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**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

SL FINANCE LLC, a California limited liability company,

MICHAEL CASTILLO, individually and as an officer of SL Finance LLC,

CHRISTIAN CASTILLO, individually and as an officer of SL Finance LLC,

Defendants.

Case No. 8:23-cv-0698-JWH-ADS

**ORDER ENTERING STIPULATED
PRELIMINARY INJUNCTION**

1 Plaintiff Federal Trade Commission (the “FTC”) commenced this civil
2 action on April 24, 2023, pursuant to Sections 13(b) and 19 of the Federal Trade
3 Commission Act (the “FTC Act”), 15 U.S.C. §§ 53(b) and 57b, the
4 Telemarketing and Consumer Fraud and Abuse Prevention Act (the
5 “Telemarketing Act”), 15 U.S.C. §§ 6101-6108, Section 1401(c) of the
6 COVID-19 Consumer Protection Act of the 2021 Consolidated Appropriations
7 Act, Pub. L. No. 116-260, 134 Stat. 1182, Div. FF, Title XIV, § 1401(c),
8 (Prohibiting Deceptive Acts or Practices in Connection With the Novel
9 Coronavirus) (the “COVID-19 Act”), and Section 522(a) of the Gramm-Leach-
10 Bliley Act (the “GLB Act”), 15 U.S.C. § 6822(a). On motion by the FTC, this
11 Court entered an *ex parte* temporary restraining order (“TRO”) on May 2,
12 2023, with an asset freeze, the appointment of a receiver, and other equitable
13 relief against Defendants. The FTC and Defendants SL Finance LLC, Michael
14 Castillo, and Christian Castillo (“Stipulating Defendants”), by and through
15 their counsel, have stipulated and agreed to the entry of this preliminary
16 injunction order (the “Order”).

17 I. FINDINGS OF FACT

18 By stipulation of the parties, the Court finds as follows:

19 A. The FTC and Stipulating Defendants have stipulated and agreed to
20 entry of this Order without any admission of wrongdoing or violation of law, and
21 without a finding by the Court of law or fact other than stated below.

22 B. Stipulating Defendants waive all rights to seek judicial review or
23 otherwise challenge or contest the validity of this Order.

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

27 D. The FTC asserts that there is good cause to believe that Stipulating
28 Defendants have made material misrepresentations regarding their student loan

1 debt relief services, taken advance fees, engaged in illegal telemarketing, falsely
2 promised that their student debt relief services are part of the Coronavirus Aid,
3 Relief, and Economic Security Act (the “CARES Act”) or some other
4 COVID-19 relief program, and obtained customer information of a financial
5 institution relating to another person by making false, fictitious, or fraudulent
6 statements.

7 E. The FTC asserts that there is good cause to believe that Stipulating
8 Defendants have engaged in and are likely to engage in acts or practices that
9 violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Telemarketing Sales
10 Rule (the “TSR”), 16 C.F.R. Part 310, Section 1401 of the COVID-19 Act, Pub.
11 L. No. 116-260, 134 Stat. 1182, Title XIV, § 1401, and Section 521 of the GLB
12 Act, 15 U.S.C. § 6821, and that the FTC is therefore likely to prevail on the
13 merits of this action. As demonstrated by consumer declarations, consumer
14 complaints, and the additional documentation filed by the FTC, the FTC asserts
15 that it has established a likelihood of success in showing that, in numerous
16 instances, Stipulating Defendants:

17 (1) have made deceptive representations in the marketing and
18 sale of student debt relief services in violation of Section 5(a) of the FTC
19 Act, 15 U.S.C. § 45(a) and the TSR, 16 C.F.R. § 310.3(a)(2)(x);

20 (2) have falsely represented to consumers that their debt relief
21 services are part of the CARES Act or some other COVID-19 relief
22 program created by the federal government in violation of COVID-19 Act,
23 Pub L. No. 116-260, Title XIV, § 1401(b);

24 (3) have collected unlawful advance fees from consumers in
25 violation of the TSR, 16 C.F.R. § 310.4(a)(5)(i);

26 (4) have engaged, or have caused a telemarketer to engage, in
27 initiating an outbound telephone call to a person’s telephone number on
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1 the National Do Not Call Registry in violation of the TSR, 16 C.F.R.
2 § 310.4(b)(1)(iii)(B);

3 (5) have initiated, or have caused others to initiate, an outbound
4 telephone call to a telephone number within a given area code when
5 Defendants had not, either directly or through another person, paid the
6 required annual fee for access to telephone numbers within that area code
7 that are included in the National Do Not Call Registry, in violation of the
8 TSR, 16 C.F.R. § 310.8; and

9 (6) have obtained customer information of a financial institution
10 relating to another person by making false, fictitious, or fraudulent
11 statements, in violation of Section 521 of the GLB Act, 15 U.S.C. § 6821.

12 F. The FTC asserts that there is good cause to believe that Stipulating
13 Defendants have taken in gross revenues of approximately \$5.9 million as a
14 result of their unlawful practices.

15 G. The FTC asserts that there is good cause to believe that immediate
16 and irreparable harm will result from Stipulating Defendants' ongoing violations
17 of the FTC Act, the TSR, the COVID-19 Act, and the GLB Act, unless
18 Stipulating Defendants are restrained and enjoined by order of this Court.

19 H. The FTC asserts that there is good cause to believe that immediate
20 and irreparable damage to the Court's ability to grant effective final relief for
21 consumers—including monetary restitution, rescission, disgorgement, or
22 refunds—will occur from the sale, transfer, destruction, or other disposition or
23 concealment by Stipulating Defendants of their assets or records, unless
24 Stipulating Defendants are restrained and enjoined by order of this Court.

25 I. The FTC asserts that good cause exists for continuing the
26 receivership over the Receivership Entities, continuing the freeze imposed on
27 Stipulated Defendants' assets pursuant to the TRO issued in this case, and
28 continuing to permit the FTC and the Receiver to take expedited discovery.

1 J. The FTC asserts that entry of this order is in the public interest.

2 K. The FTC asserts that this Court has authority to issue this Order
3 pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b); Section 19 of the
4 FTC Act, 15 U.S.C. § 57b(b); Rule 65 of the Federal Rules of Civil Procedure;
5 and the All Writs Act, 28 U.S.C. § 1651.

6 L. No security is required of any agency of the United States for
7 issuance of a preliminary injunction. Fed. R. Civ. P. 65(c).

8 **II. DEFINITIONS**

9 For the purpose of this Order, the following definitions shall apply:

10 A. “Asset” means any legal or equitable interest in, right to, or claim
11 to, any property, wherever located and by whomever held.

12 B. “Assisting Others” includes:

13 (1) performing customer service functions, including receiving
14 or responding to consumer complaints performing customer service
15 functions, including receiving or responding to consumer complaints;

16 (2) formulating or providing, or arranging for the formulation or
17 provision of, any advertising or marketing material, including any
18 telephone sales script, direct mail solicitation, or the design, text, or use of
19 images of any Internet website, email, or other electronic communication;

20 (3) formulating or providing, or arranging for the formulation or
21 provision of, any marketing support material or service, including web or
22 Internet Protocol addresses or domain name registration for any Internet
23 websites, affiliate marketing services, or media placement services;

24 (4) providing names of, or assisting in the generation of,
25 potential customers;

26 (5) performing marketing, billing, payment processing, or
27 payment services of any kind; or
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1 (6) acting or serving as an owner, officer, director, manager, or
2 principal of any entity.

3 C. “Stipulating Corporate Defendant(s)” means SL Finance LLC,
4 and each of its subsidiaries, affiliates, successors, and assigns.

5 D. “Stipulating Defendant(s)” means Stipulating Corporate
6 Defendants and Stipulating Individual Defendants individually, collectively, or
7 in any combination.

8 E. “Debt Relief Service” means any program or service represented,
9 directly or by implication, to renegotiate, settle, or in any way alter the terms of
10 payment or other terms of the debt between a person and one or more unsecured
11 creditors or debt collectors, including, but not limited to, a reduction in the
12 balance, interest rate, or fees owed by a person to an unsecured creditor or debt
13 collector.

14 F. “Document” is synonymous in meaning and equal in scope to the
15 usage of “document” and “electronically stored information” in Rule 34(a),
16 and includes writings, drawings, graphs, charts, photographs, sound and video
17 recordings, images, Internet sites, web pages, websites, electronic
18 correspondence, including e-mail and instant messages, contracts, accounting
19 data, advertisements, FTP Logs, Server Access Logs, books, written or printed
20 records, handwritten notes, telephone logs, telephone scripts, receipt books,
21 ledgers, personal and business canceled checks and check registers, bank
22 statements, appointment books, computer records, customer or sales databases
23 and any other electronically stored information, including Documents located on
24 remote servers or cloud computing systems, and other data or data compilations
25 from which information can be obtained directly or, if necessary, after
26 translation into a reasonably usable form. A draft or non-identical copy is a
27 separate document within the meaning of the term.

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1 G. “Electronic Data Host” means any person or entity in the business
2 of storing, hosting, or otherwise maintaining electronically stored information.
3 This includes, but is not limited to, any entity hosting a website or server, and
4 any entity providing “cloud based” electronic storage.

5 H. “Established Business Relationship” means a relationship between
6 the Seller and a person based on:

7 (1) the person’s purchase, rental, or lease of the Seller’s goods
8 or services or a financial transaction between the person and Seller, within
9 18 months immediately preceding the date of the Telemarketing call; or

10 (2) the person’s inquiry or application regarding a product or
11 service offered by the Seller, within 3 months immediately preceding the
12 date of a Telemarketing call.

13 I. “Stipulating Individual Defendant(s)” means Michael Castillo and
14 Christian Castillo, individually or jointly.

15 J. “National Do Not Call Registry” means the “do-not-call” registry
16 of telephone numbers maintained by the Commission pursuant to 16 C.F.R.
17 § 310.4(b)(1)(iii)(B).

18 K. “Outbound Telephone Call” means a telephone call initiated by a
19 Telemarketer to induce the purchase of goods or services or to solicit a
20 charitable contribution.

21 L. “Receiver” means the receiver appointed in Section III.13 of this
22 Order and any deputy receivers that shall be named by the receiver.

23 M. “Receivership Entities” means Stipulating Corporate Defendants
24 as well as any other entity that has conducted any business related to Stipulating
25 Defendants’ marketing of Debt Relief Services, including receipt of Assets
26 derived from any activity that is the subject of the Complaint in this matter, and
27 that the Receiver determines is controlled or owned by any Stipulating
28 Defendant.

1 N. “Seller” means any person who, in connection with a
2 Telemarketing transaction, provides, offers to provide, or arranges for others to
3 provide goods or services to the customer in exchange for consideration.

4 O. “Telemarketer” means any person who, in connection with
5 telemarketing, initiates or receives telephone calls to or from a customer or
6 donor. 16 C.F.R. § 310.2(cc).

7 P. “Telemarketing” means a plan, program, or campaign (whether or
8 not covered by the TSR, 16 C.F.R. Part 310) that is conducted to induce the
9 purchase of goods or services or a charitable contribution by use of one or more
10 telephones.

11 III. ORDER

12 It is hereby **ORDERED** as follows:

13 1. Prohibition on Deceptive Representations. Stipulating Defendants,
14 Stipulating Defendants’ officers, agents, employees, and attorneys, and all other
15 persons in active concert or participation with them, who receive actual notice of
16 this Order by personal service or otherwise, whether acting directly or
17 indirectly, in connection with the advertising, marketing, promoting, or offering
18 for sale of any goods or services, are **RESTRAINED** and **ENJOINED** from:

19 a. Misrepresenting, or Assisting Others in misrepresenting,
20 expressly or by implication, any material fact, including, but not limited
21 to:

22 i. that consumers who pay for Stipulating Defendant’s
23 program will be enrolled in a loan repayment program and have
24 their loan balances forgiven in whole or in part;

25 ii. that most or all of consumers’ monthly payments to
26 Stipulating Defendants will be applied to their loan balances;

27 iii. that Stipulating Defendants are contracted by, or
28 otherwise affiliated with, the Department of Education;

- 1 iv. that Stipulating Defendants will assume responsibility
- 2 for the servicing of consumers' student loans; and
- 3 v. any other fact material to consumers concerning any
- 4 good or service, such as: the total costs; any material restrictions,
- 5 limitations, or conditions; or any material aspect of its performance,
- 6 efficacy, nature, or central characteristics; and
- 7 b. making, or Assisting Others in making, any representation,
- 8 expressly or by implication, about the benefits, performance, or efficacy of
- 9 any product or service, unless the representation is non-misleading and, at
- 10 the time such representation is made, Stipulating Defendants possess and
- 11 rely upon competent and reliable evidence that is sufficient in quality and
- 12 quantity based on standards generally accepted in the relevant fields,
- 13 when considered in light of the entire body of relevant and reliable
- 14 evidence, to substantiate that the representation is true.

15 2. Prohibition on Collection of Advance Fees. Stipulating

16 Defendants, and their officers, agents, employees, and those persons or entities

17 in active concert or participation with any of them who receive actual notice of

18 this Order, whether acting directly or indirectly, are hereby **RESTRAINED** and

19 **ENJOINED** from providing, offering to provide, or arranging for others to

20 provide any Debt Relief Service and requesting or receiving payment of any fees

21 or consideration for any Debt Relief Service, until and unless:

- 22 a. the seller or telemarketer has renegotiated, settled, reduced,
- 23 or otherwise altered the terms of at least one debt pursuant to a settlement
- 24 agreement, debt management plan, or other such valid contractual
- 25 agreement executed by the customer;
- 26 b. the customer has made at least one payment pursuant to that
- 27 settlement agreement, debt management plan, or other valid contractual
- 28 agreement between the customer and the creditor or debt collector; and

1 c. to the extent that debts enrolled in a service are renegotiated,
2 settled, reduced, or otherwise altered individually, the fee or
3 consideration either:

4 i. bears the same proportional relationship to the total
5 fee for renegotiating, settling, reducing, or altering the terms of the
6 entire debt balance as the individual debt amount bears to the entire
7 debt amount. The individual debt amount and the entire debt
8 amount are those owed at the time the debt was enrolled in the
9 service; or

10 ii. is a percentage of the amount saved as a result of the
11 renegotiation, settlement, reduction, or alteration. The percentage
12 charged cannot change from one individual debt to another. The
13 amount saved is the difference between the amount owed at the
14 time the debt was enrolled in the service and the amount actually
15 paid to satisfy the debt.

16 3. Telemarketing. Stipulating Defendants and their officers, agents,
17 employees, and attorneys, and those persons or entities in active concert or
18 participation with any of them who receive actual notice of this Order, whether
19 acting directly, in connection with the advertising, marketing, promotion,
20 offering for sale, sale, or provision of any good or service, are hereby
21 **RESTRAINED** and **ENJOINED** from engaging in any of the following
22 practices:

23 a. Initiating or causing others to initiate any Outbound
24 Telephone Call to any person at a telephone number on the National Do
25 Not Call Registry, unless:

26 i. Stipulating Defendants have obtained the express
27 agreement, in writing, of such person to place calls to that person.
28 Such written agreement shall clearly evidence such person's

1 authorization that calls made by or on behalf of Stipulating
2 Defendants may be placed to that person, and shall include the
3 telephone number to which the calls may be placed and the
4 signature of that person; or

5 ii. Stipulating Defendants have an Established Business
6 Relationship with such person, and that person has not previously
7 stated that he or she does not wish to receive Outbound Telephone
8 Calls made by or on behalf of Stipulating Defendants;

9 b. Initiating or causing others to initiate any Outbound
10 Telephone Call to a telephone number within a given area code when the
11 annual fee for access to the telephone numbers within that area code that
12 are on the National Do Not Call Registry has not been paid by or on behalf
13 of Stipulating Defendants, unless the telephone call is:

- 14 i. A solicitation to induce charitable contributions;
- 15 ii. To a business;
- 16 iii. To persons who have given the Seller their express
17 agreement, in writing and signed, to receive calls from Stipulating
18 Defendants; or
- 19 iv. To persons who have an Established Business
20 Relationship with Stipulating Defendants.

21 4. Prohibition on Release of Customer Information. Stipulating
22 Defendants, Stipulating Defendants’ officers, agents, employees, and attorneys,
23 and all other persons in active concert or participation with any of them, who
24 receive actual notice of this Order, whether acting directly or indirectly, are
25 hereby **RESTRAINED** and **ENJOINED** from:

26 a. Selling, renting, leasing, transferring, or otherwise disclosing,
27 the name, address, birth date, telephone number, email address, credit
28 card number, bank account number, Social Security number, or other

1 financial or identifying information of any person that any Stipulating
2 Defendant obtained in connection with any activity that pertains to the
3 subject matter of this Order; and

4 b. Benefitting from or using the name, address, birth date,
5 telephone number, email address, credit card number, bank account
6 number, Social Security number, or other financial or identifying
7 information of any person that any Stipulating Defendant obtained in
8 connection with any activity that pertains to the subject matter of this
9 Order.

10 Provided, however, that Stipulating Defendants may disclose such identifying
11 information to a law enforcement agency, to their attorneys as required for their
12 defense, as required by any law, regulation, or court order, or in any filings,
13 pleadings, or discovery in this action in the manner required by the Federal
14 Rules of Civil Procedure and by any protective order in the case.

15 5. Asset Freeze. Stipulating Defendants and their officers, agents,
16 employees, and attorneys, and all other persons in active concert or participation
17 with any of them, who receive actual notice of this Order, whether acting
18 directly or indirectly, are hereby **RESTRAINED** and **ENJOINED** from:

19 a. Transferring, liquidating, converting, encumbering,
20 pledging, loaning, selling, concealing, dissipating, disbursing, assigning,
21 relinquishing, spending, withdrawing, granting a lien or security interest
22 or other interest in, or otherwise disposing of any Assets that are:

23 i. owned or controlled, directly or indirectly, by any
24 Stipulating Defendant;

25 ii. held, in part or in whole, for the benefit of any
26 Stipulating Defendant;

27 iii. in the actual or constructive possession of any
28 Stipulating Defendant; or

1 iv. owned or controlled by, in the actual or constructive
2 possession of, or otherwise held for the benefit of, any corporation,
3 partnership, asset protection trust, or other entity that is directly or
4 indirectly owned, managed, or controlled by any Stipulating
5 Defendant.

6 b. Opening or causing to be opened any safe deposit boxes,
7 commercial mailboxes, or storage facilities titled in the name of any
8 Stipulating Defendant or subject to access by any Stipulating Defendant,
9 except as necessary to comply with written requests from the Receiver
10 acting pursuant to its authority under this Order;

11 c. Incurring charges or cash advances on any credit, debit, or
12 ATM card issued in the name, individually or jointly, of any Stipulating
13 Corporate Defendant or any corporation, partnership, or other entity
14 directly or indirectly owned, managed, or controlled by any Stipulating
15 Defendant or of which any Stipulating Defendant is an officer, director,
16 member, or manager. This includes any corporate bankcard or corporate
17 credit card account for which any Stipulating Defendant is, or was on the
18 date that this Order was signed, an authorized signor; or

19 d. Cashing any checks or depositing any money orders or cash
20 received from consumers, clients, or customers of any Stipulating
21 Defendant. The Assets affected by this Section shall include:

22 i. all Assets of Stipulating Defendants as of the time this
23 Order is entered; and

24 ii. Assets obtained by Stipulating Defendants after this
25 Order is entered if those Assets are derived from any activity that is
26 the subject of the Complaint in this matter or that is prohibited by
27 this Order.
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1 This Section does not prohibit any transfers to the Receiver or repatriation of
2 foreign Assets specifically required by this order. Provided, however, that by no
3 later than May 31, 2023, Stipulating Defendants may make a one-time
4 withdrawal of up to \$6,554 from Stipulating Defendant Christian Castillo's
5 individual bank account ending in 3848 at Bank of America, reflecting an
6 allowance for housing and personal living expenses for Christian Castillo in the
7 amount of \$2,681 and an allowance for housing and personal living expenses for
8 Michael Castillo in the amount of \$3,873.

9 6. Duties of Asset Holders and Other Third Parties. Any financial or
10 brokerage institution, Electronic Data Host, credit card processor, payment
11 processor, merchant bank, acquiring bank, independent sales organization, third
12 party processor, payment gateway, insurance company, business entity, or
13 person who receives actual notice of this Order (by service or otherwise) that
14 (1) has held, controlled, or maintained custody, through an account or
15 otherwise, of any Stipulating Document on behalf of any Stipulating Defendant
16 or any Asset that has been owned or controlled, directly or indirectly, by any
17 Stipulating Defendant; held, in part or in whole, for the benefit of any
18 Stipulating Defendant; in the actual or constructive possession of any
19 Stipulating Defendant; or owned or controlled by, in the actual or constructive
20 possession of, or otherwise held for the benefit of, any corporation, partnership,
21 asset protection trust, or other entity that is directly or indirectly owned,
22 managed or controlled by any Stipulating Defendant; (2) has held, controlled, or
23 maintained custody, through an account or otherwise, of any Document or Asset
24 associated with credits, debits, or charges made on behalf of any Stipulating
25 Defendant, including reserve funds held by payment processors, credit card
26 processors, merchant banks, acquiring banks, independent sales organizations,
27 third party processors, payment gateways, insurance companies, or other
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1 entities; or (3) has extended credit to any Stipulating Defendant, including
2 through a credit card account, shall:

3 a. Hold, preserve, and retain within its control and prohibit the
4 withdrawal, removal, alteration, assignment, transfer, pledge,
5 encumbrance, disbursement, dissipation, relinquishment, conversion,
6 sale, or other disposal of any such Document or Asset, as well as all
7 Documents or other property related to such Assets, except by further
8 order of this Court; provided, however, that this provision does not
9 prohibit an Stipulating Individual Defendant from incurring charges on a
10 personal credit card established prior to entry of this Order, up to the pre-
11 existing credit limit;

12 b. Deny any person, except the Receiver, access to any safe
13 deposit box, commercial mailbox, or storage facility that is titled in the
14 name of any Stipulating Defendant, either individually or jointly, or
15 otherwise subject to access by any Stipulating Defendant;

16 c. Provide the FTC's counsel and the Receiver, within
17 three (3) days of receiving a copy of this Order, a sworn statement setting
18 forth, for each Asset or account covered by this Section:

19 i. The identification number of each such account or
20 Asset;

21 ii. The balance of each such account, or a description of
22 the nature and value of each such Asset as of the close of business
23 on the day on which this Order is served, and, if the account or
24 other Asset has been closed or removed, the date closed or
25 removed, the total funds removed in order to close the account, and
26 the name of the person or entity to whom such account or other
27 Asset was remitted; and
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1 iii. The identification of any safe deposit box, commercial
2 mailbox, or storage facility that is either titled in the name,
3 individually or jointly, of any Stipulating Defendant, or is otherwise
4 subject to access by any Stipulating Defendant; and

5 d. Upon the request of the FTC’s counsel or the Receiver,
6 promptly provide the FTC’s counsel and the Receiver with copies of all
7 records or other Documents pertaining to any account covered by this
8 Section or Asset, including originals or copies of account applications,
9 account statements, signature cards, checks, drafts, deposit tickets,
10 transfers to and from the accounts, including wire transfers and wire
11 transfer instructions, all other debit and credit instruments or slips,
12 currency transaction reports, 1099 forms, and all logs and records
13 pertaining to safe deposit boxes, commercial mail boxes, and storage
14 facilities.

15 Provided, however, that this Section does not prohibit any transfers to the
16 Receiver or repatriation of foreign Assets specifically required by this order.

17 7. Financial Disclosures. Stipulating Defendant, to the extent they
18 have not each done so pursuant to the TRO, within three (3) days of service of
19 this Order upon them, shall prepare and deliver to the FTC’s counsel and the
20 Receiver:

21 a. completed financial statements on the forms attached to this
22 Order as Attachment A (Financial Statement of Individual Defendant) for
23 each Stipulating Individual Defendant, and Attachment B (Financial
24 Statement of Corporate Defendant) for each Stipulating Corporate
25 Defendant; and

26 b. completed Attachment C (IRS Form 4506, Request for Copy
27 of a Tax Return) for each Stipulating Individual and Corporate
28 Defendant.

1 8. Foreign Asset Repatriation. To the extent not already done
2 pursuant to the TRO, within five (5) days following the service of this Order,
3 each Stipulating Defendant shall:

4 a. Provide the FTC's counsel and the Receiver with a full
5 accounting, verified under oath and accurate as of the date of this Order,
6 of all Assets, Documents, and accounts outside of the United States
7 which are:

8 i. titled in the name, individually or jointly, of any
9 Stipulating Defendant;

10 ii. held by any person or entity for the benefit of any
11 Stipulating Defendant or for the benefit of, any corporation,
12 partnership, asset protection trust, or other entity that is directly or
13 indirectly owned, managed, or controlled by any Stipulating
14 Defendant; or

15 iii. under the direct or indirect control, whether jointly or
16 singly, of any Stipulating Defendant;

17 b. Take all steps necessary to provide the FTC's counsel and
18 Receiver access to all Documents and records that may be held by third
19 parties located outside of the territorial United States of America,
20 including signing the Consent to Release of Financial Records appended
21 to this Order as Attachment D.

22 c. Transfer to the territory of the United States all Documents
23 and Assets located in foreign countries which are:

24 i. titled in the name, individually or jointly, of any
25 Stipulating Defendant;

26 ii. held by any person or entity for the benefit of any
27 Stipulating Defendant or for the benefit of, any corporation,
28 partnership, asset protection trust, or other entity that is directly or

1 indirectly owned, managed, or controlled by any Stipulating
2 Defendant; or

3 iii. under the direct or indirect control, whether jointly or
4 singly, of any Stipulating Defendant; and

5 d. The same business day as any repatriation,

6 i. notify the Receiver and counsel for the FTC of the
7 name and location of the financial institution or other entity that is
8 the recipient of such Documents or Assets; and

9 ii. serve this Order on any such financial institution or
10 other entity.

11 9. Non-Interference with Repatriation. Stipulating Defendants,
12 Stipulating Defendants' officers, agents, employees, and attorneys, and all other
13 persons in active concert or participation with any of them, who receive actual
14 notice of this Order, whether acting directly or indirectly, are hereby
15 **RESTRAINED** and **ENJOINED** from taking any action, directly or indirectly,
16 which may result in the encumbrance or dissipation of foreign Assets, or in the
17 hindrance of the repatriation required by this Order, including, but not limited
18 to:

19 a. Sending any communication or engaging in any other act,
20 directly or indirectly, that results in a determination by a foreign trustee or
21 other entity that a "duress" event has occurred under the terms of a
22 foreign trust agreement until such time that all Stipulating Defendants'
23 Assets have been fully repatriated pursuant to this Order; or

24 b. Notifying any trustee, protector or other agent of any foreign
25 trust or other related entities of either the existence of this Order, or of
26 the fact that repatriation is required pursuant to a court order, until such
27 time that all Stipulating Defendants' Assets have been fully repatriated
28 pursuant to this Order.

1 10. Consumer Credit Reports. The FTC may obtain credit reports
2 concerning any Stipulating Defendants pursuant to Section 604(a)(1) of the Fair
3 Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request,
4 any credit reporting agency from which such reports are requested shall provide
5 them to the FTC.

6 11. Preservation of Records. Stipulating Defendants, Stipulating
7 Defendants' officers, agents, employees, and attorneys, and all other persons in
8 active concert or participation with any of them, who receive actual notice of
9 this Order, whether acting directly or indirectly, are hereby **RESTRAINED** and
10 **ENJOINED** from:

11 a. Destroying, erasing, falsifying, writing over, mutilating,
12 concealing, altering, transferring, or otherwise disposing of, in any
13 manner, directly or indirectly, Documents that relate to:

14 i. the business, business practices, Assets, or business or
15 personal finances of any Stipulating Defendant;

16 ii. the business practices or finances of entities directly or
17 indirectly under the control of any Stipulating Defendant; or

18 iii. the business practices or finances of entities directly or
19 indirectly under common control with any other Stipulating
20 Defendant; and

21 b. Failing to create and maintain Documents that, in reasonable
22 detail, accurately, fairly, and completely reflect Stipulating Defendants'
23 incomes, disbursements, transactions, and use of Stipulating Defendants'
24 Assets.

25 12. Report of New Business Activity. Stipulating Defendants,
26 Stipulating Defendants' officers, agents, employees, and attorneys, and all other
27 persons in active concert or participation with any of them, who receive actual
28 notice of this Order, whether acting directly or indirectly, are hereby

1 **RESTRAINED** and **ENJOINED** from creating, operating, or exercising any
2 control over any business entity, whether newly formed or previously inactive,
3 including any partnership, limited partnership, joint venture, sole
4 proprietorship, or corporation, without first providing the FTC's counsel and
5 the Receiver with a written statement disclosing:

- 6 a. the name of the business entity;
- 7 b. the address and telephone number of the business entity;
- 8 c. the names of the business entity's officers, directors,
9 principals, managers, and employees; and
- 10 d. a detailed description of the business entity's intended
11 activities.

12 13. Receiver. Thomas W. McNamara shall continue to serve as
13 Receiver of the Receivership Entities with full powers of an equity receiver. The
14 Receiver shall be solely the agent of this Court in acting as Receiver under this
15 Order.

16 14. Duties and Authorities of Receiver. The Receiver is directed and
17 authorized to accomplish the following:

- 18 a. Assume full control of Receivership Entities by removing, as
19 the Receiver deems necessary or advisable, any director, officer,
20 independent contractor, employee, attorney, or agent of any Receivership
21 Entity from control of, management of, or participation in, the affairs of
22 the Receivership Entity;
- 23 b. Take exclusive custody, control, and possession of all Assets
24 and Documents of, or in the possession, custody, or under the control of,
25 any Receivership Entity, wherever situated;
- 26 c. Take exclusive custody, control, and possession of all
27 Documents or Assets associated with credits, debits, or charges made on
28 behalf of any Receivership Entity, wherever situated, including reserve

1 funds held by payment processors, credit card processors, merchant
2 banks, acquiring banks, independent sales organizations, third party
3 processors, payment gateways, insurance companies, or other entities;

4 d. Conserve, hold, manage, and prevent the loss of all Assets of
5 the Receivership Entities, and perform all acts necessary or advisable to
6 preserve the value of those Assets. The Receiver shall assume control
7 over the income and profits therefrom and all sums of money now or
8 hereafter due or owing to the Receivership Entities. The Receiver shall
9 have full power to sue for, collect, and receive, all Assets of the
10 Receivership Entities and of other persons or entities whose interests are
11 now under the direction, possession, custody, or control of, the
12 Receivership Entities. Provided, however, that the Receiver shall not
13 attempt to collect any amount from a consumer if the Receiver believes
14 the consumer's debt to the Receivership Entities has resulted from the
15 deceptive acts or practices or other violations of law alleged in the
16 Complaint in this matter, without prior Court approval;

17 e. Obtain, conserve, hold, manage, and prevent the loss of all
18 Documents of the Receivership Entities, and perform all acts necessary or
19 advisable to preserve such Documents. The Receiver shall: divert mail;
20 preserve all Documents of the Receivership Entities that are accessible via
21 electronic means (such as online access to financial accounts and access to
22 electronic documents held onsite or by Electronic Data Hosts, by
23 changing usernames, passwords or other log-in credentials; take
24 possession of all electronic Documents of the Receivership Entities stored
25 onsite or remotely; take whatever steps necessary to preserve all such
26 Documents; and obtain the assistance of the FTC's Digital Forensic Unit
27 for the purpose of obtaining electronic documents stored onsite or
28 remotely.

1 f. Choose, engage, and employ attorneys, accountants,
2 appraisers, and other independent contractors and technical specialists, as
3 the Receiver deems advisable or necessary in the performance of duties
4 and responsibilities under the authority granted by this Order;

5 g. Make payments and disbursements from the receivership
6 estate that are necessary or advisable for carrying out the directions of, or
7 exercising the authority granted by, this Order, and to incur, or authorize
8 the making of, such agreements as may be necessary and advisable in
9 discharging his or her duties as Receiver. The Receiver shall apply to the
10 Court for prior approval of any payment of any debt or obligation incurred
11 by the Receivership Entities prior to the date of entry of this Order,
12 except payments that the Receiver deems necessary or advisable to secure
13 Assets of the Receivership Entities, such as rental payments;

14 h. Take all steps necessary to secure and take exclusive custody
15 of each location from which the Receivership Entities operate their
16 businesses. Such steps may include, but are not limited to, any of the
17 following, as the Receiver deems necessary or advisable:

18 i. securing the location by changing the locks and alarm
19 codes and disconnecting any internet access or other means of
20 access to the computers, servers, internal networks, or other
21 records maintained at that location; and

22 ii. requiring any persons present at the location to leave
23 the premises, to provide the Receiver with proof of identification,
24 and/or to demonstrate to the satisfaction of the Receiver that such
25 persons are not removing from the premises Documents or Assets
26 of the Receivership Entities. Law enforcement personnel,
27 including, but not limited to, police or sheriffs, may assist the
28 Receiver in implementing these provisions in order to keep the

- 1 peace and maintain security. If requested by the Receiver, the
2 United States Marshal will provide appropriate and necessary
3 assistance to the Receiver to implement this Order and is
4 authorized to use any necessary and reasonable force to do so;
- 5 i. Take all steps necessary to prevent the modification,
6 destruction, or erasure of any web page or website registered to and
7 operated, in whole or in part, by any Stipulating Defendants, and to
8 provide access to all such web page or websites to the FTC's
9 representatives, agents, and assistants, as well as Stipulating Defendants
10 and their representatives;
- 11 j. Enter into and cancel contracts and purchase insurance as
12 advisable or necessary;
- 13 k. Prevent the inequitable distribution of Assets and determine,
14 adjust, and protect the interests of consumers who have transacted
15 business with the Receivership Entities;
- 16 l. Make an accounting, as soon as practicable, of the Assets and
17 financial condition of the receivership and file the accounting with the
18 Court and deliver copies thereof to all parties;
- 19 m. Institute, compromise, adjust, appear in, intervene in,
20 defend, dispose of, or otherwise become party to any legal action in state,
21 federal or foreign courts or arbitration proceedings as the Receiver deems
22 necessary and advisable to preserve or recover the Assets of the
23 Receivership Entities, or to carry out the Receiver's mandate under this
24 Order, including but not limited to, actions challenging fraudulent or
25 voidable transfers;
- 26 n. Issue subpoenas to obtain Documents and records pertaining
27 to the Receivership, and conduct discovery in this action on behalf of the
28

1 receivership estate, in addition to obtaining other discovery as set forth in
2 this Order;

3 o. Open one or more bank accounts at designated depositories
4 for funds of the Receivership Entities. The Receiver shall deposit all
5 funds of the Receivership Entities in such designated accounts and shall
6 make all payments and disbursements from the receivership estate from
7 such accounts. The Receiver shall serve copies of monthly account
8 statements on all parties;

9 p. Maintain accurate records of all receipts and expenditures
10 incurred as Receiver;

11 q. Allow the FTC's representatives, agents, and assistants, as
12 well as Stipulating Defendants' representatives and Stipulating
13 Defendants themselves, reasonable access to the premises of the
14 Receivership Entities, or any other premises where the Receivership
15 Entities conduct business. The purpose of this access shall be to inspect
16 and copy any and all books, records, Documents, accounts, and other
17 property owned by, or in the possession of, the Receivership Entities or
18 their agents. The Receiver shall have the discretion to determine the
19 time, manner, and reasonable conditions of such access;

20 r. Allow the FTC's representatives, agents, and assistants, as
21 well as Stipulating Defendants and their representatives reasonable access
22 to all Documents in the possession, custody, or control of the
23 Receivership Entities;

24 s. Cooperate with reasonable requests for information or
25 assistance from any state or federal civil or criminal law enforcement
26 agency;

27
28

1 t. Suspend business operations of the Receivership Entities if in
2 the judgment of the Receiver such operations cannot be continued legally
3 and profitably;

4 u. If the Receiver identifies a nonparty entity as a Receivership
5 Entity, promptly notify the entity as well as the parties, and inform the
6 entity that it can challenge the Receiver's determination by filing a motion
7 with the Court. Provided, however, that the Receiver may delay
8 providing such notice until the Receiver has established control of the
9 nonparty entity and its assets and records, if the Receiver determines that
10 notice to the entity or the parties before the Receiver establishes control
11 over the entity may result in the destruction of records, dissipation of
12 assets, or any other obstruction of the Receiver's control of the entity; and

13 v. If in the Receiver's judgment the business operations cannot
14 be continued legally and profitably, take all steps necessary to ensure that
15 any of the Receivership Entities' web pages or websites relating to the
16 activities alleged in the Complaint cannot be accessed by the public, or are
17 modified for consumer education and/or informational purposes, and take
18 all steps necessary to ensure that any telephone numbers associated with
19 the Receivership Entities cannot be accessed by the public, or are
20 answered solely to provide consumer education or information regarding
21 the status of operations.

22 15. Transfer of Receivership Property to Receiver. To the extent not
23 already done so pursuant to the TRO, Stipulating Defendants and any other
24 person, with possession, custody or control of property of, or records relating to,
25 the Receivership Entities shall, upon notice of this Order by personal service or
26 otherwise, fully cooperate with and assist the Receiver in taking and maintaining
27 possession, custody, or control of the Assets and Documents of the Receivership
28

1 Entities and immediately transfer or deliver to the Receiver possession, custody,
2 and control of, the following:

3 a. All Assets held by or for the benefit of the Receivership
4 Entities;

5 b. All Documents or Assets associated with credits, debits, or
6 charges made on behalf of any Receivership Entity, wherever situated,
7 including reserve funds held by payment processors, credit card
8 processors, merchant banks, acquiring banks, independent sales
9 organizations, third party processors, payment gateways, insurance
10 companies, or other entities;

11 c. All Documents of or pertaining to the Receivership Entities;

12 d. All computers, electronic devices, mobile devices, and
13 machines used to conduct the business of the Receivership Entities;

14 e. All Assets and Documents belonging to other persons or
15 entities whose interests are under the direction, possession, custody, or
16 control of the Receivership Entities; and

17 f. All keys, codes, usernames, and passwords necessary to gain
18 or to secure access to any Assets or Documents of or pertaining to the
19 Receivership Entities, including access to their business premises, means
20 of communication, accounts, computer systems (onsite and remote),
21 Electronic Data Hosts, or other property.

22 In the event that any person or entity fails to deliver or transfer any Asset or
23 Document, or otherwise fails to comply with any provision of this Section, the
24 Receiver may file an Affidavit of Non-Compliance regarding the failure and a
25 motion seeking compliance or a contempt citation.

26 16. Provision of Information to Receiver. To the extent not already
27 done so pursuant to the TRO, Stipulating Defendants shall immediately provide
28 to the Receiver:

1 a. A list of all Assets and accounts of the Receivership Entities
2 that are held in any name other than the name of a Receivership Entity, or
3 by any person or entity other than a Receivership Entity;

4 b. A list of all agents, employees, officers, attorneys, servants
5 and those persons in active concert and participation with the
6 Receivership Entities, or who have been associated or done business with
7 the Receivership Entities; and

8 c. A description of any documents covered by attorney-client
9 privilege or attorney work product, including files where such documents
10 are likely to be located, authors or recipients of such documents, and
11 search terms likely to identify such electronic documents.

12 17. Cooperation with the Receiver. Stipulating Defendants;
13 Receivership Entities; Stipulating Defendants' or Receivership Entities'
14 officers, agents, employees, and attorneys, all other persons in active concert or
15 participation with any of them, and any other person with possession, custody,
16 or control of property of or records relating to the Receivership entities who
17 receive actual notice of this Order shall fully cooperate with and assist the
18 Receiver. This cooperation and assistance shall include, but is not limited to,
19 providing information to the Receiver that the Receiver deems necessary to
20 exercise the authority and discharge the responsibilities of the Receiver under
21 this Order; providing any keys, codes, user names and passwords required to
22 access any computers, electronic devices, mobile devices, and machines (onsite
23 or remotely) and any cloud account (including specific method to access
24 account) or electronic file in any medium; advising all persons who owe money
25 to any Receivership Entity that all debts should be paid directly to the Receiver;
26 and transferring funds at the Receiver's direction and producing records related
27 to the Assets and sales of the Receivership Entities.
28

1 18. Non-Interference With the Receiver. Stipulating Defendants;
2 Receivership Entities; Stipulating Defendants' or Receivership Entities'
3 officers, agents, employees, attorneys, and all other persons in active concert or
4 participation with any of them, who receive actual notice of this Order, and any
5 other person served with a copy of this Order, are hereby **RESTRAINED** and
6 **ENJOINED** from directly or indirectly:

7 a. Interfering with the Receiver's efforts to manage, or take
8 custody, control, or possession of, the Assets or Documents subject to the
9 receivership;

10 b. Transacting any of the business of the Receivership Entities;

11 c. Transferring, receiving, altering, selling, encumbering,
12 pledging, assigning, liquidating, or otherwise disposing of any Assets
13 owned, controlled, or in the possession or custody of, or in which an
14 interest is held or claimed by, the Receivership Entities; or

15 d. Refusing to cooperate with the Receiver or the Receiver's
16 duly authorized agents in the exercise of their duties or authority under
17 any order of this Court.

18 19. Stay of Actions. Except by leave of this Court, during the pendency
19 of the receivership ordered herein, Stipulating Defendants, Stipulating
20 Defendants' officers, agents, employees, attorneys, and all other persons in
21 active concert or participation with any of them, who receive actual notice of
22 this Order, and their corporations, subsidiaries, divisions, or affiliates, and all
23 investors, creditors, stockholders, lessors, customers and other persons seeking
24 to establish or enforce any claim, right, or interest against or on behalf of
25 Stipulating Defendants, and all others acting for or on behalf of such persons, are
26 hereby enjoined from taking action that would interfere with the exclusive
27 jurisdiction of this Court over the Assets or Documents of the Receivership
28 Entities, including, but not limited to:

1 a. Filing or assisting in the filing of a petition for relief under
2 the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, or of any similar insolvency
3 proceeding on behalf of the Receivership Entities;

4 b. Commencing, prosecuting, or continuing a judicial,
5 administrative, or other action or proceeding against the Receivership
6 Entities, including the issuance or employment of process against the
7 Receivership Entities, except that such actions may be commenced if
8 necessary to toll any applicable statute of limitations;

9 c. Filing or enforcing any lien on any asset of the Receivership
10 Entities, taking, or attempting to take possession, custody, or control of
11 any Asset of the Receivership Entities; or attempting to foreclose, forfeit,
12 alter, or terminate any interest in any Asset of the Receivership Entities,
13 whether such acts are part of a judicial proceeding, are acts of self-help, or
14 otherwise.

15 Provided, however, that this Order does not stay: (1) the commencement or
16 continuation of a criminal action or proceeding; (2) the commencement or
17 continuation of an action or proceeding by a governmental unit to enforce such
18 governmental unit's police or regulatory power; or (3) the enforcement of a
19 judgment, other than a money judgment, obtained in an action or proceeding by
20 a governmental unit to enforce such governmental unit's police or regulatory
21 power.

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

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

5 21. Receiver's Bond. The bond in the sum of \$15,000 previously filed
6 by the Receiver with the Clerk of this Court shall remain in effect, conditioned
7 that the Receiver will well and truly perform the duties of the office and abide by
8 and perform all acts the Court directs. 28 U.S.C. § 754.

9 22. Distribution of Order by Stipulating Defendants. Stipulating
10 Defendants shall immediately provide a copy of this Order to each affiliate,
11 telemarketer, marketer, sales entity, successor, assign, member, officer, director,
12 employee, agent, independent contractor, client, attorney, spouse, subsidiary,
13 division, and representative of any Stipulating Defendant, and shall, to the
14 extent not already done so pursuant to the TRO, within three (3) days from the
15 date of entry of this Order, and provide the FTC and the Receiver with a sworn
16 statement that this provision of the Order has been satisfied, which statement
17 shall include the names, physical addresses, phone number, and email addresses
18 of each such person or entity who received a copy of the Order. Furthermore,
19 Stipulating Defendants shall not take any action that would encourage officers,
20 agents, members, directors, employees, salespersons, independent contractors,
21 attorneys, subsidiaries, affiliates, successors, assigns or other persons or entities
22 in active concert or participation with them to disregard this Order or believe
23 that they are not bound by its provisions.

24 23. Expedited Discovery. Notwithstanding the provisions of the
25 Rule 26(d) and (f) and 30(a)(2)(A)(iii), and pursuant to Rule 30(a), 33, 34, and
26 45, the FTC and the Receiver are granted leave, at any time after service of this
27 Order, to conduct limited expedited discovery for the purpose of discovering:
28 (1) the nature, location, status, and extent of Stipulating Defendants' Assets;

1 (2) the nature, location, and extent of Stipulating Defendants' business
2 transactions and operations; (3) Documents reflecting Stipulating Defendants'
3 business transactions and operations; or (4) compliance with this Order. The
4 limited expedited discovery set forth in this Section shall proceed as follows:

5 a. The FTC and the Receiver may take the deposition of parties
6 and non-parties. Forty-eight (48) hours' notice shall be sufficient notice
7 for such depositions. The limitations and conditions set forth in
8 Rules 30(a)(2)(A) and 31(a)(2)(A) regarding subsequent depositions of an
9 individual shall not apply to depositions taken pursuant to this Section.
10 Any such deposition taken pursuant to this Section shall not be counted
11 towards the deposition limit set forth in Rules 30(a)(2)(A) and
12 31(a)(2)(A) and depositions may be taken by telephone or other remote
13 electronic means;

14 b. The FTC and the Receiver may serve upon parties requests
15 for production of Documents or inspection that require production or
16 inspection within five (5) days of service, provided, however, that
17 three (3) days of notice shall be deemed sufficient for the production of
18 any such Documents that are maintained or stored only in an electronic
19 format;

20 c. The FTC and the Receiver may serve upon parties
21 interrogatories that require response within five (5) days after the FTC
22 serves such interrogatories;

23 d. The FTC and the Receiver may serve subpoenas upon non-
24 parties that direct production or inspection within five (5) days of service;

25 e. Service of discovery upon a party to this action, taken
26 pursuant to this Section, shall be sufficient if made by facsimile, email, or
27 by overnight delivery;
28

1 f. Any expedited discovery taken pursuant to this Section is in
2 addition to, and is not subject to, the limits on discovery set forth in the
3 Federal Rules of Civil Procedure and the Local Rules of this Court. The
4 expedited discovery permitted by this Section does not require a meeting
5 or conference of the parties, pursuant to Rules 26(d) & (f);

6 g. The Parties are exempted from making initial disclosures
7 under Rule 26(a)(1) until further order of this Court.

8 24. Service of this Order. Copies of this Order may be served by any
9 means, including facsimile transmission, electronic mail or other electronic
10 messaging, personal or overnight delivery, U.S. Mail or FedEx, by agents and
11 employees of the FTC, by any law enforcement agency, or by private process
12 server, upon any Stipulating Defendant or any person (including any financial
13 institution) that may have possession, custody or control of any Asset or
14 Document of any Stipulating Defendant, or that may be subject to any provision
15 of this Order pursuant to Rule 65(d)(2). For purposes of this Section, service
16 upon any branch, subsidiary, affiliate, or office of any entity shall effect service
17 upon the entire entity.

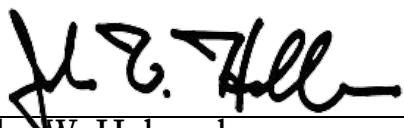
18 25. Correspondence and Service on the FTC. For the purpose of this
19 Order, all correspondence and service of pleadings on the FTC shall be
20 addressed to the FTC’s counsel of record.

21 26. Duration of the Order. This Order shall expire upon entry of a final
22 judgment in this case.

23 27. Retention of Jurisdiction. This Court shall retain jurisdiction of
24 this matter for all purposes.

25 **IT IS SO ORDERED.**

26
27 Dated: May 22, 2023

28 

John W. Holcomb
UNITED STATES DISTRICT JUDGE