

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

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

Federal Trade Commission,  
  
Plaintiff,  
  
vs.  
  
Blue Saguaro Marketing, LLC., et al.,  
  
Defendants.

No. CV-16-03406-PHX-SPL

**PRELIMINARY INJUNCTION ORDER  
WITH ASSET FREEZE,  
APPOINTMENT OF RECEIVER,  
LIMITED EXPEDITED DISCOVERY,  
AND OTHER EQUITABLE RELIEF AS  
TO CARL E. MORRIS, JR.**

Plaintiff, the Federal Trade Commission (“FTC”), pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, has filed a complaint to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, and has applied for a preliminary injunction order pursuant to Rule 65(a) of the Federal Rules of Civil Procedure.

On October 11, 2016, the Court issued its *Ex Parte* Temporary Restraining Order With Asset Freeze, Appointment of Receiver, Limited Expedited Discovery, and Other Equitable Relief (“TRO”). (Doc. 22.) Returns of service were filed by the FTC via ECF. (Docs. 25-30, 32, and 37.) On October 18, 2016, the Court issued an Order setting the preliminary injunction hearing for October 25, 2016. (Doc. 33.) On October 21, 2016, the

1 FTC and Stipulating Defendant Carl E. Morris, Jr. filed a Joint Stipulation Regarding  
2 Proposed Stipulated Preliminary Injunction As To Carl E. Morris, Jr. (Doc. 39.)

3 Having considered the parties' pleadings, papers, and argument, the Court hereby  
4 **GRANTS** the FTC and Stipulating Defendant's application for a preliminary injunction  
5 against Stipulating Defendant (Doc. 39) as follows.

6 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

7 This Court, having considered the FTC's Complaint, *ex parte* motion for TRO and  
8 supporting papers, supplemental filing in support of the issuance of a preliminary  
9 injunction, and the evidence presented, finds that:

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

12 2. There is good cause to believe that venue lies properly with this Court;

13 3. On October 6, 2016, the FTC filed its Complaint; Memorandum in Support  
14 of FTC's *Ex Parte* Motion for TRO; and related papers (Docs. 1-10);

15 4. On October 11, 2016, the Court entered the TRO (Doc. 22);

16 5. The TRO and all related papers were served on the Stipulating Defendant  
17 (Docs. 25-30, 32, and 37);

18 6. Stipulating Defendant has consented to the entry of this Preliminary  
19 Injunction;

20 7. The FTC has shown it is likely to succeed on the merits of its claims  
21 pursuant to Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the TSR, 16 C.F.R. §§  
22 310.3(a)(2)(iii) and 310.3(a)(4);

23 8. There is good cause to believe that the Court's ability to grant effective  
24 final relief for consumers in the form of monetary restitution is best served by the  
25 appointment of a Receiver;

26 9. Good cause exists to permit the FTC to take limited expedited discovery  
27 from third parties as to the existence and location of Assets and Documents;

28 10. Good cause exists to appoint a Receiver;



- 1 g. Purple Bulldog LLC, BBVA Compass, 2401;
- 2 h. Cenex Hub Distribution, Bank of America, 0396;
- 3 i. Max Results Marketing LLC, Chase Bank, 9625;
- 4 j. Oro Canyon Marketing LLC, BBVA Compass, 1055;
- 5 k. Southwest Billing & Payments, Chase Bank, 2226;
- 6 l. Southwest Billing & Payments, Goldenwest Credit Union, 2754;
- 7 m. Southwest Billing & Payments, Wells Fargo, 9752;
- 8 n. M&V Venture Group, Bank of America, 1325;
- 9 o. Paramount Business Services, Mountain America Credit Union, 9041;
- 10 p. Bluhm Enterprises, Bank of America, 5100;
- 11 q. Oro Canyon Marketing LLC, Chase Bank, 6599;
- 12 r. Do Rite Plumbing & Remodeling, LLC, Chase Bank, 0265;
- 13 s. Do Rite Plumbing and Remodeling, Wells Fargo, 2232;
- 14 t. Stephanie A. Bateluna, Capital One Credit Card, 1151;
- 15 u. Carol Burnett, BBVA Compass, unknown;
- 16 v. Carol Burnett, Chase Bank, unknown; and
- 17 w. Unknown, BBVA Compass, 1086.

18 3. **“Assisting others”** includes but is not limited to: (1) performing customer  
19 service functions, including but not limited to receiving or responding to consumer  
20 complaints; (2) formulating or providing, or arranging for the formulation or provision of,  
21 any advertising or marketing material, including but not limited to, any telephone sales  
22 script, direct mail solicitation, or the design, text, or use of images of any Internet  
23 website, email, or other electronic communications; (3) formulating or providing, or  
24 arranging for the formulation or provision of, any marketing support material or service,  
25 including but not limited to, web or Internet Protocol addresses or domain name  
26 registration for any Internet websites, affiliate marketing services, or media placement  
27 services; (4) providing names of, or assisting in the generation of, potential customers;  
28 (5) performing or providing marketing, billing, or payment services of any kind; (6)

1 acting or serving as an owner, officer, director, manager, or principal of any entity; (7)  
2 providing telemarketing services; or (8) consulting with regard to any of the above.

3 4. **“Corporate Defendants”** means Blue Saguaro Marketing, LLC,  
4 Marketing Ways.com, LLC, Max Results Marketing, LLC, Oro Canyon Marketing II,  
5 LLC, Paramount Business Services, LLC, and their successors, assigns, affiliates, or  
6 subsidiaries, and each of them by whatever names each might be known, individually,  
7 collectively, and in any combination.

8 5. **“Defendants”** means all Individual Defendants, Corporate Defendants, and  
9 their successors, assigns, affiliates, subsidiaries, or agents, individually, collectively, or in  
10 any combination, and each of them by whatever names each might be known.

11 6. **“Document”** is synonymous in meaning and equal in scope to the terms  
12 “Document” and “electronically stored information,” as described and used in the Federal  
13 Rules of Civil Procedure. This includes, but is not limited to, electronic mail, instant  
14 messaging, videoconferencing, and other electronic correspondence (whether active,  
15 archived, or in a deleted items folder), word processing files, spreadsheets, databases, and  
16 video and sound recordings, whether stored on: cards; magnetic or electronic tapes; disks;  
17 computer hard drives, network shares or servers, or other drives; cloud-based platforms;  
18 cell phones, PDAs, computer tablets, or other mobile devices; or other storage media.

19 7. **“Electronic Data Host”** means any person or entity in the business of  
20 storing, hosting, or otherwise maintaining electronically stored information. This  
21 includes, but is not limited to, any entity hosting a website or server, and any entity  
22 providing “cloud based” electronic storage.

23 8. **“Financial Institution”** means any bank, savings and loan institution,  
24 credit union, payment processor, trust, or any financial depository of any kind, including  
25 but not limited to, any brokerage house, trustee, broker-dealer, escrow agent, title  
26 company, commodity trading company, or precious metal dealer.

27 9. **“Individual Defendants”** means Stephanie A. Bateluna, Stacey C. Vela,  
28 and Carl E. Morris, Jr., and any other names they might use, have used, be known by or

1 have been known by, individually, collectively, and in any combination.

2 10. **“Person”** means any individual, group, unincorporated association, limited  
3 or general partnership, corporation or other business entity.

4 11. **“Plaintiff”** means the Federal Trade Commission (“Commission” or  
5 “FTC”).

6 12. **“Receivership Entities”** means Corporate Defendants and any entities that  
7 are part of Defendants’ common enterprise, including but not limited to Cenex Hub  
8 Distribution, Sapphire Marketing LLC, Sapphire Marketing II, LLC, Oro Canyon  
9 Marketing LLC, Purple Bulldog LLC, Bluhm Enterprises, M&V Venture Group,  
10 Dreamland Marketing, DL Marketing, Do Rite Plumbing and Remodeling, Southwest  
11 Billing and Payments, Grant Strategy Solutions, Bay Harbor Associates, Velocity  
12 Solutions, Markco Enterprises, Pro Media, Ewealth Masters, GAWH Corp., Empire  
13 Productions, Textport Electronic Sales, Ecommerce Advertising Team, Merchant Partner  
14 Alliance, Hit Marketing LLC, and Dreamline Fidelity Group, LLC. “Receivership  
15 Entities” includes businesses that lack formal legal structure (such as businesses  
16 operating under fictitious business names), but that otherwise satisfy the definition of  
17 “Receivership Entity.”

18 13. **“Receiver”** means the Receiver appointed in this Order. The term  
19 “Receiver” also includes any deputy receivers or agents as may be named by the  
20 Receiver.

21 14. **“Stipulating Defendant”** means Carl E. Morris, Jr. and any other names he  
22 might use, have used, be known by or have been known by.

## 23 **ORDER**

### 24 **I. PROHIBITED REPRESENTATIONS**

25 **IT IS THEREFORE ORDERED** that Stipulating Defendant, his officers, agents,  
26 servants, employees, and attorneys, and all other persons in active concert or participation  
27 with any of them, who receive actual notice of this Order, whether acting directly or  
28 indirectly, in connection with the advertising, marketing, promotion, offering for sale,

1 sale, or performance of any service or product, are temporarily restrained and enjoined  
2 from making or assisting others in making, expressly or by implication:

3 A. Any representation that purchasers of the good or service will, or are likely  
4 to, receive grants;

5 B. Any misrepresentation that purchasers of the good or service will, or are  
6 likely to, generate income;

7 C. Any misrepresentation regarding material aspect of the performance,  
8 efficacy, nature, or central characteristics of the good or service;

9 D. Any misrepresentation made for the purpose of inducing a consumer to pay  
10 for the good or service; and

11 E. Any misrepresentation of any fact material to consumers concerning any  
12 good or service, such as the total costs; or any material restrictions, limitations, or  
13 conditions.

14 **II. PRESERVATION OF RECORDS AND TANGIBLE THINGS**

15 **IT IS FURTHER ORDERED** that Stipulating Defendant, his officers, agents,  
16 servants, employees, and attorneys, and all other persons in active concert or participation  
17 with any of them, who receive actual notice of this Order, whether acting directly or  
18 indirectly, in connection with the advertising, marketing, promotion, offering for sale,  
19 sale, or provision of any product or service, are hereby temporarily restrained and  
20 enjoined from destroying, erasing, mutilating, concealing, altering, transferring, or  
21 otherwise disposing of, in any manner, directly or indirectly, any Documents or records  
22 that relate to the business practices, or business and personal finances, of Stipulating  
23 Defendant, or an entity directly or indirectly under the control of Stipulating Defendant.

24 **III. DISABLEMENT OF WEBSITES AND PRESERVATION OF**  
25 **ELECTRONICALLY STORED INFORMATION**

26 **IT IS FURTHER ORDERED** that, immediately upon service of this Order upon  
27 them (1) any Electronic Data Host and (2) Stipulating Defendant, his officers, agents,  
28 servants, employees, and attorneys, and all other persons in active concert or participation

1 with any of them, who receive actual notice of this Order, whether acting directly or  
2 indirectly, shall:

3 A. Immediately take all necessary steps to ensure that any Internet website  
4 used by Stipulating Defendant for the advertising, marketing, promotion, offering for  
5 sale, sale, or provision of services or products prohibited by Section I of this Order  
6 cannot be accessed by the public; and

7 B. Prevent the alteration, destruction or erasure of any (1) Internet website  
8 used by Stipulating Defendant for the advertising, marketing, promotion, offering for  
9 sale, sale, or provision of services or products prohibited by Section I of this Order by  
10 preserving such websites in the format in which they are maintained currently and (2) any  
11 electronically stored information stored on behalf of Stipulating Defendant.

12 **IV. SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

13 **IT IS FURTHER ORDERED** that, any domain name registrar shall suspend the  
14 registration of any Internet website used by Stipulating Defendant for the advertising,  
15 marketing, promotion, offering for sale, sale, or provision of services or products  
16 prohibited by Section I of this Order and provide immediate notice to counsel for the  
17 FTC of any other Internet domain names registered by Stipulating Defendant, Stipulating  
18 Defendant's officers, agents, servants, employees, and attorneys, and all other persons in  
19 active concert or participation with any of them who receive actual notice of this Order  
20 by personal service or otherwise.

21 **V. PROHIBITION ON USE OF CUSTOMER INFORMATION**

22 **IT IS FURTHER ORDERED** that Stipulating Defendant, and his officers,  
23 agents, directors, servants, employees, salespersons, and attorneys, as well as all other  
24 persons or entities in active concert or participation with them, who receive actual notice  
25 of this Order by personal service or otherwise, whether acting directly or through any  
26 trust, corporation, subsidiary, division, or other device, are hereby temporarily restrained  
27 and enjoined from using, benefitting from, selling, renting, leasing, transferring, or  
28 otherwise disclosing the name, address, telephone number, email address, Social Security



1 number, credit card number, debit card number, bank account number, any financial  
2 account number, or any data that enables access to any customer's account, or other  
3 identifying information of any person which the Stipulating Defendant obtained prior to  
4 when this Order is signed, in connection with the marketing or sale of any good or  
5 service, including those who were contacted or are on a list to be contacted by the  
6 Stipulating Defendant; provided that Stipulating Defendant may disclose such identifying  
7 information to the Receiver, a law enforcement agency, or as required by any law,  
8 regulation, or court order.

9 **VI. ASSET FREEZE**

10 **IT IS FURTHER ORDERED** that Stipulating Defendant, and his officers,  
11 agents, servants, employees, and attorneys, and all other persons or entities directly or  
12 indirectly under the control of any of them, and all other persons or entities in active  
13 concert or participation with any of them who receive actual notice of this Order are  
14 hereby temporarily restrained and enjoined from directly or indirectly:

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

- 19 1. Asset Freeze Accounts;
- 20 2. owned or controlled, directly or indirectly, by any Defendant, in  
21 whole or in part, or held, in whole or in part, for the benefit of any  
22 Defendant;
- 23 3. in the actual or constructive possession of any Defendant; or
- 24 4. owned, controlled by, or in the actual or constructive possession of  
25 any corporation, partnership, or other entity directly or indirectly owned,  
26 managed, or controlled by, or under common control with any Defendant,  
27 including any entity acting under a fictitious name owned by or controlled  
28 by any Defendant, and any Assets held by, for, or under the name of any

1 Defendant at any bank or savings and loan institution, or with any broker-  
2 dealer, escrow agent, title company, commodity trading company, payment  
3 processing company, precious metal dealer, or other Financial Institution or  
4 depository of any kind;

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

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

9 D. Obtaining a personal or secured loan;

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

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

14 **IT IS FURTHER ORDERED** that the Assets affected by this Section shall  
15 include: (1) all Assets of Defendants as of the time the TRO was entered; and (2) for  
16 Assets obtained after the time the TRO was entered, only those Assets of Defendants that  
17 are derived, directly or indirectly, from the Defendants' activities as described in the  
18 Commission's Complaint, including the activities of any Receivership Entity. This  
19 Section does not prohibit transfers to the Receiver, as specifically required in the Section  
20 titled "Transfer of Funds to the Receiver by Financial Institutions and Other Third  
21 Parties," nor does it prohibit the repatriation of foreign Assets, as specifically required in  
22 the Section titled "Repatriation of Foreign Assets" of this Order.

23 **VII. RETENTION OF ASSETS AND DOCUMENTS BY THIRD PARTIES**

24 **IT IS FURTHER ORDERED** that any Financial Institution, business entity,  
25 Electronic Data Host, or person served with a copy of this Order that holds, controls, or  
26 maintains custody of any account, Document, or Asset of, on behalf of, in the name of,  
27 for the benefit of, subject to withdrawal by, subject to access or use by, or under the  
28 signatory power of the Stipulating Defendant, or other party subject to the Asset Freeze

1 above, or has held, controlled, or maintained any such account, Document, or Asset,  
2 shall:

3 A. Hold, preserve, and retain within such entity's or person's control, and  
4 prohibit the withdrawal, removal, alteration, assignment, transfer, pledge, hypothecation,  
5 encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other disposal  
6 of such account, Document, or Asset held by or under such entity's or person's control,  
7 except as directed by further order of the Court;

8 B. Provide the Receiver immediate access to electronically stored information  
9 stored, hosted, or otherwise maintained on behalf of the Stipulating Defendant for  
10 forensic imaging;

11 C. Deny access to any safe deposit boxes that are either titled in the name of,  
12 individually or jointly, or subject to access by the Stipulating Defendant or other party  
13 subject to the Asset Freeze above;

14 D. To the extent it does not violate his Fifth Amendment right not to be  
15 compelled to incriminate himself, Stipulating Defendant shall provide to counsel for the  
16 FTC, within one (1) business day, a sworn statement setting forth:

17 1. the identification of each account or Asset titled in the name,  
18 individually or jointly, or held on behalf of or for the benefit of, subject to  
19 withdrawal by, subject to access or use by, or under the signatory power of  
20 the Stipulating Defendant or other party subject to the Asset Freeze above;

21 2. the balance of each such account, or a description of the nature and  
22 value of such Asset, as of the close of business on the day on which this  
23 Order was served, the day before the Order was served, and the average  
24 daily balance for the six months before the Order was served;

25 3. the identification of any safe deposit box that is either titled in the  
26 name of, individually or jointly, or is otherwise subject to access or control  
27 by the Stipulating Defendant or other party subject to the Asset Freeze  
28 above; and

1           4.     if the account, safe deposit box, or other Asset has been closed or  
2           removed, the date closed or removed, the balance on said date, and the  
3           name or the person or entity to whom such account or other Asset was  
4           remitted;

5           E.     To the extent it does not violate his Fifth Amendment right not to be  
6           compelled to incriminate himself, Stipulating Defendant shall provide counsel for the  
7           FTC, within three (3) business days after being served with a request, copies of all  
8           Documents pertaining to such account or Asset, including but not limited to: account  
9           statements, account applications, signature cards, underwriting files, checks, deposit  
10          tickets, transfers to and from the accounts, wire transfers, all other debit and credit  
11          instruments or slips, 1099 forms, and safe deposit box logs; and

12          F.     To the extent it does not violate his Fifth Amendment right not to be  
13          compelled to incriminate himself, Stipulating Defendant shall cooperate with all  
14          reasonable requests of the FTC relating to this Order's implementation.

15                 **IT IS FURTHER ORDERED** that this Section shall apply to both existing  
16          Documents, records, and Assets and to Documents, records, and Assets acquired after the  
17          date this Order is signed. This Section does not prohibit transfers to the Receiver, as  
18          specifically required in the Section titled "Transfer of Funds to the Receiver by Financial  
19          Institutions and Other Third Parties," nor does it prohibit the repatriation of foreign  
20          Assets, as specifically required in the Section titled "Repatriation of Foreign Assets" of  
21          this Order.

22          **VIII. FINANCIAL STATEMENT AND ACCOUNTING**

23                 **IT IS FURTHER ORDERED** that the Stipulating Defendant that has not yet  
24          provided Financial Statements to the FTC in accordance with Section VIII of the TRO,  
25          within one (1) business day of service of this Order, shall prepare and deliver to counsel  
26          for the FTC a completed financial statement, accurate as of the date of service of this  
27          Order upon such Stipulating Defendant, in the form of Attachment A to this Order

28

1 captioned “Financial Statement of Individual Defendant,” to the extent it does not violate  
2 his Fifth Amendment right not to be compelled to incriminate himself.

3 **IX. CREDIT REPORTS**

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

8 **X. REPATRIATION OF FOREIGN ASSETS**

9 **IT IS FURTHER ORDERED** that, within three (3) days following the service of  
10 this Order, the Stipulating Defendant shall:

11 A. Transfer to the territory of the United States and provide the FTC and the  
12 Receiver with a full accounting of all Assets, Documents, and records outside of the  
13 territory of the United States that are:

- 14 1. owned or controlled by;
- 15 2. subject to access by;
- 16 3. held in whole or in part for the benefit of;
- 17 4. belonging to any entity that is directly or indirectly owned, managed,  
18 or under the control of; or
- 19 5. belonging to a person under the control of the Stipulating Defendant;

20 B. Hold all repatriated Assets, Documents, and records as required by the  
21 Asset Freeze imposed by this Order; and

22 C. Provide the FTC access to all records of accounts or Assets of the  
23 Stipulating Defendant held by any Financial Institution or other person located outside  
24 the territorial United States by signing the Consent to Release of Financial Records  
25 attached to this Order as Attachment C and by signing any other Documents required by  
26 any person, including any Financial Institution, or other person holding any such Asset.

27  
28

1 **XI. NON-INTERFERENCE WITH REPATRIATION**

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

11 A. Sending any statement, letter, fax, email or wire transmission, or  
12 telephoning or engaging in any other act, directly or indirectly, that results in a  
13 determination by a foreign trustee or other entity that a “duress” event has occurred under  
14 the terms of a foreign trust agreement until such time that all Assets have been fully  
15 repatriated pursuant to the “Repatriation of Assets” Section of this Order; or

16 B. Notifying any trustee, protector, or other agent of any foreign trust or other  
17 related entities of either the existence of this Order, or of the fact that repatriation is  
18 required pursuant to a court order, until such time that all Assets have been fully  
19 repatriated pursuant to “Repatriation of Assets” Section of this Order.

20 **XII. RECORDKEEPING AND BUSINESS OPERATIONS**

21 **IT IS FURTHER ORDERED** that Stipulating Defendant is hereby temporarily  
22 restrained and enjoined from:

23 A. Failing to create and maintain Documents that, in reasonable detail,  
24 accurately, fairly, and completely reflect his income, disbursements, transactions, and use  
25 of money;

26 B. Creating, operating, or exercising any control over any business entity,  
27 including any partnership, limited partnership, joint venture, sole proprietorship, limited  
28 liability company or corporation, without first providing the Commission with a written

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

5 C. Affiliating with, becoming employed by, or performing any work for any  
6 business that is not a named Stipulating Defendant in this action without first providing  
7 the Commission with a written statement disclosing: (1) the name of the business; (2) the  
8 address and telephone number of the business; and (3) a detailed description of the nature  
9 of the business or employment and the nature of the Stipulating Defendant's duties and  
10 responsibilities in connection with that business or employment.

### 11 **XIII. APPOINTMENT OF RECEIVER**

12 **IT IS FURTHER ORDERED** that Robb Evans & Associates LLC is appointed  
13 Receiver for the Receivership Entities, with the full power of an equity Receiver. The  
14 Receiver shall be the agent of this Court and solely the agent of this Court in acting as  
15 Receiver under this Order. The Receiver shall be accountable directly to this Court. The  
16 Receiver shall comply with all local rules and laws governing federal equity receivers.

### 17 **XIV. COOPERATION WITH THE RECEIVER**

18 **IT IS FURTHER ORDERED** that to the extent it does not violate his Fifth  
19 Amendment right not to be compelled to incriminate himself, Stipulating Defendant shall  
20 fully cooperate with and assist the Receiver. Stipulating Defendant's cooperation and  
21 assistance shall include, but not be limited to, providing any information to the Receiver  
22 that the Receiver deems necessary to exercise the authority and discharge the  
23 responsibilities of the Receiver under this Order; providing any login, password, or  
24 biometric identifier required to access any computer or electronic files or information in  
25 or on any medium; and advising all persons who owe money to the Receivership Entities  
26 that all debts should be paid directly to the Receiver. Stipulating Defendant is hereby  
27 restrained and enjoined from directly or indirectly:

28 A. Transacting any of the business of the Receivership Entities;

- 1           B.     Excusing debts owed to the Receivership Entities;
- 2           C.     Destroying, secreting, defacing, transferring, or otherwise altering or  
3 disposing of any Documents of the Receivership Entities;
- 4           D.     Transferring, receiving, altering, selling, encumbering, pledging, assigning,  
5 liquidating, or otherwise disposing of any Assets owned, controlled, or in the possession  
6 or custody of, or in which an interest is held or claimed by, the Receivership Entities, or  
7 the Receiver;
- 8           E.     Failing to provide any assistance or information requested by the Receiver  
9 in connection with obtaining possession, custody, or control of any Assets within the  
10 receivership estate that the Receiver or the FTC has identified; or
- 11          F.     Doing any act or thing whatsoever to interfere with the Receiver's taking  
12 and keeping custody, control, possession, or managing of the Assets or Documents  
13 subject to this receivership; or to harass or interfere with the Receiver in any way; or to  
14 interfere in any manner with the exclusive jurisdiction of this Court over the Assets or  
15 Documents of the Receivership Entities; or to refuse to cooperate with the Receiver or the  
16 Receiver's duly authorized agents in the exercise of their duties or authority under any  
17 Order of this Court.

18 **XV. DUTIES AND AUTHORITY OF RECEIVER**

19           **IT IS FURTHER ORDERED** that the Receiver is directed and authorized to  
20 accomplish the following:

21           A.     Assume full control of the Receivership Entities by removing, as the  
22 Receiver deems necessary or advisable, any director, officer, independent contractor,  
23 employee, attorney, or agent of any Receivership Entity from control of, management of,  
24 or participation in, the affairs of the Receivership Entities;

25           B.     Take exclusive custody, control, and possession of all Assets and  
26 Documents of, or in the possession, custody, or under the control of, any Receivership  
27 Entity and other persons or entities whose interests are now held by or under the  
28 direction, possession, custody, or control of any Receivership Entity, wherever situated.



1 The Receiver shall have full power to divert mail; change usernames, passwords or other  
2 log-in credentials for any online access to accounts held by any Receivership Entity (such  
3 as online access to financial accounts and remote access to electronic Documents held by  
4 cloud service providers, email service providers and web hosts); and take possession of  
5 all electronic Documents of the Receivership Entities stored remotely by copying all such  
6 Documents and obtaining the assistance of the FTC's litigation support staff for the  
7 purpose of obtaining electronic Documents stored remotely. The Receiver shall assume  
8 control over the income and profits therefrom and all sums of money now or hereafter  
9 due or owing to the Receivership Entities. *Provided, however*, that the Receiver shall not  
10 attempt to collect any amount from a consumer if the Receiver believes the consumer was  
11 a victim of the unfair or deceptive acts or practices or other violations of law alleged in  
12 the Complaint in this matter, without prior Court approval;

13 C. Take all steps necessary to secure the business premises of the Receivership  
14 Entities, which may include, but are not limited to, taking the following steps as the  
15 Receiver deems necessary or advisable: (1) serving and filing this Order; (2) completing  
16 a written inventory of all receivership Assets; (3) obtaining pertinent information from all  
17 employees and other agents of the Receivership Entities, including, but not limited to, the  
18 name, home address, Social Security number, job description, method of compensation,  
19 and all accrued and unpaid commissions and compensation of each such employee or  
20 agent; (4) video-recording and/or photographing all portions of the location at which any  
21 Receivership Entity conducts business or has Assets; (5) changing the locks and alarm  
22 codes and disconnecting any computer networks or other means of access to  
23 electronically stored information or other Documents maintained at that location; or (6)  
24 requiring any persons present on the premises at the time this Order is served to leave the  
25 premises, to provide the Receivers with proof of identification, and/or to demonstrate to  
26 the satisfaction of the Receiver that such persons are not removing from the premises  
27 Documents or Assets of the Receivership Entities. Such authority shall include, but not  
28

1 be limited to, the authority to order any owner, director, officer, employee, or agent of the  
2 Receivership Entities to leave the business premises;

3 D. Conserve, hold, and manage all receivership Assets, and perform all acts  
4 necessary or advisable to preserve the value of those Assets, in order to prevent any  
5 irreparable loss, damage, or injury to consumers, including, but not limited to, obtaining  
6 an accounting of the Assets and preventing the transfer, withdrawal, or misapplication of  
7 Assets;

8 E. Enter into contracts and purchase insurance as advisable or necessary;

9 F. Prevent the inequitable distribution of Assets and determine, adjust, and  
10 protect the interests of consumers and creditors who have transacted business with the  
11 Receivership Entities;

12 G. Manage and administer the business of the Receivership Entities until  
13 further order of this Court by performing all incidental acts that the Receiver deems to be  
14 advisable or necessary, which includes retaining, hiring, or dismissing any employees,  
15 independent contractors, or agents;

16 H. Continue and conduct the businesses of the Stipulating Defendants in such  
17 manner, to such extent, and for such duration as the Receiver may in good faith deem to  
18 be necessary or appropriate to operate the businesses profitably, using the Assets of the  
19 receivership estate, and lawfully, if at all;

20 I. Choose, engage, and employ attorneys, accountants, appraisers,  
21 investigators, and other independent contractors and technical specialists, as the Receiver  
22 deems advisable or necessary in the performance of their duties and responsibilities,  
23 including but not limited to the law firm in which the Receiver is a partner;

24 J. Make payments and disbursements from the receivership estate that are  
25 necessary or advisable for carrying out the directions of, or exercising the authority  
26 granted by, this Order. The Receiver shall apply to the Court for prior approval of any  
27 payment of any debt or obligation incurred by the Receivership Entities prior to the date  
28

1 this Order is signed, except payments that the Receiver deems necessary or advisable to  
2 secure Assets of the Receivership Entities, such as rental payments;

3 K. Collect any money due or owing to the Receivership Entities;

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

8 M. Defend, compromise, adjust, or otherwise dispose of any or all actions or  
9 proceedings instituted against the Receivership Entities or the Receiver that the Receiver  
10 deems necessary and advisable to preserve the Assets of the Receivership Entities, or to  
11 carry out the Receiver's mandate under this Order;

12 N. Take depositions and issue subpoenas to obtain Documents and records  
13 pertaining to the receivership and compliance with this Order. Subpoenas may be served  
14 by electronic mail, by agents or attorneys of the Receiver and by agents of any process  
15 server retained by the Receiver;

16 O. Open one or more bank accounts as designated depositories for funds of the  
17 Receivership Entities. The Receiver shall deposit all funds of the Receivership Entities in  
18 such a designated account and shall make all payments and disbursements from the  
19 receivership estate from such an account;

20 P. Maintain accurate records of all receipts and expenditures made by the  
21 Receiver; and

22 Q. Cooperate with reasonable requests for information or assistance from any  
23 state or federal law enforcement agency.

24 **XVI. TRANSFER OF FUNDS TO THE RECEIVER BY FINANCIAL**  
25 **INSTITUTIONS AND OTHER THIRD PARTIES**

26 **IT IS FURTHER ORDERED** that, upon service of a copy of this Order, any  
27 Financial Institution shall cooperate with all reasonable requests of counsel for the FTC  
28 and the Receiver relating to implementation of this Order, including transferring funds at

1 the Receiver's direction and producing records related to the Assets and sales of the  
2 Receivership Entities.

3 **XVII. RECEIVER'S REPORTS**

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

16 **XVIII. RECEIVER'S BOND**

17 **IT IS FURTHER ORDERED** that, pursuant to 28 U.S.C. § 754, the Court will  
18 exercise its discretion and waive the receiver's bond.

19 **XIX. COMPENSATION OF THE RECEIVER**

20 **IT IS FURTHER ORDERED** that the Receiver, and all persons or entities  
21 retained or hired by the Receiver as authorized under this Order, shall be entitled to  
22 reasonable compensation for the performance of duties undertaken pursuant to this Order  
23 and for the cost of actual out-of-pocket expenses incurred by them from the Assets now  
24 held by or in the possession or control of, or which may be received by, the Receivership  
25 Entities. The Receiver shall file with the Court and serve on the parties a request for the  
26 payment of reasonable compensation at the time of the filing of any report required by  
27 the "Receiver's Reports" Section of this Order. The Receiver shall not increase the fees  
28 or rates used as the bases for such fee applications without prior approval of the Court.

1 **XX. RECEIVER'S ACCESS TO BUSINESS PREMISES AND RECORDS**

2 **IT IS FURTHER ORDERED** that:

3 A. The Receiver, and his representatives, agents, and assistants, shall have  
4 immediate access to all business premises and storage facilities, owned, controlled, or  
5 used by any Receivership Entity, including but not limited to the offices and facilities at:  
6 13201 North 35<sup>th</sup> Avenue, Suite B12, Phoenix, AZ 85029; 13201 North 35<sup>th</sup> Avenue,  
7 Suite B20, Phoenix, AZ 85029; 4045 East McDowell Road, Phoenix, AZ 85008; 10640  
8 North 28<sup>th</sup> Drive, Phoenix, AZ 85053; and any offsite commercial mail boxes or virtual  
9 offices used by any Receivership Entity. The Receiver is authorized to employ the  
10 assistance of law enforcement as he deems necessary to effect service and peacefully  
11 implement this Order. The Receiver may exclude Receivership Entities and their  
12 employees from part or all of the business premises during the immediate access. The  
13 purpose of the immediate access shall be to effect service and to inspect and copy the  
14 business and financial records of the Receivership Entities, including forensic imaging of  
15 electronically stored information. Such business records include, but are not limited to,  
16 correspondence, contracts, emails, and financial data;

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

19 C. Receivership Entities and all employees or agents of Receivership Entities  
20 shall provide the Receiver with any necessary means of access to Documents and records,  
21 including, without limitation, the locations of the Receivership Entities' business  
22 premises, keys and combinations to locks, alarm codes, computer access codes, and  
23 storage area access information;

24 D. If any Individual Stipulating Defendant possesses a smartphone or tablet on  
25 receivership premises, they will turn over the device to the Receiver for imaging. Within  
26 two (2) business days, the Receiver will return the device; and

27 E. If any Documents, computers, smartphones, tablets, or electronic data  
28 storage devices containing information related to the business practices or finances of the

1 Receivership Entities are at a location other than those listed herein, including but not  
2 limited to, the personal residence of the Stipulating Defendant, then, immediately upon  
3 notice of this Order, Stipulating Defendant shall produce to the Receiver all such  
4 Documents, computers, smartphones, tablets, or electronic data storage devices. To  
5 prevent the destruction of electronic data, upon service of this Order upon any  
6 Receivership Entity, any computers, smartphones, tablets, or electronic data storage  
7 devices containing such information shall be powered down (turned off) in the normal  
8 course for the operating systems used on such devices and shall not be used until  
9 produced for copying and inspection, along with any codes needed for access. For any  
10 smartphone or tablet that contains information related to the business practices or  
11 finances of the Receivership Entities that is in the personal possession of a Stipulating  
12 Defendant, the Receiver shall image that device and return it to the Stipulating Defendant  
13 within two (2) business days.

14 **XXI. PARTIES' ACCESS TO BUSINESS PREMISES AND RECORDS**

15 **IT IS FURTHER ORDERED** that the Receiver shall allow the FTC, the  
16 Stipulating Defendant, and their representatives reasonable access to the premises of the  
17 Receivership Entities. The purpose of this access shall be to inspect, inventory, and copy  
18 any Documents and other property owned by, or in the possession of, the Receivership  
19 Entities, provided that those Documents and property are not removed from the premises  
20 without the permission of the Receiver. The Receiver shall have the discretion to  
21 determine the time, manner, and reasonable conditions of such access. The Receiver will  
22 segregate all materials subject to an attorney-client privilege held by a Receivership  
23 Entity's clients and shall not make these materials available to either the FTC or  
24 Stipulating Defendant without the clients' consent. The FTC's access to any Documents  
25 pursuant to this provision shall not provide grounds for the Stipulating Defendant to  
26 object to any subsequent request for Documents served by the FTC.

27  
28

1 **XXII. LIMITED EXPEDITED DISCOVERY**

2 **IT IS FURTHER ORDERED** that, in addition to any other discovery allowed in  
3 this case, the Receiver and the FTC are granted leave to conduct certain expedited  
4 discovery and that in lieu of the time periods, notice provisions, and other requirements  
5 of the applicable Local Rules for this District and Rules 26, 30, 34, and 45 of the Federal  
6 Rules of Civil Procedure, the Receiver and the FTC are granted leave to:

7 A. Depose, on three (3) days' notice, any party or non-party for the purpose of  
8 discovering: (1) the nature, location, status, and extent of Assets of Stipulating  
9 Defendant; (2) the nature and location of Documents and business records of Stipulating  
10 Defendant; and (3) compliance with this Order. Any such depositions shall not be  
11 counted toward any deposition limit set forth in the Federal Rules of Civil Procedure or  
12 this Court's Local Rules and shall not preclude the FTC from subsequently deposing the  
13 same person during discovery on the merits in this case. Depositions may be taken by  
14 telephone, video conference, or other remote means. Any deposition taken pursuant to  
15 this Section that has not been reviewed and signed by the deponent may be used by any  
16 party for purposes of any preliminary injunction hearing;

17 B. Serve upon parties interrogatories or requests for production of Documents  
18 or inspection that require a response, production or inspection within four (4) days of  
19 service, and may serve subpoenas upon non-parties that direct production or inspection  
20 within seven (7) days of service, for the purpose of discovering: (1) the nature, location,  
21 status, and extent of Assets of Stipulating Defendant; (2) the nature and location of  
22 Documents and business records of Stipulating Defendant; and (3) compliance with this  
23 Order; provided, however, that forty-eight (48) hours' notice shall be deemed sufficient  
24 for the production of any such Documents that are maintained or stored as electronic  
25 data. Any such interrogatories or requests for production or inspection shall not count  
26 toward any limit on discovery set forth in the Federal Rules of Civil Procedure or this  
27 Court's Local Rules;

28

1 C. For purposes of this Section, serve deposition notices and other discovery  
2 requests upon the parties to this action personally or by facsimile, email, certified or  
3 registered mail, or private courier (including a process server) with a receipt from the  
4 courier showing delivery; and

5 D. Pursuant to Fed. R. Civ. P. 45, subpoena Documents immediately from any  
6 Financial Institution, business entity, Electronic Data Host, or person served with a copy  
7 of this Order that holds, controls, or maintains custody of any account, Document, or  
8 Asset of, on behalf of, in the name of, for the benefit of, subject to withdrawal by, subject  
9 to access or use by, or under the signatory power of the Stipulating Defendant or other  
10 party subject to the Asset Freeze above, or has held, controlled, or maintained any such  
11 account, Document, or Asset. The recipient shall respond to such subpoena within three  
12 (3) business days after service. The FTC may effect service by electronic mail.

### 13 **XXIII. BANKRUPTCY PETITIONS**

14 **IT IS FURTHER ORDERED** that, in light of the appointment of the Receiver,  
15 the Receivership Entities are hereby prohibited from filing petitions for relief under the  
16 United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, without prior permission from  
17 this Court.

### 18 **XXIV. PRE-EXISTING ORDER**

19 **IT IS FURTHER ORDERED** that nothing herein modifies any existing Order in  
20 any way, including the Orders governing Carl E. Morris, Jr. *See* Stipulated Final Order  
21 for Permanent Injunction and Other Equitable Relief as to Defendants Carl E. Morris, Jr.  
22 and Marketing Strategies, LLC, *FTC v. North America Marketing and Associates, LLC,*  
23 *et al.*, No. CV-12-00914-PHX-DGC (D. Ariz. Jul. 8, 2013). The FTC may take discovery  
24 and pursue any other measure any existing Order permits.

### 25 **XXV. STAY OF ACTIONS**

26 **IT IS FURTHER ORDERED** that:

27 A. Except by leave of this Court, during the pendency of the Receivership  
28 ordered herein, the Receivership Entities and all customers, principals, investors,



1 creditors, stockholders, lessors, and other persons seeking to establish or enforce any  
2 claim, right, or interest against or on behalf of the Receivership Entity, and all others  
3 acting for or on behalf of such persons, including attorneys, trustees, agents, sheriffs,  
4 constables, marshals, and other officers and their deputies, and their respective attorneys,  
5 servants, agents, and employees be and are hereby stayed from:

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

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

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

18 4. Doing any act or thing whatsoever to interfere with the Receiver's  
19 taking custody, control, possession, or management of Assets or  
20 Documents subject to this receivership; or to harass or interfere with the  
21 Receiver in any way; or to interfere in any manner with the exclusive  
22 jurisdiction of this Court over the Assets or Documents of the Receivership  
23 Entities.

24 B. This Section does not stay:

25 1. The commencement or continuation of a criminal action or  
26 proceeding;

1           2.     The commencement or continuation of an action or proceeding by a  
2 governmental unit to enforce such governmental unit’s police or regulatory  
3 power;

4           3.     The enforcement of a judgment, other than a money judgment,  
5 obtained in an action or proceeding by a governmental unit to enforce such  
6 governmental unit’s police or regulatory power, including but not limited to  
7 any actions (including discovery) taken by the FTC in enforcing the Orders  
8 in the related matter, *FTC v. North America Marketing and Associates,*  
9 *LLC, et al.*, No. CV-12-00914-PHX-DGC (D. Ariz.); or

10          4.     The issuance to the Receivership Entities of a notice of tax  
11 deficiency.

12       **XXVI. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY**  
13       **STIPULATING DEFENDANT**

14           **IT IS FURTHER ORDERED** that the Stipulating Defendant, within three (3)  
15 business days of receipt of this Order, must submit to counsel for the FTC a truthful  
16 sworn statement acknowledging receipt of this Order.

17       **XXVII. CORRESPONDENCE WITH PLAINTIFF**

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

22           Elsie B. Kappler  
23           Hong Park  
24           Federal Trade Commission  
25           600 Pennsylvania Ave., NW, Mail Drop CC-9528  
26           Washington, DC 20580  
27           Telephone: (202) 326-2466 (Kappler), -2158 (Park)  
28           [ekappler@ftc.gov](mailto:ekappler@ftc.gov), [hpark@ftc.gov](mailto:hpark@ftc.gov)

29       **XXVIII. COOPERATION WITH FTC**

30           **IT IS FURTHER ORDERED** that Stipulating Defendant shall fully cooperate  
31 with and assist the FTC in this case. Stipulating Defendant’s cooperation and assistance

1 shall include, but not be limited to testifying at any hearing and providing any  
2 information to the FTC that the FTC deems necessary to obtain relief for consumers in  
3 this case. Nothing herein shall prevent Stipulating Defendant from asserting any privilege  
4 against self-incrimination that he may have under the Fifth Amendment.

5 **XXIX. ASSERTION OF FIFTH AMENDMENT PRIVILEGE**

6 **IT IS FURTHER ORDERED** that if Stipulating Defendant asserts the Fifth  
7 Amendment privilege against self-incrimination to any request for information or  
8 assistance allowed under this Order, other than in testimony at trial or deposition,  
9 Stipulating Defendant shall provide the requesting party a written statement that  
10 affirmatively states he is asserting the Fifth Amendment privilege and identifies with  
11 specificity the question or request to which he is asserting the privilege. Such written  
12 statement shall be provided within five (5) days of the request, or within the timeframe  
13 for responding to such request as set forth in this Order, whichever is later.

14 **XXX. SERVICE OF THIS ORDER**

15 **IT IS FURTHER ORDERED** that copies of this Order may be served by  
16 facsimile, email, hand-delivery, personal or overnight delivery, or U.S. Mail, by agents  
17 and employees of the FTC or any state or federal law enforcement agency or by private  
18 process server, upon any Financial Institution or other entity or person that may have  
19 possession, custody, or control of any Documents or Assets of the Stipulating Defendant,  
20 or that may otherwise be subject to any provision of this Order. Service upon any branch  
21 or office of any Financial Institution shall effect service upon the entire Financial  
22 Institution.

23 **XXXI. DISTRIBUTION OF ORDER**

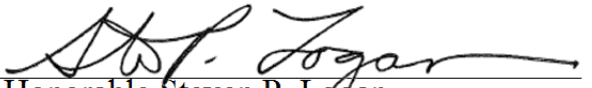
24 **IT IS FURTHER ORDERED** that within three (3) calendar days after service of  
25 this Order, Stipulating Defendant shall provide a copy of this Order to each of his agents,  
26 employees, directors, officers, subsidiaries, affiliates, attorneys, independent contractors,  
27 representatives, franchisees, affiliates, and all persons in active concert or participation  
28 with them. Within five (5) calendar days following this Order, Stipulating Defendant

1 shall provide the FTC with an affidavit identifying the names, titles, addresses, and  
2 telephone numbers of the persons that Stipulating Defendant has served with a copy of  
3 this Order in compliance with this provision.

4 **XXXII. RETENTION OF JURISDICTION**

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

7 Dated this 28th day of October, 2016.

8   
9 Honorable Steven P. Logan  
10 United States District Judge

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

# **ATTACHMENT A**

## FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

---

**Definitions and Instructions:**

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

**Penalty for False Information:**

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

(1) "in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or devise a material fact; makes any materially false, fictitious or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);

(2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or

(3) "in any ( . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration" (18 U.S.C. § 1623).

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

**BACKGROUND INFORMATION****Item 1. Information About You**

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

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

Address	From: / / (mm/dd/yyyy)	Until: / / (mm/dd/yyyy)
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Address	From: / /	Until: / /
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Address	From: / /	Until: / /
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used:		

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

Spouse/Companion's Name	Social Security No.	Date of Birth / / (mm/dd/yyyy)
Address (if different from yours)	Phone Number ( )	Place of Birth
	<input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (mm/dd/yyyy)	
Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used:		

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

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

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

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

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

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

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

**Item 6. Employment Information/Employment Income**  
 Provide the following information for this year-to-date and for each of the previous five full years, for each business entity of which you were a director, officer, member, partner, employee (including self-employment), agent, owner, shareholder, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, distributions, draws, consulting fees, loans, loan payments, dividends, royalties, and benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$

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



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

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

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

**Item 8. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or in any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents.

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

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

**FINANCIAL INFORMATION**

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

**ASSETS**

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

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

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

**Item 10. Publicly Traded Securities**

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

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

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

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

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

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

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

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

**Item 13. Life Insurance Policies**

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

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

**Item 14. Deferred Income Arrangements**

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, other retirement accounts, and college savings plans (e.g., 529 Plans).

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

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

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

List any pending insurance payments or inheritances owed to you.

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

**Item 16. Vehicles**

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

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

**Item 17. Other Personal Property**

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

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

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

<b>Item 18. Real Property</b>			
List all real property interests (including any land contract)			
Property's Location	Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$
			Monthly Payment \$
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit  Monthly Rent Received \$
		Current Balance \$	
Property's Location	Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$
			Monthly Payment \$
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit  Monthly Rent Received \$
		Current Balance \$	

**LIABILITIES**

<b>Item 19. Credit Cards</b>			
List each credit card account held by you, your spouse, or your dependents, and any other credit cards that you, your spouse, or your dependents use, whether issued by a United States or foreign financial institution.			
Name of Credit Card (e.g., Visa, MasterCard, Department Store)	Account No.	Name(s) on Account	Current Balance
			\$
			\$
			\$
			\$
			\$

<b>Item 20. Taxes Payable</b>		
List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependents.		
Type of Tax	Amount Owed	Year Incurred
	\$	
	\$	
	\$	

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

**Item 21. Other Amounts Owed by You, Your Spouse, or Your Dependents**

List all other amounts, not listed elsewhere in this financial statement, owed by you, your spouse, or your dependents.

Lender/Creditor's Name, Address, and Telephone No.		Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number)	
		Lender/Creditor's Relationship to You	
Date Liability Was Incurred / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	Payment Schedule
Lender/Creditor's Name, Address, and Telephone No.		Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number)	
		Lender/Creditor's Relationship to You	
Date Liability Was Incurred / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	Payment Schedule

**OTHER FINANCIAL INFORMATION**

**Item 22. Trusts and Escrows**

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

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

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

**Item 23. Transfers of Assets**

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

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

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

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

**Item 24. Document Requests**

Provide copies of the following documents with your completed Financial Statement.

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

**SUMMARY FINANCIAL SCHEDULES****Item 25. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

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

**Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents**

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

Income (State source of each item)		Expenses	
Salary - After Taxes	\$	Mortgage or Rental Payments for Residence(s)	\$
Source:			
Fees, Commissions, and Royalties	\$	Property Taxes for Residence(s)	\$
Source:			
Interest	\$	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$
Source:			
Dividends and Capital Gains	\$	Car or Other Vehicle Lease or Loan Payments	\$
Source:			
Gross Rental Income	\$	Food Expenses	\$
Source:			
Profits from Sole Proprietorships	\$	Clothing Expenses	\$
Source:			
Distributions from Partnerships, S-Corporations, and LLCs	\$	Utilities	\$
Source:			

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

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

**ATTACHMENTS**

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

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

Item No. Document Relates To	Description of Document

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

Executed on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature



# **ATTACHMENT C**

**ATTACHMENT C**

**CONSENT TO RELEASE OF FINANCIAL RECORDS**

I, \_\_\_\_\_, do hereby direct any bank, savings and loan association, credit union, depository institution, finance company, commercial lending company, credit card processor, credit card processing entity, automated clearing house, network transaction processor, bank debit processing entity, brokerage house, escrow agent, money market or mutual fund, title company, commodity trading company, trustee, or person that holds, controls or maintains custody of assets, wherever located that are owned or controlled by me or at which I have an 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 accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of *Federal Trade Commission v. Blue Saguaro Marketing, LLC, et al.*, Civ. No. \_\_\_\_\_, now pending in the United States District Court for the District of Arizona, 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 of America which restrict or prohibit the disclosure of bank or other financial 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 accounts for which I may be a relevant principal.

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]