, contracts, and consumer lists), or any interest therein, wherever located, including any asset outside the territorial United States that is:

1. owned or controlled by any of the Defendants, in whole or in part;

2. in the actual or constructive possession of any Defendant;

3. held by an agent of any of the Defendants, as a retainer for the agent's provision of services to a Defendant;

4. owned, controlled by, or in the actual constructive possession of, or otherwise held for the benefit of, any corporation, partnership, or other entity directly or indirectly owned or controlled by any of the Defendants; including, but not limited to, assets held by any Defendant in any account at any bank or savings and loan institution, such as accounts over which the Individual Defendants have signatory authority, with any broker-dealer, escrow agent, title company, precious metal dealer, transaction processor, customer service agent, commercial mail receiving or forwarding agency, or other financial institution of any kind.

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



1 C. Incurring charges or cash advances on any credit card, stored value  
2 card, debit card, or charge card issued in the name, singly or jointly, of any  
3 Defendant or any other entity directly or indirectly owned, managed, or controlled  
4 by any Defendant;

5 D. Failing to disclose to the FTC, immediately upon service of this  
6 Order, information that fully identifies each asset of the Defendants, and each  
7 entity holding such asset, including, but not limited to, the entity's name, address,  
8 and telephone number, the number of the account, and the name under which the  
9 account is held.

10 *Provided*, that the freeze imposed in this Section shall be construed to  
11 exclude assets that any of the Defendants acquires following service of this Order,  
12 but only if the Defendant can prove that such assets are not derived from activity  
13 prohibited by this Order. *Provided further*, that this Section does not prohibit  
14 transfers to the Temporary Receiver as specifically required by this Order.

15  
16 **IV.**

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

18 IT IS FURTHER ORDERED that any financial or brokerage institution,  
19 business entity, electronic data host, or person served with a copy of this Order that  
20 holds, controls, or maintains custody of any account, document, electronically  
21 stored information, or asset of, on behalf of, in the name of, for the benefit of,  
22 subject to withdrawal by, subject to access or use by, or under the signatory power  
23 of any Defendant or other party subject to Section III above, or has held,  
24 controlled, or maintained any such account, document, electronically stored  
25 information, or asset, shall:

26 A. Hold, preserve, and retain within its control and prohibit the removal,  
27 withdrawal, transfer, encumbrance, pledge, assignment, dissipation, sale,  
28 alteration, or other disposal of any such account, other asset, or documents, except

1 as directed in writing by counsel for the FTC, by the Temporary Receiver (with  
2 respect to assets of any of the Receivership Defendants), or by further order of this  
3 Court;

4 B. Provide the Temporary Receiver, the FTC, and their agents access to  
5 electronically stored information stored, hosted, or otherwise maintained on behalf  
6 of Defendants for forensic imaging;

7 C. Deny access to any safe deposit box titled individually or jointly in the  
8 name of, or otherwise subject to access by, any of the Defendants;

9 D. Provide to the FTC and to the Temporary Receiver, within five (5)  
10 business days of notice of this Order, a sworn statement setting forth:

11 1. The identification of each account or asset;

12 2. The balance of each account or a description of the nature and  
13 value of each asset as of the close of business on the day notification of this Order  
14 is received, and, if the account or asset has been closed or moved, the balance or  
15 value removed and the person or entity to whom it was transferred; and

16 3. The identification of any safe-deposit box titled in the name of  
17 or subject to access by any of the Defendants.

18 E. Upon request by counsel for the FTC (or by the Temporary Receiver,  
19 with respect to assets held for any of the Receivership Defendants), promptly  
20 provide the FTC or the Temporary Receiver with copies of all records or other  
21 documentation pertaining to such account or asset, including but not limited to  
22 originals or copies of account applications, account statements, signature cards,  
23 checks, drafts, deposit tickets, transfers to and from the accounts, all other debit  
24 and credit instruments or slips, currency transaction reports, 1099 forms, and safe-  
25 deposit box logs; and  
26

27 F. At the direction of the FTC (or the Temporary Receiver, with respect  
28 to assets held for any of the Receivership Defendants), and without further order of

1 this Court, convert any stocks, bonds, options, mutual funds, or other securities to  
2 their cash equivalents.

3 IT IS FURTHER ORDERED that the accounts subject to this provision  
4 include existing assets and assets deposited after the effective date of this Order.  
5 This Section shall not prohibit transfers in accordance with any provision of this  
6 Order, or any further order of the Court.

7 V.

8 FINANCIAL REPORTS

9 IT IS FURTHER ORDERED that within three (3) business days of service  
10 of this Order:

11 A. Each of the Individual Defendants shall complete and deliver to the  
12 FTC the Financial Statement captioned "Financial Statement of Individual  
13 Defendant," a copy of which is attached hereto as **Attachment 1**;

14 B. The Individual Defendants shall prepare and deliver to the FTC and  
15 the Temporary Receiver, the Financial Statement captioned "Financial Statement  
16 of Corporate Defendant," a copy of which is attached hereto as **Attachment 2**, for  
17 each Corporate Defendant of which he or she is a member, officer, a majority  
18 owner or otherwise controls;

19 C. Each of the Individual Defendants shall, on behalf of each business  
20 entity (whether a partnership, limited partnership, joint venture, sole  
21 proprietorship, limited liability company, corporation, or otherwise) of which he or  
22 she is the majority owner or otherwise controls, other than the Corporate  
23 Defendants, complete and deliver to the FTC and Temporary Receiver a separate  
24 copy of the "Financial Statement of Corporate Defendant" for that corporate entity;  
25 and  
26

27 D. Defendants shall provide the FTC and Temporary Receiver access to  
28 records and documents pertaining to assets of any of the Defendants that are held

1 by financial institutions outside the territory of the United States by signing a  
2 consent to release of financial records if requested by the FTC.

3 **VI.**

4 **CREDIT REPORTS**

5 IT IS FURTHER ORDERED that the FTC may obtain credit reports  
6 concerning any of the Defendants pursuant to Section 604(a)(1) of the Fair Credit  
7 Reporting Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request, any credit  
8 reporting agency from which such reports are requested shall provide them to the  
9 FTC.

10 **VII.**

11 **REPATRIATION OF ASSETS**

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

14 A. Repatriate to the United States all funds, documents, or assets in  
15 foreign countries held either: (1) by them; (2) for their benefit; or (3) under their  
16 direct or indirect control, jointly or singly;

17 B. The same business day as any repatriation under paragraph A above,

18 1. Notify the FTC and the Temporary Receiver of the name and  
19 location of the financial institution or other entity that is the recipient of such  
20 funds, documents, or assets; and

21 2. Serve this Order on any such financial institution or other  
22 entity;

23 C. Provide the FTC and the Temporary Receiver with a full accounting  
24 of all funds, documents, and assets outside of the territory of the United States held  
25 either: (1) by them; (2) for their benefit; or (3) under their direct or indirect control,  
26 jointly or singly;

27 D. Hold and retain all repatriated funds, documents, and assets and  
28

1 prevent any transfer, disposition, or dissipation whatsoever of any such assets or  
2 funds; and

3 E. Provide the FTC and Temporary Receiver access to all records of  
4 accounts or assets of the Defendants held by financial institutions located outside  
5 the territorial United States by signing the Consent to Release of Financial Records  
6 if requested by the FTC.

7 **VIII.**

8 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

9 IT IS FURTHER ORDERED that Defendants, and their agents, servants,  
10 employees, and attorneys, and all persons or entities directly or indirectly under the  
11 control of any of them, and all other persons or entities in active concert or  
12 participation with any of them who receive actual notice of this Order by personal  
13 service or otherwise, and each such person, are hereby temporarily restrained and  
14 enjoined from destroying, erasing, mutilating, concealing, altering, transferring or  
15 otherwise disposing of, in any manner, directly or indirectly, any documents that  
16 relate to the business practices or finances of any of the Defendants, including, but  
17 not limited to, such documents as any contracts, accounting data, correspondence,  
18 advertisements, computer tapes, discs or other computerized records, books,  
19 written or printed records, handwritten notes, telephone logs, telephone scripts,  
20 receipt books, ledgers, personal and business canceled checks and check registers,  
21 bank statements, appointment books, and copies of federal, state, or local business  
22 or personal income or property tax returns.

23  
24 This Section specifically applies to all documents that have been or are  
25 displayed on or have been or are accessible from any and all Internet websites  
26 owned or controlled by any Defendant.

IX.

RECORD KEEPING

IT IS FURTHER ORDERED that each of the Individual Defendants is hereby temporarily restrained and enjoined from failing to make and keep, and to provide to FTC counsel promptly upon request, an accurate accounting that, in reasonable detail, accurately, fairly, and completely reflects such Defendant's income (including all income resulting from any services, activity, or efforts rendered by such Defendant), disbursements, transactions, and use of money, beginning immediately upon service or actual notice of this Order, and continuing daily until otherwise ordered by the Court.

X.

NOTIFICATION OF BUSINESS ACTIVITIES

IT IS FURTHER ORDERED that:

A. Each of the Individual Defendants is hereby temporarily restrained and enjoined from directly or indirectly creating, operating, or exercising any control over any business entity, including any partnership, limited partnership, joint venture, sole proprietorship or corporation, without first serving on counsel for the FTC a written statement disclosing the following: (1) the name of the business entity; (2) the business entity's contact information (including physical address, email address, and telephone number); (3) the names of the business entity's officers, directors, principals, managers, and employees; and (4) a detailed description of the business entity's intended or actual activities.

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

1 connection with that business or employment.

2 **XI.**

3 **IMMEDIATE ACCESS TO DEFENDANTS' RECORDS**

4 **IT IS FURTHER ORDERED** that:

5 A. Defendants and their successors, assigns, officers, agents, servants,  
6 employees, and attorneys, and those persons in active concert or participation with  
7 any of them who receive actual notice of this Order by personal service or  
8 otherwise, whether acting directly or through any corporation, subsidiary, division,  
9 or other device, and the Temporary Receiver, shall allow the FTC's representatives  
10 immediate access to the business premises, mail drops, storage facilities, and all  
11 other business locations owned, controlled, or used by Defendants, including, but  
12 not limited to business premises at 879 W. 190th Street, Suite 400, 402, and 417,  
13 Gardena, CA 90248. The purpose of the access shall be to effect service and to  
14 inspect and copy materials relevant to this action. The FTC shall have the right to  
15 remove documents from Defendants' premises in order that they may be inspected,  
16 inventoried, and copied. The FTC shall return any such removed documents within  
17 three (3) business days, or such time-period that is agreed upon by the FTC and  
18 Defendants. Defendants, to the extent they are in possession of documents relevant  
19 to this action, shall provide the FTC with the means necessary to access these  
20 documents, including without limitation keys and combinations to locks, computer  
21 access codes, and storage area access information; and

22  
23 B. The Temporary Receiver shall subsequently allow the FTC's  
24 representatives, the representatives of the Defendants, and each of the Individual  
25 Defendants reasonable access to the business premises of the Receivership  
26 Defendants. The purpose of this access shall be to inspect and copy any and all  
27 books, records, accounts, and other property owned by or in the possession of the  
28 Receivership Defendants. The Temporary Receiver shall have the discretion to

1 determine the time and manner of this access; and

2 C. If, at the time of service of this Order, any records or property relating  
3 to Defendants' business or assets are located in the personal residence of any of the  
4 Individual Defendants or in any other non-business location in their personal  
5 control, then he shall, within forty-eight (48) hours of service of this Order, produce  
6 to the FTC, at a location designated by the FTC, the following:

7 1. All contracts, accounting data, written or electronic  
8 correspondence, advertisements, computer tapes, discs, or other computerized or  
9 electronic records, books, written or printed records, handwritten notes, telephone  
10 logs, telephone scripts, telephone bills, receipt books, ledgers, membership records  
11 and lists, refund records, receipts, ledgers, bank records (including personal and  
12 business monthly statements, canceled checks, records of wire transfers, and check  
13 registers), appointment books, copies of federal, state, and local business or  
14 personal income or property tax returns, 1099 forms, title records, and other  
15 documents or records of any kind that relate to Defendants' business and assets;  
16 and

17  
18 2. All computers and data in whatever form, used by Defendants,  
19 in whole or in part, relating to Defendants' business and assets.

20 **XII.**

21 **APPOINTMENT OF TEMPORARY RECEIVER**

22 IT IS FURTHER ORDERED that Thomas W. McNamara  
23 is appointed Temporary Receiver ("Receiver") for Defendants MDK Media Inc.,  
24 also d/b/a SE Ventures, GMK Communications, and EMG; Tendenci Media LLC;  
25 MindKontrol Industries LLC; Anacapa Media LLC; Bear Communications LLC;  
26 and Network One Commerce Inc., as well as for any successors, assigns, affiliates,  
27 and subsidiaries that conduct any business related to Defendants' placement of  
28 third party charges on mobile phone bills and which the Temporary Receiver has



1 reason to believe are owned or controlled in whole or in part by any of the  
2 Defendants (the "Receivership Defendants"), with the full power of an equity  
3 receiver. The Temporary Receiver shall be the agent of this Court and solely the  
4 agent of this Court in acting as Receiver under this Order. The Temporary  
5 Receiver shall be accountable directly to this Court. The Temporary Receiver shall  
6 comply with all Local Rules of this Court governing receivers.

7 **XIII.**

8 **RECEIVERSHIP DUTIES**

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

11 A. Assume full control of the Receivership Defendants by removing, as  
12 the Temporary Receiver deems necessary or advisable, any director, officer,  
13 independent contractor, employee, or agent of any Receivership Defendant,  
14 including any named Defendant, from control of, management of, or participation  
15 in, the affairs of the Receivership Defendant;

16 B. Take exclusive custody, control, and possession of all assets,  
17 documents, and electronically stored information of, or in the possession, custody,  
18 or under the control of, the Receivership Defendants, wherever situated. The  
19 Temporary Receiver shall have full power to divert mail and to sue for, collect,  
20 receive, take in possession, hold, and manage all assets and documents of the  
21 Receivership Defendants and other persons or entities whose interests are now held  
22 by or under the direction, possession, custody, or control of the Receivership  
23 Defendants. Provided, however, that the Temporary Receiver shall not attempt to  
24 collect or receive any amount from a consumer if the Receiver believes the  
25 consumer was a victim of the unlawful conduct alleged in the complaint in this  
26 matter;  
27

28 C. Take all steps necessary to secure all premises owned, rented, leased,

1 or otherwise controlled by the Receivership Defendants, including but not limited to  
2 all such premises located at 879 W. 190th Street, Suite 400, 402, and 417, Gardena,  
3 CA 90248. Such steps may include, but are not limited to, the following, as the  
4 Receiver deems necessary or advisable:

- 5 1. Serving this Order;
- 6 2. Completing a written inventory of all receivership assets;
- 7 3. Obtaining pertinent information from all employees and other  
8 agents of the Receivership Defendants, including, but not limited to, the name,  
9 home address, social security number, job description, method of compensation,  
10 and all accrued and unpaid commissions and compensation of each such employee  
11 or agent, and all computer hardware and software passwords;
- 12 4. Videotaping all portions of the location;
- 13 5. Securing the location by changing the locks and disconnecting  
14 any computer modems or other means of access to the computer or other records  
15 maintained at that location;
- 16 6. Requiring any persons present on the premises at the time this  
17 Order is served to leave the premises, to provide the Receiver with proof of  
18 identification, or to demonstrate to the satisfaction of the Receiver that such  
19 persons are not removing from the premises documents or assets of the  
20 Receivership Defendants; and
- 21 7. Requiring all employees, independent contractors, and  
22 consultants of the Receivership Defendants to complete a Questionnaire submitted  
23 by the Receiver;
- 24

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

1 accounting of the assets and preventing transfer, withdrawal, or misapplication of  
2 assets;

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

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

8 G. Manage and administer the business of the Receivership Defendants  
9 until 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 dismissing  
11 any employees, independent contractors, or agents;

12 H. Choose, engage, and employ attorneys, accountants, appraisers, and  
13 other independent contractors and technical specialists, as the Receiver deems  
14 advisable or necessary in the performance of duties and responsibilities under the  
15 authority granted by this Order. The Temporary Receiver may engage the services  
16 of the law firm of which the Temporary Receiver is a member;

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

24 J. Determine and implement the manner in which the Receivership  
25 Defendants will comply with, and prevent violations of, this Order and all other  
26 applicable laws, including, but not limited to, obtaining consumers' express  
27 agreement to the placement of charges on the consumers' telephone bills prior to  
28

1 billing consumers and making and maintain records of the agreement. Such  
2 verification may include contacting the Receivership Defendants' existing  
3 consumers, via text message or otherwise, to determine whether such consumers (a)  
4 authorized such billing, and (b) agree to continue such billing.

5 K. Institute, compromise, adjust, appear in, intervene in, or become party  
6 to such actions or proceedings in state, federal, or foreign courts that the Receiver  
7 deems necessary and advisable to preserve or recover the assets of the Receivership  
8 Defendants, or that the Receiver deems necessary and advisable to carry out the  
9 Receiver's mandate under this Order;

10 L. Defend, compromise, adjust, or otherwise dispose of any or all actions  
11 or proceedings instituted in the past or in the future against the Receiver in his role  
12 as Receiver, or against the Receivership Defendants, that the Receiver deems  
13 necessary and advisable to preserve the assets of the Receivership Defendants or  
14 that the Receiver deems necessary and advisable to carry out the Receiver's  
15 mandate under this Order;

16 M. Continue and conduct the business of the Receivership Defendants in  
17 such manner, to such extent, and for such duration as the Receiver may in good  
18 faith deem to be necessary or appropriate to operate the business profitably and  
19 lawfully, if at all; provided, however, that the continuation and conduct of the  
20 business shall be conditioned upon the Receiver's good faith determination that the  
21 businesses can be lawfully operated at a profit using the assets of the receivership  
22 estate;

23 N. Take depositions and issue subpoenas to obtain documents and  
24 records pertaining to the receivership estate and compliance with this Order.  
25 Subpoenas may be served by agents or attorneys of the Receiver and by agents of  
26 any process server retained by the Receiver;  
27

28 O. Open one or more bank accounts in the Central District of California

1 as designated depositories for funds of the Receivership Defendants. The Receiver  
2 shall deposit all funds of the Receivership Defendants in such a designated account  
3 and shall make all payments and disbursements from the receivership estate from  
4 such account(s);

5 P. Maintain accurate records of all receipts and expenditures that he  
6 makes as Receiver;

7 Q. Upon request by any party, make available to that party within three  
8 calendar days copies of any documents obtained pursuant to the receivership;

9 R. Cooperate with reasonable requests for information or assistance from  
10 any state or federal law enforcement agency.

11 **XIV.**

12 **COOPERATION WITH THE TEMPORARY RECEIVER**

13 **IT IS FURTHER ORDERED that:**

14 A. Defendants, and their officers, agents, servants, employees, and  
15 attorneys, and all persons or entities directly or indirectly under the control of any  
16 of them, and all other persons or entities in active concert or participation with any  
17 of them who receive actual notice of this Order by personal service or otherwise,  
18 and each such person, shall fully cooperate with and assist the Temporary Receiver.  
19 Such cooperation and assistance shall include, but not be limited to:

20 1. Providing any information to the Receiver that the Receiver  
21 deems necessary to exercising the authority and discharging the responsibilities of  
22 the Temporary Receiver under this Order, including, but not limited to, allowing  
23 the Temporary Receiver to inspect documents and assets;

24 2. Identifying any locations where any Receivership Defendant  
25 conducts business, sales or customer service operations, or maintains records or  
26 assets;  
27  
28

1           3.     Providing any user name or password required to access any  
2 computer or electronic files in any medium, including but not limited to  
3 electronically stored information stored, hosted, or otherwise maintained by an  
4 electronic data host; or

5           4.     Advising all persons who owe money to the Receivership  
6 Defendants that all debts should be paid directly to the Temporary Receiver.

7           B.     Defendants, and their officers, agents, servants, employees, and  
8 attorneys, and all persons or entities directly or indirectly under the control of any  
9 of them, and all other persons or entities in active concert or participation with any  
10 of them who receive actual notice of this Order by personal service or otherwise,  
11 and each such person, are hereby temporarily restrained and enjoined from directly  
12 or indirectly:

13           5.     Transacting any of the business of the Receivership  
14 Defendants;

15           6.     Destroying, concealing, defacing, transferring, or otherwise  
16 altering or disposing of any documents or equipment of the Receivership  
17 Defendants, including, but not limited to, books, records, accounts, or any other  
18 papers of any kind or nature;

19           7.     Transferring, receiving, altering, selling, encumbering,  
20 pledging, assigning, liquidating, or otherwise disposing of any assets owned,  
21 controlled, or in the possession or custody of, or in which an interest is held or  
22 claimed by, the Receivership Defendants, or the Temporary Receiver;

23           C.     Excusing debts owed to the Receivership Defendants;

24           D.     Failing to notify the Temporary Receiver of any asset, including  
25 accounts, of any Receivership Defendant held in any name other than the name of  
26 any Receivership Defendant, or by any person or entity other than the Receivership  
27 Defendants, or failing to provide any assistance or information requested by the  
28

1 Temporary Receiver in connection with obtaining possession, custody, or control of  
2 such assets; or

3 E. Doing any act or refraining from any act whatsoever to interfere with  
4 the Temporary Receiver's taking custody, control, possession, or managing of the  
5 assets or documents subject to this receivership; or to harass or interfere with the  
6 Temporary Receiver in any way; or to interfere in any manner with the exclusive  
7 jurisdiction of this Court over the assets or documents of the Receivership  
8 Defendants; or to refuse to cooperate with the Temporary Receiver or the  
9 Temporary Receiver's duly authorized agents in the exercise of their duties or  
10 authority under any Order of this Court.

11 **XV.**

12 **DELIVERY OF RECEIVERSHIP PROPERTY**

13 IT IS FURTHER ORDERED that immediately upon service of this Order  
14 upon them or upon their otherwise obtaining actual knowledge of this Order, or  
15 within a period permitted by the Receiver, Defendants and their officers, agents,  
16 servants, employees, and attorneys, and all other persons or entities in active  
17 concert or participation with any of them who receive actual notice of this Order  
18 by personal service or otherwise shall transfer or deliver access to, possession,  
19 custody, and control of the following to the Receiver:  
20

21 A. All assets of the Receivership Defendants;

22 B. All documents and electronically stored information of the  
23 Receivership Defendants, including, but not limited to, books and records of  
24 accounts, all financial and accounting records, balance sheets, income statements,  
25 bank records (including monthly statements, canceled checks, records of wire  
26 transfers, records of ACH transactions, and check registers), client or customer lists,  
27 title documents and other papers;

28 C. All assets belonging to members of the public now held by the

1 Receivership Defendants;

2 D. All keys, computer and other passwords, entry codes, combinations to  
3 locks required to open or gain or secure access to any assets or documents of the  
4 Receivership Defendants, wherever located, including, but not limited to, access to  
5 their business premises, means of communication, accounts, computer systems, or  
6 other property; and

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

9 IT IS FURTHER ORDERED that, in the event any person or entity fails to  
10 deliver or transfer immediately any asset or otherwise fails to comply with any  
11 provision of this Section, the Temporary Receiver may file *ex parte* with the Court  
12 an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit,  
13 the Court may authorize, without additional process or demand, Writs of Possession  
14 or Sequestration or other equitable writs requested by the Receiver. The writs shall  
15 authorize and direct the United States Marshal or any sheriff or deputy sheriff of  
16 any county (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset, document, or  
17 other thing and to deliver it to the Receiver.  
18

19 **XVI.**

20 **COMPENSATION FOR RECEIVER**

21 IT IS FURTHER ORDERED that the Temporary Receiver and all personnel  
22 hired by the Temporary Receiver as herein authorized, including counsel to the  
23 Receiver and accountants, are entitled to reasonable compensation for the  
24 performance of duties pursuant to this Order, and for the cost of actual out-of-  
25 pocket expenses incurred by them, from the assets now held by or in the possession  
26 or control of, or which may be received by, the Receivership Defendants. The  
27 Temporary Receiver shall file with the Court and serve on the parties periodic  
28 requests for the payment of such reasonable compensation, with the first such



1 request filed no more than sixty (60) days after the date of this Order. The  
2 Receiver shall not increase the hourly rates used as the bases for such fee  
3 applications without prior approval of the Court.

4 **XVII.**

5 **RECEIVER'S REPORTS**

6 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to  
7 this Court on or before the date set for the hearing to Show Cause regarding the  
8 Preliminary Injunction, regarding: (1) the steps taken by the Temporary Receiver  
9 to implement the terms of this Order; (2) the value of all liquidated and  
10 unliquidated assets of the Receivership Defendants; (3) the sum of all liabilities of  
11 Corporate Defendants; (4) the steps the Temporary Receiver intends to take in the  
12 future to: (a) prevent any diminution in the value of assets of the Receivership  
13 Defendants, (b) pursue receivership assets from third parties, and (c) adjust the  
14 liabilities of the Receivership Defendants, if appropriate; (5) the Temporary  
15 Receiver's assessment of whether the business can be operated in compliance with  
16 this Order; and (6) any other matters which the Receiver believes should be  
17 brought to the Court's attention. *Provided, however,* if any of the required  
18 information would hinder the Temporary Receiver's ability to pursue receivership  
19 assets, the portions of the Temporary Receiver's report containing such  
20 information may be filed under seal and not served on the parties. Such reports,  
21 including reports filed under seal and not served on the parties, may include  
22 requests for instructions by the Temporary Receiver and proposed orders thereon.  
23 This order alone authorizes the filing under seal and no additional request to file  
24 under seal is required.

26 **XVIII.**

27 **RECEIVER'S BOND**

28 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with

1 the Clerk of this Court a bond in the sum of \$ 5,000.00 with sureties to be  
2 approved by the Court, conditioned that the Receiver will well and truly perform  
3 the duties of the office and abide by and perform all acts the Court directs.

4 **XIX.**

5 **BANKRUPTCY PETITIONS**

6 IT IS FURTHER ORDERED that, in light of the asset freeze and  
7 appointment of the Temporary Receiver, Defendants are hereby prohibited from  
8 filing, or causing to be filed, on behalf of any Receivership Defendant, a petition  
9 for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.,  
10 without prior permission from this Court.

11 IT IS FURTHER ORDERED that, in light of the asset freeze, Individual  
12 Defendants must give 21 days' notice to the FTC prior to filing, or causing to be  
13 filed, on behalf of the Individual Defendants, a petition for relief under the United  
14 States Bankruptcy Code, 11 U.S.C. § 101 et seq.

15 **XX.**

16 **STAY OF ACTIONS**

17 IT IS FURTHER ORDERED that:

18 A. Except by leave of this Court, during pendency of the receivership  
19 ordered herein, Defendants and all customers, principals, investors, creditors,  
20 stockholders, lessors, and other persons (except for the FTC) seeking to establish or  
21 enforce any claim, right, or interest against or on behalf of any of the Corporate  
22 Defendants, and all others acting for or on behalf of such persons, including  
23 attorneys, trustees, agents, sheriffs, constables, marshals, and other officers and  
24 their deputies, and their respective attorneys, servants, agents, and employees, shall  
25 be and are hereby stayed from:  
26

27 1. Commencing, prosecuting, continuing, entering, or enforcing  
28 any suit or proceeding, except that such actions may be filed to toll any applicable

1 statute of limitations;

2 2. Accelerating the due date of any obligation or claimed  
3 obligation; filing or enforcing any lien; taking or attempting to take possession,  
4 custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate  
5 any interest in any asset, whether such acts are part of a judicial proceeding, are  
6 acts of self-help, or otherwise;

7 3. Executing, issuing, serving, or causing the execution, issuance  
8 or service of, any legal process, including, but not limited to, attachments,  
9 garnishments, subpoenas, writs of replevin, writs of execution, or any other form  
10 of process whether specified in this Order or not; or

11 4. Doing any act or thing whatsoever to interfere with the  
12 Receiver taking custody, control, possession, or management of the assets or  
13 documents subject to this receivership; to harass or interfere with the Temporary  
14 Receiver in any way; or to interfere in any manner with the exclusive jurisdiction  
15 of this Court over the assets or documents of the Receivership Defendants;

16 B. This Section does not stay:

17 1. The commencement or continuation of a criminal action or  
18 proceeding;

19 2. The commencement or continuation of an action or proceeding  
20 by a governmental unit to enforce such governmental unit's police or regulatory  
21 power;

22 3. The enforcement of a judgment, other than a money judgment,  
23 obtained in an action or proceeding by a governmental unit to enforce such  
24 governmental unit's police or regulatory power; or

25 4. The issuance to any Receivership Defendant of a notice of tax  
26 deficiency; and  
27

28 C. Except as otherwise provided in this Order, all persons and entities in

1 need of documentation from the Temporary Receiver shall in all instances first  
2 attempt to secure such information by submitting a formal written request to the  
3 Receiver, and, if such request has not been responded to within thirty (30) days of  
4 receipt by the Temporary Receiver, any such person or entity may thereafter seek  
5 an Order of this Court with regard to the relief requested.

6 **XXI.**

7 **LIMITED EXPEDITED DISCOVERY**

8 IT IS FURTHER ORDERED that the FTC and Temporary Receiver are  
9 granted leave at any time after service of this Order to:

10 A. Take the deposition of any person or entity, without limitation, for the  
11 purpose of:

12 1. Discovering the nature, location, status, and extent of assets of  
13 any of the Defendants, including Receivership Defendants, or of their affiliates or  
14 of their subsidiaries;

15 2. Discovering the nature, location, status, and extent of  
16 documents reflecting business transactions of any of the Defendants;

17 3. Discovering the nature and extent of Defendants' business  
18 activities; and

19 B. Demand the production of documents from any person or entity  
20 relating to the nature, status, location and extent of any of the Defendant's assets,  
21 and the location of any documents reflecting the Defendants' assets, and the  
22 location of any documents reflecting the Defendants' business transactions or the  
23 nature and extend of Defendants' business operations.

24 Forty-eight (48) hours' notice shall be deemed sufficient for any such  
25 deposition and seventy-two (72) hours' notice shall be deemed sufficient for the  
26 production of any such documents. The limitations and conditions set forth in Fed.  
27 R. Civ. P. 30(a)(2) and 31(a)(2) shall not apply to the depositions taken pursuant to  
28

1 this Section. Any such depositions taken pursuant to this Section shall not be  
2 counted toward the ten deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A) and  
3 31(a)(2)(A). Service of discovery taken pursuant to this section shall be sufficient  
4 if made by facsimile or by overnight delivery.

5 **XXII.**

6 **DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

7 IT IS FURTHER ORDERED that Defendants shall immediately provide a  
8 copy of this Order to each affiliate, subsidiary, division, sales entity, successor,  
9 assign, officer, director, employee, independent contractor, salespersons, client  
10 company, electronic data host, agent, attorney, spouse, and representative of  
11 Defendants and shall, within three (3) calendar days from the date of entry of this  
12 Order, provide counsel for the FTC with a sworn statement that: (1) confirms that  
13 Defendants have provided copies of the Order as required by this Section and (2)  
14 lists the names and addresses of each entity or person to whom Defendants  
15 provided a copy of the Order. Furthermore, Defendants shall not take any action  
16 that would encourage officers, agents, directors, employees, salespersons,  
17 independent contractors, attorneys, subsidiaries, affiliates, successors, assigns,  
18 representatives, or other persons or entities in active concert or participation with  
19 Defendants to disregard this Order.  
20

21 **XXIII.**

22 **CORRESPONDENCE**

23 IT IS FURTHER ORDERED that, for the purposes of this Order, all  
24 correspondence and service of pleadings on Plaintiff FTC shall be addressed to:

25 Faye Chen Barnouw  
26 Maricela Segura  
27 Federal Trade Commission  
28 10877 Wilshire Blvd., Suite 700  
Los Angeles, CA 90024

1 Fax: (310) 824-4380

2 Email: [fbarnouw@ftc.gov](mailto:fbarnouw@ftc.gov); [msegura@ftc.gov](mailto:msegura@ftc.gov)

3 **XXIV.**

4 **PRELIMINARY INJUNCTION HEARING**

5 IT IS FURTHER ORDERED that Defendants MDK Media Inc., also d/b/a  
6 “SE Ventures,” “GMK Communications,” and “EMG”; Makonnen Demessow  
7 Kebede; Tendenci Media LLC; Sarah Anne Brekke; MindKontrol Industries LLC;  
8 Christopher Thomas DeNovellis; Anacapa Media LLC; Wayne Calvin Byrd II;  
9 Bear Communications LLC; James Matthew Dawson; Network One Commerce  
10 Inc.; and Casey Lee Adkisson shall appear before this Court located at  
11 312 No Spring St, LA. Cal 90012-4701 Room 16  
12 on the 21st day of July, 2014, at 1:30 o'clock a.m. (p.m.), to  
13 show cause, if any there be, why this Court should not enter a preliminary  
14 injunction, pending final ruling on the Complaint, against said Defendants  
15 enjoining the violations of law alleged in the FTC’s Complaint, continuing the  
16 freeze of their assets, appointing a permanent receiver over Corporate Defendants  
17 and imposing such additional relief as may be appropriate.

18  
19 IT IS FURTHER ORDERED that, in support of its application for a  
20 preliminary injunction, Plaintiff FTC may submit supplemental evidence  
21 discovered subsequent to the filing of its application for a TRO, as well as a  
22 supplemental memorandum. Plaintiff FTC shall file and serve any supplemental  
23 evidence and memorandum by no later than 4:30 p.m. on the sixth court day prior  
24 to the preliminary injunction hearing as scheduled above. Such documents may be  
25 served on each Defendant by emailing, faxing, or delivering the document(s) to the  
26 attorney for the Defendant, or, if the Defendant is not represented by counsel, to a  
27 fax number or email address previously designated by the Defendant in writing to  
28 counsel for Plaintiff FTC; if the Defendant has not so designated a fax number or

1 email address, service may be effected by mailing the documents to an address  
2 designated in writing by the Defendant to counsel for Plaintiff FTC; if no address  
3 has been so designated, service shall be complete upon filing of the documents  
4 with this Court.

5 IT IS FURTHER ORDERED that Defendants shall file and serve any  
6 opposition to the issuance of a preliminary injunction and the appointment of a  
7 permanent receiver over the Receivership Defendants, including any declarations,  
8 exhibits, memoranda, or other evidence on which they intend to rely, and  
9 objections to any evidence submitted by Plaintiff FTC, by no later than 4:30 p.m.  
10 of the fourth court day prior to the hearing on the preliminary injunction. Such  
11 documents may be served by email or fax upon Plaintiff FTC's counsel.

12 IT IS FURTHER ORDERED that Plaintiff FTC shall file and serve any  
13 reply to Defendants' opposition by no later than 4:30 p.m. the second court day  
14 prior to the preliminary injunction hearing.

15 IT IS FURTHER ORDERED that there will be no direct examination of  
16 witnesses at the preliminary injunction hearing in this matter. Direct testimony  
17 shall be presented in the form of declarations or affidavits. Consistent with Local  
18 Rule 7-6, the Court in ruling on whether a preliminary injunction shall issue will  
19 consider declarations or affidavits that have been filed in a timely manner prior to  
20 the preliminary injunction hearing without further need of any party moving such  
21 documents into evidence.

22  
23 **XXV.**

24 **EXPIRATION**

25 IT IS FURTHER ORDERED that this Order shall expire as to each  
26 Defendant fourteen (14) days after entry unless, within such time, the Order for  
27 good cause shown, is extended with the consent of the parties, or unless it is further  
28 extended pursuant to Federal Rule of Civil Procedure 65.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

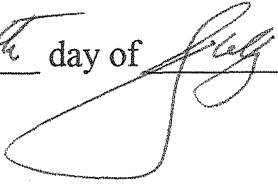

XXVI.

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

SO ORDERED:

Dated this 7<sup>th</sup> day of July, 2014, at 1:30 o'clock a.m. (p.m)

  
  
United States District Judge



FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

---

**Definitions and Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") in the first field only of any item that does not apply to you. If you cannot fully answer a question, explain why.
2. "Dependents" include your spouse, 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 any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.
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 the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact; makes any materially false, fictitious or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially 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.

**BACKGROUND INFORMATION**

**Item 1. Information About You**

Full Name	Social Security No.		
Current Address of Primary Residence	Driver's License No.		State Issued
	Phone Numbers Home: ( )	Date of Birth: / / (mm/dd/yyyy)	
	Fax: ( )	Place of Birth	
<input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (mm/dd/yyyy)	E-Mail Address		
Internet Home Page			

**Previous Addresses for past five years** (if required, use additional pages at end of form)

Address	From: / / (mm/dd/yyyy)	Until: / / (mm/dd/yyyy)
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Address	From: / /	Until: / /
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Address	From: / /	Until: / /
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	

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.	Date of Birth / / (mm/dd/yyyy)
Address (if different from yours)	Phone Number ( )	Place of Birth
	<input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (mm/dd/yyyy)	

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

Employer's Name and Address	Job Title	
	Years in Present Job	Annual Gross Salary/Wages \$

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

Name and Address	Social Security No.
	Date of Birth / / (mm/dd/yyyy)

**Item 4. Contact Information** (name and address of closest living relative other than your spouse)

Name and Address	Phone Number ( )
------------------	---------------------

Initials: \_\_\_\_\_

<b>Item 5. Information About Dependents</b> (whether or not they reside with you)		
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
Relationship		
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
Relationship		
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
Relationship		
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
Relationship		

**Item 6. Employment Information/Employment Income**  
 Provide the following information for this year-to-date and for each of the previous five full years, for each business entity of which you were a director, officer, member, partner, employee (including self-employment), agent, owner, shareholder, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, distributions, draws, consulting fees, loans, loan payments, dividends, royalties, and 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 and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$

Initials: \_\_\_\_\_

**Item 7. Pending Lawsuits Filed By or Against You or Your Spouse**

List all pending lawsuits that have been filed by or against you or your spouse in any court or before an administrative agency in the United States or in any foreign country or territory. **Note:** At Item 12, list lawsuits that resulted in final judgments or settlements in your favor. At Item 21, list lawsuits that resulted in final judgments or settlements against you.

Caption of Proceeding	Court or Agency and Location	Case No.	Nature of Proceeding	Relief Requested	Status or Disposition

**Item 8. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or in any foreign country or territory, whether held individually or jointly and whether 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.

Name of Owner(s)	Name & Address of Depository Institution	Box No.	Contents

Initials: \_\_\_\_\_

**FINANCIAL INFORMATION**

**REMINDER:** When an item asks for information regarding your "assets" and "liabilities" include ALL assets and liabilities, located within the United States or in any foreign country or territory, or institution, whether held individually or jointly, and whether 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. In addition, provide all documents requested in Item 24 with your completed Financial Statement.

**ASSETS**

**Item 9. Cash, Bank, and Money Market Accounts**

List cash on hand (as opposed to cash in bank accounts or other financial accounts) and all bank accounts, money market accounts, or other financial accounts, including but not limited to checking accounts, savings accounts, and certificates of deposit. The term "cash on hand" includes but is not limited to cash in the form of currency, uncashed checks, and money orders.

a. Amount of Cash on Hand \$		Form of Cash on Hand	
b. Name on Account	Name & Address of Financial Institution	Account No.	Current Balance
			\$
			\$
			\$
			\$
			\$

**Item 10. Publicly Traded Securities**

List all publicly traded securities, including but not limited to, stocks, stock options, corporate bonds, mutual funds, U.S. government securities (including but not limited to treasury bills and treasury notes), and state and municipal bonds. Also list any U.S. savings bonds.

Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	
Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	
Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	

Initials: \_\_\_\_\_

**Item 11. Non-Public Business and Financial Interests**

List all non-public business and financial interests, including but not limited to any interest in a non-public corporation, subchapter-S corporation, limited liability corporation ("LLC"), general or limited partnership, joint venture, sole proprietorship, international business corporation or personal investment corporation, and oil or mineral lease.

Entity's Name & Address	Type of Business or Financial Interest (e.g., LLC, partnership)	Owner (e.g., self, spouse)	Ownership %	If Officer, Director, Member or Partner, Exact Title

**Item 12. Amounts Owed to You, Your Spouse, or Your Dependents**

Debtor's Name & Address	Date Obligation Incurred (Month/Year) / /	Original Amount Owed \$	Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number)
	Current Amount Owed \$	Payment Schedule \$	
Debtor's Telephone	Debtor's Relationship to You		
Debtor's Name & Address	Date Obligation Incurred (Month/Year) / /	Original Amount Owed \$	Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number)
	Current Amount Owed \$	Payment Schedule \$	
Debtor's Telephone	Debtor's Relationship to You		

**Item 13. Life Insurance Policies**

List all life insurance policies (including endowment policies) with any cash surrender value.

Insurance Company's Name, Address, & Telephone No.	Beneficiary	Policy No.	Face Value \$
	Insured	Loans Against Policy \$	Surrender Value \$
Insurance Company's Name, Address, & Telephone No.	Beneficiary	Policy No.	Face Value \$
	Insured	Loans Against Policy \$	Surrender Value \$

**Item 14. 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, other retirement accounts, and college savings plans (e.g., 529 Plans).

Trustee or Administrator's Name, Address & Telephone No.	Name on Account		Account No.
	Date Established / / (mm/dd/yyyy)	Type of Plan	Surrender Value before Taxes and Penalties \$
Trustee or Administrator's Name, Address & Telephone No.	Name on Account		Account No.
	Date Established / /	Type of Plan	Surrender Value before Taxes and Penalties \$

Initials: \_\_\_\_\_

**Item 15. Pending Insurance Payments or Inheritances**

List any pending insurance payments or inheritances owed to you.

Type	Amount Expected	Date Expected (mm/dd/yyyy)
	\$	/ /
	\$	/ /
	\$	/ /

**Item 16. Vehicles**

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles.

Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
		Registration State & No.	\$	\$	\$
Make		Account/Loan No.	Current Value		Monthly Payment
		\$	\$		\$
Model		Address of Vehicle's Location	Lender's Name and Address		

Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
		Registration State & No.	\$	\$	\$
Make		Account/Loan No.	Current Value		Monthly Payment
		\$	\$		\$
Model		Address of Vehicle's Location	Lender's Name and Address		

Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
		Registration State & No.	\$	\$	\$
Make		Account/Loan No.	Current Value		Monthly Payment
		\$	\$		\$
Model		Address of Vehicle's Location	Lender's Name and Address		

Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
		Registration State & No.	\$	\$	\$
Make		Account/Loan No.	Current Value		Monthly Payment
		\$	\$		\$
Model		Address of Vehicle's Location	Lender's Name and Address		

**Item 17. Other Personal Property**

List all other personal property not listed in Items 9-16 by category, whether held for personal use, investment or any other reason, including but not limited to coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property.

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

Initials: \_\_\_\_\_

**Item 18. Real Property**  
List all real property interests (including any land contract)

Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.		Current Balance On First Mortgage or Contract \$
				Monthly Payment \$
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit	
		Current Balance \$	Monthly Rent Received \$	
Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.		Current Balance On First Mortgage or Contract \$
				Monthly Payment \$
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit	
		Current Balance \$	Monthly Rent Received \$	

**LIABILITIES**

**Item 19. Credit Cards**  
List each credit card account held by you, your spouse, or your dependents, and any other credit cards that you, your spouse, or your dependents use, whether issued by a United States or foreign financial institution.

Name of Credit Card (e.g., Visa, MasterCard, Department Store)	Account No.	Name(s) on Account	Current Balance
			\$
			\$
			\$
			\$
			\$

**Item 20. Taxes Payable**  
List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependents.

Type of Tax	Amount Owed	Year Incurred
	\$	
	\$	
	\$	

Initials: \_\_\_\_\_



**Item 21. Other Amounts Owed by You, Your Spouse, or Your Dependents**  
 List all other amounts, not listed elsewhere in this financial statement, owed by you, your spouse, or your dependents.

Lender/Creditor's Name, Address, and Telephone No.	Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number)
	Lender/Creditor's Relationship to You

Date Liability Was Incurred / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	Payment Schedule
--	----------------------------	---------------------------	------------------

Lender/Creditor's Name, Address, and Telephone No.	Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number)
	Lender/Creditor's Relationship to You

Date Liability Was Incurred / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	Payment Schedule
--	----------------------------	---------------------------	------------------

**OTHER FINANCIAL INFORMATION**

**Item 22. Trusts and Escrows**  
 List all funds and other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Include any legal retainers being held on your behalf by legal counsel. 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.

Trustee or Escrow Agent's Name & Address	Date Established (mm/dd/yyyy)	Grantor	Beneficiaries	Present Market Value of Assets*
	/ /			\$
	/ /			\$
	/ /			\$

\*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

**Item 23. Transfers of Assets**  
 List each person or entity to whom you have transferred, in the aggregate, more than \$5,000 in funds or other assets during the previous five years by loan, gift, sale, or other transfer (exclude ordinary and necessary living and business expenses paid to unrelated third parties). For each such person or entity, state the total amount transferred during that period.

Transferee's Name, Address, & Relationship	Property Transferred	Aggregate Value*	Transfer Date (mm/dd/yyyy)	Type of Transfer (e.g., Loan, Gift)
		\$	/ /	
		\$	/ /	
		\$	/ /	

\*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

Initials: \_\_\_\_\_

<b>Item 24. Document Requests</b>	
Provide copies of the following documents with your completed Financial Statement.	
	Federal tax returns filed during the last three years by or on behalf of you, your spouse, or your dependents.
	All applications for bank loans or other extensions of credit (other than credit cards) that you, your spouse, or your dependents have submitted within the last two years, including by obtaining copies from lenders if necessary.
Item 9	For each bank account listed in Item 9, all account statements for the past 3 years.
Item 11	For each business entity listed in Item 11, provide (including by causing to be generated from accounting records) the most recent balance sheet, tax return, annual income statement, the most recent year-to-date income statement, and all general ledger files from account records.
Item 17	All appraisals that have been prepared for any property listed in Item 17, including appraisals done for insurance purposes. You may exclude any category of property where the total appraised value of all property in that category is less than \$2,000.
Item 18	All appraisals that have been prepared for real property listed in Item 18.
Item 21	Documentation for all debts listed in Item 21.
Item 22	All executed documents for any trust or escrow listed in Item 22. Also provide any appraisals, including insurance appraisals that have been done for any assets held by any such trust or in any such escrow.

**SUMMARY FINANCIAL SCHEDULES**

<b>Item 25. Combined Balance Sheet for You, Your Spouse, and Your Dependents</b>			
<b>Assets</b>		<b>Liabilities</b>	
Cash on Hand (Item 9)	\$	Loans Against Publicly Traded Securities (Item 10)	\$
Funds Held in Financial Institutions (Item 9)	\$	Vehicles - Liens (Item 16)	\$
U.S. Government Securities (Item 10)	\$	Real Property - Encumbrances (Item 18)	\$
Publicly Traded Securities (Item 10)	\$	Credit Cards (Item 19)	\$
Non-Public Business and Financial Interests (Item 11)	\$	Taxes Payable (Item 20)	\$
Amounts Owed to You (Item 12)	\$	Amounts Owed by You (Item 21)	\$
Life Insurance Policies (Item 13)	\$	<b>Other Liabilities (Itemize)</b>	
Deferred Income Arrangements (Item 14)	\$		\$
Vehicles (Item 16)	\$		\$
Other Personal Property (Item 17)	\$		\$
Real Property (Item 18)	\$		\$
<b>Other Assets (Itemize)</b>			\$
	\$		\$
	\$		\$
	\$		\$
<b>Total Assets</b>	\$	<b>Total Liabilities</b>	\$

<b>Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents</b>			
Provide the current monthly income and expenses for you, your spouse, and your dependents. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.			
<b>Income (State source of each item)</b>		<b>Expenses</b>	
Salary - After Taxes	\$	Mortgage or Rental Payments for Residence(s)	\$
Source:			
Fees, Commissions, and Royalties	\$	Property Taxes for Residence(s)	\$
Source:			
Interest	\$	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$
Source:			
Dividends and Capital Gains	\$	Car or Other Vehicle Lease or Loan Payments	\$
Source:			
Gross Rental Income	\$	Food Expenses	\$
Source:			
Profits from Sole Proprietorships	\$	Clothing Expenses	\$
Source:			
Distributions from Partnerships, S-Corporations, and LLCs	\$	Utilities	\$
Source:			

Initials: \_\_\_\_\_

<b>Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents (cont.)</b>			
Distributions from Trusts and Estates	\$	Medical Expenses, Including Insurance	\$
Source:			
Distributions from Deferred Income Arrangements	\$	Other Insurance Premiums	\$
Source:			
Social Security Payments	\$	Other Transportation Expenses	\$
Alimony/Child Support Received	\$	<b>Other Expenses (Itemize)</b>	
Gambling Income	\$		\$
<b>Other Income (Itemize)</b>			\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
<b>Total Income</b>	\$	<b>Total Expenses</b>	\$

**ATTACHMENTS**

**Item 27. Documents Attached to this Financial Statement**

List all documents that are being submitted with this financial statement. For any Item 24 documents that are not attached, explain why.

Item No. Document Relates To	Description of Document

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

**FEDERAL TRADE COMMISSION**

**FINANCIAL STATEMENT OF CORPORATE DEFENDANT**

---

**Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. The font size within each field will adjust automatically as you type to accommodate longer responses.
3. 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.
4. 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.
5. 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.
6. Type or print legibly.
7. 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.

---

**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 18 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</u> <u>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

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