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FEDERAL TRADE COMMISSION

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 FEDERAL TRADE COMMISSION,
12
13 Plaintiff,

Case no. CV06-0849 SJO (OPx)

14 v.

15 [PROPOSED]
16 PRELIMINARY INJUNCTION WITH
17 ASSET FREEZE, APPOINTMENT OF
18 PERMANENT RECEIVER, AND
19 OTHER EQUITABLE RELIEF

20 UNIVERSAL PREMIUM SERVICES,
21 INC., a California corporation (also
22 known as Premier Benefits, Inc.);
23 CONSUMER REWARD NETWORK,
24 INC., a California corporation;
25 STAR COMMUNICATIONS LLC, a
26 California limited liability company;
27 MEMBERSHIP SERVICES DIRECT,
28 INC., a Nevada corporation (also
known as Continuity Partners, Inc.);
CONNECT2USA, INC., a Nevada
corporation;
BRIAN K. MACGREGOR;
HARIJINDER SIDHU;
JOSEPH F. LAROSA, JR.;
PRANOT SANGPRASIT;
WILLIAM THOMAS HEICHERT;
MICHAEL HOWARD CUSHING;
PAUL P. TOSI; and
MANH CAO,

[PERSONAL DATA IDENTIFIERS
REFERENCE LIST FILED ON
FEBRUARY 14, 2006 UNDER SEAL]

Defendants.

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TABLE OF CONTENTS

1		
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3	FINDINGS OF FACT	2
4	ORDER	3
	Definitions	3
5	PROHIBITED BUSINESS ACTIVITIES	6
6	I. Prohibited Misrepresentations	6
7	II. Prohibition Against Causing Billing Information to Be Submitted Without the Express Informed Consent of the Customer	7
8	III. Prohibition Against Violating Telemarketing Sales Rule	8
9	ASSET PROVISIONS	9
10	IV. Asset Freeze	9
11	V. Retention of Assets and Documents by Financial Institutions and Other Third Parties	12
12	VI. Repatriation of Foreign Assets	14
13	VII. Interference with Repatriation	16
14	RECEIVERSHIP PROVISIONS	16
15	VIII. Appointment of Permanent Receiver	16
16	IX. Permanent Receivership Duties	17
17	X. Cooperation with the Receiver	21
18	XI. Delivery of Receivership Property	23
19	XII. Transfer of Funds to the Receiver	24
20	XIII. Collection of Receivership Defendants' Mail	24
21	XIV. Compensation of Permanent Receiver	25
22	XV. Receiver's Bond	26
23	XVI. Immediate Access to Defendants' Business Premises, Books and Records	26
24	XVII. Defendants' Access to Receivership Defendants' Business Premises	29
25	XVIII. Stay of Actions	29
26	DEFENDANTS' REPORTING AND RELATED OBLIGATIONS	31
27	XIX. Distribution of Order by Defendants	31
28	XX. Financial Statements and Accounting	32
	XXI. Preservation of Records	33
	XXII. Record Keeping	34
	XXIII. Notification re Defendants' Business Activities	34
	MISCELLANEOUS PROVISIONS	35
	XXIV. Expedited Discovery	35
	XXV. Credit Reports	36
	XXVI. Correspondence	36
	XXVII. Service of this Order	36
	XXVIII. Expiration of this Order	37
	XXIX. Retention of Jurisdiction	37

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1 Plaintiff Federal Trade Commission (“FTC” or “Commission”), pursuant to
2 Sections 13(b) and 19(a) of the Federal Trade Commission Act (“FTC Act”), 15
3 U.S.C. §§ 53(b) and 57b(a), and the Telemarketing and Consumer Fraud and Abuse
4 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101 *et seq.*, filed a Complaint
5 for Permanent Injunction and Other Equitable Relief, and applied *ex parte* for a
6 Temporary Restraining Order and for an order to show cause why a Preliminary
7 Injunction should not be granted and a Permanent Receiver should not be appointed,
8 pursuant to Rule 65 of the Federal Rules of Civil Procedure, on February 14, 2006.
9 On the FTC’s *ex parte* application, this Court filed a Temporary Restraining Order
10 with asset freeze, appointment of a temporary receiver, and other equitable relief,
11 and an order to show cause why a Preliminary Injunction should not issue and why a
12 Permanent Receiver should not be appointed (“TRO”) against defendants on
13 February 21, 2006. A hearing on the Order to Show Cause was held on March 13,
14 2006.

15 Having considered the pleadings, memoranda, declarations, and other exhibits
16 filed in connection with the order to show cause, and argument of counsel at the
17 hearing on the order to show cause, the Court **HEREBY GRANTS** Plaintiff FTC’s
18 request for a preliminary injunction against Defendants and appointment of a
19 permanent receiver, based on the findings and grounds set forth in the Court’s oral
20 ruling at the March 13, 2006 hearing on the Order to Show Cause and the Court’s
21 “Order Granting Plaintiff Federal Trade Commission’s Application for Preliminary
22 Injunction and Appointment of Permanent Receiver,” entered March 15, 2006
23 (“March 15, 2006 Order Granting Preliminary Injunction”).

24 This “Preliminary Injunction with Asset Freeze, Appointment of Permanent
25 Receiver, and Other Equitable Relief” (“this Order”) has been prepared pursuant to
26 the Court’s March 15, 2006 Order Granting Preliminary Injunction and reflects the
27 agreements concerning living expenses and attorneys’ fees that counsel for Plaintiff
28 and counsel for Defendants Brian MacGregor and Membership Services Direct (the

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1 “MacGregor Defendants”), and Joseph F. LaRosa, Jr., Pranot Sangprasit, William
2 Heichert, Michael H. Cushing, Paul Tosi, and Manh Dac Cao (the “Genga
3 Represented Defendants”) entered into at the direction of the Court at the
4 commencement of the March 13, 2006 hearing on the Order to Show Cause, as
5 stated on the record at that hearing.

6
7 **FINDINGS OF FACT**

8 The Court has considered the pleadings, declarations, exhibits, and
9 memoranda filed in support of the Commission’s application and finds that:

10 1. This Court has jurisdiction of the subject matter of this case, and there
11 is good cause to believe it will have jurisdiction over all parties, pursuant to 15
12 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§1331, 1337(a) and 1345. The
13 Complaint states a claim upon which relief may be granted under Sections 5 and
14 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b).

15 2. There is good cause to believe that Defendants have engaged in and are
16 likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15
17 U.S.C. § 45(a), and the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, and
18 that the Commission is likely to prevail on the merits of this action.

19 3. There is good cause to believe that immediate and irreparable harm to
20 consumers will result from Defendants’ ongoing violations of the FTC Act and
21 Telemarketing Sales Rule unless Defendants are immediately restrained and
22 enjoined by Order of this Court.

23 4. There is good cause to believe that immediate and irreparable damage
24 to the Court’s ability to grant effective final relief in the form of monetary restitution
25 will occur from the sale, transfer, or other disposition or concealment by Defendants
26 of their assets or corporate records, unless Defendants are immediately enjoined by
27 Order of this Court. The evidence set forth in the Plaintiff’s *Ex Parte* TRO
28 Application, Supplemental Brief, and accompanying declarations and exhibits,

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1 shows that the FTC is likely to prove that Defendants have engaged in a concerted
2 course of illegal activity in connection with the telemarketing of membership
3 programs and other goods and services to consumers nationwide, in violation of
4 Section 5 of the FTC Act and the TSR. Thus there is good cause to believe that the
5 Defendants will attempt to conceal the scope of their illegal actions to avoid
6 returning their ill-gotten gains to consumers injured by their unlawful practices if
7 not restrained from doing so by Order of this Court.

8 5. There is good cause for the Court to order an asset freeze and appoint a
9 permanent receiver for the Receivership Defendants. The FTC has made a *prima*
10 *facie* case that the Receivership Defendants have made misrepresentations, directly
11 and through their employees, to those consumers for whom they are supposed to be
12 providing goods or services; that Defendants have engaged in a widespread effort to
13 debit money from these consumers based on deceptive or abusive acts and practices;
14 and that Defendants have retained ill-gotten gains from these and other practices.
15 Accordingly, a permanent receiver and asset freeze are reasonably necessary in order
16 to preserve the possibility of complete and meaningful relief at the conclusion of this
17 litigation.

18 6. Weighing the equities and considering the Commission's likelihood of
19 ultimate success, this Preliminary Injunction with asset freeze, appointment of a
20 permanent receiver, and other equitable relief is in the public interest.

21 7. No security is required of any agency of the United States for issuance
22 of a restraining order. Fed. R. Civ. P. 65(c).

23
24 **ORDER**

25 **Definitions**

26 For purposes of this Order, the following definitions shall apply:

27 1. "Assets" means any legal or equitable interest in, right to, or claim to,
28 any real or personal property, including, without limitation, chattels, goods,

1 instruments, equipment, fixtures, general intangibles, leaseholds, mail or other
2 deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares
3 of stock, and all cash, wherever located.

4 2. **“Customer,” “seller,” “telemarketer,”** and **“telemarketing”** are
5 defined as in Section 310.2 of the TSR, 16 C.F.R. § 310.2.

6 3. **“Defendants”** means Universal Premium Services, Inc., a California
7 Corporation (also known as Premier Benefits, Inc.); Consumer Reward Network,
8 Inc., a California Corporation; Star Communications LLC, a California Limited
9 Liability Company; Membership Services Direct, Inc., a Nevada Corporation (also
10 known as Continuity Partners, Inc.); Connect2USA, Inc., a Nevada Corporation;
11 Brian K. MacGregor; Harijinder Sidhu; Joseph F. LaRosa, Jr.; Pranot Sangpravit;
12 William Thomas Heichert; Michael Howard Cushing; Paul P. Tosi; and Manh Dac
13 Cao (aka Mike Cao), and each of them, by whatever names each might be known.
14 Pursuant to the provisions of Fed. R. Civ. P. 65(d), the provisions of this Order shall
15 be binding upon the Defendants and upon their officers, agents, directors,
16 employees, salespersons, independent contractors, attorneys, subsidiaries, affiliates,
17 successors, assigns and all other persons or entities in active concert or participation
18 with them who receive actual notice of this Order by personal service or otherwise,
19 whether acting directly or through any trust, corporation, subsidiary, division or
20 other device.

21 4. **“Corporate Defendants”** means Universal Premium Services, Inc., a
22 California Corporation (also known as Premier Benefits, Inc.); Best Buy Alliance,
23 Inc., a California Corporation (also known as Consumer Reward Network, Inc.);
24 Star Communications LLC, a California Limited Liability Company; Membership
25 Services Direct, Inc., a Nevada Corporation (also known as Continuity Partners,
26 Inc.); and Connect2USA, Inc., a Nevada Corporation, and their affiliates and
27 subsidiaries, and any other corporations or businesses under the control of any of
28 them.

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1 5. **“Document”** is synonymous in meaning and equal in scope to the
2 usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
3 drawings, graphs, charts, photographs, audio and video recordings, computer
4 records, and any other data compilations from which information can be obtained.
5 A draft or non-identical copy is a separate document within the meaning of the term.

6 6. **“Financial institution”** means any bank, savings and loan institution,
7 credit union, or any financial depository of any kind, including but not limited to
8 any brokerage house, trustee, broker-dealer, escrow agent, title company,
9 commodity trading company, precious metal dealer, commercial check cashing
10 facility, or any entity or person that holds, controls, or maintains custody of any
11 account or asset of any Defendant.

12 7. **“ID#”** refers to the unique identifiers and personal identifiers listed in
13 the “Personal Data Identifiers Reference List,” filed on February 14, 2006 in the
14 above-captioned matter under seal pursuant to Local Rule 79-5.4.

15 8. **“Individual Defendants”** means Brian K. MacGregor, Harijinder
16 Sidhu, Joseph F. LaRosa, Jr., Pranot Sangprasit, William Thomas Heichert, Michael
17 Howard Cushing, Paul P. Tosi, and Manh Dac Cao (aka Mike Cao).

18 9. **“Material”** means likely to affect a person’s choice of, or conduct
19 regarding, goods or services.

20 10. **“Person”** means a natural person, organization, or other legal entity,
21 including a corporation, partnership, proprietorship, association, cooperative,
22 government or governmental subdivision or agency, or any other group or
23 combination acting as an entity.

24 11. **“Plaintiff”** means the Federal Trade Commission.

25 12. **“Receivership Defendants”** means Universal Premium Services, Inc.,
26 a California Corporation (also known as Premier Benefits, Inc.); Best Buy Alliance,
27 Inc., a California Corporation (also known as Consumer Reward Network, Inc.);
28 Star Communications LLC, a California Limited Liability Company; Membership

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1 Services Direct, Inc., a Nevada Corporation (also known as Continuity Partners,
2 Inc.); Connect2USA, Inc., a Nevada Corporation; Merchant Risk Management, Inc.,
3 a Nevada corporation; All Star Access, Inc., a Colorado Corporation; Prime Time
4 Ventures, Inc., a Nevada Corporation; Pantel One Corporation, a Nevada
5 Corporation; Mammoth Consulting Group, LLC, a Nevada Limited Liability
6 Company; World Era Development Limited, a Hong Kong entity; Blitz Media, Inc.,
7 a Nevada Corporation; Impact Marketing, Inc., a Wyoming Corporation; Synergy
8 Marketing Group LLC, a California Limited Liability Company; Utalk Unlimited,
9 Inc., a Nevada corporation; and their affiliates and subsidiaries, and any other
10 corporations or businesses under the control of any of the Defendants.

11 13. **“Receiver”** means the permanent receiver appointed in this Order. The
12 term “receiver” also includes any deputy receivers as may be named by the
13 permanent receiver.

14 **PROHIBITED BUSINESS ACTIVITIES**

15 **I.**
16 **Prohibited Misrepresentations**

17 IT IS THEREFORE ORDERED that in connection with the advertising,
18 promotion, offering or sale of goods or services by telephone or otherwise in
19 commerce, Defendants, as well as their successors, assigns, officers, agents,
20 directors, servants, employees, salespersons, independent contractors, attorneys,
21 corporations, subsidiaries, all other persons or entities directly or indirectly under
22 their control or under common control with any of them, and all other persons or
23 entities in active concert or participation with any of them who receive actual notice
24 of this Order by personal service or otherwise, whether acting directly or through
25 any corporation, subsidiary, division, or other device, including, but not limited to,
26 fictitious business names, and each such person, in connection with the advertising,
27 promotion, offering or sale of goods or services by telephone or otherwise in
28 commerce, are hereby preliminarily restrained and enjoined from making any

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1 express or implied representation or omission of material fact that is false or
2 misleading, in any manner, orally or in writing, to any consumer or entity, including
3 but not limited to, any misrepresentation that:

4 A. Defendants will send the consumers a free item if the consumers pay a
5 shipping and handling fee;

6 B. Defendants provide a free trial period during which time the consumers
7 will not be charged fees;

8 C. Defendants provide a cancellation period during which time the
9 consumers may obtain a refund for fees already paid;

10 D. Consumers may cancel their memberships in Defendants' programs at
11 any time; and

12 E. Defendants are affiliated with or endorsed or sponsored by a person or
13 government entity.

14
15 **II.**
16 **Prohibition Against Causing Billing Information to Be Submitted**
17 **Without the Express Informed Consent of the Customer**

18 IT IS FURTHER ORDERED that in connection with the advertising,
19 promotion, offering or sale of goods or services by telephone or otherwise in
20 commerce, Defendants are hereby preliminarily restrained and enjoined from
21 causing billing information to be submitted for payment, directly or indirectly,
22 without the express informed consent of the customer. For purposes of this Section,
23 "express informed consent" means:

24 A. Defendants obtain from the customer the entire account number to be
25 charged;

26 B. Defendants obtain from the customer his or her express agreement to be
27 charged for the goods or services and to be charged using the account number
28 provided by the customer;

1 C. Defendants make and maintain an audio recording of the entire
2 telemarketing transaction; and

3 D. The telemarketing transaction did not involve any deceptive or abusive
4 telemarketing practices, as defined in the TSR.

5
6 **III.**
Prohibition Against Violating Telemarketing Sales Rule

7 IT IS FURTHER ORDERED that in connection with the advertising,
8 promotion, offering or sale of goods or services by telephone or otherwise in
9 commerce, Defendants are hereby preliminarily restrained and enjoined from
10 violating any provision of the Telemarketing Sales Rule, 16 C.F.R. Part 310,
11 including but not limited to:

12 A. Section 310.3(a)(2)(iv), which prohibits misrepresenting any material
13 aspect of the nature or terms of the seller's refund, cancellation, exchange, or
14 repurchase policies;

15 B. Section 310.3(a)(2)(vii), which prohibits misrepresenting a seller's or
16 telemarketer's affiliation with, or endorsement or sponsorship by, any person or
17 government entity;

18 C. Section 310.4(a)(1), which prohibits any seller or telemarketer from
19 using threats, intimidation, or the use of profane or obscene language;

20 D. Section 310.4(a)(6), which prohibits causing billing information to be
21 submitted for payment without the express informed consent of the customer;

22 E. Section 310.4(b)(1)(iii)(A), which prohibits telemarketers from
23 engaging in, or sellers from causing a telemarketer to engage in certain conduct,
24 including, *inter alia*, initiating any outbound telephone call to a person when that
25 person previously has stated that he or she does not wish to receive an outbound
26 telephone call made by or on behalf of the seller whose goods or services are being
27 offered; and
28

1 F. Section 310.3(b), which prohibits any person from providing
2 substantial assistance or support to any seller or telemarketer when that person
3 knows or consciously avoids knowing that the seller or telemarketer is engaged in
4 any act or practice that violates Telemarketing Sales Rule Sections 310.3(a), (c), or
5 (d) or 310.4.

6 ASSET PROVISIONS

7 IV. 8 Asset Freeze

9 IT IS FURTHER ORDERED that each Defendant is hereby preliminarily
10 restrained and enjoined from:

11 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
12 selling, concealing, dissipating, disbursing, assigning, spending, withdrawing,
13 granting a lien or security interest or other interest in, or otherwise disposing of any
14 funds, real or personal property, accounts, contracts, consumer lists (including lists
15 of consumer names, telephone numbers, addresses, or account numbers, or other
16 consumer data), shares of stock, or other assets, or any interest therein, wherever
17 located, that are: (1) owned or controlled by any Defendant, in whole or in part; (2)
18 in the actual or constructive possession of any Defendant; or (3) owned, controlled
19 by, or in the actual or constructive possession of any corporation, partnership, or
20 other entity directly or indirectly owned, managed, or controlled by any Defendant,
21 including, but not limited to any assets held by or for, or subject to access by, any of
22 the Defendants, at any bank or savings and loan institution, or with any broker-
23 dealer, escrow agent, title company, commodity trading company, precious metals
24 dealer, or other financial institution or depository of any kind;

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

27 C. Incurring charges or cash advances on any credit card issued in the
28 name, singly or jointly, of any Defendant; and

1 D. Incurring liens or other encumbrances on real property, personal
2 property or other assets in the name, singly or jointly, of any Defendant.

3 *Provided*, that the assets affected by this Section shall include all assets of the
4 Defendants as of the time the TRO issued in this case was entered.

5 *Provided further*, that the freeze imposed in this Section shall be construed
6 not to apply to the assets that the Individual Defendants acquire following service of
7 the TRO issued in this case only if the Individual Defendant can prove that such
8 assets are not derived from activity prohibited by this Order and are not derived
9 from any other violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

10 E. Notwithstanding the above, this Court permits a limited lift of the asset
11 freeze with respect to the Genga Represented Defendants (and to Harijinder Sidhu,
12 but only to the extent not covered by Paragraph F) in the sum total of \$2,500 each
13 per month to pay for ordinary living expenses. Brian MacGregor and corporate
14 defendant Membership Services Direct are permitted to a limited lift of the asset
15 freeze in the collective sum total of \$5,000.00 per month to pay for ordinary living
16 expenses, including child support payments to Brian MacGregor's children.

17 F. Harijinder Sidhu agrees to forego the limited lift of the asset freeze in
18 the amount of \$2,500 per month for ordinary living expenses for the approximately
19 \$10,000 cash that the FTC has already taken pursuant to the asset freeze. Harijinder
20 Sidhu's wife Ranee Sidhu is not prohibited under this Order from using her own
21 personal funds to pay for Harijinder Sidhu's ordinary living expenses or attorneys'
22 fees, to the extent that such funds are not frozen pursuant to this Order. These funds
23 include her personal bank accounts for which Harijinder Sidhu is not a signatory and
24 does not have authority to withdraw funds, or from her own personal line of credit
25 for which Harijinder Sidhu or his frozen assets is not a guarantor.

26 G. In addition, this court permits a limited lift of the asset freeze with
27 respect to the liquid assets of defendants Joseph LaRosa, Pranot Sangprasit, William
28 Heichert, Michael H. Cushing, Paul Tosi, Manh Dac Cao, and Brian MacGregor to

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1 pay those defendants' attorneys' fees, pursuant to the agreement of counsel for
2 Plaintiff and counsel for these defendants, limited as follows:

3 1. Genga & Associates, P.C. is counsel for defendants Joseph
4 LaRosa, Pranot Sangprasit, William Heichert, Michael H. Cushing, Paul Tosi, and
5 Manh Dac Cao. Manatt, Phelps & Phillips LLP is counsel for defendants Brian
6 MacGregor and Membership Services Direct, Inc. These limitations apply to any
7 future counsel retained by these defendants in the event current defense counsel
8 withdraws from further representation from in this matter. These defendants are
9 responsible for notifying any future defense counsel as to these limitations.

10 2. Attorneys' fees incurred by each of these law firms, which their
11 individual defendant clients may pay from their frozen funds, are capped at
12 \$360/hour for one senior attorney and \$180/hour for one junior attorney, with a
13 maximum of 20 hours/week to be expended on this case by each attorney. Only
14 attorneys fees incurred for substantive defense of this action and compliance with
15 the TRO, this Order, and future Court orders may be paid from frozen funds.
16 Attorneys' fees for time spent arguing over attorneys' fees and other issues which do
17 not involve substantive defense of this case or compliance with this Court's orders
18 may not be paid out of frozen funds. Work that can be done by clerks charging a
19 lower rate should be done by such clerks. Costs that can be minimized should be
20 minimized. Attorneys' fees to be paid from these frozen funds shall not exceed
21 \$10,000/week for the case. Attorneys' fees to be paid from these frozen funds shall
22 not exceed \$25,000 up through the March 13, 2006 hearing on the Order to Show
23 Cause. Counsel shall submit their attorneys' fee bills (redacted for attorney work
24 product) to the FTC, and the parties shall jointly submit periodic stipulations to the
25 Court requesting release of funds for attorneys' fees which comply with this Section.
26 This provision does not prevent these individual defendants from paying attorneys
27 fees using their assets which are not frozen pursuant to this Order.

28

1 H. No such expenses or fees, however, shall be paid from funds subject to
2 the asset freeze set forth in this Order except from cash on the person of Defendant,
3 or from an account designated by prior written notice to Plaintiff FTC.

4 I. In addition, on or before the fifth (5th) day of each month, Brian
5 MacGregor and Membership Services Direct shall, individually or through their
6 respective counsel, submit a "Monthly Statement of Monies Received" to the
7 Receiver that will be accompanied with a signed declaration that the monies
8 received as stated are true and accurate. Furthermore, Brian MacGregor and
9 Membership Services Direct or their counsel shall submit a "Notice of Expenditures
10 to the Permanent Receiver" on or before the fifth (5th) day of each month. Attached
11 to the "Notice of Expenditures to the Permanent Receiver" shall be a signed
12 declaration by the defendant that the expenditures as stated are true and accurate.
13

14 **V.**
15 **Retention of Assets and Documents by**
16 **Financial Institutions and Other Third Parties**

17 IT IS FURTHER ORDERED that, until entry of a final judgment in this case,
18 any financial institution, or any person or other entity served with a copy of this
19 Order, or who otherwise has actual knowledge of this Order, shall:

20 A. Hold and retain within such financial institution's, person's or other
21 entity's control, and prohibit the withdrawal, removal, assignment, transfer, pledge,
22 hypothecation, encumbrance, disbursement, dissipation, conversion, sale,
23 liquidation, or other disposal of any funds, documents, property, or other assets held
24 by or under such financial institution's, person's or other entity's control that are
25 held:

26 1. on behalf of, or for the benefit of, any Defendant or any other
27 party subject to Section IV (Asset Freeze) above;
28

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1 2. in any account maintained in the name of, or subject to
2 withdrawal by, any Defendant or any other party subject to Section IV (Asset
3 Freeze) above; or

4 3. that are subject to access or use by, or under the signatory power
5 of, any Defendant or any other party subject to Section IV (Asset Freeze) above.

6 *Provided* that transfers or withdrawals may be made under this Section if authorized
7 in writing by counsel for Plaintiff (with respect to assets of any of the Individual
8 Defendants), by the Receiver and counsel for Plaintiff (with respect to assets of any
9 of the Receivership Defendants), or by further order of this Court;

10 B. Deny access to any safe deposit box that is either:

11 1. titled in the name, individually or jointly, of any Defendant or
12 other party subject to Section IV (Asset Freeze) above; or

13 2. subject to access by any Defendant or other party subject to
14 Section IV (Asset Freeze) above;

15 *provided* that, immediate access shall be granted to Plaintiff FTC for the purpose of
16 determining the contents of such safe deposit boxes.

17 C. To the extent not already provided pursuant to the TRO issued in this
18 case, provide to counsel for the FTC, within three (3) calendar days, a statement
19 setting forth:

20 1. the identification of each account or asset titled in the name,
21 individually or jointly, or held on behalf of, or for the benefit of, Defendants or other
22 party subject to Section IV (Asset Freeze) above, whether in whole or in part;

23 2. the balance of each such account, or a description of the nature
24 and value of such asset;

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

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1 4. the identification of any account or safe deposit box which a
2 Defendant has closed within the past four years, the date closed, and the balance on
3 said date.

4 D. Upon request by counsel for Plaintiff (with respect to assets held for
5 any of the Defendants) or the Receiver (with respect to assets held for any of the
6 Receivership Defendants), promptly provide Plaintiff or the Receiver with copies of
7 all records or other documentation pertaining to such account or asset, including but
8 not limited to originals or copies of account applications, account statements,
9 signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all
10 other debit and credit instruments or slips, currency transaction reports, 1099 forms,
11 and safe deposit box logs.

12 E. At the direction of Plaintiff (with respect to assets held for any of the
13 Defendants) or the Receiver (with respect to assets held for any of the Receivership
14 Defendants), and without further order of this Court, convert any stocks, bonds,
15 options, mutual funds, or other securities to their cash equivalents.

16 *Provided* that the accounts subject to this Section include existing assets and
17 assets deposited after the effective date of this Order. This Section shall not prohibit
18 transfers in accordance with any provision of this Order, or any further order of the
19 Court.

20 *Provided further* that the FTC is granted leave, pursuant to Fed. R. Civ. P. 45,
21 to subpoena documents immediately from any such financial institution, account
22 custodian, other entity or person, concerning the nature, location, status, and extent
23 of Defendants' assets, and compliance with this Order, and such financial
24 institution, account custodian, other entity or person shall respond to such subpoena
25 within five (5) business days after service. For purposes of this subsection, the FTC
26 may serve any such subpoena by facsimile, overnight courier, or e-mail (Adobe
27 Acrobat .pdf files only).

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VI.
Repatriation of Foreign Assets

IT IS FURTHER ORDERED that, within five (5) business days following the service of this Order:

A. To the extent not already provided pursuant to the TRO issued in this case, each Defendant shall provide the FTC with a full accounting of all assets, accounts or documents outside of the territory of the United States which are held either: (1) by the Defendant; (2) for the Defendant's benefit; (3) in trust by or for the Defendant; or (4) under the Defendant's direct or indirect control. This accounting shall include a list of all scripts, correspondence, and recordings which are in the custody of any telemarketing call center used by the Defendant. Each Receivership Defendant shall also provide this accounting to the Receiver.

B. Each Individual Defendant:

1. To the extent they have not already done so pursuant to the TRO issued in this case, shall transfer to a financial institution or other entity within the territory of the United States all assets, accounts or documents in foreign countries held either: (1) by the Defendant; (2) for the Defendant's benefit; (3) in trust by or for the Defendant; or (4) under the Defendant's direct or indirect control.

2. The same business day, shall, to the extent they have not already done so pursuant to the TRO issued in this case: (1) notify counsel for the FTC of the name and location of the financial institution or other entity that is the recipient of such funds, documents or assets; and (2) serve this Order on any such financial institution or other entity.

3. Shall hold and retain all repatriated assets, accounts or documents and prevent any transfer, disposition, or dissipation whatsoever of any such assets or documents except as allowed by Section IV (Asset Freeze) of this Order.

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1 These assets, accounts or documents shall include all scripts, correspondence, and
2 recordings which are in the custody of any telemarketing call center used by any
3 Defendant.

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5 **VII.**
6 **Interference with Repatriation**

7 IT IS FURTHER ORDERED that Defendants are hereby preliminarily
8 restrained and enjoined from taking any action, directly or indirectly, which may
9 result in the encumbrance or dissipation of foreign assets, or in the hindrance of the
10 repatriation required by Section VI (Repatriation of Foreign Assets) of this Order,
11 including but not limited to:

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

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

23 **RECEIVERSHIP PROVISIONS**

24 **VIII.**
25 **Appointment of Permanent Receiver**

26 IT IS FURTHER ORDERED that Robb Evans & Associates LLC is hereby
27 appointed Permanent Receiver for the Receivership Defendants, with the full power
28 of an equity receiver. The Receiver shall be the agent of this Court, and solely the
agent of this Court, in acting as Receiver under this Order. The Receiver shall be

1 accountable directly to this Court. The Receiver shall comply with all Local Rules
2 of this Court governing receivers.

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4 **IX.**
Permanent Receivership Duties

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

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

12 B. Take exclusive custody, control, and possession of all assets and
13 documents of, or in the possession, custody, or under the control of, the
14 Receivership Defendants, wherever situated. The Receiver shall have full power to
15 divert mail and to sue for, collect, receive, take in possession, hold, and manage all
16 assets and documents of the Receivership Defendants and other persons or entities
17 whose interests are now held by, or are under the direction, possession, custody, or
18 control of, the Receivership Defendants. The Receiver shall assume control over the
19 income and profits therefrom and all sums of money now or hereafter due or owing
20 to the Receivership Defendants. *Provided, however,* that the Receiver shall not
21 attempt to collect any amount from a consumer if the Receiver believes the
22 consumer was a victim of the deceptive or abusive acts or practices alleged in the
23 Complaint in this matter, without prior Court approval;

24 C. Take all steps necessary to secure all premises owned, rented, leased, or
25 otherwise controlled by the Receivership Defendants, including:

26 1. Premises at which Defendants' business operations are physically
27 located, including:

28 3800 Howard Hughes Parkway, Suite 500, Las Vegas, NV 89109

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1 4340 S. Valley View Blvd., Suite 224, Las Vegas, NV 89103

2 4699 Industrial Road, #206, Las Vegas, NV 89103

3 2800 West Sahara, Suite 7C, Las Vegas, NV 89102

4 2. The Receivership Defendants' portion of shared space in the
5 following office suite:

6 21241 Ventura Blvd., Suite 253, Woodland Hills, CA 91364

7 3. Virtual offices services (including voice mail and mail collection
8 services) provided to any of the Receivership Defendants at the following addresses:

9 1800 Century Park East, Suite 600, Los Angeles, CA 90067

10 400 Continental Blvd., Suite 600, El Segundo, CA 90245

11 333 City Blvd., 17th Floor, Orange, CA 92868

12 4. Post office boxes and private mailboxes rented by the
13 Defendants, including:

14 P.O. Box 17130, Las Vegas, NV 89114

15 P.O. Box 18434, Las Vegas, NV 89114

16 P.O. Box 46230, Las Vegas, NV 89114

17 6433 Topanga Canyon Blvd., PMB #801, Canoga Park, CA 91303

18 6433 Topanga Canyon Blvd., PMB #402, Canoga Park, CA 91303

19 6433 Topanga Canyon Blvd., PMB #509, Canoga Park, CA 91303

20 1442 E. Lincoln Ave., PMB #361, Orange, CA 92865

21 700 North Colorado Blvd., PMB #338, Denver Colorado 80206

22 Such steps may include, but are not limited to, any of the following, as the
23 Receiver deems necessary or advisable: (1) serving this Order; (2) completing a
24 written inventory of all receivership assets; (3) obtaining pertinent information from
25 all employees and other agents of the Receivership Defendants, including, but not
26 limited to, the name, home address, social security number, job description,
27 passwords or access codes, method of compensation, and all accrued and unpaid
28 commissions and compensation of each such employee or agent; (4) photographing

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1 and video taping any or all portions of the premises; (5) securing the location by
2 changing the locks and disconnecting any computer modems or other means of
3 access to the computer or other records maintained at that location; and (6) requiring
4 any persons present on the premises at the time this Order is served to leave the
5 premises, to provide the Receiver with proof of identification, or to demonstrate to
6 the satisfaction of the Receiver that such persons are not removing from the
7 premises documents or assets of the Receivership Defendants. Law enforcement
8 officers may assist the Receiver in implementing these provisions to keep the peace
9 and maintain security;

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

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

17 F. Prevent the inequitable distribution of assets and determine, adjust, and
18 protect the interests of consumers and creditors who have transacted business with
19 the Receivership Defendants;

20 G. Manage and administer the business of the Receivership Defendants
21 until further order of this Court by performing all incidental acts that the Receiver
22 deems to be advisable or necessary, which includes retaining, hiring, or dismissing
23 any employees, independent contractors, or agents;

24 H. Choose, engage, and employ attorneys, accountants, appraisers, and
25 other independent contractors and technical specialists, as the Receiver deems
26 advisable or necessary in the performance of duties and responsibilities under the
27 authority granted by this Order;

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1 I. Have the sole authority to hire legal counsel on behalf of any of the
2 Receivership Defendants;

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

10 K. Determine and implement the manner in which the Receivership
11 Defendants will comply with, and prevent violations of, this Order and all other
12 applicable laws, including, but not limited to, revising sales materials and
13 implementing monitoring procedures;

14 L. Institute, compromise, adjust, appear in, intervene in, or become party
15 to such actions or proceedings in state, federal or foreign courts or arbitration
16 proceedings as the Receiver deems necessary and advisable to preserve or recover
17 the assets of the Receivership Defendants, or that the Receiver deems necessary and
18 advisable to carry out the Receiver's mandate under this Order, including but not
19 limited to, actions challenging fraudulent or voidable transfers;

20 M. Defend, compromise, adjust, or otherwise dispose of any or all actions
21 or proceedings instituted in the past or in the future against the Receiver in his role
22 as Receiver, or against the Receivership Defendants, as the Receiver deems
23 necessary and advisable to preserve the assets of the Receivership Defendants, or as
24 the Receiver deems necessary and advisable to carry out the Receiver's mandate
25 under this Order;

26 N. Continue to conduct the business, or cease operation of the business, of
27 the Receivership Defendants in such manner, to such extent, and for such duration
28 as the Receiver may in good faith deem to be necessary or appropriate to operate the

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1 businesses profitably and lawfully, if at all; *provided that*, the continuation and
2 conduct of the businesses shall be conditioned upon the Receiver's good faith
3 determination that the businesses can be lawfully operated at a profit using the
4 assets of the receivership estate;

5 O. Issue subpoenas to obtain documents and records pertaining to the
6 receivership, and conduct discovery in this action on behalf of the receivership
7 estate;

8 P. Open one or more bank accounts as designated depositories for funds of
9 the Receivership Defendants. The Receiver shall deposit all funds of the
10 Receivership Defendants in such a designated account and shall make all payments
11 and disbursements from the receivership estate from such an account. The Receiver
12 shall serve copies of monthly account statements on all parties;

13 Q. Maintain accurate records of all receipts and expenditures that he
14 makes as Receiver; and

15 R. Cooperate with reasonable requests for information or assistance from
16 any state or federal law enforcement agency.

17 S. In a timely manner, file before this Court the "Monthly Statement of
18 Monies Received" submitted by Brian MacGregor and Membership Services Direct
19 and the "Notices of Expenditures to the Permanent Receiver" submitted by the
20 Defendants pursuant to Section IV.I of this Order.

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22 **X.
Cooperation with the Receiver**

23 IT IS FURTHER ORDERED that Defendants and all other persons or entities
24 served with a copy of this Order shall fully cooperate with and assist the Receiver.
25 This cooperation and assistance shall include, but not be limited to, providing
26 information to the Receiver that the Receiver deems necessary in order to exercise
27 the authority and discharge the responsibilities of the Receiver under this Order;
28 providing any password required to access any computer, telephonic or electronic

1 data in any medium; and advising all persons who owe money to the Receivership
2 Defendants that all debts should be paid directly to the Receiver. Defendants are
3 hereby restrained and enjoined from directly or indirectly:

4 A. Transacting any of the business of the Receivership Defendants;

5 B. Destroying, secreting, defacing, transferring, or otherwise altering or
6 disposing of any documents of the Receivership Defendants, including, but not
7 limited to, scripts, telephone call logs, audio or visual recordings, correspondence,
8 computer records, and other data compilations, electronically-stored records, books,
9 records, accounts, writings, drawings, graphs, charts, photographs, or any other
10 papers of any kind or nature;

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

15 D. Excusing debts owed to the Receivership Defendants;

16 E. Failing to notify the Receiver of any asset, including accounts, of a
17 Receivership Defendant held in any name other than the name of the Receivership
18 Defendant, or by any person or entity other than the Receivership Defendant, or
19 failing to provide any assistance or information requested by the Receiver in
20 connection with obtaining possession, custody, or control of such assets; and

21 F. Doing any act or refraining from any act whatsoever to interfere with
22 the Receiver managing, or taking custody, control, or possession of, the assets or
23 documents subject to this receivership; or to harass or interfere with the Receiver in
24 any way; or to interfere in any manner with the exclusive jurisdiction of this Court
25 over the assets or documents of the Receivership Defendants; or to refuse to
26 cooperate with the Receiver or the Receiver's duly authorized agents in the exercise
27 of their duties or authority under any order of this Court.

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XI.
Delivery of Receivership Property

IT IS FURTHER ORDERED that:

A. To the extent they have not already done so pursuant to the TRO issued in this case, immediately upon service of this Order upon them, or within such period as may be permitted by the Receiver, Defendants, and upon the Receiver's request, any other person or entity served with a copy of this Order or who otherwise has actual knowledge of this Order, shall transfer or deliver possession, custody, and control of the following to the Receiver:

1. All assets of the Receivership Defendants (including but not limited to desktop and laptop computers and network servers);

2. All documents of the Receivership Defendants (including but not limited to books and records of accounts, financial and accounting records, balance sheets, income statements, bank records, client lists, scripts, correspondence, complaint files, electronic records, title documents, lease agreements, and other papers);

3. All assets belonging to members of the public now held by the Receivership Defendants; and

4. All keys, codes, and passwords necessary to gain or to secure access to any assets or documents of the Receivership Defendants, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

B. In the event any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Section, the Receiver may file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy

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1 sheriff of any county, or any other federal or state law enforcement officer, to seize
2 the asset, document, or other thing and to deliver it to the Receiver.

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4 **XII.**
Transfer of Funds to the Receiver

5 IT IS FURTHER ORDERED that, upon service of a copy of this Order, all
6 banks, broker-dealers, savings and loans, escrow agents, title companies, commodity
7 trading companies, precious metals dealers and other financial institutions and
8 depositories of any kind, and all third-party billing agents, LEC's, common carriers,
9 and other telecommunications companies shall cooperate with all reasonable
10 requests of the FTC and the Receiver relating to implementation of this Order,
11 including transferring funds at his direction and producing records related to the
12 assets and sales of the Receivership Defendants.

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14 **XIII.**
Collection of Receivership Defendants' Mail

15 IT IS FURTHER ORDERED that:

16 A. Each Individual Defendant is hereby restrained and enjoined from
17 opening mail addressed to any of the Receivership Defendants, including but not
18 limited to such mail at the following addresses:

19 3800 Howard Hughes Parkway, Suite 500, Las Vegas, NV 89109

20 4340 S. Valley View Blvd., Suite 224, Las Vegas, NV 89103

21 4699 Industrial Road, #206, Las Vegas, NV 89103

22 2800 West Sahara, Suite 7C, Las Vegas, NV 89102

23 1800 Century Park East, Suite 600, Los Angeles, CA 90067

24 400 Continental Blvd., Suite 600, El Segundo, CA 90245

25 6320 Canoga Ave., Suite 1500, Woodland Hills, CA 91367

26 22130 Clarendon Street, Woodland Hills, CA 91367

27 333 City Blvd., 17th Floor, Orange, CA 92868

28 21241 Ventura Blvd., Suite 253, Woodland Hills, CA 91364

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1 P.O. Box 17130, Las Vegas, NV 89114

2 P.O. Box 18434, Las Vegas, NV 89114

3 P.O. Box 46230, Las Vegas, NV 89114

4 6433 Topanga Canyon Blvd., PMB #801, Canoga Park, CA 91303

5 6433 Topanga Canyon Blvd., PMB #402, Canoga Park, CA 91303

6 6433 Topanga Canyon Blvd., PMB #509, Canoga Park, CA 91303

7 1442 E. Lincoln Ave., PMB #361, Orange, CA 92865

8 700 North Colorado Blvd., PMB #338, Denver Colorado 80206

9 and any address used by any of the Individual Defendants, including those

10 addresses listed in the Personal Data Identifiers Reference List as ID#3,

11 FILED UNDER SEAL PURSUANT TO LOCAL RULE 79-5.4.

12 B. The Receiver is authorized to open all such mail addressed to any
13 Receivership Defendant.

14 C. Any funds enclosed in any mail shall be maintained and accounted for
15 by the Receiver until further order by the Court.

16 D. Any Individual Defendant who receives such mail addressed to any
17 Receivership Defendant shall promptly deliver it to the Receiver.

18 E. The Receiver shall forward all mail that he receives on behalf of any
19 Receivership Defendant that is addressed solely to any Individual Defendant
20 unopened to that Individual Defendant at his last known address.

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22 **XIV.**
Compensation of Permanent Receiver

23 IT IS FURTHER ORDERED that the Receiver and all personnel hired by the
24 Receiver as herein authorized, including counsel to the Receiver and accountants,
25 are entitled to reasonable compensation for the performance of duties pursuant to
26 this Order and for the cost of actual out-of-pocket expenses incurred by them, from
27 the assets now held by, in the possession or control of, or which may be received by,
28 the Receivership Defendants. The Receiver shall file with the Court and serve on

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

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6 **XV.**
Receiver's Bond

7 IT IS FURTHER ORDERED that the Receiver shall file with the Clerk of this
8 Court a bond in the sum of \$25,000 with sureties to be approved by the Court,
9 conditioned upon the Receiver well and truly performing the duties of the office,
10 and abiding by and performing all acts the Court directs.

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12 **XVI.**
Immediate Access to Defendants'
Business Premises, Books and Records

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14 IT IS FURTHER ORDERED that:

15 A. To the extent they have not already done so pursuant to the TRO issued
16 in this case, Defendants and their officers, agents, servants, employees, attorneys,
17 and all persons or entities directly or indirectly under their control or under common
18 control with them, and all other persons or entities in active concert or participation
19 with them who receive actual notice of this Order, whether by personal service or
20 otherwise, whether acting directly or through any corporation, subsidiary, division,
21 or other device, shall immediately identify to the Receiver and Commission's
22 counsel:

- 23 1. All of Defendants' business premises;
24 2. Any premises where Defendants conduct business or telephone
25 or Internet sales operations;
26 3. Any premises where documents related to Defendants'
27 businesses are stored or maintained;

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1 4. Any premises where the Defendants' desktop and laptop
2 computers and network servers are stored or maintained; and

3 5. all agents, employees, officers, servants or those persons in
4 active concert and participation with him or her, who have done work for any
5 Receivership Defendant.

6 B. Plaintiff and the Receiver, and their representatives, agents, and
7 assistants, shall have immediate access to the business premises of the Receivership
8 Defendants. Such locations include but are not limited to:

9 1. Premises at which Defendants' business operations are physically
10 located, including:

- 11 3800 Howard Hughes Parkway, Suite 500, Las Vegas, NV 89109
- 12 4340 S. Valley View Blvd., Suite 224, Las Vegas, NV 89103
- 13 4699 Industrial Road, #206, Las Vegas, NV 89103
- 14 2800 West Sahara, Suite 7C, Las Vegas, NV 89102

15 2. The Receivership Defendants' portion of shared space in the
16 following office suite:

- 17 21241 Ventura Blvd., Suite 253, Woodland Hills, CA 91364

18 3. Virtual offices services (including voice mail and mail collection
19 services) provided to any of the Receivership Defendants, including services
20 provided at the following addresses:

- 21 1800 Century Park East, Suite 600, Los Angeles, CA 90067
- 22 400 Continental Blvd., Suite 600, El Segundo, CA 90245
- 23 333 City Blvd., 17th Floor, Orange, CA 92868

24 4. Post office boxes and private mailboxes rented by the
25 Defendants, including:

- 26 P.O. Box 17130, Las Vegas, NV 89114
- 27 P.O. Box 18434, Las Vegas, NV 89114
- 28 P.O. Box 46230, Las Vegas, NV 89114

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1 6433 Topanga Canyon Blvd., PMB #801, Canoga Park, CA 91303

2 6433 Topanga Canyon Blvd., PMB #402, Canoga Park, CA 91303

3 6433 Topanga Canyon Blvd., PMB #509, Canoga Park, CA 91303

4 1442 E. Lincoln Ave., PMB #361, Orange, CA 92865

5 700 North Colorado Blvd., PMB #338, Denver Colorado 80206

6 Plaintiff and Receiver are authorized to employ the assistance of law
7 enforcement officers as they deem necessary, to effect service and to implement
8 peacefully the provisions of this Order. Plaintiff and the Receiver, and their
9 representatives, agents, and assistants, shall have the right to remove documents
10 from the Receivership Defendants' business premises in order that they may be
11 inspected, inventoried, and copied. The Receiver shall have the discretion to
12 determine the time, manner, and reasonable conditions of such access;

13 C. The Receiver, and his or her representatives, agents, and assistants,
14 shall have immediate access to any other business location where the Receivership
15 Defendants' documents (including but not limited to contracts, accounting data,
16 written or electronic correspondence, advertisements, computer tapes, disks, or other
17 computerized records, books, written or printed records, handwritten notes,
18 telephone logs, telephone scripts, membership program records and lists, refund
19 records, receipts, ledgers, personal and business canceled checks and check
20 registers, bank statements, appointment books, and copies of federal, state or local
21 business or personal income or property tax returns), property (including but not
22 limited to computers and network servers), and equipment are located. The
23 Receiver, and his or her representatives, agents, and assistants, shall have the right
24 to remove documents and equipment from these other locations connected with the
25 Defendants' businesses in order that they may be inspected, inventoried, and copied;

26 D. Plaintiff and the Receiver may also photograph and videotape the inside
27 and outside of all premises to which they are permitted access by this Order, and all
28 documents and other items found on such premises;

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1 E. If any documents, property, or equipment relating to the Defendants'
2 business practices are located at a location other than those listed herein and a
3 request to enter said location is denied, then, to the extent they have not already
4 done so pursuant to the TRO issued in this case, Defendants shall, within 24 hours
5 of service of this Order:

- 6 1. Produce to the Receiver all such property, business records,
7 documents, or computer files; and
- 8 2. Produce to the Receiver all computers and data in whatever form
9 used by such Defendant or any of such Defendant's agents, employees, officers,
10 servants or those persons in active concert with him or her, in activities relating to
11 Defendants' business practices.

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13 **XVII.**
14 **Defendants' Access to Receivership Defendants' Business Premises**

15 IT IS FURTHER ORDERED that the Receiver shall allow the Defendants
16 reasonable access to the premises of the Receivership Defendants. The sole purpose
17 of this access shall be to inspect and copy any and all books, records, accounts, and
18 other property owned by or in the possession of the Receivership Defendants. The
19 Receiver shall have the discretion to determine the time, manner, and reasonable
20 conditions of such access.

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22 **XVIII.**
23 **Stay of Actions**

24 IT IS FURTHER ORDERED that:

- 25 A. Except by leave of this Court, during pendency of the receivership
26 ordered herein, Defendants, and all customers, principals, investors, creditors,
27 stockholders, lessors, and other persons seeking to establish or enforce any claim,
28 right, or interest against or on behalf of the Defendants, and all others acting for or
on behalf of such persons, including attorneys, trustees, agents, sheriffs, constables,

1 marshals, and other officers and their deputies, and their respective attorneys,
2 servants, agents and employees, be and are hereby stayed from:

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

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

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

15 4. Causing any Receivership Defendant to be placed in involuntary
16 bankruptcy; or

17 5. Doing any act or thing whatsoever to interfere with the Receiver
18 managing, or taking custody, control, or possession of, the assets or documents
19 subject to this receivership, or to harass or interfere with the Receiver in any way, or
20 to interfere in any manner with the exclusive jurisdiction of this Court over the
21 assets or documents of the Receivership Defendants.

22 B. This Section does not stay:

23 1. The commencement or continuation of a criminal action or
24 proceeding;

25 2. The commencement or continuation of an action or proceeding
26 by a governmental unit to enforce such governmental unit's police or regulatory
27 power; or
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1 3. The enforcement of a judgment, other than a money judgment,
2 obtained in an action or proceeding by a governmental unit to enforce such
3 governmental unit's police or regulatory power.

4 **DEFENDANTS' REPORTING AND RELATED OBLIGATIONS**

5 **XIX.**
6 **Distribution of Order by Defendants**

7 IT IS FURTHER ORDERED that the Defendants shall immediately provide a
8 copy of this Order and the "Personal Data Identifiers Reference List" (filed on
9 February 14, 2006) to each affiliate, subsidiary, division, sales entity, successor,
10 assign, officer, director, employee, independent contractor, client company, agent,
11 attorney, spouse and representative of the Defendants, and shall, within ten (10)
12 days from the date of entry of this Order, provide the Commission with a sworn
13 statement that the Defendants have complied with this provision of the Order, which
14 statement shall include the names and addresses of each such person or entity who
15 received a copy of the Order and Personal Data Identifiers Reference List. The
16 Receiver has no obligation under this provision.

17 The persons to whom Defendants are required under this Section to provide a
18 copy of this Order specifically include but are not limited to Christine MacGregor,
19 Midwest Properties Inc., Merchant Risk Management, Inc., All Star Access, Inc.,
20 Prime Time Ventures, Inc., Pantel One Corporation; Mammoth Consulting Group,
21 LLC, Blitz Media, Inc., Randy O'Connell, Ronald Sandlin, William Sommerfield,
22 Connect2, Inc., Connect2Phil, Inc., Timothy Berfield, Boilfrog LLC, Prodasol, Inc.,
23 Prodata-Solutions, Inc., Manoj Tripathy, Anzali, Inc., Entex, and each telemarketing
24 call center that has been used by any of the Defendants to make telemarketing calls
25 (including but not limited to: Crystal Marketing, Credence E-Services Pvt. Ltd.,
26 Silgate Solutions, Vishnu Solutions Pvt Limited, PCL Call Center, E-Call
27 International Pvt. Ltd., The Manipal Group, Manipal Informatics, KVR Infosys Pvt.
28 Ltd., and I Connection Communication Pvt. Ltd.).

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XX.

Financial Statements and Accounting

IT IS FURTHER ORDERED that, to the extent they have not already done so pursuant to the TRO issued in this case, within five (5) business days following the service of this Order, each Defendant shall provide to counsel for the FTC:

A. A completed financial statement accurate as of the date of service of this Order upon Defendants and signed under penalty of perjury. Unless otherwise agreed upon with FTC counsel, each Individual Defendant shall include all financial information as requested in the "Financial Statement of Individual Defendant," attached to the "Financial Statement Forms for Section XX (Financial Statements and Accounting) of 'Temporary Restraining Order with Asset Freeze, Appointment of Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue and a Permanent Receiver Should Not Be Appointed,'" filed in this action, and each Corporate Defendant shall include all information as requested in the corresponding "Financial Statement of Corporate Defendant";

B. A completed statement, verified under oath:

1. specifying the name and address of each financial institution and brokerage firm at which the Defendant has accounts or safe deposit boxes. Said statements shall include assets held in foreign as well as domestic accounts.

2. listing all person who have received payments, transfers, or assignment of funds, assets, or property which total \$10,000 or more in any twelve-month period since January 1, 2004. This list shall specify: (a) the amount(s) transferred or assigned; (b) the name of each transferee or assignee; (c) the date of the assignment or transfer; and (d) the type and amount of consideration paid to the Defendant.

1 C. For all goods and services advertised, marketed, promoted, offered for
2 sale, distributed, or sold by the Defendant, a detailed accounting, verified under
3 oath, of:

4 1. all gross revenues obtained from the sale or distribution of each
5 such product (broken down by month and year) from January 1, 2004 through the
6 date of the issuance of this Order;

7 2. all net profits obtained from the sale or distribution of each such
8 product (broken down by month and year) from January 1, 2004 through the date of
9 the issuance of this Order;

10 3. the total amount of each such product sold or distributed (broken
11 down by month and year); and

12 4. the full names, addresses, and telephone numbers of all
13 purchasers or recipients of each such product, and the amount paid by each.

14 D. Access to records and documents pertaining to assets of any of the
15 Defendants that are held by financial institutions outside the territory of the United
16 States by signing a Consent to Release of Financial Records form, to be provided by
17 counsel for Plaintiff.

18
19 **XXI.**
Preservation of Records

20 IT IS FURTHER ORDERED that Defendants, and their officers, directors,
21 agents, employees, salespersons, independent contractors, attorneys, all other
22 persons or entities directly or indirectly under their control or under common control
23 with any of them, and all other persons or entities in active concert or participation
24 with any of them who receive actual notice of this Order by personal service or
25 otherwise, are hereby preliminarily restrained and enjoined from destroying, erasing,
26 mutilating, concealing, altering, transferring or otherwise disposing of, in any
27 manner, directly or indirectly, any documents that relate to the business practices or
28 business or personal finances of any Defendant, including, but not limited to, any

SCANNED

1 contracts, accounting data, correspondence, advertisements, computer tapes, discs or
2 other computerized records, books, written or printed records, handwritten notes,
3 telephone logs, telephone scripts, receipt books, ledgers, personal and business
4 canceled checks and check registers, bank statements, appointment books, copies of
5 federal, state, or local business or personal income or property tax returns.

6 The persons subject to this Section specifically include but are not limited to
7 each telemarketing call center that has been used by any of the Defendants
8 (including but not limited to: Crystal Marketing, Credence E-Services Pvt. Ltd.,
9 Silgate Solutions, Vishnu Solutions Pvt Limited, PCL Call Center, E-Call
10 International Pvt. Ltd., The Manipal Group, Manipal Informatics, KVR Infosys Pvt.
11 Ltd., and I Connection Communication Pvt. Ltd.). The records subject to this
12 Section specifically include but are not limited to scripts, telephone logs, recordings
13 of telemarketing calls, and organizational charts.

14
15 **XXII.
Record Keeping**

16 IT IS FURTHER ORDERED that each Defendant is restrained and enjoined
17 from failing to make and keep, and to provide to Plaintiff's counsel promptly upon
18 request, an accurate accounting that, in reasonable detail, accurately, fairly, and
19 completely reflects that Defendant's income, disbursements, transactions, and use of
20 money, beginning immediately upon service or actual notice of this Order.

21
22 **XXIII.
Notification re Defendants' Business Activities**

23 IT IS FURTHER ORDERED that Defendants are hereby restrained and
24 enjoined from creating, operating, or exercising any control over any business entity,
25 including any partnership, limited partnership, joint venture, sole proprietorship or
26 corporation, without first providing Plaintiff Commission with a written statement
27 disclosing: (1) the name of the business entity; (2) the address and telephone
28 number of the business entity; (3) the names of the business entity's officers,

1 directors, principals, managers and employees; and (4) a detailed description of the
2 business entity's intended activities.

3 IT IS FURTHER ORDERED that Defendants shall notify the Commission in
4 writing at least seven (7) days prior to any affiliation with any new or previously
5 inactive business or employment. Each notice shall include the Defendant's new
6 business address and a statement of the nature of the new business or employment
7 and of his duties and responsibilities in connection with that business or
8 employment.

9
10 **MISCELLANEOUS PROVISIONS**

11 **XXIV.**
12 **Expedited Discovery**

13 IT IS FURTHER ORDERED that the Commission is granted leave at any
14 time after service of this Order to:

15 A. Take the deposition of any person or entity for the purpose of
16 discovering the nature, status, extent, location or other relevant information relating
17 to the Defendants' assets, income, personal or business financial records or the
18 location of a Defendant and

19 B. Demand the production of documents from any person or entity relating
20 to the nature, status, extent, location or other relevant information relating to the
21 Defendants' assets, income, personal or business financial records or the location of
22 a Defendant.

23 Forty-eight (48) hours notice shall be deemed sufficient for any such
24 deposition and production of documents from the Defendants and any other person
25 or entity, including but not limited to financial institutions, accountants, stock
26 brokers and financial planners. Depositions taken pursuant to this Section shall not
27 be subject to the limitations and conditions set forth in Fed. R. Civ. P. 30(a)(2)(B)
28 regarding subsequent depositions of an individual. The depositions also shall not be

1 counted in calculating any limitation on the number of depositions that can be taken
2 without the leave of the Court as set forth in the Federal Rules of Civil Procedure or
3 the Local Rules. Additionally, the production of documents submitted pursuant to
4 this provision shall not in any way waive Plaintiff's rights to seek the production of
5 additional documents. Service of discovery taken pursuant to this Section shall be
6 sufficient if made by facsimile or by overnight delivery.

7
8 **XXV.**
Credit Reports

9 IT IS FURTHER ORDERED that Plaintiff may obtain credit reports
10 concerning Defendants pursuant to Section 604(a)(1) of the Fair Credit Reporting
11 Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request, any consumer
12 reporting agency from which such reports are requested shall provide them to
13 Plaintiff.

14
15 **XXVI.**
Correspondence

16 IT IS FURTHER ORDERED that, for the purposes of this Order, all
17 correspondence and service of pleadings on Plaintiff shall be addressed to:

18 Faye Chen Barnouw
19 Jennifer M. Brennan
20 Federal Trade Commission
10877 Wilshire Blvd., Suite 700
Los Angeles, CA 90024

21 Documents served by fax shall be sent to Faye Chen Barnouw/Jennifer M. Brennan
22 at (310) 824-4380.

23
24 **XXVII.**
Service of this Order

25 IT IS FURTHER ORDERED that copies of this Order and the "Personal Data
26 Identifiers Reference List" (filed February 14, 2006) may be served by any means,
27 including facsimile transmission, upon any financial institution or other entity or
28 person that may have possession, custody, or control of any documents or assets of

1 any Defendant, or that may otherwise be subject to any provision of this Order.
2 Service upon any branch or office of any financial institution shall effect service
3 upon the entire financial institution.

4
5 **XXVIII.**
Expiration of this Order

6 IT IS FURTHER ORDERED that this Order shall expire upon entry of a final
7 judgment in this case.

8 **XXIX.**
Retention of Jurisdiction

9 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this
10 matter for all purposes. No security is required of any agency of the United States
11 for the issuance of a restraining order. Fed. R. Civ. P. 65(c).
12

13
14 Dated: 3/21/02


15 UNITED STATES DISTRICT JUDGE

16
17 Presented by:

18 
19 Faye Chen Barnouw
20 Jennifer M. Brennan
Attorneys for Plaintiff
FEDERAL TRADE COMMISSION
21
22
23
24
25
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27
28

1 **CERTIFICATE OF SERVICE**

2 I, Faye Chen Barnouw, certify as follows:

3 I am over the age of 18 and am an attorney for the Federal Trade Commission.

4 My business address is 10877 Wilshire Boulevard, Suite 700, Los Angeles,
5 California 90024. On March 17, 2006, I caused the attached document entitled
6 “[Proposed] Preliminary Injunction with Asset Freeze, Appointment of Permanent
7 Receiver, and Other Equitable Relief” to be served to:

8 Jonathan Eisenberg
9 Manatt Phelps & Phillips
10 11355 W. Olympic Blvd.
11 Los Angeles, CA 90064
12 Jeisenberg@manatt.com

Via e-mail by consent of the recipient
Counsel for Defendants Brian MacGregor
and Membership Services Direct, Inc.

11 John Genga and Don C. Moody
12 Genga & Associates, P.C.
13 15260 Ventura Blvd., 20th Floor
14 Sherman Oaks, CA 91403
15 jgenga@gengalaw.com
16 donm@gengalaw.com

Via e-mail by consent of the recipient
Counsel for Defendants Pranot Sangprasit,
Joseph LaRosa, Paul Tosi, William Thomas
Heichert, Michael Howard Cushing, and
Manh Dac Cao

15 Jeffrey K. Riffer
16 Jeffer Mangels et al LLP
17 1900 Ave Of The Stars 7FL
18 Los Angeles, CA 90067-4301
19 jriffer@jmbm.com

Via e-mail by consent of the recipient
Counsel for Defendant Harijinder Sidhu

18 Kent Johnson and Brick Kane
19 Robb Evans & Associates LLC
20 11450 Sheldon St
21 Simi Valley 91352
22 kenton.johnson@robbevans.com
23 brick_kane@robbevans.com

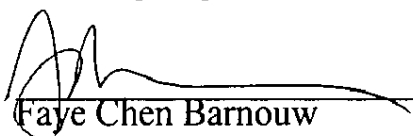
Via e-mail by consent of the recipient
Temporary Receiver

22 Gary O. Caris and Lesley A. Hawes
23 McKenna Long & Aldridge
24 444 South Flower Street, 8th Floor
25 Los Angeles, CA 90071-2901
26 gcaris@mckennalong.com
27 lhawes@mckennalong.com

Via e-mail by consent of the recipient
Counsel for Temporary Receiver

25 I declare under penalty of perjury that the foregoing is true and correct.

26 Dated: March 17, 2006

27 
28 Faye Chen Barnouw

SCANNED