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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; and
CHRISTIAN CASTILLO, individually and as an officer of SL FINANCE LLC,
Defendants.

Case No. 8:23-cv-00698-JWH (ADSx)

***EX PARTE* TEMPORARY
RESTRAINING ORDER WITH
ASSET FREEZE, APPOINTMENT
OF TEMPORARY RECEIVER,
AND OTHER EQUITABLE
RELIEF, AND ORDER TO SHOW
CAUSE WHY A PRELIMINARY
INJUNCTION SHOULD NOT
ISSUE**

1 Plaintiff Federal Trade Commission (the “FTC”) has filed its Complaint
2 for Permanent Injunction and Other Equitable Relief pursuant to Sections 13(b)
3 and 19 of the Federal Trade Commission Act (the “FTC Act”), 15 U.S.C.
4 §§ 53(b) and 57b, the Telemarketing and Consumer Fraud and Abuse
5 Prevention Act, 15 U.S.C. §§ 6101-6108, Section 1401(c) of the COVID-19
6 Consumer Protection Act of the 2021 Consolidated Appropriations Act,
7 Pub. L. No. 116-260, 134 Stat. 1182, Div. FF, Title XIV, § 1401(c), (Prohibiting
8 Deceptive Acts or Practices in Connection With the Novel Coronavirus) (the
9 “COVID-19 Act”), and Section 522(a) of the Gramm-Leach-Bliley Act (the
10 “GLB Act”), 15 U.S.C. § 6822(a), and the FTC has moved, pursuant to
11 Rule 65(b) of the Federal Rules of Civil Procedure, for a temporary restraining
12 order, asset freeze, other equitable relief, and an order to show cause why a
13 preliminary injunction should not issue against Individual Defendants and
14 Corporate Defendant.

15 I. FINDINGS OF FACT

16 The Court, having considered the Complaint; the *ex parte* Motion for a
17 Temporary Restraining Order, declarations, exhibits, and memorandum of
18 points and authorities filed in support thereof; and being otherwise advised,
19 hereby finds as follows:

20 A. This Court has jurisdiction over the subject matter of this case, and
21 there is good cause to believe that it will have jurisdiction over all parties hereto
22 and that venue in this district is proper.

23 B. There is good cause to believe that in numerous instances,
24 Defendants SL Finance LLC, Michael Castillo, and Christian Castillo have
25 made material misrepresentations regarding their student loan debt relief
26 services, have taken advance fees, have engaged in illegal telemarketing, and
27 have falsely promised that their student debt relief services are part of the
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1 Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) or
2 some other COVID-19 relief program.

3 C. There is good cause to believe that Defendants SL Finance LLC,
4 Michael Castillo, and Christian Castillo have engaged in and are likely to engage
5 in acts or practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a),
6 the Telemarketing Sales Rule (the “TSR”), 16 C.F.R. Part 310,
7 Section 1401(c)(1) of the COVID-19 Act, Pub. L. No. 116-260, 134 Stat. 1182,
8 Title XIV, § 1401(c)(1), and Section 521 of the GLB Act, 15 U.S.C. § 6821, and
9 that the FTC is therefore likely to prevail on the merits of this action. As
10 demonstrated by consumer declarations, consumer complaints, and the
11 additional documentation filed by the FTC, the FTC has established a likelihood
12 of success in showing that, in numerous instances, Defendants:

13 (1) have made deceptive representations in the marketing and
14 sale of student debt relief services in violation of Section 5(a) of the FTC
15 Act, 15 U.S.C. § 45(a) and the TSR, 16 C.F.R. § 310.4(a)(5)(i);

16 (2) have falsely represented to consumers that their debt relief
17 services are part of the CARES Act or some other COVID-19 relief
18 program created by the federal government in violation of COVID-19 Act,
19 Pub L. No. 116-260, Title XIV, § 1401(b)(1);

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

22 (4) have engaged, or have caused a telemarketer to engage, in
23 initiating an outbound telephone call to a person’s telephone number on
24 the National Do Not Call Registry in violation of the TSR, 16 C.F.R.
25 § 310.4(b)(1)(iii)(B);

26 (5) have initiated, or have caused others to initiate, an outbound
27 telephone call to a telephone number within a given area code when
28 Defendants had not, either directly or through another person, paid the

1 required annual fee for access to telephone numbers within that area code
2 that are included in the National Do Not Call Registry, in violation of the
3 TSR, 16 C.F.R. § 310.8; and

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

7 D. There is good cause to believe that Defendants have collected gross
8 revenues of approximately \$5.9 million as a result of their unlawful practices.

9 E. There is good cause to believe that immediate and irreparable harm
10 will result from Defendants' ongoing violations of the FTC Act, the TSR, the
11 COVID-19 Act, and the GLB Act, unless Defendants are restrained and
12 enjoined by order of this Court.

13 F. There is good cause to believe that immediate and irreparable
14 damage to the Court's ability to grant effective final relief for consumers—
15 including monetary restitution, rescission, disgorgement, or refunds—will occur
16 from the sale, transfer, destruction, or other disposition or concealment by
17 Defendants of their assets or records, unless Defendants are immediately
18 restrained and enjoined by order of this Court; and that, in accordance with
19 Rule 65(b), the interests of justice require that this Order be granted without
20 prior notice to Defendants. Thus, there is good cause for relieving the FTC of
21 the duty to provide Defendants with prior notice of its Motion for a Temporary
22 Restraining Order.

23 G. Good cause exists for appointing a temporary receiver over the
24 Receivership Entities, freezing Defendants' assets, permitting the FTC and the
25 Receiver immediate access to the Defendants' business premises, and
26 permitting the FTC and the Receiver to take expedited discovery.

27 H. Weighing the equities and considering the FTC's likelihood of
28 ultimate success on the merits, a temporary restraining order with an asset

1 freeze, the appointment of a temporary receiver, immediate access to business
2 premises, expedited discovery, and other equitable relief is in the public interest.

3 I. This Court has authority to issue this Order pursuant to
4 Section 13(b) of the FTC Act, 15 U.S.C. § 53(b); Section 19 of the FTC Act, 15
5 U.S.C. § 57b(b); Rule 65; and the All Writs Act, 28 U.S.C. § 1651.

6 J. No security is required of any agency of the United States for
7 issuance of a temporary restraining order. 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 the following:

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. “Corporate Defendant” means SL Finance LLC and its
4 subsidiaries, affiliates, successors, and assigns.

5 D. “Defendant(s)” means Corporate Defendant, Michael Castillo,
6 and Christian Castillo, individually, collectively, or in any combination.

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

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

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

1 This includes, but is not limited to, any entity hosting a website or server, and
2 any entity providing “cloud based” electronic storage.

3 H. “Established Business Relationship” means a relationship between
4 the Seller and a person based upon:

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

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

11 I. “Individual Defendant(s)” means Michael Castillo and Christian
12 Castillo, individually or jointly.

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

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

19 L. “Receiver” means the temporary receiver appointed in
20 Paragraph 11 of this Order.

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

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

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

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

8 **III. ORDER**

9 Good cause appearing therefor, it is hereby **ORDERED** as follows:

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

16 a. misrepresenting or Assisting Others in misrepresenting,
17 expressly or by implication, any material fact, including, but not limited
18 to:

19 i. that consumers who pay for Defendant’s program will
20 be enrolled in a loan repayment program and have their loan
21 balances forgiven in whole or in part;

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

24 iii. that Defendants are contracted by, or otherwise
25 affiliated with, the Department of Education;

26 iv. that Defendants will assume responsibility for the
27 servicing of consumers’ student loans;

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1 v. that Defendants' program is part of the CARES Act or
2 some other COVID-19 relief program created by the federal
3 government; and

4 vi. any other fact material to consumers concerning any
5 good or service, such as: the total costs; any material restrictions,
6 limitations, or conditions; or any material aspect of its performance,
7 efficacy, nature, or central characteristics; and

8 b. making or Assisting Others in making, any representation,
9 expressly or by implication, about the benefits, performance, or efficacy of
10 any product or service, unless the representation is non-misleading and, at
11 the time such representation is made, Defendants possess and rely upon
12 competent and reliable evidence that is sufficient in quality and quantity
13 based upon standards generally accepted in the relevant fields, when
14 considered in light of the entire body of relevant and reliable evidence, to
15 substantiate that the representation is true.

16 2. Prohibition on Collection of Advanced Fees. Defendants, and their
17 officers, agents, employees, 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 or indirectly, are hereby temporarily **RESTRAINED** and
20 **ENJOINED** from providing, offering to provide, or arranging for others to
21 provide any Debt Relief Service and requesting or receiving payment of any fees
22 or consideration for any Debt Relief Service, until and unless:

23 a. the seller or telemarketer has renegotiated, settled, reduced,
24 or otherwise altered the terms of at least one debt pursuant to a settlement
25 agreement, debt management plan, or other such valid contractual
26 agreement executed by the customer;

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1 b. the customer has made at least one payment pursuant to that
2 settlement agreement, debt management plan, or other valid contractual
3 agreement between the customer and the creditor or debt collector; and

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

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

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

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

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

1 i. Defendants have obtained the express agreement, in
2 writing, of such person to place calls to that person. Such written
3 agreement shall clearly evidence such person's authorization that
4 calls made by or on behalf of Defendants may be placed to that
5 person, and shall include the telephone number to which the calls
6 may be placed and the signature of that person; or

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

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

16 i. a solicitation to induce charitable contributions;
17 ii. to a business;
18 iii. to persons who have given the Seller their express
19 agreement, in writing and signed, to receive calls from Defendants;

20 or

21 iv. to persons who have an Established Business
22 Relationship with Defendants.

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

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1 a. selling, renting, leasing, transferring, or otherwise disclosing,
2 the name, address, birth date, telephone number, email address, credit
3 card number, bank account number, Social Security number, or other
4 financial or identifying information of any person that any Defendant
5 obtained in connection with any activity that pertains to the subject
6 matter of this Order; and

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

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

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

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

25 i. owned or controlled, directly or indirectly, by any
26 Defendant;

27 ii. held, in part or in whole, for the benefit of any
28 Defendant;

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

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

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

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

20 d. Cashing any checks or depositing any money orders or cash
21 received from consumers, clients, or customers of any Defendant.

22 The Assets affected by this Paragraph shall include: (1) all Assets of Defendants
23 as of the time this Order is entered; and (2) Assets obtained by Defendants after
24 this Order is entered if those Assets are derived from any activity that is the
25 subject of the Complaint in this matter or that is prohibited by this Order. This
26 Paragraph does not prohibit any transfers to the Receiver or repatriation of
27 foreign Assets specifically required by this order.
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1 6. Duties of Asset Holders and Other Third Parties. Any financial or
2 brokerage institution, Electronic Data Host, credit card processor, payment
3 processor, merchant bank, acquiring bank, independent sales organization, third
4 party processor, payment gateway, insurance company, business entity, or
5 person who receives actual notice of this Order (by service or otherwise) that:
6 (1) has held, controlled, or maintained custody, through an account or
7 otherwise, of any Document on behalf of any Defendant or any Asset that has
8 been owned or controlled, directly or indirectly, by any Defendant; held, in part
9 or in whole, for the benefit of any Defendant; in the actual or constructive
10 possession of any Defendant; or owned or controlled by, in the actual or
11 constructive possession of, or otherwise held for the benefit of, any corporation,
12 partnership, asset protection trust, or other entity that is directly or indirectly
13 owned, managed or controlled by any Defendant; (2) has held, controlled, or
14 maintained custody, through an account or otherwise, of any Document or Asset
15 associated with credits, debits, or charges made on behalf of any Defendant,
16 including reserve funds held by payment processors, credit card processors,
17 merchant banks, acquiring banks, independent sales organizations, third party
18 processors, payment gateways, insurance companies, or other entities; or (3) has
19 extended credit to any Defendant, including through a credit card account, shall:

20 a. Hold, preserve, and retain within its control and prohibit the
21 withdrawal, removal, alteration, assignment, transfer, pledge,
22 encumbrance, disbursement, dissipation, relinquishment, conversion,
23 sale, or other disposal of any such Document or Asset, as well as all
24 Documents or other property related to such Assets, except by further
25 order of this Court; provided, however, that this provision does not
26 prohibit an Individual Defendant from incurring charges on a personal
27 credit card established prior to entry of this Order, up to the pre-existing
28 credit limit;

1 b. Deny any person, except the Receiver, access to any safe
2 deposit box, commercial mailbox, or storage facility that is titled in the
3 name of any Defendant, either individually or jointly, or otherwise subject
4 to access by any Defendant;

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

8 i. The identification number of each such account or
9 Asset;

10 ii. The balance of each such account, or a description of
11 the nature and value of each such Asset as of the close of business
12 on the day on which this Order is served, and, if the account or
13 other Asset has been closed or removed, the date closed or
14 removed, the total funds removed in order to close the account, and
15 the name of the person or entity to whom such account or other
16 Asset was remitted; and

17 iii. The identification of any safe deposit box, commercial
18 mailbox, or storage facility that is either titled in the name,
19 individually or jointly, of any Defendant, or is otherwise subject to
20 access by any Defendant; and

21 d. Upon the request of the FTC's counsel or the Receiver,
22 promptly provide the FTC's counsel and the Receiver with copies of all
23 records or other Documents pertaining to any account covered by this
24 Paragraph or Asset, including originals or copies of account applications,
25 account statements, signature cards, checks, drafts, deposit tickets,
26 transfers to and from the accounts, including wire transfers and wire
27 transfer instructions, all other debit and credit instruments or slips,
28 currency transaction reports, 1099 forms, and all logs and records

1 pertaining to safe deposit boxes, commercial mailboxes, and storage
2 facilities.

3 Provided, however, that this Paragraph does not prohibit any transfers to the
4 Receiver or repatriation of foreign Assets specifically required by this order.

5 7. Financial Disclosures. Each Defendant, within five (5) days of
6 service of this Order upon them, shall prepare and deliver to the FTC's counsel
7 and the Receiver:

8 a. completed financial statements on the forms attached to this
9 Order as Attachment A (Financial Statement of Individual Defendant) for
10 each Individual Defendant, and Attachment B (Financial Statement of
11 Corporate Defendant) for Corporate Defendant; and

12 b. completed Attachment C (IRS Form 4506, Request for Copy
13 of a Tax Return) for each Individual and Corporate Defendant.

14 8. Foreign Asset Repatriation. Within five (5) days following the
15 service of this Order, each Defendant shall:

16 a. Provide the FTC's counsel and the Receiver with a full
17 accounting, verified under oath and accurate as of the date of this Order,
18 of all Assets, Documents, and accounts outside of the United States that
19 are:

20 i. titled in the name, individually or jointly, of any
21 Defendant;

22 ii. held by any person or entity for the benefit of any
23 Defendant or for the benefit of, any corporation, partnership, asset
24 protection trust, or other entity that is directly or indirectly owned,
25 managed, or controlled by any Defendant; or

26 iii. under the direct or indirect control, whether jointly or
27 singly, of any Defendant;

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1 b. Take all steps necessary to provide the FTC’s counsel and
2 the Receiver access to all Documents and records that may be held by
3 third parties located outside of the territorial United States of America,
4 including signing the Consent to Release of Financial Records appended
5 to this Order as Attachment D.

6 c. Transfer to the territory of the United States all Documents
7 and Assets located in foreign countries that are:

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

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

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

16 d. The same business day as any repatriation,

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

20 ii. serve this Order on any such financial institution or
21 other entity.

22 9. Non-Interference with Repatriation. Defendants, Defendants’
23 officers, agents, employees, and attorneys, and all other persons in active
24 concert or participation with any of them, who receive actual notice of this
25 Order, whether acting directly or indirectly, are hereby temporarily
26 **RESTRAINED** and **ENJOINED** from taking any action, directly or indirectly,
27 which may result in the encumbrance or dissipation of foreign Assets, or in the
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1 hindrance of the repatriation required by this Order, including, but not limited
2 to:

3 a. Sending any communication or engaging in any other act,
4 directly or indirectly, that results in a determination by a foreign trustee or
5 other entity that a “duress” event has occurred under the terms of a
6 foreign trust agreement until such time that all Defendants’ Assets have
7 been fully repatriated pursuant to this Order; or

8 b. Notifying any trustee, protector or other agent of any foreign
9 trust or other related entities of either the existence of this Order, or of
10 the fact that repatriation is required pursuant to a court order, until such
11 time that all Defendants’ Assets have been fully repatriated pursuant to
12 this Order.

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

18 11. Preservation of Records. Defendants, Defendants’ officers, agents,
19 employees, and attorneys, and all other persons in active concert or participation
20 with any of them, who receive actual notice of this Order, whether acting
21 directly or indirectly, are hereby temporarily **RESTRAINED** and **ENJOINED**
22 from:

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

26 i. the business, business practices, Assets, or business or
27 personal finances of any Defendant;
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- 1 ii. the business practices or finances of entities directly or
- 2 indirectly under the control of any Defendant; or
- 3 iii. the business practices or finances of entities directly or
- 4 indirectly under common control with any other Defendant; and
- 5 b. Failing to create and maintain Documents that, in reasonable
- 6 detail, accurately, fairly, and completely reflect Defendants' incomes,
- 7 disbursements, transactions, and use of Defendants' Assets.

8 12. Report of New Business Activity. Defendants, Defendants'
9 officers, agents, employees, and attorneys, and all other persons in active
10 concert or participation with any of them, who receive actual notice of this
11 Order, whether acting directly or indirectly, are hereby temporarily
12 **RESTRAINED** and **ENJOINED** from creating, operating, or exercising any
13 control over any business entity, whether newly formed or previously inactive,
14 including any partnership, limited partnership, joint venture, sole
15 proprietorship, or corporation, without first providing the FTC's counsel and
16 the Receiver with a written statement disclosing:

- 17 a. the name of the business entity;
- 18 b. the address and telephone number of the business entity; (3)
- 19 the names of the business entity's officers, directors, principals,
- 20 managers, and employees; and (4) a detailed description of the business
- 21 entity's intended activities.

22 13. Temporary Receiver. Thomas W. McNamara is appointed as
23 temporary receiver of the Receivership Entities with full powers of an equity
24 receiver. The Receiver shall be solely the agent of this Court in acting as
25 Receiver under this Order.

26 14. Duties and Authority of Receiver. The Receiver is directed and
27 authorized to accomplish the following:

28

1 a. Assume full control of Receivership Entities by removing, as
2 the Receiver deems necessary or advisable, any director, officer,
3 independent contractor, employee, attorney, or agent of any Receivership
4 Entity from control of, management of, or participation in, the affairs of
5 the Receivership Entity;

6 b. Take exclusive custody, control, and possession of all Assets
7 and Documents of, or in the possession, custody, or under the control of,
8 any Receivership Entity, wherever situated;

9 c. Take exclusive custody, control, and possession of all
10 Documents or Assets associated with credits, debits, or charges made on
11 behalf of any Receivership Entity, wherever situated, including reserve
12 funds held by payment processors, credit card processors, merchant
13 banks, acquiring banks, independent sales organizations, third party
14 processors, payment gateways, insurance companies, or other entities;

15 d. Conserve, hold, manage, and prevent the loss of all Assets of
16 the Receivership Entities, and perform all acts necessary or advisable to
17 preserve the value of those Assets. The Receiver shall assume control
18 over the income and profits therefrom and all sums of money now or
19 hereafter due or owing to the Receivership Entities. The Receiver shall
20 have full power to sue for, collect, and receive, all Assets of the
21 Receivership Entities and of other persons or entities whose interests are
22 now under the direction, possession, custody, or control of, the
23 Receivership Entities. Provided, however, that the Receiver shall not
24 attempt to collect any amount from a consumer if the Receiver believes
25 the consumer's debt to the Receivership Entities has resulted from the
26 deceptive acts or practices or other violations of law alleged in the
27 Complaint in this matter, without prior Court approval;
28

1 e. Obtain, conserve, hold, manage, and prevent the loss of all
2 Documents of the Receivership Entities, and perform all acts necessary or
3 advisable to preserve such Documents. The Receiver shall: divert mail;
4 preserve all Documents of the Receivership Entities that are accessible via
5 electronic means (such as online access to financial accounts and access to
6 electronic documents held onsite or by Electronic Data Hosts, by
7 changing usernames, passwords or other log-in credentials; take
8 possession of all electronic Documents of the Receivership Entities stored
9 onsite or remotely; take whatever steps necessary to preserve all such
10 Documents; and obtain the assistance of the FTC's Digital Forensic Unit
11 for the purpose of obtaining electronic documents stored onsite or
12 remotely.

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

17 g. Make payments and disbursements from the receivership
18 estate that are necessary or advisable for carrying out the directions of, or
19 exercising the authority granted by, this Order, and to incur, or authorize
20 the making of, such agreements as may be necessary and advisable in
21 discharging his or her duties as Receiver. The Receiver shall apply to the
22 Court for prior approval of any payment of any debt or obligation incurred
23 by the Receivership Entities prior to the date of entry of this Order,
24 except payments that the Receiver deems necessary or advisable to secure
25 Assets of the Receivership Entities, such as rental payments;

26 h. Take all steps necessary to secure and take exclusive custody
27 of each location from which the Receivership Entities operate their
28

1 businesses. Such steps may include, but are not limited to, any of the
2 following, as the Receiver deems necessary or advisable:

3 i. securing the location by changing the locks and alarm
4 codes and disconnecting any internet access or other means of
5 access to the computers, servers, internal networks, or other
6 records maintained at that location; and

7 ii. requiring any persons present at the location to leave
8 the premises, to provide the Receiver with proof of identification,
9 and/or to demonstrate to the satisfaction of the Receiver that such
10 persons are not removing from the premises Documents or Assets
11 of the Receivership Entities. Law enforcement personnel,
12 including, but not limited to, police or sheriffs, may assist the
13 Receiver in implementing these provisions in order to keep the
14 peace and maintain security. If requested by the Receiver, the
15 United States Marshal will provide appropriate and necessary
16 assistance to the Receiver to implement this Order and is
17 authorized to use any necessary and reasonable force to do so;

18 i. Take all steps necessary to prevent the modification,
19 destruction, or erasure of any web page or website registered to and
20 operated, in whole or in part, by any Defendants, and to provide access to
21 all such web page or websites to the FTC's representatives, agents, and
22 assistants, as well as Defendants and their representatives;

23 j. Enter into and cancel contracts and purchase insurance as
24 advisable or necessary;

25 k. Prevent the inequitable distribution of Assets and determine,
26 adjust, and protect the interests of consumers who have transacted
27 business with the Receivership Entities;
28

1 l. Make an accounting, as soon as practicable, of the Assets and
2 financial condition of the receivership and file the accounting with the
3 Court and deliver copies thereof to all parties;

4 m. Institute, compromise, adjust, appear in, intervene in,
5 defend, dispose of, or otherwise become party to any legal action in state,
6 federal or foreign courts or arbitration proceedings as the Receiver deems
7 necessary and advisable to preserve or recover the Assets of the
8 Receivership Entities, or to carry out the Receiver's mandate under this
9 Order, including but not limited to, actions challenging fraudulent or
10 voidable transfers;

11 n. Issue subpoenas to obtain Documents and records pertaining
12 to the Receivership, and conduct discovery in this action on behalf of the
13 receivership estate, in addition to obtaining other discovery as set forth in
14 this Order;

15 o. Open one or more bank accounts at designated depositories
16 for funds of the Receivership Entities. The Receiver shall deposit all
17 funds of the Receivership Entities in such designated accounts and shall
18 make all payments and disbursements from the receivership estate from
19 such accounts. The Receiver shall serve copies of monthly account
20 statements on all parties;

21 p. Maintain accurate records of all receipts and expenditures
22 incurred as Receiver;

23 q. Allow the FTC s' representatives, agents, and assistants, as
24 well as Defendants' representatives and Defendants themselves,
25 reasonable access to the premises of the Receivership Entities, or any
26 other premises where the Receivership Entities conduct business. The
27 purpose of this access shall be to inspect and copy any and all books,
28 records, Documents, accounts, and other property owned by, or in the

1 possession of, the Receivership Entities or their agents. The Receiver
2 shall have the discretion to determine the time, manner, and reasonable
3 conditions of such access;

4 r. Allow the FTC s' representatives, agents, and assistants, as
5 well as Defendants and their representatives reasonable access to all
6 Documents in the possession, custody, or control of the Receivership
7 Entities;

8 s. Cooperate with reasonable requests for information or
9 assistance from any state or federal civil or criminal law enforcement
10 agency;

11 t. Suspend business operations of the Receivership Entities if in
12 the judgment of the Receiver such operations cannot be continued legally
13 and profitably;

14 u. If the Receiver identifies a nonparty entity as a Receivership
15 Entity, promptly notify the entity as well as the parties, and inform the
16 entity that it can challenge the Receiver's determination by filing a motion
17 with the Court. Provided, however, that the Receiver may delay
18 providing such notice until the Receiver has established control of the
19 nonparty entity and its assets and records, if the Receiver determines that
20 notice to the entity or the parties before the Receiver establishes control
21 over the entity may result in the destruction of records, dissipation of
22 assets, or any other obstruction of the Receiver's control of the entity; and

23 v. If in the Receiver's judgment the business operations cannot
24 be continued legally and profitably, take all steps necessary to ensure that
25 any of the Receivership Entities' web pages or websites relating to the
26 activities alleged in the Complaint cannot be accessed by the public, or are
27 modified for consumer education and/or informational purposes, and take
28 all steps necessary to ensure that any telephone numbers associated with

1 the Receivership Entities cannot be accessed by the public, or are
2 answered solely to provide consumer education or information regarding
3 the status of operations.

4 15. Transfer of Receivership Property to Receiver. Defendants and
5 any other person, with possession, custody, or control of property of, or records
6 relating to, the Receivership Entities shall, upon notice of this Order by personal
7 service or otherwise, fully cooperate with and assist the Receiver in taking and
8 maintaining possession, custody, or control of the Assets and Documents of the
9 Receivership Entities and immediately transfer or deliver to the Receiver
10 possession, custody, and control of, the following:

- 11 a. All Assets held by or for the benefit of the Receivership
12 Entities;
- 13 b. All Documents or Assets associated with credits, debits, or
14 charges made on behalf of any Receivership Entity, wherever situated,
15 including reserve funds held by payment processors, credit card
16 processors, merchant banks, acquiring banks, independent sales
17 organizations, third party processors, payment gateways, insurance
18 companies, or other entities;
- 19 c. All Documents of or pertaining to the Receivership Entities;
- 20 d. All computers, electronic devices, mobile devices, and
21 machines used to conduct the business of the Receivership Entities;
- 22 e. All Assets and Documents belonging to other persons or
23 entities whose interests are under the direction, possession, custody, or
24 control of the Receivership Entities; and
- 25 f. All keys, codes, user names and passwords necessary to gain
26 or to secure access to any Assets or Documents of or pertaining to the
27 Receivership Entities, including access to their business premises, means
28

1 of communication, accounts, computer systems (onsite and remote),
2 Electronic Data Hosts, or other property.

3 In the event that any person or entity fails to deliver or transfer any Asset or
4 Document, or otherwise fails to comply with any provision of this Paragraph, the
5 Receiver may file an Affidavit of Non-Compliance regarding the failure and a
6 motion seeking compliance or a contempt citation.

7 16. Provision of Information to Receiver. Defendants shall
8 immediately provide to the Receiver:

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

12 b. A list of all agents, employees, officers, attorneys, servants
13 and those persons in active concert and participation with the
14 Receivership Entities, or who have been associated or done business with
15 the Receivership Entities; and

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

20 17. Cooperation with the Receiver. Defendants; Receivership Entities;
21 Defendants' or Receivership Entities' officers, agents, employees, and
22 attorneys, all other persons in active concert or participation with any of them,
23 and any other person with possession, custody, or control of property of or
24 records relating to the Receivership entities who receive actual notice of this
25 Order shall fully cooperate with and assist the Receiver. This cooperation and
26 assistance shall include, but is not limited to, providing information to the
27 Receiver that the Receiver deems necessary to exercise the authority and
28 discharge the responsibilities of the Receiver under this Order; providing any

1 keys, codes, user names and passwords required to access any computers,
2 electronic devices, mobile devices, and machines (onsite or remotely) and any
3 cloud account (including specific method to access account) or electronic file in
4 any medium; advising all persons who owe money to any Receivership Entity
5 that all debts should be paid directly to the Receiver; and transferring funds at
6 the Receiver's direction and producing records related to the Assets and sales of
7 the Receivership Entities.

8 18. Non-Interference with the Receiver. Defendants; Receivership
9 Entities; Defendants' or Receivership Entities' officers, agents, employees,
10 attorneys; and all other persons in active concert or participation with any of
11 them, who receive actual notice of this Order, and any other person served with
12 a copy of this Order, are hereby temporarily **RESTRAINED** and **ENJOINED**
13 from directly or indirectly:

14 a. Interfering with the Receiver's efforts to manage, or take
15 custody, control, or possession of, the Assets or Documents subject to the
16 receivership;

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

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

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

25 19. Stay of Actions. Except by leave of this Court, during the pendency
26 of the receivership ordered herein, Defendants, Defendants' officers, agents,
27 employees, attorneys, and all other persons in active concert or participation
28 with any of them, who receive actual notice of this Order, and their

1 corporations, subsidiaries, divisions, or affiliates, and all investors, creditors,
2 stockholders, lessors, customers and other persons seeking to establish or
3 enforce any claim, right, or interest against or on behalf of Defendants, and all
4 others acting for or on behalf of such persons, are hereby enjoined from taking
5 action that would interfere with the exclusive jurisdiction of this Court over the
6 Assets or Documents of the Receivership Entities, including, but not limited to:

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

10 b. Commencing, prosecuting, or continuing a judicial,
11 administrative, or other action or proceeding against the Receivership
12 Entities, including the issuance or employment of process against the
13 Receivership Entities, except that such actions may be commenced if
14 necessary to toll any applicable statute of limitations; and

15 c. Filing or enforcing any lien on any asset of the Receivership
16 Entities, taking or attempting to take possession, custody, or control of
17 any Asset of the Receivership Entities; or attempting to foreclose, forfeit,
18 alter, or terminate any interest in any Asset of the Receivership Entities,
19 whether such acts are part of a judicial proceeding, are acts of self-help, or
20 otherwise.

21 Provided, however, that this Order does not stay: (1) the commencement or
22 continuation of a criminal action or proceeding; (2) the commencement or
23 continuation of an action or proceeding by a governmental unit to enforce such
24 governmental unit's police or regulatory power; or (3) the enforcement of a
25 judgment, other than a money judgment, obtained in an action or proceeding by
26 a governmental unit to enforce such governmental unit's police or regulatory
27 power.
28

1 20. Compensation of Receiver. The Receiver and all personnel hired
2 by the Receiver as herein authorized, including counsel to the Receiver and
3 accountants, are entitled to reasonable compensation for the performance of
4 duties pursuant to this Order and for the cost of actual out-of-pocket expenses
5 incurred by them, from the Assets now held by, in the possession or control of,
6 or which may be received by, the Receivership Entities. The Receiver shall file
7 with the Court and serve on the parties periodic requests for the payment of
8 such reasonable compensation, with the first such request filed no more than
9 sixty (60) days after the date of entry of this Order. The Receiver shall not
10 increase the hourly rates used as the bases for such fee applications without prior
11 approval of the Court.

12 21. Receiver's Bond. The Receiver shall file with the Clerk of this
13 Court a bond in the sum of \$15,000 with sureties to be approved by the Court,
14 conditioned that the Receiver will well and truly perform the duties of the office
15 and abide by and perform all acts the Court directs.

16 22. Receiver's Reports. The Receiver shall report to this Court on or
17 before any date set for a hearing on whether a Preliminary Injunction should
18 issue, regarding:

19 a. the steps taken by the Receiver to implement the terms of
20 this Order;

21 b. the value of all liquidated and unliquidated assets of the
22 Receivership Entities;

23 c. the sum of all liabilities of the Receivership Entities;

24 d. the steps the Receiver intends to take in the future to:

25 i. prevent any diminution in the value of assets of the
26 Receivership Entities;

27 ii. pursue receivership assets from third parties; and
28

- 1 iii. adjust the liabilities of the Receivership Entities, if
- 2 appropriate;
- 3 e. whether the business of the Receivership Entities can be
- 4 operated lawfully and profitably; and
- 5 f. any other matters that the Receiver believes should be
- 6 brought to the Court’s attention.

7 Provided, however, that if any of the required information would hinder the
8 Receiver’s ability to pursue receivership assets, the portions of the Receiver’s
9 report containing such information may be filed under seal and not served on the
10 parties.

11 23. Immediate Access to Business Premises and Records.

12 a. In order to allow the FTC and the Receiver to preserve
13 Assets and evidence relevant to this action and to expedite discovery, the
14 FTC and the Receiver, and their representatives, agents, contractors, and
15 assistants, shall have immediate access to the business premises and
16 storage facilities, owned, controlled, or used by the Receivership Entities.
17 Such locations include, but are not limited to, 12900B Garden Grove
18 Blvd., Suite 170, Garden Grove, California 92843, and any offsite location
19 or commercial mailbox used by the Receivership Entities. The Receiver
20 may exclude Defendants, Receivership Entities, and their employees from
21 the business premises during the immediate access;

22 b. The FTC and the Receiver, and their representatives,
23 agents, contractors, and assistants, are authorized to remove Documents
24 from the Receivership Entities’ premises in order that they may be
25 inspected, inventoried, and copied. The FTC shall return any removed
26 materials to the Receiver within five (5) business days of completing
27 inventorying and copying, or such time as is agreed upon by the FTC and
28 the Receiver;

1 c. The FTC’s access to the Receivership Entities’ documents
2 pursuant to this Paragraph shall not provide grounds for any Defendant to
3 object to any subsequent request for documents served by the FTC;

4 d. The FTC and the Receiver, and their representatives,
5 agents, contractors, and assistants, are authorized to obtain the assistance
6 of federal, state, and local law enforcement officers as they deem
7 necessary to effect service and to implement peacefully the provisions of
8 this Order;

9 e. If any Documents, computers, or electronic storage devices
10 containing information related to the business practices or finances of the
11 Receivership Entities are at a location other than those listed herein,
12 including personal residence(s) of any Defendant, then, immediately upon
13 receiving notice of this order, Defendants and Receivership Entities shall
14 produce to the Receiver all such Documents, computers, and electronic
15 storage devices, along with any codes or passwords needed for access. In
16 order to prevent the destruction of computer data, upon service of this
17 Order, any such computers or electronic storage devices shall be powered
18 down in the normal course of the operating system used on such devices
19 and shall not be powered up or used until produced for copying and
20 inspection;

21 f. If any communications or records of any Receivership Entity
22 are stored with an Electronic Data Host, such Entity shall, immediately
23 upon receiving notice of this order, provide the Receiver with the
24 username, passwords, and any other login credential needed to access the
25 communications and records, and shall not attempt to access, or cause a
26 third-party to attempt to access, the communications or records; and

27 g. Defendants shall contact the FTC’s counsel within three (3)
28 days of the service of this Order to make arrangements for production of

1 all Documents not kept, stored, or maintained at 12900B Garden Grove
2 Blvd., Suite 170, Garden Grove, California 92843, related to the business
3 activities alleged in the complaint for inspection, inventory, and/or
4 copying.

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

19 25. Expedited Discovery.

20 a. Notwithstanding the provisions of Rules 26(d) and (f) and
21 Rule 30(a)(2)(A)(iii), and pursuant to Rules 30(a), 33, 34, and 45, the
22 FTC and the Receiver are granted leave, at any time after service of this
23 Order, to conduct limited expedited discovery for the purpose of
24 discovering:

- 25 i. the nature, location, status, and extent of Defendants’
26 Assets;
27 ii. the nature, location, and extent of Defendants’
28 business transactions and operations;

1 iii. Documents reflecting Defendants’ business
2 transactions and operations; or

3 iv. compliance with this Order.

4 b. The limited expedited discovery set forth in this Paragraph
5 shall proceed as follows:

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

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

22 iii. the FTC and the Receiver may serve upon parties
23 interrogatories that require response within five (5) days after the
24 FTC serves such interrogatories;

25 iv. The FTC and the Receiver may serve subpoenas upon
26 non-parties that direct production or inspection within five (5) days
27 of service.
28

1 v. Service of discovery upon a party to this action, taken
2 pursuant to this Paragraph, shall be sufficient if made by facsimile,
3 email, or by overnight delivery.

4 vi. Any expedited discovery taken pursuant to this
5 Paragraph is in addition to, and is not subject to, the limits on
6 discovery set forth in the Federal Rules of Civil Procedure and the
7 Local Rules of this Court. The expedited discovery permitted by
8 this Paragraph does not require a meeting or conference of the
9 parties, pursuant to Rules 26(d) and (f).

10 vii. The Parties are exempted from making initial
11 disclosures under Rule 26(a)(1) until further order of this Court.

12 26. Service Of This Order. Copies of this Order as well as the Motion
13 for Temporary Restraining Order and all other pleadings, Documents, and
14 exhibits filed contemporaneously with that Motion (other than the complaint
15 and summons), may be served by any means, including facsimile transmission,
16 email or other electronic messaging, personal or overnight delivery, U.S. Mail or
17 FedEx, by agents and employees of the FTC, by any law enforcement agency, or
18 by private process server, upon any Defendant or any person (including any
19 financial institution) that may have possession, custody or control of any Asset
20 or Document of any Defendant, or that may be subject to any provision of this
21 Order pursuant to Rule 65(d)(2). For purposes of this Paragraph, service upon
22 any branch, subsidiary, affiliate, or office of any entity shall effect service upon
23 the entire entity.

24 27. Correspondence and Service on the FTC. For the purpose of this
25 Order, all correspondence and service of pleadings on the FTC shall be
26 addressed to the FTC's counsel of record.

27 28. Preliminary Injunction Hearing. Pursuant to Rule 65(b),
28 Defendants shall appear before this Court on May 16, 2023, at 2:00 p.m. to show

1 cause, if there is any, why this Court should not enter a preliminary injunction,
2 pending final ruling on the Complaint against Defendants, enjoining the
3 violations of the law alleged in the Complaint, continuing the freeze of their
4 Assets, continuing the receivership, and imposing such additional relief as may
5 be appropriate.

6 29. Briefs and Affidavits Concerning Preliminary Injunction.

7 a. Defendants shall file with the Court and serve on the FTC's
8 counsel any answering pleadings, affidavits, motions, expert reports or
9 declarations, or legal memoranda no later than May 12, 2023, at
10 12:00 noon. The FTC may file responsive or supplemental pleadings,
11 materials, affidavits, or memoranda with the Court and serve the same on
12 counsel for Defendants no later than May 15, 2023, at 12:00 noon.
13 Provided that such affidavits, pleadings, motions, expert reports,
14 declarations, legal memoranda, or oppositions must be served by personal
15 or overnight delivery, facsimile, or email, and be received by the other
16 party or parties no later than 12:00 noon on the appropriate dates set forth
17 in this Paragraph.

18 b. An evidentiary hearing on the FTC's request for a
19 preliminary injunction is not necessary unless Defendants demonstrate
20 that they have, and intend to introduce, evidence that raises a genuine and
21 material factual issue. The question of whether this Court should enter a
22 preliminary injunction shall be resolved on the pleadings, declarations,
23 exhibits, and memoranda filed by, and oral argument of, the parties. Live
24 testimony shall be heard only on further order of this Court. Any
25 application to permit such testimony shall be filed with the Court and
26 served on counsel for the other parties no later than May 12, 2023, at
27 12:00 noon. Such application shall set forth the name, address, and
28 telephone number of each proposed witness, a detailed summary or

1 declaration revealing the substance of each proposed witness's expected
2 testimony, and an explanation of why the taking of live testimony would
3 be helpful to this Court. Any papers opposing a timely application to
4 present live testimony or to present live testimony in response to another
5 party's timely motion to present live testimony shall be filed with this
6 Court and served on the other parties no later than May 15, 2023, at
7 12:00 noon.

8 30. Duration of the Order. This Order shall expire after the completion
9 of the Preliminary Injunction Hearing, unless, before such time, the Order is
10 extended for an additional period pursuant to Rule 65(b)(2).

11 31. Retention of Jurisdiction. This Court shall retain jurisdiction of
12 this matter for all purposes.

13 32. Compliance with Rule 65(b)(2). This Order is issued on May 2,
14 2023, at 2:45 p.m. *See* Fed. R. Civ. P. 65(b)(2).

15 **IT IS SO ORDERED.**

16
17 Dated: May 2, 2023



John W. Holcomb
UNITED STATES DISTRICT JUDGE

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