

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States District Court
Southern District of Texas
ENTERED

JUN 13 2006

Michael N. Milby, Clerk

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

WEBSOURCE MEDIA, L.L.C.,

BIZSITEPRO, L.L.C.,

EVERSITES, L.L.C.,

TELSOURCE SOLUTIONS, INC.,

TELSOURCE INTERNATIONAL, INC.,

MARC R. SMITH,

KATHLEEN A. SMALLEY,

KEITH HENDRICK,

STEVEN L. KENNEDY,

JOHN O. RING,

and

JAMES E. MCCUBBIN, JR.,

Defendants.

Civ. No. 06-1980

TIME: 2:45 pm

DATE: 06/12/06

UNDER SEAL

**TEMPORARY RESTRAINING ORDER FREEZING ASSETS,
APPOINTING A TEMPORARY RECEIVER AND PROVIDING ADDITIONAL
EQUITABLE RELIEF, AND ORDER TO SHOW CAUSE WHY A
PRELIMINARY INJUNCTION SHOULD NOT ISSUE**

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Plaintiff, the Federal Trade Commission (“Commission”), having filed its complaint for a permanent injunction and other equitable relief in this matter pursuant to Sections 5(a) and 13(b) of the Federal Trade Commission Act (“FTC ACT”), 15 U.S.C. §§ 45(a) and 53(b), and having moved *ex parte* for a temporary restraining order and for an order to show cause why a preliminary injunction should not be granted pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 65, and the Court having considered the complaint, declarations, exhibits, and memorandum of law filed in support thereof, finds that:

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

2. There is good cause to believe that Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr. have engaged in and are likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and that the Plaintiff is therefore likely to prevail on the merits of this action;

3. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by Defendants of their assets or records, or those assets and corporate records under their control, unless Defendants are immediately restrained and enjoined by Order of this Court. Such injury is so imminent that

notice and a hearing on this application for a temporary restraining order is impractical if not impossible. There is thus good cause for issuing this Order without notice pursuant to Federal Rule of Civil Procedure 65(b);

4. There is good cause for the Court to appoint a temporary receiver;

5. Weighing the equities and considering Plaintiff's likelihood of ultimate success, a temporary restraining order with asset freeze, and other equitable relief is in the public interest;

6. Fed. R. Civ. P. 65(c) does not require security of the United States or an officer or agency thereof; and

7. On June 3, 2002, Defendant Marc R. Smith filed a voluntary petition for relief under the debt adjustment provisions of Chapter 13 of the Bankruptcy Code, 11 U.S.C. §§ 101 et seq., in the United States Bankruptcy Court for the Southern District of Texas, Case No. 02-36027-H3-13. The Commission's action against Defendant Marc R. Smith, including the enforcement of a judgment other than a money judgment obtained in this action, is not stayed by 11 U.S.C. § 362(a)(1), (2), (3) or (6) because it is an exercise of the Commission's police or regulatory power as a governmental unit pursuant to 11 U.S.C. § 362(b)(4) and thus falls within an exemption from the automatic stay.

DEFINITIONS

For the purpose of this temporary restraining order, the following definitions shall apply:

A. "Assets" means any legal or equitable interest in, right to, or claim to, any real and personal property, including but not limited to "goods," "instruments," "equipment," "fixtures,"

“general intangibles,” “inventory,” “checks,” “notes” (as these terms are defined in the Uniform Commercial Code), and all chattel, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and cash, wherever located.

B. **“Receivership Defendants”** means WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., their subsidiaries or affiliates, and all other corporations or business entities owned or controlled by any of the Receivership Defendants.

C. **“Defendants”** means WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr.

D. **“Assisting others”** means knowingly providing any of the following goods or services to another entity: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material; (3) providing names of, or assisting in the generation of, potential customers; or (4) performing marketing or billing services of any kind.

E. **“Document”** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a) and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary, through detection devices into

reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

F. **“Line subscriber”** means an individual or entity who has arranged with a local exchange carrier (“LEC”) to obtain local telephone service provided through an assigned telephone number, and to be billed for such service on a monthly (or other periodic) basis.

CONDUCT PROHIBITIONS

I. INJUNCTIVE PROVISION

IT IS THEREFORE ORDERED that in connection with the advertising, promotion, offering for sale, or sale of any Internet services, Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby temporarily restrained and enjoined from misrepresenting, expressly or by implication, any material fact, including, but not limited to, misrepresenting that a free trial website would be cancelled automatically if the consumer did not approve the continuation of the website.

II. PROHIBITED BILLING PRACTICES

IT IS FURTHER ORDERED that in connection with the advertising, promotion, offering for sale, or sale of any Internet services, Defendants WebSource Media, L.L.C.,

BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby temporarily restrained and enjoined from billing or receiving money, or assisting others in billing or receiving money, from consumers without their express informed consent, including, but not limited to, billing any line subscriber, or causing any line subscriber to be billed, or collecting or attempting to collect payment, directly or indirectly, from any line subscriber, for any good or service without the express informed consent from the line subscriber that he or she accepts or authorizes the purchase of such good or service. For purposes of this Paragraph, "express informed consent" means: (1) Defendants obtain from a person with authority to bind the line subscriber his or her express agreement to be charged for the goods or services and to be charged using the line subscriber's account; and (2) Defendants make and maintain an audio recording of the entire telemarketing transaction.

TEMPORARY RECEIVERSHIP PROVISIONS

III. APPOINTMENT OF TEMPORARY RECEIVER

IT IS FURTHER ORDERED that Will, Schwartz, Spalden Keller LLC is appointed as temporary receiver (the "Temporary Receiver"), with the full power of an equity receiver, for the Receivership Defendants and of all the funds, properties, premises, accounts and other assets

directly or indirectly owned, beneficially or otherwise, by the Receivership Defendants with directions and authority to accomplish the following:

- A. Assume full control of the Receivership Defendants by removing Defendants Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and any other officer, independent contractor, employee, or agent of the Receivership Defendants from control and management of the affairs of the Receivership Defendants;
- B. Collect, marshal, and take custody, control and possession of all the funds, property, premises, accounts, mail and other assets of, or in the possession or under the control of, the Receivership Defendants, wherever situated, the income and profits therefrom, and all sums of money now or hereafter due or owing to the Receivership Defendants, with full power to: collect, receive and take possession of all goods, chattels, rights, credits, monies, effects, lands, leases, books and records, work papers, records of accounts, including computer-maintained information, contracts, financial records, monies on hand in banks and other financial institutions, and other papers and documents of the Receivership Defendants, and other individuals or corporations whose interests are now held by or under the direction, possession, custody or control of the Receivership Defendants;
- C. Perform all acts necessary to conserve, hold, manage, and preserve the value of those assets in order to prevent any irreparable loss, damage and injury to Internet

services purchasers, and all acts incidental thereto, including the suspension of operations;

- D. Perform all acts necessary to ensure that the Receivership Defendants are in compliance with the provisions of this Order, including ceasing all advertising, marketing, offering or providing or assisting others in doing the same which contains any false or misleading statements of material fact or which fail to disclose all information material to a consumer's decision to purchase any Internet services or which cause a consumer to be billed without their express informed consent;
- E. Make best efforts to notify the purchasers of any Internet services sold by the Receivership Defendants about this Order; such efforts shall include posting this Order on any Internet websites currently maintained by the Receivership Defendants;
- F. Enter into agreements in connection with administration of the receivership, including, but not limited to: (1) the retention and employment of investigators, attorneys, accountants, or computer forensic examiners of the Temporary Receiver's choice, including, without limitation, members and employees of the Temporary Receiver's firm, to assist, advise, and represent the receiver; and (2) the movement and storage of any equipment, furniture, records, files or other physical property of the Receivership Defendants;

- G. Institute, prosecute, compromise, adjust, intervene in or become party to such actions or proceedings in state, federal or foreign courts that the Temporary Receiver deems necessary and advisable to preserve the value of the properties of the Receivership Defendants, or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Order, and likewise to defend, compromise, adjust or otherwise dispose of any or all actions or proceedings instituted against the Temporary Receiver or the Receivership Defendants that the Temporary Receiver deems necessary and advisable to preserve the properties of the Receivership Defendants, or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Order;
- H. Prepare and submit a Report to this Court and to the parties, not less than three (3) days prior to the scheduled Preliminary Injunction Hearing, describing the business activities of the Receivership Defendants, including, but not limited to: the number of purchasers of Internet services sold by the Receivership Defendants; the number of consumers billed for Internet services by the Receivership Defendants; the amount of money received by the Receivership Defendants from billing for those Internet services; the number of Internet websites provided by the Receivership Defendants to consumers; the number of Internet websites provided by Receivership Defendants to consumers which have actually been accessed by the purchaser; the number of Internet websites provided

by the Receivership Defendants to consumers that the consumer has modified; the number of calls received by the customer service representatives of the Receivership Defendants; the amount of money refunded or credited by the Receivership Defendants; the amount of money refunded to consumers as a result of reversed charges by any telephone company; the number of consumers who have complained that a website was not authorized; the number of consumers billed for Internet services who requested refunds; the number of outbound telemarketing calls made by or on behalf of Receivership Defendants; the duties and responsibilities of all officers and directors of the Receivership Defendants, including Defendants Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr; the role of each Receivership Defendant in the advertising, promotion, offering for sale, or sale of any Internet services; the relationship of each of the Defendants with each of the Receivership Defendants; and

- I. Conduct expedited discovery in order to prepare the Temporary Receiver's Report, referenced above, prior to the Preliminary Injunction Hearing. Such expedited discovery can, at the Temporary Receiver's sole discretion, include oral depositions on three (3) business days' notice to the deponent and expedited interrogatories, requests for admission, or requests for production of documents requiring responses within three (3) business days after service of the discovery requests.

The Temporary Receiver and all personnel hired by the Temporary Receiver as herein authorized, including counsel to the Temporary Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by or in the possession or control of, or which may be received by, the Receivership Defendants. The Temporary Receiver shall file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request due prior to sixty days after the date of this Order. The Temporary Receiver shall not increase the Temporary Receiver's fee rate billed to the receivership estate without prior approval of the Court.

The Temporary Receiver shall file with the Clerk of this Court a bond in the sum of \$ 50,000.⁰⁰ with sureties to be approved by the Court, conditioned that the Temporary Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

IV. ACCESS TO BUSINESS RECORDS

IT IS FURTHER ORDERED that Defendants shall allow the Temporary Receiver appointed herein and his/her representatives, agents, and assistants immediate access to the business premises of the Receivership Defendants, and any other location where property or business records of the Receivership Defendants are located. Such locations specifically include, but are not limited to:

WebSource Media, L.L.C.
10375 Richmond Avenue, Suites 800, 1515
Houston, Texas 77042

Telsource Solutions, Inc.
7447 Harwin Drive, Suite 246
Houston, Texas 77036

Telsource International, Inc.
7447 Harwin Drive, Suite 246
Houston, Texas 77036

The Temporary Receiver is authorized to employ the assistance of law enforcement officers as he or she deems necessary to effect service and to implement peacefully the provisions of this Order. The purpose of access shall be to take custody, control and possession of all business premises, property, assets, records and documents of the Receivership Defendants.

If any business records or property relating to the Receivership Defendants are located in the personal residence of a Defendant and request to enter such residence is denied, then such Defendant shall, within twenty-four (24) hours of service of this Order:

- A. Produce to the Temporary Receiver, at a location designated by the Temporary Receiver, all contracts, accounting data, written or electronic correspondence, advertisements, computer tapes, discs, or other computerized or electronic records, books, written or printed records, handwritten notes, telephone logs, telephone scripts, telephone bills, receipt books, ledgers, membership records and lists, refund records, receipts, ledgers, bank records (including personal and business monthly statements, canceled checks, records of wire transfers, and check registers), appointment books, copies of federal, state or local business or

personal income or property tax returns, 1099 forms, title records and other documents or records of any kind that relate to Defendants' business practices; and

- B. Produce to the Temporary Receiver, at a location designated by the Temporary Receiver, all computers and data in whatever form used by Defendants, relating, in whole or in part, to the Receivership Defendants' business practices.

V. TURN OVER POSSESSION AND CUSTODY TO RECEIVER

IT IS FURTHER ORDERED that, immediately upon service of this Order upon them, Defendants and any other person or entity served with a copy of this Order, shall forthwith, or within such time as permitted by the Temporary Receiver in writing, deliver over to the Temporary Receiver:

- A. Possession and custody of all assets including, but not limited to, funds and property owned beneficially or otherwise, wherever situated, of the Receivership Defendants;
- B. Possession and custody of all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents, and other papers of the Receivership Defendants;
- C. Possession and custody of all funds and other assets belonging to members of the public now held by the Receivership Defendants;

- D. All keys, computer passwords, entry codes, combinations to locks required to open or gain access to any of the property or effects, and all monies in any bank deposited to the credit of the Receivership Defendants, wherever situated; and
- E. Information identifying the accounts, employees, properties, or other assets or obligations of the Receivership Defendants.

VI. PLAINTIFF'S ACCESS TO BUSINESS RECORDS

IT IS FURTHER ORDERED that Defendants and the Temporary Receiver shall allow Plaintiff's representatives, agents, and assistants immediate access to the Defendants' business premises, mail drops, storage facilities, and all other business locations used by Defendants, including but not limited to: 10375 Richmond Avenue, Suites 800, 1515, Houston, Texas 77042 and 7447 Harwin Drive, Suite 246, Houston, Texas 77036. The purpose of the access shall be to inspect and copy materials relevant to this action. The Temporary Receiver shall have discretion to regulate the time, place, and manner of such access consistent with this purpose. The Commission may remove materials from Defendants' business premises so they may be inspected, inventoried, and copied. The Commission shall return materials so removed within five (5) business days of completing said inventory and copying. To the extent Defendants or third parties turn over to the Temporary Receiver records relating to Defendants' business, but not kept at Defendants' business premises, Defendants and the Temporary Receiver shall also allow Plaintiff's representatives, agents and assistants access to those additional records. The Temporary Receiver shall have discretion to regulate the time, place, and manner of such access consistent with this purpose. The Commission may remove those additional materials so they

may be inspected, inventoried, and copied. The Commission shall return materials so removed within five (5) business days of completing said inventory and copying.

VII. STAY OF OTHER ACTIONS

IT IS FURTHER ORDERED that except by leave of this Court, during the pendency of the receivership ordered herein, Defendants and all customers, principals, investors, creditors, stockholders, lessors, and other persons seeking to establish or enforce any claim, right or interest against or on behalf of the Receivership Defendants, and all others acting for or on behalf of such persons, including attorneys, trustees, agents, sheriffs, constables, marshals, and other officers and their deputies, and their respective attorneys, servants, agents and employees be and are hereby stayed from:

- A. Commencing, prosecuting, continuing or enforcing any suit or proceeding against the Receivership Defendants, except that such actions may be filed to toll any applicable statute of limitations;
- B. Commencing, prosecuting, continuing or entering any suit or proceeding in the name or on behalf of the Receivership Defendants;
- C. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of property of the Receivership Defendants, or any property claimed by the Receivership Defendants, or attempting to foreclose, forfeit, alter or terminate any interest in property held by the Receivership Defendants, including, without

limitation, the establishment, granting, or perfection of any security interest, whether such acts are part of a judicial proceeding or otherwise;

- D. Using self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wheresoever located, owned by or in the possession of the Receivership Defendants or the Temporary Receiver appointed pursuant to this Order or any agent appointed by said Temporary Receiver; and
- E. Doing any act or thing whatsoever to interfere with the Temporary Receiver taking control, possession or management of the property subject to this receivership, or to in any way interfere with the Temporary Receiver, or to harass or interfere with the duties of the Temporary Receiver; or to interfere in any manner with the exclusive jurisdiction of this Court over the property and assets of the Receivership Defendants, including the filing by Defendants Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, or James E. McCubbin, Jr. of a petition for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, as to the Receivership Defendants.

Provided, that nothing in this Paragraph shall prohibit any federal or state law enforcement or regulatory authority from commencing or prosecuting an action against the Receivership Defendants.

ASSET & RECORD RETENTION

VIII. ASSET FREEZE

IT IS FURTHER ORDERED that Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby temporarily restrained and enjoined from:

- A. Transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, perfecting a security interest in, or otherwise disposing of any funds, property, accounts, contracts, shares of stock, lists of consumer names, or other assets, wherever located, including outside the United States, that are (1) owned or controlled, directly or indirectly, by any Defendant, in whole or in part; (2) in the actual or constructive possession of any Defendant; or (3) owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Defendant, including but not limited to, any assets held by, for, or under the name of any Defendant at any bank or savings and loan institution, or with any broker-dealer,

escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution or depository of any kind;

- B. Opening or causing to be opened any safe deposit boxes titled in the name of any Defendant, or subject to access by any Defendant; and
- C. Incurring charges or cash advances on any credit card issued in the name, singly or jointly, of any Defendant.

Provided, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a).

IT IS FURTHER ORDERED that the assets affected by this Paragraph shall include both existing assets and assets acquired after the effective date of this Order.

IX. REPATRIATION OF ASSETS AND DOCUMENTS LOCATED IN FOREIGN COUNTRIES

IT IS FURTHER ORDERED that Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, trust, corporation, subsidiary, affiliate, division, or other device, shall:

- A. Within three (3) business days following the service of this Order, take such steps as are necessary to transfer to the territory of the United States of America all documents and assets that are located outside of such territory and are held by or

for Defendants or are under Defendants' direct or indirect control, jointly, severally, or individually, *provided*, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a);

- B. Within three (3) business days following service of this Order, provide the Plaintiff with a full accounting of all documents and assets that are located outside of the territory of the United States of America and are held by or for Defendants or are under Defendants' direct or indirect control, jointly, severally, or individually;
- C. Hold and retain all transferred documents and assets and prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds, except for transfers to the Temporary Receiver, *provided*, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a); and
- D. Provide Plaintiff access to Defendants' records and documents held by financial institutions outside the territorial United States, by signing the Consent to Release of Financial Records attached hereto as Attachment A.

X. INTERFERENCE WITH REPATRIATION

IT IS FURTHER ORDERED that Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E.

McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby temporarily restrained and enjoined from taking any action, directly or indirectly, which may result in the encumbrance or dissipation of foreign assets, or in the hindrance of the repatriation required by Paragraph IX of this Order, including but not limited to:

- A. Sending any statement, letter, fax, e-mail or wire transmission, telephoning or engaging in any other act, directly or indirectly, that results in a determination by a foreign trustee or other entity that a “duress” event has occurred under the terms of a foreign trust agreement until such time that all assets have been fully repatriated pursuant to Paragraph IX of this Order; or
- B. Notifying any trustee, protector or other agent of WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., or other related entities of the existence of this Order, or of the fact that repatriation is required pursuant to a Court Order, until such time that all assets have been fully repatriated pursuant to Paragraph IX of this Order.

Provided, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a).

XI. FINANCIAL STATEMENTS

IT IS FURTHER ORDERED that not less than three (3) days prior to the scheduled date and time for the hearing on a preliminary injunction, but in no event later than ten (10) days after entry of this Order, Defendants shall provide the Commission and Temporary Receiver with a completed financial statement, on the forms attached to this Order as Attachments B and C, for each Defendant individually and for each corporation of which such Defendant is an officer, as of the date of service of this Order upon such Defendant.

XII. CONSUMER CREDIT REPORTS

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

XIII. PRESERVATION OF RECORDS

IT IS FURTHER ORDERED that Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby temporarily restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any contracts, accounting data, correspondence,

advertisements, computer tapes, discs, or other computerized records, books, written or printed records, handwritten notes, telephone logs, telephone scripts, recordings, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, copies of federal, state or local business or personal income or property tax returns, and other documents or records of any kind that relate to the business practices or business or personal finances of the Defendants, individually and jointly.

XIV. MAINTENANCE OF CURRENT BUSINESS RECORDS

IT IS FURTHER ORDERED that Defendants WebSource Media, L.L.C., BizSitePro, L.L.C., Eversites, L.L.C., Telsource Solutions, Inc., Telsource International, Inc., Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby temporarily restrained and enjoined from:

- A. Failing to create and maintain documents that, in reasonable detail, accurately, fairly, and completely reflect their incomes, disbursements, transactions, and use of money; and
- B. Creating, operating, or exercising any control over any business entity, including any partnership, limited partnership, joint venture, sole proprietorship or corporation, without first providing the Commission with a written statement

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

XV. RETENTION OF ASSETS AND RECORDS

IT IS FURTHER ORDERED that, any financial or brokerage institution, business entity, or person served with a copy of this Order that holds, controls or maintains custody of any account or asset of the Defendants controlled or maintained custody of any such account or asset at any time since the date of entry of this Order shall:

- A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion, sale, or other disposal of any such asset except by further order of the Court, *provided*, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a);
- B. Deny Defendants access to any safe deposit box that is:
 - 1. titled in the name of any such Defendant, either individually or jointly; or
 - 2. otherwise subject to access by any such Defendant;*provided*, that this provision shall not apply to any safe deposit box determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a);

- C. Provide the Commission's counsel and the Temporary Receiver appointed herein, within five (5) business days of receiving a copy of this Order, a sworn statement setting forth:
1. the identification number of each such account or asset titled in the name, individually or jointly, of any of the Defendants, or held on behalf of, or for the benefit of, any of the Defendants;
 2. the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and
 3. the identification of any safe deposit box that is either titled in the name, individually or jointly, of any Defendant, or is otherwise subject to access by any Defendant;
- D. Upon the request of the Commission or the Temporary Receiver, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit

box logs. Any such financial institution, account custodian, or other
aforementioned entity may arrange for the Commission to obtain copies of any
such records which the Commission seeks; and

- E. Cooperate with all reasonable requests of the Temporary Receiver relating to
implementation of this Order, including transferring funds at his direction.

NOTIFICATION PROVISIONS

XVI. DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that Defendants shall immediately provide a copy of this
Order to each affiliate, subsidiary, division, sales entity, successor, assign, officer, director,
employee, agent, attorney, and representative of any Defendant, and shall, within ten (10) days
from the date of entry of this Order, provide the Commission with a sworn statement that
Defendants have complied with this provision of the Order, which statement shall include the
names and addresses of each such person or entity who received a copy of the Order.

XVII. SERVICE OF ORDER

IT IS FURTHER ORDERED that copies of this Order may be served by any means,
including facsimile transmission and overnight delivery service, upon any financial institution or
other entity or person that may have possession, custody, or control of any documents or assets of
any Defendant, or that may be subject to any provision of this Order. Pursuant to
Fed. R. Civ. P. 4(c)(2), this Order and the initial papers filed in this matter may be served on
Defendants, upon the business premises of the Defendants, and upon any financial institution or
other entity or person that may have possession, custody or control of any documents or assets of

any Defendants, or that may be subject to any provision of this Order, by employees of the Commission, by employees of any other law enforcement agency, by any agent of Plaintiff or by any agent of any process service retained by Plaintiff.

PRELIMINARY INJUNCTION PROCEEDINGS

XVIII. SERVICE OF PLEADINGS

IT IS FURTHER ORDERED that the parties shall serve and file with this Court all memoranda, affidavits and other evidence upon which they intend to rely at the preliminary injunction hearing set herein not later than 4:00 p.m. (CDT) of the second day prior to the hearing date. Service on the Commission shall be performed by delivery to the attention of Kristin Malmberg at the Federal Trade Commission, Southwestern Region, 1999 Bryan Street, Suite 2150, Dallas, Texas 75201, or by facsimile transmission to (214) 953-3079.

XIX. PROCEDURE FOR PRELIMINARY INJUNCTION HEARING

IT IS FURTHER ORDERED that the issuance of a preliminary injunction shall be determined on the pleadings, declarations, memoranda, and other exhibits filed by the parties and on oral argument, without live testimony. Any party who desires to present live testimony at the hearing shall file a motion requesting leave to present live testimony, and serve such motion on all opposing parties, not less than seventy-two (72) hours prior to the hearing on the Order to Show Cause Why a Preliminary Injunction Should Not Issue. The request shall set forth in detail the reasons why an evidentiary hearing is desired and how such hearing would be helpful to the Court. In addition, the request shall set forth a witness list that shall include the name, address, and telephone number of any such witness, and either a summary of the witness' expected

testimony, or the witness' declaration revealing the substance of such witness' expected testimony. *Provided*, that if service is by overnight delivery, the documents shall be delivered so that they shall be received by all parties at least seventy-two (72) hours prior to the hearing.

Any party opposing a request to present live testimony shall file its written opposition, and serve such motion on all parties, not less than twenty-four (24) hours prior to the hearing on the Order to Show Cause Why a Preliminary Injunction Should Not Issue. Any party opposing a request to present live testimony also shall file its witness list, and serve such witness list on all parties, not less than twenty-four (24) hours prior to the hearing on the Order to Show Cause Why a Preliminary Injunction Should Not Issue. For purposes of this Paragraph, service shall be by hand, by facsimile transmission, or by overnight delivery service. *Provided*, that if service is by overnight delivery, the documents shall be delivered so that they shall be received by all parties at least twenty-four (24) hours prior to the hearing. Service on the Commission shall be performed by delivery to the attention of Kristin Malmberg at the Federal Trade Commission, Southwestern Region, 1999 Bryan Street, Suite 2150, Dallas, Texas 75201, or by facsimile transmission to (214) 953-3079.

XX. EXPEDITED ASSET DISCOVERY

IT IS FURTHER ORDERED that in anticipation of the preliminary injunction hearing set herein, the Commission is granted leave to conduct expedited discovery regarding Defendants' assets. The Commission may depose any witness regarding Defendants' assets at any time after the date of this Order upon three (3) business days' notice. The Defendants shall respond to any asset related interrogatories, requests for admissions, or requests for production of

documents within four (4) business days after service of the discovery request. Any discovery taken or propounded by the Commission pursuant to this Paragraph is in addition to, and not subject to, any limits on the quantity of permissible discovery provided for in the Federal Rules of Civil Procedure or the rules of this Court. Any limitations and conditions set forth in the Federal Rule of Civil Procedure or the rules of this Court regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this Paragraph.

XXI. PRELIMINARY INJUNCTION HEARING

IT IS FURTHER ORDERED, pursuant to Fed. R. Civ. P. 65(b), that Defendants shall appear before this Court on the 22nd day of June, 2006 at 10:00 o'clock A.m., at the Bob Casey United States Courthouse, 515 Rusk Avenue, Houston, Texas 77002, to show cause, if there is any, why this Court should not enter a preliminary injunction, pending final ruling on the Complaint against Defendants, enjoining them from further violations of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a), continuing the freeze of their assets, continuing the Receivership, and imposing such additional relief as may be appropriate.

XXII. DURATION OF TEMPORARY RESTRAINING ORDER

IT IS FURTHER ORDERED that this temporary restraining order shall expire on June 22, 2006, at 5:00 p.m., unless before such time, the Order is extended for good cause shown, or by consent of the parties.

XXIII. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

IT IS SO ORDERED.

ENTERED, this 12th day of June, 2006.



UNITED STATES DISTRICT JUDGE

Consent to Release of Financial Records

I, _____, of the State of _____ in the United States of America, do hereby direct any bank or trust company at which I have a bank account of any kind or at which a corporation or other entity has a bank account of any kind upon which I am authorized to draw, and its officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control which relate to the said bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of the *Federal Trade Commission v. WebSource Media, L.L.C., et al.*, Civ. Action No. _____, now pending in the United States District Court for the Southern District of Texas, and this shall be irrevocable authority for so doing. This direction is intended to apply to the laws of countries other than the United States which restrict or prohibit the disclosure of bank information without the consent of the holder of the account, and shall be construed as consent with respect thereto, and the same shall apply to any of the bank accounts for which I may be a relevant principal.

Dated: _____, 2006

Signature: _____

Printed full name: _____

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. "Dependents" include your live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

Penalty for False Information:

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration" (18 U.S.C. § 1623).

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

BACKGROUND INFORMATION

Item 1. Information About You

Your Full Name _____ Social Security No. _____

Place of Birth _____ Date of Birth _____ Drivers License No. _____

Current Address _____ From (Date) _____

Rent or Own? _____ Telephone No. _____ Facsimile No. _____

E-Mail Address _____ Internet Home Page _____

Previous Addresses for past five years:

Address _____ Rent or Own? _____ From/Until _____

Address _____ Rent or Own? _____ From/Until _____

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

Item 2. Information About Your Spouse or Live-In Companion

Spouse/Companion's Name _____ Social Security No. _____

Place of Birth _____ Date of Birth _____

Identify any other name(s) and/or social security number(s) your spouse/companion has used, and the time period(s) during which they were used _____

Address (if different from yours) _____

From (Date) _____ Rent or Own? _____ Telephone No. _____

Employer's Name and Address _____

Job Title _____ Years in Present Job _____ Annual Gross Salary/Wages \$ _____

Item 3. Information About Your Previous Spouse

Previous Spouse's Name & Address _____

_____ Social Security No. _____ Date of Birth _____

Item 4. Contact Information

Name & Address of Nearest Living Relative or Friend _____

Telephone No. _____

Item 5. Information About Dependents Who Live With You

▶Name _____ Date of Birth _____

Relationship _____ Social Security No. _____

▶Name _____ Date of Birth _____

Relationship _____ Social Security No. _____

▶Name _____ Date of Birth _____

Relationship _____ Social Security No. _____

Item 6. Information About Dependents Who Do Not Live With You

▶Name & Address _____

Date of Birth _____ Relationship _____ Social Security No. _____

▶Name Address _____

Date of Birth _____ Relationship _____ Social Security No. _____

▶Name & Address _____

Date of Birth _____ Relationship _____ Social Security No. _____

Item 7. Employment Information

Provide the following information for this year-to-date and for each of the previous five full years, for each company of which you were a director, officer, employee, agent, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, draws, consulting fees, loans, loan payments, dividends, royalties or other benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

▶Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Item 7. continued

Income Received: This year-to-date: \$ _____ : \$ _____
20____ : \$ _____ : \$ _____
_____ : \$ _____ : \$ _____

►Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Income Received: This year-to-date: \$ _____ : \$ _____
20____ : \$ _____ : \$ _____
_____ : \$ _____ : \$ _____

►Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Income Received: This year-to-date: \$ _____ : \$ _____
20____ : \$ _____ : \$ _____
_____ : \$ _____ : \$ _____

Item 8. Pending Lawsuits Filed by You or Your Spouse

List all pending lawsuits that have been filed by you or your spouse in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____
Status _____

Item 9. Pending Lawsuits Filed Against You or Your Spouse

List all pending lawsuits that have been filed against you or your spouse in court or before an administrative agency. (List

lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 10. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name & Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Item 11. Business Interests

List all businesses for which you, your spouse, or your dependents are an officer or director.

▶Business' Name & Address _____

Business Format (*e.g.*, corporation) _____ Description of Business _____

_____ Position(s) Held, and By Whom _____

▶Business' Name & Address _____

Business Format (*e.g.*, corporation) _____ Description of Business _____

_____ Position(s) Held, and By Whom _____

▶Business' Name & Address _____

Business Format (*e.g.*, corporation) _____ Description of Business _____

_____ Position(s) Held, and By Whom _____

FINANCIAL INFORMATION: ASSETS AND LIABILITIES

REMINDER: "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.

Item 12. Cash, Bank, and Money Market Accounts

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ _____ Cash Held For Your Benefit \$ _____

<u>Name on Account</u>	<u>Name & Address of Financial Institution</u>	<u>Account No.</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

Item 13. U.S. Government Securities

List all U.S. Government securities, including but not limited to, savings bonds, treasury bills, and treasury notes, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Name on Account</u>	<u>Type of Obligation</u>	<u>Security Amount</u>	<u>Maturity Date</u>
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____

Item 14. Publicly Traded Securities and Loans Secured by Them

List all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Issuer _____ Type of Security _____ No. of Units Owned _____

◻ Name on Security _____ Current Fair Market Value \$ _____ Loan(s) Against Security \$ _____

Broker House, Address _____ Broker Account No. _____

► Issuer _____ Type of Security _____ No. of Units Owned _____

Name on Security _____ Current Fair Market Value \$ _____ Loan(s) Against Security \$ _____

Broker House, Address _____ Broker Account No. _____

Item 15. Other Business Interests

List all other business interests, including but not limited to, non-public corporations, subchapter-S corporations, limited liability corporations (“LLCs”), general or limited partnership interests, joint ventures, sole proprietorships, and oil and mineral leases, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Business Format _____ Business’ Name & Address _____

_____ Ownership % _____

Owner (e.g., self, spouse) _____ Current Fair Market Value \$ _____

► Business Format _____ Business’ Name & Address _____

_____ Ownership % _____

Owner (e.g., self, spouse) _____ Current Fair Market Value \$ _____

Item 16. Monetary Judgments or Settlements Owed to You, Your Spouse, or Your Dependents

List all monetary judgments or settlements owed to you, your spouse, or your dependents.

► Opposing Party’s Name & Address _____

Court’s Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

► Opposing Party’s Name & Address _____

Court’s Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 17. Other Amounts Owed to You, Your Spouse, or Your Dependents

List all other amounts owed to you, your spouse, or your dependents.

Debtor's Name, Address, & Telephone No. _____

Original Amount Owed \$ _____ Current Amount Owed \$ _____ Monthly Payment \$ _____

Item 18. Life Insurance Policies

List all life insurance policies held by you, your spouse, or your dependents.

▶Insurance Company's Name, Address, & Telephone No. _____

Insured _____ Beneficiary _____ Face Value \$ _____

Policy No. _____ Loans Against Policy \$ _____ Surrender Value \$ _____

▶Insurance Company's Name, Address, & Telephone No. _____

Insured _____ Beneficiary _____ Face Value \$ _____

Policy No. _____ Loans Against Policy \$ _____ Surrender Value \$ _____

Item 19. Deferred Income Arrangements

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, and other retirement accounts, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶Name on Account _____ Type of Plan _____ Date Established _____

Trustee or Administrator's Name, Address & Telephone No. _____

Account No. _____ Surrender Value \$ _____

▶Name on Account _____ Type of Plan _____ Date Established _____

Trustee or Administrator's Name, Address & Telephone No. _____

Account No. _____ Surrender Value \$ _____

Item 20. Personal Property

List all personal property, by category, whether held for personal use or for investment, including but not limited to,

furniture and household goods of value, computer equipment, electronics, coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

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

Item 21. Cars, Trucks, Motorcycles, Boats, Airplanes, and Other Vehicles

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles owned or operated by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Vehicle Type _____ Make _____ Model _____ Year _____

Registered Owner's Name _____ Registration State & No. _____

Address of Vehicle's Location _____

Purchase Price \$ _____ Current Value \$ _____ Account/Loan No. _____

Lender's Name and Address _____

Original Loan Amount \$ _____ Current Loan Balance \$ _____ Monthly Payment \$ _____

▶ Vehicle Type _____ Make _____ Model _____ Year _____

Registered Owner's Name _____ Registration State & No. _____

Address of Vehicle's Location _____

Purchase Price \$ _____ Current Value \$ _____ Account/Loan No. _____

Lender's Name and Address _____

Original Loan Amount \$ _____ Current Loan Balance \$ _____ Monthly Payment \$ _____

Item 21. Continued

▶ Vehicle Type _____ Make _____ Model _____ Year _____

Registered Owner's Name _____ Registration State & No. _____

Address of Vehicle's Location _____

Purchase Price \$ _____ Current Value \$ _____ Account/Loan No. _____

Lender's Name and Address _____

Original Loan Amount \$ _____ Current Loan Balance \$ _____ Monthly Payment \$ _____

Item 22. Real Property

List all real estate held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Acquisition Date _____ Purchase Price \$ _____ Current Value \$ _____

Basis of Valuation _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

▶ Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Acquisition Date _____ Purchase Price \$ _____ Current Value \$ _____

Basis of Valuation _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 23. Credit Cards

List each credit card held by you, your spouse, or your dependents. Also list any other credit cards that you, your spouse, or your dependents use.

<u>Name of Credit Card (e.g., Visa, MasterCard, Department Store)</u>	<u>Account No.</u>	<u>Name(s) on Account</u>	<u>Current Balance</u>	<u>Minimum Monthly Payment</u>
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____
			\$ _____	\$ _____

Item 24. Taxes Payable

List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependants.

<u>Type of Tax</u>	<u>Amount Owed</u>	<u>Year Incurred</u>
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

Item 25. Judgments or Settlements Owed

List all judgments or settlements owed by you, your spouse, or your dependants.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Item 26. Other Loans and Liabilities

List all other loans or liabilities in your, your spouse's, or your dependents' names.

▶Name & Address of Lender/Creditor _____

Nature of Liability _____ Name(s) on Liability _____

Date of Liability _____ Amount Borrowed \$ _____ Current Balance \$ _____

Payment Amount \$ _____ Frequency of Payment _____

▶Name & Address of Lender/Creditor _____

Nature of Liability _____ Name(s) on Liability _____

Date of Liability _____ Amount Borrowed \$ _____ Current Balance \$ _____

Payment Amount \$ _____ Frequency of Payment _____

OTHER FINANCIAL INFORMATION

Item 27. Tax Returns

List all federal tax returns that were filed during the last three years by or on behalf of you, your spouse, or your dependents. *Provide a copy of each signed tax return that was filed during the last three years.*

<u>Tax Year</u>	<u>Name(s) on Return</u>	<u>Refund Expected</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

Item 28. Applications for Credit

List all applications for bank loans or other extensions of credit that you, your spouse, or your dependents have submitted within the last two years. *Provide a copy of each application, including all attachments.*

<u>Name(s) on Application</u>	<u>Name & Address of Lender</u>
_____	_____
_____	_____
_____	_____

Item 29. Trusts and Escrows

List all funds or other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity. *Provide copies of all executed trust documents.*

<u>Trustee or Escrow Agent's Name & Address</u>	<u>Date Established</u>	<u>Grantor</u>	<u>Beneficiaries</u>	<u>Present Market Value of Assets</u>
				\$ _____
				\$ _____
				\$ _____
				\$ _____
				\$ _____

Item 30. Transfers of Assets

List each person to whom you have transferred, in the aggregate, more than \$2,500 in funds or other assets during the previous three years by loan, gift, sale, or other transfer. For each such person, state the total amount transferred during that period.

<u>Transferee's Name, Address, & Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		

SUMMARY FINANCIAL SCHEDULES

Item 31. Combined Balance Sheet for You, Your Spouse, and Your Dependents

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash on Hand (Item 12)	\$ _____	Credit Cards (Item 23)	\$ _____
Cash in Financial Institutions (Item 12)	\$ _____	Motor Vehicles - Liens (Item 21)	\$ _____
U.S. Government Securities (Item 13)	\$ _____	Real Property - Encumbrances (Item 22)	\$ _____
Publicly Traded Securities (Item 14)	\$ _____	Loans Against Publicly Traded Securities (Item 14)	\$ _____
Other Business Interests (Item 15)	\$ _____	Taxes Payable (Item 24)	\$ _____
Judgments or Settlements Owed to You (Item 16)	\$ _____	Judgments or Settlements Owed (Item 25)	\$ _____
Other Amounts Owed to You (Item 17)	\$ _____	Other Loans and Liabilities (Item 26)	\$ _____
Surrender Value of Life Insurance (Item 18)	\$ _____	<u>Other Liabilities (Itemize)</u>	
Deferred Income Arrangements (Item 19)	\$ _____	_____	\$ _____
Personal Property (Item 20)	\$ _____	_____	\$ _____
Motor Vehicles (Item 21)	\$ _____	_____	\$ _____
Real Property (Item 22)	\$ _____	_____	\$ _____
<u>Other Assets (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
Total Assets	\$ _____	Total Liabilities	\$ _____

Item 32. Combined Average Monthly Income and Expenses for You, Your Spouse, and Your Dependents for the Last 6 Months

Provide the average monthly income and expenses for you, your spouse, and your dependents for the last 6 months. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.

<u>INCOME</u>		<u>EXPENSES</u>	
Salary - After Taxes	\$ _____	Mortgage Payments for Residence(s)	\$ _____
Fees, Commissions, and Royalties	\$ _____	Property Taxes for Residence(s)	\$ _____
Interest	\$ _____	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$ _____
Dividends and Capital Gains	\$ _____	Car or Other Vehicle Lease or Loan Payments	\$ _____
Gross Rental Income	\$ _____	Food Expenses	\$ _____
Profits from Sole Proprietorships	\$ _____	Clothing Expenses	\$ _____
Distributions from Partnerships, S-Corporations, and LLCs	\$ _____	Utilities	\$ _____
Distributions from Trusts and Estates	\$ _____	Medical Expenses, Including Insurance	\$ _____
Distributions from Deferred Income Arrangements	\$ _____	Other Insurance Premiums	\$ _____
Social Security Payments	\$ _____	Other Transportation Expenses	\$ _____
Alimony/Child Support Received	\$ _____	Other Household Expenses	\$ _____
Gambling Income	\$ _____	<u>Other Expenses (Itemize)</u>	
<u>Other Income (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
Total Income	\$ _____	Total Expenses	\$ _____

ATTACHMENTS

Item 33. Documents Attached to this Financial Statement

List all documents that are being submitted with this financial statement.

<u>Item No. Document Relates To</u>	<u>Description of Document</u>

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action.
3. When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
5. Type or print legibly.
6. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

Penalty for False Information:

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration." (18 U.S.C. § 1623)

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

All other current addresses & previous addresses for past five years, including post office boxes and mail drops:

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

Federal Taxpayer ID No. _____ State & Date of Incorporation _____

State Tax ID No. _____ State _____ Profit or Not For Profit _____

Corporation's Present Status: Active _____ Inactive _____ Dissolved _____

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

Fiscal Year-End (Mo./Day) _____ Corporation's Business Activities _____

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone No. _____

Item 4. Principal Stockholders

List all persons and entities that own at least 5% of the corporation's stock.

<u>Name & Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

Item 5. Board Members

List all members of the corporation's Board of Directors.

<u>Name & Address</u>	<u>% Owned</u>	<u>Term (From/Until)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Item 6. Officers

List all of the corporation's officers, including *de facto* officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

<u>Name & Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Item 7. Businesses Related to the Corporation

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

<u>Name & Address</u>	<u>Business Activities</u>	<u>% Owned</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

State which of these businesses, if any, has ever transacted business with the corporation _____

Item 8. Businesses Related to Individuals

List all corporations, partnerships, and other business entities in which the corporation's principal stockholders, board members, or officers (i.e., the individuals listed in Items 4 - 6 above) have an ownership interest.

<u>Individual's Name</u>	<u>Business Name & Address</u>	<u>Business Activities</u>	<u>% Owned</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State which of these businesses, if any, have ever transacted business with the corporation _____

Item 9. Related Individuals

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A "related individual" is a spouse, sibling, parent, or child of the principal stockholders, board members, and officers (i.e., the individuals listed in Items 4 - 6 above).

<u>Name and Address</u>	<u>Relationship</u>	<u>Business Activities</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Item 10. Outside Accountants

List all outside accountants retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>	<u>CPA/PA?</u>

Item 11. Corporation's Recordkeeping

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years.

<u>Name, Address, & Telephone Number</u>	<u>Position(s) Held</u>

Item 12. Attorneys

List all attorneys retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>

Item 13. Pending Lawsuits Filed by the Corporation

List all pending lawsuits that have been filed by the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in favor of the corporation in Item 25).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 14. Current Lawsuits Filed Against the Corporation

List all pending lawsuits that have been filed against the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments, settlements, or orders in Items 26 - 27).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 15. Bankruptcy Information

List all state insolvency and federal bankruptcy proceedings involving the corporation.

Commencement Date _____ Termination Date _____ Docket No. _____

If State Court: Court & County _____ If Federal Court: District _____

Disposition _____

Item 16. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by the corporation, or held by others for the benefit of the corporation. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name & Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FINANCIAL INFORMATION

REMINDER: When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.

Item 17. Tax Returns

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

<u>Federal/ State/Both</u>	<u>Tax Year</u>	<u>Tax Due Federal</u>	<u>Tax Paid Federal</u>	<u>Tax Due State</u>	<u>Tax Paid State</u>	<u>Preparer's Name</u>
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____

Item 18. Financial Statements

List all financial statements that were prepared for the corporation's last three complete fiscal years and for the current fiscal year-to-date. *Attach copies of all statements, providing audited statements if available.*

<u>Year</u>	<u>Balance Sheet</u>	<u>Profit & Loss Statement</u>	<u>Cash Flow Statement</u>	<u>Changes in Owner's Equity</u>	<u>Audited?</u>

Item 19. Financial Summary

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 17 above, provide the following summary financial information.

	<u>Current Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>3 Years Ago</u>
<u>Gross Revenue</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Expenses</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Net Profit After Taxes</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Payables</u>	\$ _____	[REDACTED]		
<u>Receivables</u>	\$ _____	[REDACTED]		

Item 20. Cash, Bank, and Money Market Accounts

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by the corporation. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ _____ Cash Held for the Corporation's Benefit \$ _____

<u>Name & Address of Financial Institution</u>	<u>Signator(s) on Account</u>	<u>Account No.</u>	<u>Current Balance</u>
			\$ _____
			\$ _____
			\$ _____
			\$ _____

Item 21. Government Obligations and Publicly Traded Securities

List all U.S. Government obligations, including but not limited to, savings bonds, treasury bills, or treasury notes, held by the corporation. Also list all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by the corporation.

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Item 22. Real Estate

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 23. Other Assets

List all other property, by category, with an estimated value of \$2,500 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

<u>Property Category</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____

Item 24. Trusts and Escrows

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation.

<u>Trustee or Escrow Agent's Name & Address</u>	<u>Description and Location of Assets</u>	<u>Present Market Value of Assets</u>
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____

Item 25. Monetary Judgments and Settlements Owed To the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed to the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 26. Monetary Judgments and Settlements Owed By the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed by the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 27. Government Orders and Settlements

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency _____ Contact Person _____

Address _____ Telephone No. _____

Agreement Date _____ Nature of Agreement _____

Item 28. Credit Cards

List all of the corporation's credit cards and store charge accounts and the individuals authorized to use them.

<u>Name of Credit Card or Store</u>	<u>Names of Authorized Users and Positions Held</u>

Item 29. Compensation of Employees

List all compensation and other benefits received from the corporation by the five most highly compensated employees, independent contractors, and consultants (other than those individuals listed in Items 5 and 6 above), for the two previous fiscal years and current fiscal year-to-date. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

Item 30. Compensation of Board Members and Officers

List all compensation and other benefits received from the corporation by each person listed in Items 5 and 6, for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

Item 31. Transfers of Assets Including Cash and Property

List all transfers of assets over \$2,500 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

<u>Transferee's Name, Address, & Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		

Item 32. Documents Attached to the Financial Statement

List all documents that are being submitted with the financial statement.

<u>Item No.</u>	<u>Document Relates To</u>	<u>Description of Document</u>
-----------------	----------------------------	--------------------------------

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

Corporate Position