

1 JONATHAN E. NUECHTERLEIN
2 General Counsel
3 CHARLES A. HARWOOD
4 Regional Director
5 ELEANOR DURHAM MD Bar
6 Email: edurham@ftc.gov
7 Federal Trade Commission
8 915 2nd Ave., Suite 2896, Seattle, WA 98174
9 (206) 220-4476 (Durham)
10 (206) 220-6366 (fax)
11 STACY PROCTER, CA Bar # 221078

12 Email: sprocter@ftc.gov
13 877 Wilshire Blvd., Suite 700, Los Angeles, CA 90024
14 (310) 824-4343 (Procter); (310) 824-4330 (fax)
15 Attorneys for Plaintiff Federal Trade Commission

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CENTRAL DISTRICT OF CALIFORNIA
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CENTRAL DISTRICT OF CALIFORNIA
BY *lfw*

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 vs.

19 **GOOD EBUSINESS, LLC**, also d/b/a
20 AAP Firm; Student Loan Help Direct;
21 Select Student Loan; **SELECT**
22 **STUDENT LOAN HELP, LLC;**
23 **SELECT DOCUMENT**
24 **PREPARATION, INC.;** **TOBIAS**
25 **WEST** aka Tobey West, Toby West,
26 and Eric West; and **KOMAL WEST,**

27 Defendants.
28

CV16-1048 ODW (JPRx)

**[PROPOSED] EX PARTE
TEMPORARY RESTRAINING
ORDER WITH ASSET FREEZE,
APPOINTMENT OF TEMPORARY
RECEIVER, LIMITED
EXPEDITED DISCOVERY, AND
OTHER EQUITABLE RELIEF,
AND ORDER TO SHOW CAUSE
WHY PRELIMINARY
INJUNCTION SHOULD NOT
ISSUE**

[LODGED UNDER SEAL]

1 Plaintiff, the Federal Trade Commission (“FTC”), pursuant to Sections 13(b)
2 and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and
3 57b, the Telemarketing and Consumer Fraud and Abuse Prevention Act
4 (“Telemarketing Act”), 15 U.S.C. § 6101 et seq., and the 2009 Omnibus
5 Appropriations Act, Pub. L. No. 111-8, § 626, 123 Stat. 524, 678 (Mar. 11, 2009)
6 (“Omnibus Act”), as clarified by the Credit Card Accountability Responsibility and
7 Disclosure Act of 2009, Pub. L. No. 111-24, § 511, 123 Stat. 1734, 1763-64 (May
8 22, 2009) (“Credit Card Act”), and amended by the Dodd-Frank Wall Street
9 Reform and Consumer Financial Protection Act of 2010, Pub. L. No. 111-203, §
10 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), 12 U.S.C. §
11 5538, has filed a Complaint to obtain temporary, preliminary, and permanent
12 injunctive relief, rescission or reformation of contracts, restitution, the refund of
13 monies paid, disgorgement of ill-gotten monies, and other equitable relief for
14 Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
15 § 45(a), the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, and the
16 Mortgage Assistance Relief Services Rule (“MARS Rule”), 12 C.F.R. Part 1015,
17 in connection with the marketing and sale of debt relief services and mortgage
18 assistance relief services, and has applied for a temporary restraining order
19 pursuant to Rule 65(b) of the Federal Rules of Civil Procedure.

20 **FINDINGS OF FACT**

21 This Court, having considered the FTC’s Complaint, *ex parte* application,
22 declarations, exhibits, and memorandum filed in support of the FTC’s application,
23 and the evidence presented, now finds that:

- 24 1. This Court has jurisdiction over the subject matter of this case, and
25 there is good cause to believe it will have jurisdiction over all parties hereto.
- 26 2. There is good cause to believe that venue is proper in this District.
- 27 3. There is good cause to believe that Defendants have engaged and are
28 likely to continue to engage in acts or practices that violate Section 5(a) of the FTC

1 Act, the TSR, and the MARS Rule, and that the FTC is therefore likely to prevail
2 on the merits of this action.

3 4. There is good cause to believe that consumers will suffer immediate
4 and irreparable harm from Defendants' ongoing violations of Section 5(a) of the
5 FTC Act, the TSR, and MARS Rule unless Defendants are restrained and enjoined
6 by Order of this Court.

7 5. There is good cause to believe that immediate and irreparable damage
8 to the Court's ability to grant effective final relief for consumers in the form of
9 monetary restitution and disgorgement of ill-gotten gains will occur from the sale,
10 transfer, dissipation, or concealment by Defendants of their assets or business
11 records unless Defendants are immediately restrained and enjoined by Order of this
12 Court, and that in accordance with Fed. R.Civ. P. 65(b) and Local Rule 7-19.2, the
13 interests of justice require that Plaintiff's *ex parte* application be heard without
14 notice to Defendants, and the notice requirement of Local Rule 7-19.1 is hereby
15 waived.

16 6. Good cause exists for appointing a receiver over the Corporate
17 Defendants, permitting the FTC immediate access to Defendants' business
18 premises, and permitting the FTC to take limited expedited discovery;

19 7. Weighing the equities and considering the FTC's likelihood of
20 ultimate success, the entry of this temporary restraining order with asset freeze,
21 appointment of a temporary receiver, immediate access to business premises, and
22 other equitable relief is in the public interest.

23 8. No security is required of any agency of the United States for the
24 issuance of a temporary restraining order. Fed. R. Civ. P. 65(c).

25 **DEFINITIONS**

26 For the purposes of this Temporary Restraining Order the following
27 definitions apply:

28 A. "Asset" or "Assets" means any legal or equitable interest in, right to,

1 or claim to, any real and personal property of any Defendant, or held for the benefit
2 of any Defendant, wherever located, whether in the United States or abroad,
3 including, but not limited to, chattel, goods, instruments, equipment, fixtures,
4 general intangibles, effects, leaseholds, contracts, mail or other deliveries, shares of
5 stock, commodities, futures, inventory, checks, notes, accounts, credits, receivables
6 (as those terms are defined in the Uniform Commercial Code), cash, and trusts,
7 including, but not limited to, any trust held for the benefit of any Defendant, any of
8 the Individual Defendant's minor children, or any of the Individual Defendant's
9 spouses, and shall include both existing assets and assets acquired after the date of
10 entry of this Order, or any interest therein.

11 B. **"Assisting others"** includes: (1) performing customer service
12 functions, including receiving or responding to consumer complaints; (2)
13 formulating or providing, or arranging for the formulation or provision of, any
14 advertising or marketing material, including any telephone script, direct mail
15 solicitation, or the design, text, or use of images of any Internet website, email, or
16 other electronic communication; (3) formulating or providing, or arranging for the
17 formulation or provision of, any marketing support material or service, including
18 web or Internet Protocol addresses or domain name registration for any Internet
19 websites, affiliate marketing services, or media placement services; (4) providing
20 names of, or assisting in the generation of, potential customers; (5) performing
21 marketing, billing, or payment services of any kind; (6) acting or serving as an
22 owner, officer, director, manager, or principal of any entity; or (7) providing
23 telemarketing services.

24 C. **"Corporate Defendants"** means Good EBusiness, LLC, Select
25 Student Loan Help, LLC, and Select Document Preparation Services, Inc., and
26 their successors, assigns, affiliates, or subsidiaries, and each of them by whatever
27 names each might be known.

28 D. **"Debt relief service"** means any program or service represented,

1 directly or by implication, to renegotiate, settle, or in any way alter the terms of
2 payment or other terms of the debt between a person and one or more unsecured
3 creditors or debt collectors, including, but not limited to, a reduction in the balance,
4 interest rate, or fees owed by a person to an unsecured creditor or debt collector.

5 E. **“Defendants”** means the Individual Defendants and the Corporate
6 Defendants, individually, collectively, or in any combination, and each of them by
7 whatever names each might be known.

8 F. **“Document”** and **“electronically stored information”** are
9 synonymous in meaning and equal in scope to the usage of the terms in Rule
10 34(a)(1)(A) of the Federal Rules of Civil Procedure.

11 G. **“Electronic data host”** means any person or entity that stores, hosts,
12 or otherwise maintains electronically stored information.

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

17 I. **“Individual Defendants”** means Tobias West and Komal West and
18 any other names by which they might be known.

19 J. **“Material fact”** means any fact that is likely to affect a person’s
20 choice of, or conduct regarding, goods, or services.

21 K. **“Mortgage assistance relief service”** or **“MARS”** means any
22 product, service, plan, or program, offered or provided to the consumer in
23 exchange for consideration, that is represented, expressly or by implication, to
24 assist or attempt to assist the consumer with any of the following:

25 1. stopping, preventing, or postponing any mortgage or deed of
26 trust foreclosure sale for the consumer’s dwelling, any repossession of the
27 consumer’s dwelling, or otherwise saving the consumer’s dwelling from
28 foreclosure or repossession;

1 2. negotiating, obtaining, or arranging a modification of any term
2 of a dwelling loan, including a reduction in the amount of interest, principal
3 balance, monthly payments, or fees;

4 3. obtaining any forbearance or modification in the timing of
5 payments from any dwelling loan holder or servicer on any dwelling loan;

6 4. negotiating, obtaining, or arranging any extension of the period
7 of time within which the consumer may (i) cure his or her default on a dwelling
8 loan, (ii) reinstate his or her dwelling loan, (iii) redeem a dwelling, or (iv) exercise
9 any right to reinstate a dwelling loan or redeem a dwelling;

10 5. obtaining any waiver of an acceleration clause or balloon
11 payment contained in any promissory note or contract secured by any dwelling; or

12 6. negotiating, obtaining, or arranging (i) a short sale of a
13 dwelling, (ii) a deed-in-lieu of foreclosure, or (iii) any other disposition of a
14 dwelling other than a sale to a third party who is not the dwelling loan holder. The
15 foregoing shall include any manner of claimed assistance, including, but not
16 limited to, auditing or examining a consumer's mortgage or home loan application
17 and offering to provide or providing legal services, or offering to sell a consumer a
18 plan or subscription to a service that provides such assistance.

19 L. **"Person"** means a natural person, organization, or other legal entity,
20 including a corporation, partnership, proprietorship, association, cooperative, or
21 any other group or combination acting as an entity.

22 M. **"Receivership Defendants"** means Good EBusiness, LLC, also d/b/a
23 AAP Firm; Student Loan Help Direct; Select Student Loan; Select Student Loan
24 Help, LLC; and Select Document Preparation, Inc.

25 N. **"Temporary Receiver"** means the Temporary Receiver appointed in
26 Section XIII of this Order. The term "Temporary Receiver" also includes any
27 deputy receivers or agents as may be named by the Temporary Receiver.

28 O. **"Telemarketer"** means any person who, in connection with

1 telemarketing, initiates or receives telephone calls to or from a customer or donor.
2 16 C.F.R. § 310.2(cc).

3 P. "Telemarketing" means a plan, program, or campaign (whether or not
4 covered by the TSR, 16 C.F.R. Part 310) that is conducted to induce the purchase
5 of goods or services or a charitable contribution by use of one or more telephones.

6 **I. PROHIBITION ON COLLECTION OF ADVANCE FEES**

7 **IT IS THEREFORE ORDERED** that Defendants and their officers,
8 agents, employees, and attorneys, and those persons or entities in active concert or
9 participation with any of them, who receive actual notice of this Order, whether
10 acting directly or through any corporation, subsidiary, division, or other device, are
11 hereby temporarily restrained and enjoined from:

12 A. In connection with providing, offering to provide, or arranging for
13 others to provide any MARS, requesting or receiving payment of any fee or other
14 consideration for any MARS before the consumer has executed a written
15 agreement with the consumer's dwelling loan holder or servicer incorporating the
16 offer of mortgage assistance relief that a Defendant obtained from the consumer's
17 dwelling loan holder or servicer on the consumer's behalf, in violation of MARS
18 Rule, 12 C.F.R. § 1015.5(a); and

19 B. In connection with providing, offering to provide, or arranging for
20 others to provide any debt relief service, requesting or receiving payment of any
21 fees or consideration for any debt relief service before the seller or telemarketer
22 has renegotiated, settled, reduced, or otherwise altered the terms of at least one
23 debt pursuant to a settlement agreement, debt management plan, or other such
24 valid contractual agreement executed by the customer, and the customer has made
25 at least one payment pursuant to that settlement agreement, debt management plan,
26 or other valid contractual agreement between the customer and the creditor or debt
27 collector, in violation of the TSR, 16 C.F.R. § 310.4(a)(5)(i).

28

1 **II. REPRESENTATIONS PROHIBITED BY SECTION 5 OF THE**
2 **FTC ACT**

3 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
4 employees, and attorneys, and those persons or entities in active concert or
5 participation with any of them, who receive actual notice of this Order, whether
6 acting directly or through any corporation, subsidiary, division, or other device, in
7 connection with the advertising, marketing, promotion, offering for sale, sale, or
8 provision of any MARS or debt relief service, are hereby temporarily restrained
9 and enjoined from misrepresenting or assisting others in misrepresenting, expressly
10 or by implication that:

11 A. Defendants typically will obtain mortgage loan modifications for
12 consumers that will make consumers' payments substantially more affordable,
13 substantially lower their interest rates, or help them avoid foreclosure;

14 B. Defendants will provide legal services, including forensic audits;

15 C. Defendants will refund the consumer's fee if Defendants fail to
16 obtain the promised mortgage loan modification or other debt relief.

17 D. Defendants can renegotiate, settle, or alter the terms of payment for
18 consumers' student loan debts to secure a specified lower monthly loan payment,
19 loan forgiveness, or removal of tax liens and wage garnishments;

20 E. The promised debt relief is guaranteed;

21 F. Consumers can only obtain the promised debt relief by paying
22 Defendants' advance fee;

23 G. Defendants are affiliated with or work directly with the U.S.
24 Department of Education ("USDOE"), the government, or consumers' loan
25 servicer; and

26 I. Consumers will not be responsible for the interest that accrues while
27 Defendants are providing the promised debt relief service.

28

1 **III. REPRESENTATIONS PROHIBITED AND DISCLOSURES**
2 **REQUIRED BY THE MARS RULE**

3 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
4 employees, and attorneys, and those persons or entities in active concert or
5 participation with any of them who receive actual notice of this Order, whether
6 acting directly or through any corporation, subsidiary, division, or other device, in
7 connection with the advertising, marketing, promotion, offering for sale, sale, or
8 provision of any MARS or debt relief service, are hereby temporarily restrained
9 and enjoined from engaging in the following conduct:

10 A. Representing, expressly or by implication, that a consumer cannot or
11 should not contact or communicate with his or her lender or servicer, in violation
12 of 12 C.F.R. § 1015.3(a);

13 B. Misrepresenting, expressly or by implication, any material aspect of
14 any MARS, including, but not limited to:

15 1. The likelihood of negotiating, obtaining, or arranging any
16 represented service or result, including, but not limited to, the likelihood of
17 negotiating, obtaining, or arranging a modification of any term of a dwelling loan,
18 including a reduction in the amount of interest, principal balance, monthly
19 payments, or fees, in violation of 12 C.F.R. § 1015.3(b)(1);

20 2. The amount of time it will take the MARS provider to
21 accomplish any represented service or result, in violation of 12 C.F.R. §
22 1015.3(b)(2);

23 3. That a MARS is affiliated with, endorsed or approved by, or
24 otherwise associated with the government or the maker, holder, or servicer of the
25 consumer's dwelling loan, in violation of 12 C.F.R. § 1015.3(b)(3);

26 4. The terms or conditions of any refund, cancellation, exchange,
27 or repurchase policy for a MARS, including, but not limited to, the likelihood of
28 obtaining a full or partial refund, or the circumstances in which a full or partial

1 refund will be granted, for a MARS, in violation of 12 C.F.R. § 1015.3(b)(6); or

2 5. That the consumer will receive legal representation, in violation
3 of 12 C.F.R. § 1015.3(b)(8);

4 C. Failing to disclose the following information in all general and
5 consumer-specific commercial communications:

6 1. “[Name of Company] is not associated with the government,
7 and our service is not approved by the government or your lender,” in violation of
8 12 C.F.R. § 1015.4(a)(1) and (b)(2); and

9 2. “Even if you accept this offer and use our service, your lender
10 may not agree to change your loan,” in violation of 12 C.F.R. § 1015.4(a)(2) and
11 (b)(3);

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

22 **IV. REPRESENTATIONS PROHIBITED AND DISCLOSURES**
23 **REQUIRED BY THE TSR**

24 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
25 employees, and attorneys, and those persons or entities in active concert or
26 participation with any of them who receive actual notice of this Order, whether
27 acting directly or indirectly, in connection with advertising, marketing, promotion,
28 offering for sale, sale, or provision of any debt relief service, are hereby

1 temporarily restrained and enjoined from engaging in the following conduct:

2 A. Misrepresenting, expressly or by implication, that Defendants can
3 renegotiate, settle, or alter the terms of payment for the consumer's student loan
4 debt to secure a specified lower monthly loan payment, loan forgiveness, and
5 removal of tax liens and wage garnishments;

6 B. Misrepresenting, expressly or by implication, that the promised debt
7 relief is guaranteed and if Defendants are unable to secure the promised debt relief
8 they will fully refund the advance fee to the consumer;

9 C. Misrepresenting, expressly or by implication, that Defendants are
10 affiliated with or work directly with the USDOE, the government, or the
11 consumer's loan servicer; and

12 D. Failing to truthfully disclose, in a clear and conspicuous manner,
13 before a consumer has agreed to pay for student loan debt relief services, that to
14 the extent the debt relief service relies on or results in the customer's failure to
15 make timely payments to creditors or debt collectors, the use of the debt relief
16 service may increase the amount of money the customer owes due to the accrual of
17 fees and interest.

18 **V. PRESERVATION OF RECORDS AND TANGIBLE THINGS**

19 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
20 employees, and attorneys, and those persons or entities in active concert or
21 participation with any of them, who receive actual notice of this Order, whether
22 acting directly or indirectly, in connection with the advertising, marketing,
23 promotion, offering for sale, sale, or provision of any MARS or other debt relief
24 service, are hereby temporarily enjoined from destroying, erasing, mutilating,
25 concealing, altering, transferring, or otherwise disposing of, in any manner, any
26 documents or records that relate to the business practices, or business or personal
27 finances, of Defendants, or an entity directly or indirectly under the control of
28 Defendants.

1 **VI. DISABLEMENT OF WEBSITES AND PRESERVATION OF**
2 **ELECTRONICALLY STORED INFORMATION**

3 **IT IS FURTHER ORDERED** that immediately upon service of the Order
4 upon them and pending determination of the FTC's request for a preliminary
5 injunction, (1) any person hosting any Internet website, server, or cloud-based
6 electronic storage for, or on behalf of, any Defendant, and (2) Defendants and their
7 officers, agents, employees, and attorneys, and those persons or entities in active
8 concert or participation with any of them, who receive actual notice of this Order
9 by personal service, facsimile transmission, email, or otherwise, whether acting
10 directly or through any corporation, subsidiary, division, or other device, shall:

11 A. Immediately take all necessary steps to ensure that any Internet
12 website used by Defendants for the advertising, marketing, promotion, offering for
13 sale, sale, or provision of any MARS or other debt relief service, and containing
14 statements or representations prohibited by Sections II, III, and IV of this Order,
15 cannot be accessed by the public; and

16 B. Prevent the alteration, destruction or erasure of any (1) Internet
17 website used by Defendants for the advertising, marketing, promotion, offering for
18 sale, sale, or provision of any MARS or other debt relief service, by preserving
19 such websites in the format in which they are maintained currently, and (2) any
20 electronically stored information stored on behalf of Corporate Defendants or
21 entities in active concert or participation with any of them.

22 **VII. SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

23 **IT IS FURTHER ORDERED** that, pending determination of the FTC's
24 request for a preliminary injunction, any domain name registrar shall suspend the
25 registration of any Internet website used by Defendants for the advertising,
26 marketing, promotion, offering for sale, sale, or provision of any MARS or other
27 debt relief service, and containing statements or representations prohibited by
28 Sections II, III, IV of this Order.

1 **VIII. PROHIBITION ON USE OF CUSTOMER INFORMATION**

2 **IT IS FURTHER ORDERED** that, except as required by a law
3 enforcement agency, law, regulation, or court order, Defendants, and their officers,
4 agents, employees, and attorneys, and all other persons in active concert or
5 participation with any of them, who receive actual notice of this Order, whether
6 acting directly or indirectly, are temporarily restrained and enjoined from using,
7 benefitting from, selling, renting, leasing, transferring, or otherwise disclosing
8 consumer information, including the name, address, telephone number, email
9 address, Social Security Number, credit card number, debit card number, bank
10 account number, any financial account number or any data that enables access to a
11 customer's account, or other identifying information of any person which any
12 Defendant obtained prior to entry of this Order in connection with the marketing or
13 sale of any good or service, including those who were contacted or are on a list to
14 be contacted by any of the Defendants.

15 **IX. ASSET FREEZE**

16 **IT IS FURTHER ORDERED** that Defendants, and their officers, agents,
17 employees, and attorneys, and all persons or entities directly or indirectly under the
18 control of any of them, including any Financial Institution, and all other persons or
19 entities in active concert or participation with any of them who receive actual
20 notice of this Order, are hereby temporarily restrained and enjoined from directly
21 or indirectly:

22 A. Transferring, liquidating, converting, encumbering, pledging,
23 loaning, selling, concealing, dissipating, disbursing, assigning, spending,
24 withdrawing, granting a lien or security interest or other interest in, or otherwise
25 disposing of any Assets, or any interest therein, wherever located, including
26 outside the United States, that are:

27 1. owned or controlled, directly or indirectly, by any Defendant, in
28 whole or in part, or held, in whole or in part, for the benefit of any Defendant;

1 2. in the actual or constructive possession of any Defendant;
2 3. owned, controlled by, or in the actual or constructive possession
3 of any corporation, partnership, or other entity directly or indirectly owned,
4 managed, or controlled by, or under common control with any Defendant, or any
5 other entity acting under a fictitious name owned by or controlled by any
6 Defendant, and any Assets held by, for, or under the name of any Defendant at any
7 bank or savings and loan institution, including, but not limited, to JPMorgan Chase
8 Bank or Bank of America, or with any broker-dealer, escrow agent, title company,
9 commodity trading company, payment processing company, precious metal dealer,
10 or other financial institution or depository of any kind;

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

13 C. Incurring charges or cash advances on any credit card, debit card, or
14 checking card issued in the name, singly or jointly, of any Defendant;

15 D. Obtaining a personal or secured loan;

16 E. Incurring liens or encumbrances on real property, personal property or
17 other Assets in the name, singly or jointly, of any Defendant; and

18 F. Cashing any checks or depositing any money orders or cash received
19 from consumers, clients, or customers of any Defendant.

20 The Assets affected by this Section shall include: (1) all Assets of
21 Defendants as of the time this Order is entered; and (2) for Assets obtained after
22 the time this Order is entered, those Assets of Defendants that are derived, directly
23 or indirectly, from the Defendants' activities as described in the FTC's Complaint.
24 This Section does not prohibit transfers to the Temporary Receiver, as specifically
25 required in Section XVIII (Delivery of Receivership Property) of this Order.

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1 **X. RETENTION OF ASSETS AND DOCUMENTS BY THIRD**
2 **PARTIES**

3 **IT IS FURTHER ORDERED** that, pending determination of the FTC's
4 request for a preliminary injunction, any financial or brokerage institution,
5 business entity, electronic data host, or person served with a copy of this Order that
6 holds, controls, or maintains custody of any account, document, electronically
7 stored information, or asset of, on behalf of, in the name of, for the benefit of,
8 subject to withdrawal by, subject to access or use by, or under the signatory power
9 of any Defendant or other party subject to Section IX above, or has held,
10 controlled, or maintained any such account, document, electronically stored
11 information, or asset at any time shall:

12 A. Hold, preserve, and retain within such entity's or person's control, and
13 prohibit the withdrawal, removal, alteration, assignment, transfer, pledge,
14 hypothecation, encumbrance, disbursement, dissipation, conversion, sale,
15 liquidation, or other disposal of such account, document, electronically stored
16 information, or asset held by or under such entity's or person's control, except as
17 directed by further order of the Court or as directed in writing by the Receiver
18 regarding accounts, documents, or electronically stored information, or asset held
19 in the name of or benefit of any Defendant;

20 B. Provide the Receiver, the Receiver's agents, the FTC and the FTC's
21 agents immediate access to electronically stored information stored, hosted, or
22 otherwise maintained on behalf of Defendants for forensic imaging;

23 C. Deny access to any safe deposit box titled in the name, individually or
24 jointly, or subject to access by, any Defendant or other party subject to Section IX
25 above;

26 D. Provide to counsel for the FTC and the Receiver, within seven (7)
27 business days of being served with a copy of this Order a sworn statement setting
28 forth:

1 1. the identification number of each account or asset titled: (a) in
2 the name, individually or jointly, of any Defendant; (b) held on behalf of, or for the
3 benefit of, any Defendant; (c) owned or controlled by any Defendant; or (d)
4 otherwise subject to withdrawal access or use by, or under the signatory power of
5 any Defendant or any other party subject to Section IX above;

6 2. the balance of each such account, or a description of the nature
7 and value of such asset, as of the close of business on the day on which this Order
8 is served;

9 3. the identification of any safe deposit box that is either titled in
10 the name of, individually or jointly, or is otherwise subject to access or control by,
11 any Defendant or other party subject to Section IX above; and

12 4. if the account, safe deposit box, or other asset has been closed
13 or removed, the date closed or removed, the balance or value on said date, and the
14 name or the person or entity to whom such account or asset was remitted;

15 E. Provide to counsel for the FTC and the Receiver within seven (7)
16 business days after being served with a request, copies of all documents pertaining
17 to such account or asset, including, but not limited to: originals or copies of
18 account applications, account statements, underwriting files, chargeback records,
19 signature cards, checks, drafts, deposit tickets, transfers to and from the accounts,
20 all other debit and credit instruments or slips, currency transaction reports, 1099
21 forms, and safe deposit box logs; provided that such institution or custodian may
22 charge a reasonable fee;

23 F. Cooperate with all reasonable requests of the FTC relating to this
24 Order's implementation;

25 G. The Assets subject to this provision include: (a) all Assets of each
26 Defendant deposited as of the time this Order is entered, and (b) those Assets
27 deposited after entry of this Order that are derived from the actions alleged in
28 Plaintiff's Complaint; and

1 H. The FTC is granted leave, pursuant to Fed. R. Civ. P. 45, to subpoena
2 documents immediately from any financial or brokerage institution, business
3 entity, electronic data host, or person served with a copy of this Order that holds,
4 controls, or maintains custody of any account, document, electronically stored
5 information, or asset of, on behalf of, in the name of, for the benefit of, subject to
6 withdrawal by, subject to access or use by, or under the signatory power of any
7 Defendant or other party subject to Section IX above, or has held, controlled, or
8 maintained any such account, document, electronically stored information, or asset
9 at any time, and such financial or brokerage institution, business entity, electronic
10 data host, or person shall respond to such subpoena within three (3) business days
11 after service. The FTC may effect service by facsimile or electronic mail.

12 **XI. FINANCIAL STATEMENTS AND ACCOUNTING**

13 **IT IS FURTHER ORDERED** that each Defendant, within seven (7)
14 business days of service of this Order, shall prepare and deliver to counsel for the
15 FTC and to the receiver:

16 A. For the Individual Defendants, a completed financial statement
17 accurate as of the date of service of this Order upon such Defendant on the form of
18 Attachment A to this Order captioned "Financial Statement of Individual
19 Defendant";

20 B. For each of the Corporate Defendants, a completed financial statement
21 accurate as of the date of service of this Order upon such Defendant (unless
22 otherwise agreed upon with FTC counsel) in the form of Attachment B to this
23 Order captioned "Financial Statement of Corporate Defendant";

24 C. For all Defendants, a list of all officers and directors of the Corporate
25 Defendants and all other individuals or entities with authority to direct the
26 operations of the Corporate Defendants or withdraw money from the accounts of
27 the Corporate Defendants; and

28

1 D. For each Defendant, a completed statement, verified under oath, of all
2 payments, transfers or assignments of funds, assets, or property worth \$2,500 or
3 more since January 1, 2012. Such statement shall include: (a) the amount
4 transferred or assigned; (b) the name of each transferee or assignee; (c) the date of
5 the transfer or assignment; (d) the method of the transfer or assignment, including
6 the name of each Financial Institution and the accounts involved; and (e) the type
7 and amount of consideration paid the Defendant.

8 **XII. CONSUMER CREDIT REPORTS**

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

12 **XIII. REPATRIATION OF FOREIGN ASSETS**

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

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

20 B. Transfer to the territory of the United States all assets, accounts,
21 funds, and documents in foreign countries held either: (1) by them; (2) for their
22 benefit; (3) in trust by or for them, individually or jointly; or (4) under their direct
23 or indirect control, individually or jointly; Hold and retain all repatriated assets,
24 accounts, funds, and documents, and prevent any transfer, disposition, or
25 dissipation whatsoever of any such assets, accounts, funds, or documents; and

26 C. Provide the FTC access to all records of accounts or assets of the
27 Corporate Defendants and Individual Defendants held by financial institutions
28

1 located outside the territorial United States by signing the Consent to Release of
2 Financial Records attached to this Order as **Attachment C**.

3 **XIV. NON-INTERFERENCE WITH REPATRIATION**

4 **IT IS FURTHER ORDERED** that Defendants, and each of their
5 successors, assigns, members, officers, agents, servants, employees, and attorneys,
6 and those persons in active concert or participation with them who receive actual
7 notice of this Order by personal service or otherwise, whether acting directly or
8 through any entity, corporation, subsidiary, division, affiliate or other device, are
9 hereby temporarily restrained and enjoined from taking any action, directly or
10 indirectly, which may result in the encumbrance or dissipation of foreign assets, or
11 in the hindrance of the repatriation required by Section XIII of this Order,
12 including but not limited to:

13 A. Sending any communication, statement, letter, fax, e-mail or wire
14 transmission, telephoning or engaging in any other act, directly or indirectly, that
15 results in a determination by a foreign trustee or other entity that a “duress” event
16 has occurred under the terms of a foreign trust agreement, until such time that all
17 assets have been fully repatriated pursuant to Section XIII of this Order; and

18 B. Notifying any trustee, protector or other agent of any foreign trust or
19 other related entities of either the existence of this Order, or of the fact that
20 repatriation is required pursuant to a Court Order, until such time that all assets
21 have been fully repatriated pursuant to Section XIII.

22 **XV. APPOINTMENT OF TEMPORARY RECEIVER**

23 **IT IS FURTHER ORDERED** that Thomas W. McNamara is appointed
24 Receiver for the business activities of Receivership Defendants with the full power
25 of an equity receiver. The Temporary Receiver shall be an agent of this Court and
26 solely an agent of this Court in acting as Temporary Receiver under this Order.
27 The Temporary Receiver shall be accountable directly to this Court. The
28 Temporary Receiver shall comply with all local rules and laws governing federal

1 equity receivers, including but not limited to Local Rules 66-1 through 66-5.1 and
2 Local Rule 66-8.

3 **XVI. DUTIES AND AUTHORITY OF RECEIVER**

4 **IT IS FURTHER ORDERED** that the Temporary Receiver is directed and
5 authorized to accomplish the following:

6 A. Assume full control of the Receivership Defendants by removing, as
7 the Temporary Receiver deems necessary or advisable, any director, officer,
8 attorney, independent contractor, employee, or agent of any of the Receivership
9 Defendants, including any named Defendant, from control of, management of, or
10 participation in, the affairs of the Receivership Defendants;

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

22 C. Take all steps necessary to secure the business premises of the
23 Receivership Defendants. Such steps may include, but are not limited to, the
24 following, as the Temporary Receiver deems necessary or advisable: (1) serving
25 and filing this Order; (2) completing a written inventory of all Receivership assets;
26 (3) obtaining pertinent information from all employees and other agents of the
27 Receivership Defendants, including, but not limited to, the name, home address,
28 social security number, job description, method of compensation, and all accrued

1 and unpaid commissions and compensation of each such employee or agent, and
2 all computer hardware and software passwords; (4) videotaping and/or
3 photographing all portions of the location; (5) securing the location by changing
4 the locks and disconnecting any computer modems or other means of access to the
5 computer or other records maintained at that location; (6) requiring any persons
6 present on the premises at the time this Order is served to leave the premises, to
7 provide the Temporary Receiver with proof of identification, and to demonstrate to
8 the satisfaction of the Temporary Receiver that such persons are not removing
9 from the premises documents or assets of the Receivership Defendants; and (7)
10 requiring all employees, independent contractors, and consultants of the
11 Receivership Defendants to complete a questionnaire submitted by the Temporary
12 Receiver;

13 D. Conserve, hold, and manage all Receivership Assets, and perform all
14 acts necessary or advisable to preserve the value of those Assets, in order to
15 prevent any irreparable loss, damage, or injury to consumers or to creditors of the
16 Receivership Defendants, including, but not limited to, obtaining an accounting of
17 the assets and preventing transfer, withdrawal, or misapplication of Assets;

18 E. Liquidate any and all securities or commodities owned by or for the
19 benefit of the Receivership Defendants as the Receiver deems to be advisable or
20 necessary;

21 F. Enter into contracts and purchase insurance as the Temporary
22 Receiver deems to be advisable or necessary;

23 G. Prevent the inequitable distribution of Assets and determine, adjust,
24 and protect the interests of consumers and creditors who have transacted business
25 with the Receivership Defendants;

26 H. Manage and administer the business of the Receivership Defendants
27 until further order of this Court by performing all incidental acts that the
28 Temporary Receiver deems to be advisable or necessary, which includes retaining,

1 hiring, or dismissing any employees, independent contractors, or agents;

2 I. Choose, engage, and employ attorneys, accountants, appraisers, and
3 other independent contractors and technical specialists, as the Temporary Receiver
4 deems advisable or necessary in the performance of duties and responsibilities
5 under the authority granted by this Order, including but not limited to the law firm
6 in which the Receiver is a partner;

7 J. Make payments and disbursements from the Receivership estate that
8 are necessary or advisable for carrying out the directions of, or exercising the
9 authority granted by, this Order. The Temporary Receiver shall apply to the Court
10 for prior approval of any payment of any debt or obligation incurred by the
11 Receivership Defendants prior to the date of entry of this Order, except payments
12 that the Temporary Receiver deems necessary or advisable to secure Assets of the
13 Receivership Defendants, such as rental payments;

14 K. Determine and implement the manner in which the Receivership
15 Defendant will comply with, and prevent violations of, this Order and all other
16 applicable laws, including, but not limited to, revising collection materials and
17 implementing monitoring procedures;

18 L. Institute, compromise, adjust, appear in, intervene in, or become party
19 to such actions or proceedings in state, federal, or foreign courts that the
20 Temporary Receiver deems necessary and advisable to preserve or recover the
21 Assets of the Receivership Defendants, or that the Temporary Receiver deems
22 necessary and advisable to carry out the Receiver's mandate under this Order;

23 M. Defend, compromise, adjust, or otherwise dispose of any or all actions
24 or proceedings instituted in the past or in the future against the Temporary
25 Receiver in his role as Temporary Receiver, or against the Receivership
26 Defendants, that the Temporary Receiver deems necessary and advisable to
27 preserve the assets of the Receivership Defendants or that the Temporary Receiver
28 deems necessary and advisable to carry out the Temporary Receiver's mandate

1 under this Order;

2 N. Continue and conduct the business of the Receivership Defendants in
3 such manner, to such extent, and for such duration as the Temporary Receiver may
4 in good faith deem to be necessary or appropriate to operate the business profitably
5 and lawfully, if at all; provided, however, that the continuation and conduct of the
6 business shall be conditioned upon the Temporary Receiver's good faith
7 determination that the businesses can be lawfully operated at a profit using the
8 Assets of the receivership estate;

9 O. Take depositions and issue subpoenas to obtain documents and
10 records pertaining to the receivership estate and compliance with this Order.
11 Subpoenas may be served by agents or attorneys of the Temporary Receiver and by
12 agents of any process server retained by the Temporary Receiver;

13 P. Open one or more bank accounts as designated depositories for funds
14 of the Receivership Defendants. The Temporary Receiver shall deposit all funds
15 of the Receivership Defendants in such a designated account and shall make all
16 payments and disbursements from the receivership estate from such account(s);

17 Q. Maintain accurate records of all receipts and expenditures that he
18 makes as Temporary Receiver; and

19 R. Maintain the chain of custody of all of Defendants' records in his
20 possession.

21 **XVII. COOPERATION WITH THE TEMPORARY RECEIVER**

22 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
23 directors, servants, employees, salespersons, independent contractors, attorneys,
24 corporations, subsidiaries, affiliates, successors, and assigns, all other persons or
25 entities in active concert or participation with them, who receive actual notice of
26 this Order by personal service or otherwise, whether acting directly or through any
27 trust, corporation, subsidiary, division, or other device, or any of them, shall fully
28 cooperate with and assist the Temporary Receiver. Defendants' cooperation and

1 assistance shall include, but not be limited to, providing any information to the
2 Temporary Receiver that the Temporary Receiver deems necessary to exercise the
3 authority and discharge the responsibilities of the Temporary Receiver under this
4 Order; providing any login, password or biometric identifier required to access any
5 computer or electronic files or information in or on any medium; and advising all
6 persons who owe money to the Receivership Defendants that all debts should be
7 paid directly to the Temporary Receiver. Defendants are hereby restrained and
8 enjoined from directly or indirectly:

- 9 A. Transacting any of the business of the Receivership Defendants;
- 10 B. Excusing debts owed to the Receivership Defendants;
- 11 C. Destroying, secreting, erasing, mutilating, defacing, concealing,
12 altering, transferring, or otherwise disposing of any documents, electronically
13 stored information, or equipment of any Receivership Defendant;
- 14 D. Transferring, receiving, altering, selling, encumbering, pledging,
15 assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or
16 in the possession or custody of, or in which an interest is held or claimed by, the
17 Receivership Defendants, or the Temporary Receiver;
- 18 F. Failing to provide any assistance or information requested by the
19 Temporary Receiver in connection with obtaining possession, custody, or control
20 of any Assets within the receivership estate that the Receiver or the FTC has
21 identified; or
- 22 G. Doing any act or thing whatsoever to interfere with the Temporary
23 Receiver's taking and keeping custody, control, possession, or managing of the
24 Assets or documents subject to this receivership; or to harass or interfere with the
25 Temporary Receiver in any way; or to interfere in any manner with the exclusive
26 jurisdiction of this Court over the Assets or documents of the Receivership
27 Defendants; or to refuse to cooperate with the Temporary Receiver or the
28 Temporary Receiver's duly authorized agents in the exercise of their duties or

1 authority under any Order of this Court.

2 **XVIII. DELIVERY OF RECEIVERSHIP PROPERTY**

3 **IT IS FURTHER ORDERED** that:

4 A. Immediately upon service of this Order upon them or upon their
5 otherwise obtaining actual knowledge of this Order, or within a period permitted
6 by the Receiver, Defendants or any other person or entity, including but not limited
7 to financial institutions and electronic data hosts, shall transfer or deliver access to,
8 possession, custody, and control of the following to the Receiver:

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

25 B. In the event any person or entity fails to deliver or transfer
26 immediately any asset or otherwise fails to comply with any provision of this
27 Section XVIII, the Receiver may file *ex parte* with the Court an Affidavit of Non-
28 Compliance regarding the failure. Upon filing of the affidavit, the Court may

1 authorize, without additional process or demand, Writs of Possession or
2 Sequestration or other equitable writs requested by the Receiver. The writs shall
3 authorize and direct the United States Marshal or any sheriff or deputy sheriff of
4 any county (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset, document, or
5 other thing and to deliver it to the Receiver.

6 **XIX. TEMPORARY RECEIVER'S REPORTS**

7 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to
8 this Court on or before the date set for the hearing regarding the Preliminary
9 Injunction, regarding: (1) the steps taken by the Temporary Receiver to implement
10 the terms of this Order; (2) the value of all liquidated and unliquidated Assets of
11 the Receivership Defendants; (3) the sum of all liabilities of the Receivership
12 Defendants; (4) the steps the Temporary Receiver intends to take in the future to:
13 (a) prevent any diminution in the value of Assets of the Receivership Defendants;
14 (b) pursue receivership Assets from third parties; and (c) adjust the liabilities of the
15 Receivership Defendants, if appropriate; and (5) any other matters which the
16 Temporary Receiver believes should be brought to the Court's attention. Provided,
17 however, if any of the required information would hinder the Temporary
18 Receiver's ability to pursue receivership Assets, the portions of the Temporary
19 Receiver's report containing such information may be filed under seal and not
20 served on the parties.

21 **XX. COMPENSATION OF THE TEMPORARY RECEIVER**

22 **IT IS FURTHER ORDERED** that the Temporary Receiver, and all persons
23 or entities retained or hired by the Temporary Receiver as authorized under this
24 Order, shall be entitled to reasonable compensation for the performance of duties
25 undertaken pursuant to this Order and for the cost of actual out-of-pocket expenses
26 incurred by them from the Assets now held by or in the possession or control of, or
27 which may be received by, the Receivership Defendants. The Temporary Receiver
28 shall file with the Court and serve on the parties a request for the payment of

1 reasonable compensation at the time of the filing of any report required by Section
2 XIX. The Temporary Receiver shall not increase the fees or rates used as the bases
3 for such fee applications without prior approval of the Court.

4 **XXI. TEMPORARY RECEIVER'S BOND/LIABILITY**

5 **IT IS FURTHER ORDERED** that no bond shall be required in connection
6 with the appointment of the Temporary Receiver. Except for an act of gross
7 negligence, the Temporary Receiver shall not be liable for any loss or damage
8 incurred by any of the Defendants, their officers, agents, employees, and attorneys,
9 or any other , by reason of any act performed in the connection with the discharge
10 of the Temporary Receiver's duties and responsibilities, including, but not limited
11 to, withdrawal from the case under Section XXII.

12 **XXII. WITHDRAWAL OF TEMPORARY RECEIVER**

13 **IT IS FURTHER ORDERED** that the Temporary Receiver and
14 professional retained by the Temporary Receiver, including but not limited to, his
15 attorneys and accountants, be are hereby authorized to withdraw from his or her
16 respective appointments or representations and apply for payment of their
17 professional fees and costs at any time after the date of this Order, for any reason
18 in their sole discretion, by sending written notice seven (7) days prior to the date of
19 the intended withdrawal to the Court and to the parties along with a written report
20 reflecting the Temporary Receiver's work, findings, and recommendations, as well
21 as an accounting for all funds and assets in the possession or control of the
22 Temporary Receiver. The Temporary Receiver shall be relived of all liabilities and
23 responsibilities, and the Temporary Receiver shall be exonerated and the
24 receivership deemed closed seven (7) days from the date of mailing of such notice
25 of withdrawal. The Court will retain jurisdiction to consider the fee applications,
26 report, and accounting submitted by the Temporary Receiver.

27

28

1 **XXIII. TEMPORARY RECEIVER'S ACCESS TO BUSINESS**
2 **PREMISES AND RECORDS**

3
4 **IT IS FURTHER ORDERED** that:

5 A. The Temporary Receiver, and his representatives, agents, and
6 assistants, shall have immediate access to all business premises and storage
7 facilities, owned, controlled, or used by any Receivership Defendant, including but
8 not limited to the offices and facilities at 3350 Wilshire Blvd., Los Angeles,
9 California 92036, and any offsite mail drops used by any Receivership Defendant.

10 The Temporary Receiver is authorized to employ the assistance of law
11 enforcement as he deems necessary to effect service and peacefully implement this
12 Order. The Temporary Receiver may exclude Receivership Defendants and their
13 employees from part or all of the business premises during the immediate access.
14 The purpose of the immediate access shall be to effect service and to inspect and
15 copy the business and financial records of the Receivership Defendants, including
16 forensic imaging of electronically stored information. Such business records
17 include, but are not limited to, correspondence, contracts, emails, and financial
18 data;

19 B. The Temporary Receiver and its representatives, agents, and
20 assistants, shall have the right to remove materials from the above-listed premises
21 for inspection, and copying;

22 C. Receivership Defendants and all employees or agents of Receivership
23 Defendants shall provide the Temporary Receiver with any necessary means of
24 access to documents and records, including, without limitation, the locations of the
25 Receivership Defendants' business premises, keys and combinations to locks,
26 computer access codes, and storage area access information;

27 D. If any documents, computers, or electronic data storage devices
28 containing information related to the business practices or finances of the
Receivership Defendant are at a location other than those listed herein, including

1 but not limited to, the personal residence(s) of the Defendants, then, immediately
2 upon notice of this Order, Defendants shall produce to the Temporary Receiver all
3 such documents, computers, or electronic data storage devices. To prevent the
4 destruction of electronic data, upon service of this Order upon Receivership
5 Defendant(s), any computers or electronic data storage devices containing such
6 information shall be powered down (turned off) in the normal course for the
7 operating systems used on such devices and shall not be used until produced for
8 copying and inspection, along with any codes needed for access; and

9 E. FTC representatives may attend the immediate access for the purposes
10 identified herein; however, FTC representatives may only attend with the
11 Temporary Receiver's consent, and under the Temporary Receiver's supervision.

12 **XXIV. PARTIES' ACCESS TO BUSINESS PREMISES AND RECORDS**

13 **IT IS FURTHER ORDERED** that the Temporary Receiver shall allow the
14 FTC, the Defendants, and their representatives reasonable access to the premises of
15 the Receivership Defendants. The purpose of this access shall be to inspect,
16 inventory, and copy any documents and other property owned by, or in the
17 possession of, the Defendant, provided that, those documents and property are not
18 removed from the premises without the permission of the Temporary Receiver.
19 The Temporary Receiver shall have the discretion to determine the time, manner,
20 and reasonable conditions of such access. If the Temporary Receiver permits the
21 FTC to take initial forensic images of receivership data during the immediate
22 access (or at any other time), the Temporary Receiver must: (1) supervise the
23 FTC's forensic imaging; (2) have a qualified forensic professional onsite during
24 the imaging to ensure the integrity of the images the FTC takes; (3) retain a copy
25 of the data; and (4) provide any Defendant a copy upon request.

26 **XXV. BANKRUPTCY PETITIONS**

27 **IT IS FURTHER ORDERED** that, in light of the appointment of the
28 Temporary Receiver, the Receivership Defendants are hereby prohibited from

1 filing petitions for relief under the United States Bankruptcy Code, 11 U.S.C. §
2 101 et seq., without prior permission from this Court.

3 **XXVI. SMART PHONES AND TABLETS**

4 **IT IS FURTHER ORDERED** that if Individual Defendants possess a
5 smartphone or tablet on receivership premises, such Defendants will turn over the
6 device to the Receiver for imaging. Within two business days, the Temporary
7 Receiver will return the device, provide them with a copy of the data imaged,
8 provide the FTC with a copy, and retain a copy. The Temporary Receiver may
9 request that the FTC conduct the imaging, but only under the Temporary
10 Receiver's supervision.

11 **XXVII. STAY OF ACTIONS**

12 **IT IS FURTHER ORDERED** that:

13 A. Except by leave of this Court, during the pendency of the Temporary
14 Receivership ordered herein, the Receivership Defendants and all customers,
15 principals, investors, creditors, stockholders, lessors, and other persons seeking to
16 establish or enforce any claim, right, or interest against or on behalf of the
17 Receivership Defendant, and all others acting for or on behalf of such persons,
18 including attorneys, trustees, agents, sheriffs, constables, marshals, and other
19 officers and their deputies, and their respective attorneys, servants, agents, and
20 employees be and are hereby stayed from:

21 1. Commencing, prosecuting, continuing, entering, or enforcing
22 any suit or proceeding, except that such actions may be filed to toll any applicable
23 statute of limitations;

24 2. Accelerating the due date of any obligation or claimed
25 obligation; filing or enforcing any lien; taking or attempting to take possession,
26 custody, or control of any Asset; attempting to foreclose, forfeit, alter, or terminate
27 any interest in any Asset, whether such acts are part of a judicial proceeding, are
28 acts of self-help, or otherwise;

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

5 4. Doing any act or thing whatsoever to interfere with the
6 Temporary Receiver's taking custody, control, possession, or management of the
7 Assets or Documents subject to this receivership; or to harass or interfere with the
8 Temporary Receiver in any way; or to interfere in any manner with the exclusive
9 jurisdiction of this Court over the Assets or Documents of the Receivership
10 Defendants.

11 B. This Section does not stay:

12 1. The commencement or continuation of a criminal action or
13 proceeding;

14 2. The commencement or continuation of an action or proceeding
15 by a governmental unit to enforce such governmental unit's police or regulatory
16 power;

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

20 4. The issuance to the Receivership Defendants of a notice of tax
21 deficiency.

22 **XXVIII. CORRESPONDENCE WITH PLAINTIFF**

23 **IT IS FURTHER ORDERED** that, for the purposes of this Order, because
24 mail addressed to the FTC is subject to delay due to heightened security screening,
25 all correspondence and service of pleadings on Plaintiff shall be sent via electronic
26 submission and Federal Express to:

27 Eleanor Durham
28 Federal Trade Commission
915 Second Ave., Suite 2896

1 Seattle, WA 98174
2 edurham@ftc.gov
3 with a copy to:

4 Stacy Procter
5 Federal Trade Commission
6 10877 Wilshire Blvd., Suite 700
7 Los Angeles, CA 90024
8 sprocter@ftc.gov

9 **XXIX. LIMITED EXPEDITED DISCOVERY**

10 **IT IS FURTHER ORDERED** that the FTC is granted leave to conduct
11 certain expedited discovery, and that, commencing with the time and date of this
12 Order, in lieu of the time periods, notice provisions, and other requirements of
13 Rules 26, 30, 34, and 45 of the Federal Rules of Civil Procedure, expedited
14 discovery as to parties and non-parties shall proceed as follows:

15 A. The FTC may, upon three (3) calendar days' notice, take the
16 deposition of any person or entity, whether or not a party, in any judicial district,
17 for the purpose of discovering: (1) the assets of Defendants; (2) location of
18 documents; and (3) compliance with this Order. Depositions may be conducted
19 telephonically or in person. Deposition transcripts that have not been signed by the
20 witness may be used at the preliminary injunction hearing in this matter. *Provided*
21 *that*, notwithstanding Federal Rule of Civil Procedure 30(a)(2), this Section shall
22 not preclude any future depositions by the FTC. *Provided further*, that any
23 deposition taken pursuant to this Section shall be in addition to, and not subject to,
24 the presumptive limits on depositions set forth in Federal Rule of Civil Procedure
25 30(a)(2)(A).

26 B. The FTC may serve interrogatories for the purpose of discovering:
27 (1) the assets of Defendants; (2) location of documents; and (3) compliance with
28 this Order. Defendants shall respond within five (5) calendar days after the FTC
serves such interrogatories. *Provided that*, notwithstanding Federal Rule of Civil

1 Procedure 33(a)(1), this Subsection shall not preclude any future interrogatories by
2 the FTC.

3 C. The FTC may, upon five (5) calendar days' notice, including through
4 the use of a Rule 45 Subpoena, demand the production of documents from any
5 person or entity, whether or not a Defendant, relating to: (1) the assets of
6 Defendants; (2) the location of documents; and (3) compliance with this Order.
7 *Provided that* two (2) calendar days' notice shall be deemed sufficient for the
8 production of any such documents that are maintained or stored only as electronic
9 data.

10 D. The FTC is granted leave to subpoena documents immediately from
11 any financial institution, account custodian, or other entity or person that holds,
12 controls, or maintains custody of any account or asset of any Defendant(s), or has
13 held, controlled or maintained custody of any account or asset of any Defendant(s).
14 The subject of such Subpoena may include the nature, location, status, and extent
15 of Defendants' assets, and compliance with this Order, and such financial
16 institution, account custodian or other entity shall respond to such subpoena within
17 five (5) business days after service.

18 E. For purposes of discovery pursuant to this Section, service shall be
19 sufficient if made by facsimile or by overnight courier to any branch or location.

20 **XXX. SERVICE OF THIS ORDER**

21 **IT IS FURTHER ORDERED** that copies of this Order may be served by
22 facsimile, email, hand-delivery, personal or overnight delivery, or U.S. Mail, by
23 agents and employees of the FTC or any state or federal law enforcement agency
24 or by private process server, upon any Financial Institution or other entity or
25 person that may have possession, custody, or control of any documents or assets of
26 any Defendant, or that may otherwise be subject to any provision of this Order.
27 Service upon any branch or office of any Financial Institution shall effect service
28 upon the entire Financial Institution.

1 **XXXI. DISTRIBUTION OF ORDER**

2 **IT IS FURTHER ORDERED** that within three (3) calendar days after
3 service of this Order, Defendants shall provide a copy of this Order to each of their
4 agents, employees, directors, officers, subsidiaries, affiliates, attorneys,
5 independent contractors, representatives, franchisees, and all persons in active
6 concert or participation with Defendants. Within five (5) calendar days following
7 this Order, Defendants shall provide the FTC with an affidavit identifying the
8 names, titles, addresses, and telephone numbers of the persons that Defendants
9 have served with a copy of this Order in compliance with this provision.

10 **XXXII. PRELIMINARY INJUNCTION HEARING**

11 **IT IS ORDERED**, pursuant to Fed. R. Civ. P. 65(b), that each of the
12 Defendants shall appear before this Court on the ____ day of _____,
13 2016, at _____ o'clock a.m./p.m., at the United States District Courthouse,
14 Courtroom ____, Los Angeles, California, to show cause, if there is any, why this
15 Court should not enter a preliminary injunction enjoining the violations of law
16 alleged in the FTC's Complaint, continuing the freeze of their assets, and imposing
17 such additional relief as may be appropriate.

18 **XXXIII. SERVICE OF PLEADINGS**

19 **IT IS FURTHER ORDERED** that the Defendants shall file with the Court
20 and serve on the FTC's counsel any answering pleadings, affidavits, motions,
21 expert reports, declarations, witness lists with detailed summaries of expected
22 witness testimony, and/or legal memoranda, no later than five days prior to the
23 hearing. The FTC may file responsive or supplemental pleadings, materials,
24 affidavits, witness lists with detailed summaries of expected witness testimony,
25 and/or memoranda with the Court and serve them on Defendants' counsel no later
26 than two days prior to that hearing. Such affidavits, pleadings, motions, expert
27 reports, declarations, witness lists with detailed summaries of expected witness
28 testimony, legal memoranda and/or oppositions must be served by electronic mail

1 (or Federal Express, if electronic mail is impractical), and must be received by the
2 other party no later than the deadlines set forth in this Section.

3 **XXXIV. LIVE TESTIMONY; WITNESS IDENTIFICATION**

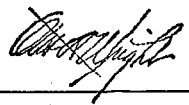
4 **IT IS FURTHER ORDERED** that the question of whether this Court
5 should enter a preliminary injunction pursuant to Rule 65 of the Federal Rules of
6 Civil Procedure enjoining the Defendants during the pendency of this action shall
7 be resolved on the pleadings, declarations, exhibits, and memoranda filed by, and
8 oral argument of, the parties. Live testimony shall be heard only on further order
9 of this Court on motion filed with the Court and served on counsel for the other
10 parties at least five (5) business days prior to the preliminary injunction hearing in
11 this matter. Such motion shall set forth the name, address, and telephone number
12 of each proposed witness, a detailed summary or affidavit disclosing the substance
13 of each proposed witness' expected testimony, and an explanation of why the
14 taking of live testimony would be helpful to this Court. Any papers opposing a
15 timely motion to present live testimony or to present live testimony in response to
16 live testimony to be presented by another party shall be filed with this Court and
17 served on the other parties at least three (3) business days prior to the preliminary
18 injunction hearing in this matter. Provided that service shall be performed by
19 personal or overnight delivery, facsimile, or email, and documents shall be
20 delivered so that they shall be received by the other parties no later than 4 p.m.
21 (Pacific Time) on the appropriate dates listed in this Section. Provided further,
22 however, that an evidentiary hearing on the FTC's request for a preliminary
23 injunction is not necessary unless Defendants demonstrate that they have, and
24 intend to introduce, evidence that raises a genuine material factual issue.

25 **XXXV. RETENTION OF JURISDICTION**

26 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of
27 this matter for all purposes of construction, modification, and enforcement of this
28 Order.

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IT IS SO ORDERED, this 16th day of February, 2016, at _____
~~AM/PM, Pacific Standard Time.~~



UNITED STATES DISTRICT JUDGE