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15
 16 **UNITED STATES DISTRICT COURT**
CENTRAL DISTRICT OF CALIFORNIA

17
 18 FEDERAL TRADE COMMISSION,

19 Plaintiff,

20 v.

21
 22 CREAM GROUP, INC., also d/b/a
 Terra Nova, TNT, Inc., and CRM, Inc.,
 23 a California Corporation;

24 SAMI CHARCHIAN, also d/b/a Oro
 Marketing, Inc., Modo, Modo Industry,
 25 Oro Max, Casa de Oro, Casa de Moda,
 Oro Mundo, and Nation/Modo,
 26 individually and as an owner or director
 of Cream Group, Inc.;

Case No. **CV 13-8843 JFW (PLA*)**

**[PROPOSED] TEMPORARY
 RESTRAINING ORDER**

LODGED
 CLERK, U.S. DISTRICT COURT
 DEC - 2 2013 JP
 CENTRAL DISTRICT OF CALIFORNIA
 BY DEPUTY

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 28 **[PROPOSED] TEMPORARY RESTRAINING ORDER - 1**

1 JOHN CHARCHIAN, a/k/a Djahangir
2 Charchian and Jahangir John Charchian,
3 also d/b/a Oro Marketing, Inc., Modo,
4 Modo Industry, Oro Max, Casa de Oro,
5 Casa de Moda, Oro Mundo, and
6 Nation/Modo, individually and as an
7 owner or director of Cream Group, Inc.;
8 and

9 NORMA RAE RAMOS, individually
10 and as officer and director of Cream
11 Group, Inc.,

12 Defendants.

13 Plaintiff Federal Trade Commission (“Commission” or “FTC”), pursuant to
14 Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15
15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse
16 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, has filed a
17 Complaint for Permanent Injunction and Other Equitable Relief, and has applied
18 for a temporary restraining order, asset freeze, and other equitable relief, and an
19 order to show cause why a preliminary injunction should not issue pursuant to
20 Rule 65 of the Federal Rules of Civil Procedure, for Defendants’ acts or practices
21 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC’s
22 Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310.

23 **FINDINGS OF FACT**

24 This Court, having considered the FTC’s Complaint, Application for *Ex*
25 *Parte* Temporary Restraining Order, Memorandum of Points and Authorities,
26 declarations, exhibits, and all other papers filed in support of the FTC’s
27 application, finds that:

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

1 2. There is good cause to believe that Defendants CREAM GROUP,
2 INC., also d/b/a Terra Nova, TNT, Inc., and CRM, Inc., a California corporation;
3 its principal, SAMI CHARCHIAN, also d/b/a Oro Marketing, Inc., Modo, Modo
4 Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and Nation/Modo;
5 its principal, JOHN CHARCHIAN, a/k/a Djahangir Charchian and Jahangir John
6 Charchian, also d/b/a Oro Marketing, Inc., Modo, Modo Industry, Oro Max, Casa
7 de Oro, Casa de Moda, Oro Mundo, and Nation/Modo; and its principal NORMA
8 RAE RAMOS have engaged in, and are likely to continue to engage in, acts and
9 practices that violate Section 5(a) of the FTC Act and the TSR, and that the
10 Commission is likely to prevail on the merits of this action.

11 3. There is good cause to believe that consumers will suffer immediate
12 and irreparable harm from Defendants' ongoing violations of Section 5(a) of the
13 FTC Act and the TSR unless Defendants are restrained and enjoined by this
14 Court's entry of a Temporary Restraining Order ("Order").

15 4. There is good cause to believe that immediate and irreparable
16 damage to the Court's ability to grant effective final relief for consumers,
17 including the refund of monies paid, restitution, or rescission of contracts, will
18 occur from the sale, transfer, or other disposition, or concealment by Defendants
19 of their assets or records unless they are immediately restrained and enjoined by
20 order of this Court and that, in accordance with Fed. R. Civ. P. 65(b), the interest
21 of justice requires that the FTC's Motion be heard *ex parte* without prior notice to
22 Defendants. Thus, there is good cause for an asset freeze, the appointment of a
23 temporary receiver, and for issuing this Order without prior notice to Defendants
24 of the Commission's application, pursuant to Federal Rule of Civil Procedure
25 65(b).

1 3. **“Assisting Others”** includes, but is not limited to: (1) performing
2 customer service functions, including, but not limited to, receiving or responding
3 to consumer complaints; (2) formulating or providing, or arranging for the
4 formulation or provision of, any telephone script, direct mail solicitation, or other
5 design, text, or use of images of any Internet website, email, or other electronic
6 communication; (3) formulating or providing, or arranging for the formulation or
7 provision of, any marketing support material or service, including, but not limited
8 to, web or internet protocol addresses or domain name registration of any Internet
9 websites, affiliate marketing services, or media placement services; (4)
10 formulating or providing, or arranging for the formulation or provision of, any
11 material sent to consumers, including, but not limited to, any form, pamphlet,
12 brochure, or software; (5) shipping, or arranging for the shipping of any material
13 to consumers; (6) providing or arranging for the provision of mail drops; (7)
14 providing names, or assisting in the generation of, potential customers; and (8)
15 performing marketing, billing, or payment services of any kind.

16 4. **“Corporate Defendant”** means Cream Group, Inc., also d/b/a Terra
17 Nova, TNT, Inc., and CRM, Inc., and its successors and assigns, as well as any
18 subsidiaries, affiliates, and any fictitious business entities or business names
19 created or used by this entity.

20 5. **“Defendants”** means the Individual Defendants and the Corporate
21 Defendant, individually, collectively, or in any combination, and each of them by
22 whatever names each might be known.

23 6. **“Document”** and **“Electronically Stored Information”** is
24 synonymous in meaning and equal in scope to the usage of the terms in Federal
25 Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts,
26 photographs, audio and video recordings, computer records, digital records, and
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1 other data compilations from which information can be obtained and translated, if
2 necessary, into reasonably usable form through detection devices. A draft or
3 nonidentical copy is a separate Document or Electronically Stored Information
4 within the meaning of the terms.

5 7. **“Electronic Data Host”** means any person or entity that stores,
6 hosts, or otherwise maintains Electronically Stored Information.

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

11 9. **“Individual Defendants”** means Sami Charchian, also d/b/a Oro
12 Marketing, Inc., Modo, Modo Industry, Oro Max, Casa de Oro, Casa de Moda,
13 Oro Mundo, and Nation/Modo; John Charchian, a/k/a Djahangir Charchian and
14 Jahangir John Charchian, and also d/b/a Oro Marketing, Inc., Modo, Modo
15 Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and Nation/Modo;
16 and Norma Rae Ramos, by whatever other names each may be known.

17 10. **“Person”** means a natural person, an organization or other legal
18 entity, including a corporation, partnership, sole proprietorship, limited liability
19 company, association, cooperative, or any other group or combination acting as
20 an entity.

21 11. **“Receivership Defendant”** means Cream Group, Inc., and its
22 successors, assigns, affiliates, or subsidiaries and any related d/b/a used by any of
23 the Individual Defendants, including, but not limited to, Oro Marketing, Inc.,
24 Modo, Modo Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and
25 Nation/Modo, and each of them by whatever names each might be known.

1 12. **“Temporary Receiver”** means the temporary receiver appointed in
2 this Order. The term “temporary receiver” also includes any deputy receivers as
3 may be named by the temporary receiver.

4 13. **“Telemarketing”** means any plan, program, or campaign that is
5 conducted to induce the purchase of goods or services by use of one or more
6 telephones, and which involves a telephone call, whether or not covered by the
7 TSR.

8 **I. PROHIBITED BUSINESS ACTIVITIES**

9 **IT IS THEREFORE ORDERED** that Defendants and their officers,
10 agents, servants, employees, and attorneys, and all other Persons in active concert
11 or participation with any of them, who receive actual notice of this Order, by
12 personal service or otherwise, whether acting directly or through any corporation,
13 subsidiary, division, or other device, in connection with the advertising,
14 marketing, promotion, offering for sale, or the sale of goods or services, are
15 hereby temporarily restrained and enjoined from:

16 A. Misrepresenting, or Assisting Others, in misrepresenting, directly or
17 indirectly, expressly or by implication, any material fact, including, but not
18 limited to, the following:

19 1. Consumers who purchase merchandise from Defendants will
20 receive well-known, brand-name merchandise at low or wholesale prices; and

21 2. Consumers who accept receipt of additional shipments from
22 Defendants will receive the well-known, brand-name merchandise consumers
23 ordered, along with a refund of the amount they paid to Defendants;

24 B. Violating, or Assisting Others in violating, any provision of the TSR,
25 including, but not limited to:

1 1. Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R.
2 § 310.3(a)(2)(iii), by misrepresenting, directly or by implication, any material
3 aspect of the performance, efficacy, nature, or central characteristics of the goods
4 or services that are the subject of Defendants' sales offer;

5 2. Section 310.3(a)(4) of the TSR, 16 C.F.R. § 310.(a)(4), by
6 making any false or misleading statement to induce consumers to pay for goods or
7 services;

8 3. Section 310.3(a)(2)(iv) of the TSR, 16 C.F.R. § 310.(a)(2)(iv),
9 by misrepresenting, directly or by implication, any material aspect of the nature or
10 terms of Defendants' refund, cancellation, exchange, or repurchase policies;

11 4. Section 310.3(a)(1)(iii) of the TSR, 16 C.F.R.
12 § 310.3(a)(1)(iii), by failing to disclose truthfully, in a clear and conspicuous
13 manner, before a consumer consents to pay for goods or services offered, that
14 Defendants have a policy of not making refunds or cancellations; and

15 5. Section 310.4(a)(1) of the TSR, 16 C.F.R. § 310.4(a)(1), by
16 using threats or intimidation to coerce consumers to pay Defendants, including,
17 but not limited to, threatening consumers with false legal actions, fines, damage to
18 consumers' credit history, garnishment of income and bank accounts, arrest, and
19 reports to immigration authorities.

20 **II. PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

21 **IT IS FURTHER ORDERED** that, except as required by a law
22 enforcement agency, law, regulation, or court order, Defendants and their officers,
23 agents, servants, employees, and attorneys, and all other Persons in active concert
24 or participation with any of them, who receive actual notice of this Order, by
25 personal service or otherwise, whether acting directly or through any corporation,
26 subsidiary, division, or other device, are hereby temporarily restrained and
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1 enjoined from disclosing, using, selling, transferring, or benefitting from
2 consumer information, including the name, address, telephone number, email
3 address, social security number, other identifying information, or any data that
4 enables access to a consumer's account (including a credit card, bank account, or
5 other financial account), of any Person which any Defendant obtained prior to
6 entry of this Order in connection with the advertising, marketing, promotion,
7 offering for sale, or the sale of merchandise to consumers.

8 **III. PRESERVATION OF RECORDS AND TANGIBLE THINGS**

9 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
10 servants, employees, and attorneys, and all other Persons in active concert or
11 participation with any of them, who receive actual notice of this Order, by
12 personal service or otherwise, whether acting directly or through any corporation,
13 subsidiary, division, or other device, are hereby temporarily restrained and
14 enjoined from:

15 A. Destroying, erasing, mutilating, concealing, altering, transferring, or
16 otherwise disposing of, in any manner, directly or indirectly, any Documents or
17 records that relate to the business practices, or business or personal finances, of
18 Defendants, or any entity directly or indirectly under the control of Defendants;
19 and

20 B. Failing to create and maintain documents that, in reasonable detail,
21 accurately, fairly, and completely reflect Defendants' incomes, disbursements,
22 transactions, and use of Defendants' Assets.

1 **IV. ASSET FREEZE**

2 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
3 servants, employees, and attorneys, and all other Persons directly or indirectly
4 under the control of any of them, including any Financial Institution, and all other
5 Persons in active concert or participation with any of them who receive actual
6 notice of this Order by personal service or otherwise, are hereby temporarily
7 restrained and enjoined from, directly or indirectly:

8 A. Selling, liquidating, assigning, transferring, converting, loaning,
9 hypothecating, disbursing, gifting, conveying, encumbering, pledging, concealing,
10 dissipating, spending, withdrawing, or otherwise disposing of any funds, real or
11 personal property, or other Assets or any interest therein, wherever located,
12 including any Assets outside the territorial United States, that are: (1) in the actual
13 or constructive possession of any Asset Freeze Defendant; (2) owned or
14 controlled by, or held, in whole or in part for the benefit of, or subject to access
15 by, or belonging to, any Asset Freeze Defendant; or (3) in the actual or
16 constructive possession of, or owned or controlled by, or subject to access by, or
17 belonging to, any corporation, partnership, trust, or other entity directly or
18 indirectly owned, managed, or under the control of any Asset Freeze Defendant;

19 B. Opening, or causing to be opened, any safe deposit boxes titled in the
20 name of, or subject to access by, any Asset Freeze Defendant;

21 C. Incurring charges or cash advances on any credit card, stored value
22 card, debit card, or charge card issued in the name, singly or jointly, of any Asset
23 Freeze Defendant or any corporation, partnership, or other entity directly or
24 indirectly owned, managed, or controlled by any Asset Freeze Defendant;

1 D. Obtaining a personal or secured loan for or on behalf of any Asset
2 Freeze Defendant, or any corporation, partnership, or other entity directly or
3 indirectly owned, managed, or controlled by any Asset Freeze Defendant;

4 E. Incurring liens or other encumbrances on real property, personal
5 property, or other Assets titled in the name, singly or jointly, of any Asset Freeze
6 Defendant, or any corporation, partnership, or other entity directly or indirectly
7 owned, managed, or controlled by any Asset Freeze Defendant; and

8 F. Cashing any checks from consumers, clients, or customers of any of
9 the Defendants.

10 Notwithstanding the Asset freeze provisions of this Section, and subject to
11 prior written agreement with the Commission, Individual Defendants Sami
12 Charchian and John Charchian may, upon compliance with Section VI (Financial
13 Disclosures), pay from their individual personal funds reasonable, usual, ordinary,
14 and necessary living expenses.

15 The funds, property, and Assets affected by this Section shall include both
16 existing Assets and Assets acquired after the effective date of this Order.

17 **V. RETENTION OF ASSETS AND DOCUMENTS BY THIRD**
18 **PARTIES**

19 **IT IS FURTHER ORDERED** that, pending determination of the FTC's
20 request for a preliminary injunction, any Financial Institution, business entity,
21 Electronic Data Host, or Person who has received actual notice of this Order, by
22 personal service or otherwise, that holds, controls, or maintains custody of any
23 account, Document, Electronically Stored Information, or Asset of, on behalf of,
24 in the name of, for the benefit of, subject to withdrawal by, subject to access or
25 use by, or under the signatory power of, any Asset Freeze Defendant or other
26 party subject to Section IV above, or has held, controlled, or maintained any such

1 account, Document, Electronically Stored Information, or Asset at any time since
2 January 1, 2009 shall:

3 A. Hold and retain within its control and prohibit the withdrawal,
4 removal, assignment, transfer, pledge, hypothecation, encumbrance,
5 disbursement, dissipation, conversion, sale, liquidation, or other disposal of any of
6 the Assets, funds, Documents or other property held by, or under its control:

7 1. On behalf of, or for the benefit of, any Asset Freeze Defendant
8 or any other party subject to Section IV above;

9 2. In any account maintained in the name of, or for the benefit of,
10 or subject to withdrawal by, any Asset Freeze Defendant or other party subject to
11 Section IV above; and

12 3. That are subject to access or use by, or under the signatory
13 power of, any Asset Freeze Defendant or other party subject to Section IV above;

14 B. Deny Asset Freeze Defendants access to any safe deposit boxes or
15 storage facilities that are either:

16 1. Titled in the name, individually or jointly, of any Asset Freeze
17 Defendant, or other party subject to Section IV above; or

18 2. Subject to access by any Asset Freeze Defendant or other
19 party subject to Section IV above;

20 C. Within five (5) days of the date of service of this Order, provide the
21 FTC a sworn statement setting forth:

22 1. The identification number of each account or Asset titled in
23 the name, individually or jointly, of any Asset Freeze Defendant, or held on or
24 behalf of, or for the benefit of, any Asset Freeze Defendant or other party subject
25 to Section IV above, including all trust accounts managed on behalf of any Asset
26 Freeze Defendant or subject to any Asset Freeze Defendant's control;

1 A. For each Individual Defendant, a completed financial statement
2 accurate as of the date of service of this Order upon such Defendant on the form
3 of Attachment A to this Order captioned "Financial Statement of Individual
4 Defendant;"

5 B. For the Corporate Defendant, a completed financial statement
6 accurate as of the date of service of this Order upon such Defendant in the form of
7 Attachment B to this Order captioned "Financial Statement of Corporate
8 Defendant;" and

9 C. For all Defendants, a list of all officers and directors of each
10 Corporate Defendant and all other individuals or entities with authority to direct
11 the operations of each Corporate Defendant or withdraw money from the account
12 of each Corporate Defendant.

13 **VII. REPATRIATION OF FOREIGN ASSETS AND DOCUMENTS**

14 **IT IS FURTHER ORDERED** that within five (5) business days following
15 the service of this Order, each of the Defendants shall:

16 A. Provide counsel for the FTC and the Temporary Receiver with a full
17 accounting of all Assets, accounts, funds, and Documents outside of the territory
18 of the United States that are held either: (1) by any Asset Freeze Defendant; (2)
19 for the benefit of any Asset Freeze Defendant; (3) in trust by or for any Asset
20 Freeze Defendant, individually or jointly; or (4) under the direct or indirect
21 control, individually or jointly of any Asset Freeze Defendant;

22 B. Transfer to the territory of the United States and deliver to the
23 Temporary Receiver all Assets, accounts, funds, and Documents in foreign
24 countries held either: (1) by any Asset Freeze Defendant; (2) for the benefit of
25 any Asset Freeze Defendant; (3) in trust by or for any Asset Freeze Defendant,
26 individually or jointly;

1 C. Provide the FTC access to all records of accounts or Assets of any
2 Asset Freeze Defendant held by Financial Institutions located outside the
3 territorial United States by signing the Consent to Release of Financial Records
4 appended to this Order as Attachment C; and

5 D. All repatriated Assets, accounts, funds, and Documents are subject to
6 Section IV of this Order.

7 **VIII. NONINTERFERENCE WITH REPATRIATION**

8 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
9 servants, employees, and attorneys, and all other Persons in active concert or
10 participation with any of them, who receive actual notice of this Order, by
11 personal service or otherwise, whether acting directly or through any corporation,
12 subsidiary, division, or other device, are hereby temporarily restrained and
13 enjoined from taking any action, directly or indirectly, that may result in the
14 encumbrance or dissipation of foreign Assets, or in the hindrance of the
15 repatriation required by Section VII of this Order, including, but not limited to:

16 A. Sending any statement, letter, facsimile transmission, email, or wire
17 transmission, or telephoning or engaging in any other act, directly or indirectly,
18 that results in a determination by a foreign trustee or other entity that a “duress”
19 event has occurred under the terms of a foreign trust agreement until such time
20 that all Assets have been fully repatriated pursuant to Section VII of this Order;
21 and

22 B. Notifying any trustee, protector, or other agent of any foreign trust or
23 other related entities of either the existence of this Order, or of the fact that
24 repatriation is required pursuant to a court order, until such time that all Assets
25 have been fully repatriated pursuant to Section VII of this Order.

1 **IX. CONSUMER CREDIT REPORTS**

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

6 **X. APPOINTMENT OF A TEMPORARY RECEIVER**

7 **IT IS FURTHER ORDERED** that Brick Kane is appointed
8 Temporary Receiver for the Receivership Defendant with the full power of an
9 equity receiver. The Temporary Receiver shall be an agent of this Court, and
10 solely the agent of this Court, in acting as Temporary Receiver under this Order.
11 The Temporary Receiver shall be accountable directly to this Court. The
12 Temporary Receiver shall comply with all laws and Local Rules of this Court
13 governing receivers, including, but not limited to, Local Rules 66-1 through 66-
14 5.1 and Local Rule 66-8.

15 **XI. DUTIES AND AUTHORITY OF TEMPORARY RECEIVER**

16 **IT IS FURTHER ORDERED** that the Temporary Receiver is authorized
17 and directed to accomplish the following:

18 A. Assume full control of the Receivership Defendant by removing, as
19 the Temporary Receiver deems necessary or advisable, any director, officer,
20 independent contractor, employee, or agent of any of the Receivership Defendant,
21 including any Defendant, from control of, management of, or participation in, the
22 affairs of the Receivership Defendant;

23 B. Take exclusive custody, control, and possession of all Assets,
24 Documents, and Electronically Stored Information of, or in the possession,
25 custody, or under the control of, the Receivership Defendant, wherever situated.
26 The Temporary Receiver shall have full power to divert mail and to sue for,
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1 collect, receive, take in possession, hold, and manage all Assets and Documents
2 of the Receivership Defendant and other Persons whose interests are now held by
3 or under the direction, possession, custody, or control of, the Receivership
4 Defendant. The Temporary Receiver shall assume control over the income and
5 profits therefrom and all sums of money now or hereafter due or owing to the
6 Receivership Defendant. *Provided, however,* that the Temporary Receiver shall
7 not attempt to collect or receive any amount from a consumer if the Temporary
8 Receiver believes the consumer was a victim of the unfair or deceptive acts or
9 practices or other violations of law alleged in the Complaint in this matter;

10 C. Take all steps necessary to secure the business premises of the
11 Receivership Defendant. Such steps may include, but are not limited to, any of
12 the following, as the Temporary Receiver deems necessary or advisable:
13 (1) serving and filing this Order; (2) completing a written inventory of all
14 Receivership assets; (3) obtaining pertinent information from all employees and
15 other agents of the Receivership Defendant, including, but not limited to, the
16 name, home address, social security number, job description, method of
17 compensation, and all accrued and unpaid commissions and compensation of each
18 such employee or agent, and all computer hardware and software passwords; (4)
19 photographing and/or videotaping any or all portions of the location; (5) securing
20 the location by changing the locks and disconnecting any computer modems or
21 other means of access to the computer or other records maintained at that
22 location; (6) requiring any Persons present on the premises at the time this Order
23 is served to leave the premises, to provide the Temporary Receiver with proof of
24 identification, and to demonstrate to the satisfaction of the Temporary Receiver
25 that such Persons are not removing from the premises Documents or Assets of the
26 Receivership Defendant; and (7) requiring all employees, independent

1 contractors, and consultants of the Receivership Defendant to complete a
2 questionnaire submitted by the Temporary Receiver. Law enforcement personnel,
3 including, but not limited to, police or sheriffs, may assist the Temporary
4 Receiver in implementing these provisions in order to keep the peace and
5 maintain security. If requested by the Temporary Receiver, the United States
6 Marshals Service will provide appropriate and necessary assistance to the
7 Temporary Receiver to implement this Order and is authorized to use any
8 necessary and reasonable force to do so;

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

14 E. Enter into contracts and purchase insurance as the Temporary
15 Receiver deems to be advisable or necessary;

16 F. Liquidate any and all securities or commodities owned by or for the
17 benefit of the Receivership Defendant as the Temporary Receiver deems to be
18 advisable or necessary;

19 G. Prevent the inequitable distribution of Assets and determine, adjust,
20 and protect the interests of consumers and creditors who have transacted business
21 with the Receivership Defendant;

22 H. Manage and administer the business of the Receivership Defendant
23 until further order of this Court by performing all incidental acts that the
24 Temporary Receiver deems to be advisable or necessary, which includes, but is
25 not limited to, retaining, hiring, or dismissing any employees, independent
26 contractors, or agents;

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

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

12 K. Determine and implement measures to ensure that the Receivership
13 Defendant comply with, and prevent violations of, this Order and all other
14 applicable laws;

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

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

3 N. Continue and conduct the business of the Receivership Defendant in
4 such manner, to such extent, and for such duration as the Temporary Receiver
5 may in good faith deem to be necessary or appropriate to operate the business
6 profitably and lawfully, if at all; *provided, however*, that the continuation and
7 conduct of the business shall be conditioned upon the Temporary Receiver's good
8 faith determination that the business can be lawfully operated at a profit using the
9 Assets of the receivership estate;

10 O. Take depositions and issue subpoenas to obtain Documents and
11 records pertaining to the receivership estate and compliance with this Order.
12 Subpoenas may be served by agents or attorneys of the Temporary Receiver and
13 by agents of any process server retained by the Temporary Receiver;

14 P. Open one or more bank accounts in the Central or Southern District
15 of California as designated depositories for funds of the Receivership Defendant.
16 The Temporary Receiver shall deposit all funds of the Receivership Defendant in
17 such a designated account and shall make all payments and disbursements from
18 the receivership estate from such account(s);

19 Q. Maintain accurate records of all receipts and expenditures incurred as
20 Temporary Receiver;

21 R. Cooperate with reasonable requests for information or assistance
22 from any state or federal law enforcement agency; and

23 S. Maintain the chain of custody of all of Defendants' records in his
24 possession, pursuant to procedures to be established in writing with the approval
25 of the FTC.

XII. TRANSFER OF RECEIVERSHIP PROPERTY TO TEMPORARY RECEIVER

IT IS FURTHER ORDERED that:

A. Immediately upon service of this Order upon them or upon their obtaining actual knowledge of this Order, by personal service or otherwise, or within a period permitted by the Temporary Receiver, Defendants and any other Person with possession, custody, or control of Assets or Documents relating to the Receivership Defendant, including, but not limited to, Financial Institutions and Electronic Data Hosts, shall transfer or deliver access to, or possession, custody, and control of, the following to the Temporary Receiver:

1. All Assets of the Receivership Defendant;
2. All Documents and Electronically Stored Information of the Receivership Defendant, including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, records of ACH transfers, and check registers), client or customer lists, title documents, and other papers;
3. All Assets belonging to other Persons whose interests are now under the direction, possession, custody, or control of the Receivership Defendant;
4. All computers and data in whatever form used to conduct the business of the Receivership Defendant;
5. All keys, computer and other passwords, usernames, entry codes, and combinations to locks necessary to gain or secure access to any Assets or Documents of the Receivership Defendant, wherever located, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property;

1 B. Information identifying the accounts, employees, properties, or other
2 Assets or obligations of the Receivership Defendant; and

3 C. In the event any Person or entity fails to deliver or transfer
4 immediately any Asset or otherwise fails to comply with any provision of this
5 Section, the Temporary Receiver may file *ex parte* with the Court an Affidavit of
6 Non-Compliance regarding the failure. Upon filing of the affidavit, the Court
7 may authorize, without additional process or demand, Writs of Possession or
8 Sequestration or other equitable writs requested by the Temporary Receiver. The
9 writs shall authorize and direct the United States Marshals Service or any sheriff
10 or deputy sheriff of any county to seize the Asset, Document, or other thing and to
11 deliver it to the Temporary Receiver.

12 **XIII. COOPERATION WITH THE TEMPORARY RECEIVER**

13 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
14 directors, servants, employees, salespersons, independent contractors, attorneys,
15 and corporations, and all other Persons in active concert or participation with any
16 of them, who receive actual notice of this Order, by personal service or otherwise,
17 whether acting directly or through any corporation, subsidiary, division, or other
18 device, are hereby temporarily restrained and enjoined from directly or indirectly:

19 A. Failing to fully cooperate with and assist the Temporary Receiver.
20 Defendants' cooperation and assistance shall include, but not be limited to: (1)
21 providing any information to the Temporary Receiver that the Temporary
22 Receiver deems necessary to exercising the authority and discharging the
23 responsibilities of the Temporary Receiver under this Order, including, but not
24 limited to, allowing the Temporary Receiver to inspect Documents and Assets
25 and to partition office space; (2) providing any username or password and
26 executing any Documents required to access any computer or electronic files in
27

1 any medium, including, but not limited to, Electronically Stored Information
2 stored, hosted, or otherwise maintained by an Electronic Data Host; and (3)
3 advising all Persons who owe money to the Receivership Defendant that all debts
4 should be paid directly to the Temporary Receiver;

5 B. Transacting any of the business of the Receivership Defendant;

6 C. Destroying, secreting, erasing, mutilating, defacing, concealing,
7 altering, transferring, or otherwise disposing of, in any manner, directly or
8 indirectly, any Documents, Electronically Stored Information, or equipment of the
9 Receivership Defendant, including, but not limited to, books, records, accounts,
10 writings, drawings, graphs, charts, photographs, audio and video recordings,
11 computer records, and other data compilations, electronically-stored records, or
12 any other records of any kind or nature;

13 D. Transferring, receiving, altering, selling, encumbering, pledging,
14 assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or
15 in the possession or custody of, or in which an interest is held or claimed by, the
16 Receivership Defendant or the Temporary Receiver;

17 E. Excusing debts owed to the Receivership Defendant;

18 F. Failing to notify the Temporary Receiver of any Asset, including
19 accounts, of a Receivership Defendant held in any name other than the name of
20 the Receivership Defendant, or by any Person other than the Receivership
21 Defendant, or failing to provide any assistance or information requested by the
22 Temporary Receiver in connection with obtaining possession, custody, or control
23 of such Assets;

24 G. Doing any act or refraining from any act whatsoever to interfere with
25 the Temporary Receiver's taking custody, control, possession, or managing of the
26 Assets or Documents subject to this Receivership; or to harass or to interfere with
27

1 the Temporary Receiver in any way; or to interfere in any manner with the
2 exclusive jurisdiction of this Court over the Assets or Documents of the
3 Receivership Defendant; or to refuse to cooperate with the Temporary Receiver or
4 the Temporary Receiver's duly authorized agents in the exercise of their duties or
5 authority under any Order of this Court; and

6 H. Filing, or causing to be filed, any petition on behalf of the
7 Receivership Defendant for relief under the United States Bankruptcy Code, 11
8 U.S.C. § 101 *et seq.*, without prior permission from this Court.

9 **XIV. STAYS OF ACTIONS AGAINST RECEIVERSHIP DEFENDANT**

10 **IT IS FURTHER ORDERED** that:

11 A. Except by leave of this Court, during pendency of the Receivership
12 ordered herein, Defendants and all other Persons be and hereby are stayed from
13 taking any action to establish or enforce any claim, right, or interest for, against,
14 on behalf of, in, or in the name of, the Receivership Defendant, any of their
15 subsidiaries, affiliates, partnerships, Assets, Documents, or the Temporary
16 Receiver or the Temporary Receiver's duly authorized agents acting in their
17 capacities as such, including, but not limited to, the following actions:

18 1. Petitioning, or assisting in the filing of a petition, that would
19 cause any Receivership Defendant to be placed in bankruptcy;

20 2. Commencing, prosecuting, continuing, entering, or enforcing
21 any suit or proceeding, *except* that such actions may be commenced if necessary
22 to toll any applicable statute of limitations;

23 3. Accelerating the due date of any obligation or claimed
24 obligation; filing or enforcing any lien; taking or attempting to take possession,
25 custody, or control of any Asset; attempting to foreclose, forfeit, alter, or
26

1 terminate any interest in any Asset, whether such acts are part of a judicial
2 proceeding, are acts of self-help, or otherwise;

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

7 5. Doing any act or thing whatsoever to interfere with the
8 Temporary Receiver taking custody, control, possession, or management of the
9 Assets or Documents subject to this Receivership, or to harass or interfere with
10 the Temporary Receiver in any way, or to interfere in any manner with the
11 exclusive jurisdiction of this Court over the Assets or Documents of the
12 Receivership Defendant;

13 B. This Section does not stay (1) the commencement or continuation of
14 a criminal action or proceeding; (2) the commencement or continuation of an
15 action or proceeding by a governmental unit to enforce such governmental unit's
16 police or regulatory power; (3) the enforcement of a judgment, other than a
17 money judgment, obtained in an action or proceeding by a governmental unit to
18 enforce such governmental unit's police or regulatory power; or (4) the issuance
19 to a Receivership Defendant of a notice of tax deficiency; and

20 C. Except as otherwise provided in this Order, all Persons in need of
21 documentation from the Temporary Receiver shall in all instances first attempt to
22 secure such information by submitting a formal written request to the Temporary
23 Receiver, and, if such request has not been responded to within thirty (30) days of
24 receipt by the Temporary Receiver, any such Person may thereafter seek an Order
25 of this Court with regard to the relief requested.

1 **XV. COMPENSATION FOR TEMPORARY RECEIVER**

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

13 **XVI. RECEIVER'S REPORTS**

14 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to
15 this Court on or before the date set for the hearing to Show Cause regarding the
16 Preliminary Injunction, regarding: (1) the steps taken by the Temporary Receiver
17 to implement the terms of this Order; (2) the value of all liquidated and
18 unliquidated Assets of the Receivership Defendant; (3) the sum of all liabilities of
19 the Receivership Defendant; (4) the steps the Temporary Receiver intends to take
20 in the future to: (a) prevent any diminution in the value of Assets of the
21 Receivership Defendant, (b) pursue receivership Assets from third parties, and (c)
22 adjust the liabilities of the Receivership Defendant, if appropriate; (5) the
23 Temporary Receiver's assessment of whether the business can be operated in
24 compliance with this Order; and (6) any other matters that the Temporary
25 Receiver believes should be brought to the Court's attention. *Provided, however,*
26 *if any of the required information would hinder the Temporary Receiver's ability*

1 to pursue Receivership Assets, the portions of the Temporary Receiver's report
2 containing such information may be filed under seal and not served on the parties.

3 **XVII. TEMPORARY RECEIVER'S BOND**

4 **IT IS FURTHER ORDERED** that no bond shall be required in
5 connection with the appointment of the Temporary Receiver. Except for an act of
6 gross negligence, the Temporary Receiver and the professionals shall not be liable
7 for any loss or damage incurred by any of the Defendants, their officers, agents,
8 servants, employees, and attorneys or any other Person, by reason of any act
9 performed or omitted to be performed by the Temporary Receiver and the
10 professionals in connection with the discharge of his or her duties and
11 responsibilities, including, but not limited to, their withdrawal from the case
12 under Section XVIII.

13 **XVIII. IMMEDIATE ACCESS TO BUSINESS PREMISES AND
14 DOCUMENTS**

15 **IT IS FURTHER ORDERED** that Defendants and their officers,
16 directors, agents, servants, employees, attorneys, and all other Persons in active
17 concert or participation with any of them who receive actual notice of this Order
18 by personal service or otherwise, whether acting directly or through any
19 corporation, subsidiary, division, or other device, shall allow the FTC's
20 representatives, agents, and assistants, as well as Receivership Defendant's
21 representatives, and the Individual Defendants themselves, reasonable access to:
22 (1) all of the Defendants' business premises, including, but not limited to: 14037
23 Vanowen St., Van Nuys, CA 91405, and such other business locations that are
24 wholly or partially owned, rented, leased, or under the temporary or permanent
25 control of any Defendant; (2) any other premises where the Defendants conduct
26 business, sales operations, or customer service operations; (3) any premises where
27 Documents related to the Defendants' businesses are stored or maintained; (4) any

1 premises where Assets belonging to any Defendant are stored or maintained; and
2 (5) any Documents located at any of the locations described in this Section;

3 The purpose of this access shall be to inspect and copy any and all books,
4 records, Documents, accounts, and other property owned by, or in the possession
5 of, the Receivership Defendant or its agents. The Receiver shall have the
6 discretion to determine the time, manner, and reasonable conditions of such
7 access. The FTC may remove materials from the Receivership Defendant's
8 business premises to inspect, inventory, and copy such materials. The FTC shall
9 return materials so removed within five (5) business days of completing said
10 inventory and copying. The FTC's access to the Defendants' Documents
11 pursuant to this Section shall not provide grounds for any Defendant to object to
12 any subsequent request for Documents served by the FTC.

13 **XIX. LIMITED EXPEDITED DISCOVERY**

14 **IT IS FURTHER ORDERED** that the parties are granted leave to conduct
15 certain expedited discovery, and that, commencing with the time and date of this
16 Order, in lieu of the time periods, notice provisions, and other requirements of
17 Rules 26, 30, 34, and 45 of the Federal Rules of Civil Procedure, and applicable
18 Local Rules, the FTC is granted leave to:

19 A. Take the deposition, on three (3) days' notice, of any Person,
20 whether or not a party, for the purpose of discovering: (1) the nature, location,
21 status, and extent of Assets of Defendants or their affiliates or subsidiaries; (2) the
22 nature and location of Documents and business records of Defendants or their
23 affiliates or subsidiaries; and (3) compliance with this Order. The limitations and
24 conditions set forth in Fed. R. Civ. P. 30(a)(2)(B) and 31(a)(2)(B) regarding
25 subsequent depositions shall not apply to depositions taken pursuant to this
26 Section. In addition, any such depositions taken pursuant to this Section shall not

1 be counted toward the ten-deposition limit set forth in Fed. R. Civ. P.
2 30(a)(2)(A)(I) and 31(a)(2)(A)(I) and shall not preclude the FTC from
3 subsequently deposing the same Person in accordance with the Federal Rules of
4 Civil Procedure. Service of discovery upon a party, taken pursuant to this
5 Section, shall be sufficient if made by facsimile, email, or by overnight delivery.
6 Any deposition taken pursuant to this Subsection that has not been reviewed and
7 signed by the deponent may be used by any party for purposes of the preliminary
8 injunction hearing;]

9 B. Serve upon parties requests for production of documents or
10 inspection that require production or inspection within three (3) calendar days of
11 service, and may serve subpoenas upon non-parties that direct production or
12 inspection within five (5) calendar days of service, for the purpose of discovering:
13 (1) the nature, location, status, and extent of Assets of Defendants or their
14 affiliates or subsidiaries; (2) the nature and location of Documents and business
15 records of Defendants or their affiliates or subsidiaries; and (3) compliance with
16 this Order, *provided that* twenty-four (24) hours' notice shall be deemed
17 sufficient for the production of any such Documents that are maintained or stored
18 only as electronic data;

19 C. Serve deposition notices and other discovery requests upon the
20 parties to this action by facsimile, email, or overnight delivery, and take
21 depositions by telephone or other remote electronic means;]and

22 D. If a Defendant fails to appear for a properly-noticed deposition or
23 fails to comply with a request for production or inspection, seek to prohibit that
24 Defendant from introducing evidence at any subsequent hearing.

1 **XXII. LIVE TESTIMONY; WITNESS IDENTIFICATION**

2 **IT IS FURTHER ORDERED** that the question of whether this Court
3 should enter a preliminary injunction pursuant to Rule 65 of the Federal Rules of
4 Civil Procedure enjoining the Defendants during the pendency of this action shall
5 be resolved on the pleadings, declarations, exhibits, and memoranda filed by, and
6 oral argument of, the parties. Live testimony shall be heard only on further order
7 of this Court on motion filed with the Court and served on counsel for the other
8 parties at least five (5) business days prior to the preliminary injunction hearing in
9 this matter. Such motion shall set forth the name, address, and telephone number
10 of each proposed witness, a detailed summary or affidavit disclosing the
11 substance of each proposed witness' expected testimony, and an explanation of
12 why the taking of live testimony would be helpful to this Court. Any papers
13 opposing a timely motion to present live testimony or to present live testimony in
14 response to live testimony to be presented by another party shall be filed with this
15 Court and served on the other parties at least three (3) business days prior to the
16 preliminary injunction hearing in this matter. *Provided that* service shall be
17 performed by personal or overnight delivery, facsimile, or email and documents
18 shall be delivered so that they shall be received by the other parties no later than
19 4 p.m. (Pacific Time) on the appropriate dates listed in this Section. *Provided*
20 *further*, however, that an evidentiary hearing on the Commission's request for a
21 preliminary injunction is not necessary unless Defendants demonstrate that they
22 have, and intend to introduce, evidence that raises a genuine material factual
23 issue.

24 **XXIII. CORRESPONDENCE WITH PLAINTIFF**

25 **IT IS FURTHER ORDERED** that, for the purpose of this Order, because
26 mail addressed to the FTC is subject to delay due to heightened security
27

1 screening, all correspondence and service of pleadings on the FTC shall be sent
2 either via electronic submission or via Federal Express to:

3 Laura M. Solis
4 Kathryn C. Decker
5 Julie Mayer
6 Federal Trade Commission
7 915 Second Ave., Suite 2896
8 Seattle, WA 98174
9 Fax: 206-220-6366
10 Email: lsolis@ftc.gov
11 kdecker@ftc.gov

12 with a copy to:

13 Raymond E. McKown
14 Federal Trade Commission
15 10877 Wilshire Blvd., Suite 700
16 Los Angeles, CA 90024
17 Fax: (310) 824-4380
18 Email: rmckown@ftc.gov

19 **XXIV. DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

20 **IT IS FURTHER ORDERED** that Defendants shall immediately provide
21 a copy of this Order to each of their affiliates, subsidiaries, divisions, sales
22 entities, successors, assigns, officers, directors, employees, independent
23 contractors, client companies, Electronic Data Hosts, agents, attorneys, spouses,
24 and representatives, and shall, within three (3) calendar days from the date of
25 entry of this Order, provide counsel for the FTC with a sworn statement that: (1)
26 confirms that Defendants have provided copies of the Order as required by this
27

1 Section; and (2) lists the names and addresses of each Person to whom
2 Defendants provided a copy of the Order.

3 **XXV. DURATION OF TEMPORARY RESTRAINING ORDER**

4 **IT IS FURTHER ORDERED** that the Temporary Restraining Order
5 granted herein shall expire on the 17th day of December, 2013, at 2:00
6 p.m. (Pacific Time), unless within such time the Order, for good cause shown, is
7 extended, or unless, as to any Defendant, the Defendant consents that it should be
8 extended for a longer period of time.

9 **XXVI. ORDER TO SHOW CAUSE WHY PRELIMINARY INJUNCTION
SHOULD NOT ISSUE**

10 **IT IS FURTHER ORDERED** that, pursuant to Federal Rule of Civil
11 Procedure 65(b), each of the Defendants shall appear before this Court on the 17th
12 day of December, 2013, at 1:30 p.m. (Pacific Time), to show cause, if there is any,
13 why this Court should not enter a preliminary injunction, pending a formal ruling
14 on the Complaint, enjoining the violations of law alleged in the FTC's Complaint,
15 continuing the freeze of their Assets, and imposing such additional relief as may
16 be appropriate.

17 **XXVII. RETENTION OF JURISDICTION**

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

20
21
22 SO ORDERED, this 3rd day of December, 2013, at 2:00 p.m.

23
24 
25 _____
26 United States District Judge
27
28

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 device 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: _____

Item 5. Information About Dependents (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: This year to date	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year) /	To (Month/Year) /		\$
	/	/		\$
	/	/		\$
	/	/		\$
Company Name and Address	Dates Employed		Income Received: This year to date	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year) /	To (Month/Year) /		\$
	/	/		\$
	/	/		\$
	/	/		\$
Company Name and Address	Dates Employed		Income Received: This year to date	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year) /	To (Month/Year) /		\$
	/	/		\$
	/	/		\$
	/	/		\$

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 \$	
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: _____

Item 18. Real Property 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
		Current Balance \$	Monthly Rent Received \$
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
		Current Balance \$	Monthly Rent Received \$
LIABILITIES			
Item 19. Credit Cards 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
			\$
			\$
			\$
			\$
			\$
Item 20. Taxes Payable 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 24	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)	\$	Other Liabilities (Itemize)	
Deferred Income Arrangements (Item 14)	\$		\$
Vehicles (Item 16)	\$		\$
Other Personal Property (Item 17)	\$		\$
Real Property (Item 18)	\$		\$
Other Assets (Itemize)			\$
	\$		\$
	\$		\$
	\$		\$
Total Assets	\$	Total Liabilities	\$

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: _____

Item 27. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents (cont.)			
Distributions from Trusts and Estates	\$	Medical Expenses, Including Insurance	\$
Source:			
Distributions from Deferred Income Arrangements	\$	Other Insurance Premiums	\$
Source:			
Social Security Payments	\$	Other Transportation Expenses	\$
Alimony/Child Support Received	\$	Other Expenses (Itemize)	
Gambling Income	\$		\$
Other Income (Itemize)			\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
Total Income	\$	Total Expenses	\$

ATTACHMENTS

Item 28. Documents Attached to this Financial Statement	
List all documents that are being submitted with this financial statement.	
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

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

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

Penalty for False Information:

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

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

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

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

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

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

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

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

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

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

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

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone No. _____

Item 4. Principal Stockholders

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

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

Item 5. Board Members

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

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

Item 6. Officers

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

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

Item 7. Businesses Related to the Corporation

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

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

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

Item 8. Businesses Related to Individuals

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

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

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

Item 9. Related Individuals

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

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

Item 10. Outside Accountants

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

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

Item 11. Corporation's Recordkeeping

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

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

Item 12. Attorneys

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

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

Item 13. Pending Lawsuits Filed by the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 14. Current Lawsuits Filed Against the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 15. Bankruptcy Information

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

Commencement Date _____ Termination Date _____ Docket No. _____

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

Disposition _____

Item 16. Safe Deposit Boxes

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

Owner's Name Name & Address of Depository Institution Box No.

FINANCIAL INFORMATION

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

Item 17. Tax Returns

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

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

Item 18. Financial Statements

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

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

Item 19. Financial Summary

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 18 above, provide the following summary financial information.

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

Item 20. Cash, Bank, and Money Market Accounts

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

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

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

Item 21. Government Obligations and Publicly Traded Securities

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

Issuer _____ Type of Security/Obligation _____

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

Issuer _____ Type of Security/Obligation _____

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

Item 22. Real Estate

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

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

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

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

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

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

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

Item 23. Other Assets

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

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

Item 24. Trusts and Escrows

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

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

Item 25. Monetary Judgments and Settlements Owed To the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Item 26. Monetary Judgments and Settlements Owed By the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Item 27. Government Orders and Settlements

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

Name of Agency _____ Contact Person _____
 Address _____ Telephone No. _____
 Agreement Date _____ Nature of Agreement _____

Item 28. Credit Cards

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

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

Item 29. Compensation of Employees

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

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

Item 30. Compensation of Board Members and Officers

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

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

Item 31. Transfers of Assets Including Cash and Property

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

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

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13 Attorneys for Plaintiff
 14 Federal Trade Commission

15 **UNITED STATES DISTRICT COURT**
 16 **CENTRAL DISTRICT OF CALIFORNIA**

17 FEDERAL TRADE COMMISSION,
 18

Case No. _____

19 Plaintiff,

**CONSENT TO RELEASE OF
 FINANCIAL INFORMATION**

20 v.

21 CREAM GROUP, INC., also d/b/a
 22 Terra Nova, TNT, Inc., and CRM, Inc.,
 a California Corporation;
 23

24 SAMI CHARCIAN, also d/b/a Oro
 Marketing, Inc., Modo, Modo Industry,
 25 Oro Max, Casa de Oro, Casa de Moda,
 Oro Mundo, and Nation/Modo,
 26 individually and as an owner or director
 of Cream Group, Inc.;

27
 28 **CONSENT TO RELEASE OF FINANCIAL INFORMATION - 1**

1 JOHN CHARCHIAN, a/k/a Djahangir
2 Charchian and Jahangir John Charchian,
3 also d/b/a Oro Marketing, Inc., Modo,
4 Modo Industry, Oro Max, Casa de Oro,
5 Casa de Moda, Oro Mundo, and
6 Nation/Modo, individually and as an
7 owner or director of Cream Group, Inc.;

8 and
9 NORMA RAE RAMOS, individually
10 and as officer and director of Cream
11 Group, Inc.,

12 Defendants.

13 I, _____, of _____ (city or province
14 and country), do hereby direct any person, bank, savings and loan association,
15 credit union, depository institution, finance company, commercial lending
16 company, payment processor, payment processing entity, common carrier,
17 customs broker, commercial mail receiving agency, mail holding and/or
18 forwarding company, brokerage house, escrow agent, money market or mutual
19 fund, title company, commodity trading company, or trustee, that holds, controls
20 or maintains custody of assets, wherever located, that are owned or controlled by
21 me, or any of the above Defendants, in whole or in part, or at which I, or any of
22 the above Defendants, have an account of any kind upon which I am authorized to
23 draw, and its officers, employees, and agents, to disclose all information and
24 deliver copies of all documents of every nature in its possession or control which
25 relate to the said accounts to any attorney for Plaintiff, and to give evidence
26 relevant thereto, in the above-captioned matter, *FTC v. Cream Group, Inc., et al.*,
27 now pending in the United States District Court for the Central District of
28 California, 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

CONSENT TO RELEASE OF FINANCIAL INFORMATION - 2

1 which restrict or prohibit the disclosure of bank or other financial information
2 without the consent of the holder of the account, and shall be construed as consent
3 with respect thereto, and the same shall apply to any of the accounts for which I
4 may be the relevant principal.

5
6 Dated: _____, 2013.

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8 _____
9 [Signature]

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11 _____
12 [Print Name]

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28 CONSENT TO RELEASE OF FINANCIAL INFORMATION - 3