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**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

Federal Trade Commission,
Plaintiff,
v.
Handicapped & Disabled
Workshops, Inc., *et al.*,
Defendants.

Case No. CV-08-0908-PHX-DGC
**ORDER REGARDING WINDING
DOWN THE CORPORATE
DEFENDANTS AND DISSOLVING
THE RECEIVERSHIP**

This matter comes before the Court on motion of the Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), for entry of an order instructing the Receiver to wind down Handicapped & Disabled Workshops, Inc., Handi-Hope Industries, Inc., and Handi-Ship, LLC (collectively, “Corporate Defendants”). The Corporate Defendants have not operated since execution of a temporary restraining order in this matter in May 2008. The Corporate Defendants have not appeared in this action to defend against or to answer the complaint, and on October 14, 2008, this Court entered a default judgment against the Corporate Defendants. **IT IS THEREFORE ORDERED** that Plaintiff’s Motion to wind down the Corporate Defendants and to discharge the Receivership is granted as follows:

**I.
COMPLETION OF RECEIVERSHIP**

IT IS ORDERED that Matthew Callister, the Receiver appointed by this Court’s Preliminary Injunction entered on May 27, 2008, is hereby appointed Receiver for the

1 Corporate Defendants for the purpose of taking the necessary steps to wind down the
2 businesses of the Corporate Defendants, liquidate their assets, and pay any net assets to
3 the FTC to satisfy the monetary judgment entered by the default judgment. The Receiver
4 shall be the agent of this Court and shall be accountable directly to this Court. In carrying
5 out these duties, the Receiver is authorized and directed to:

6 A. Take any and all steps that the Receiver concludes are appropriate to wind
7 down the Corporate Defendants;

8 B. Take any and all steps necessary or advisable to locate and liquidate all
9 other assets of the Corporate Defendants, cancel the Corporate Defendants' contracts,
10 collect on amounts owed to the Corporate Defendants, and take such other steps as may
11 be necessary to terminate and dissolve the Corporate Defendants efficiently;

12 C. Provide the FTC, upon request, with any business records of the Corporate
13 Defendants that (i) identify customers from whom the Corporate Defendants collected
14 payments, including the most recent known address, telephone number, and the amount
15 of any fees paid by such customers; or (ii) identify customers who received refunds from
16 the Corporate Defendants and the amount of the refund;

17 D. Continue to exercise full control of the Corporate Defendants and continue
18 to collect, marshal, and take custody, control and possession of all the funds, property,
19 premises, accounts, documents, mail and other assets of, or in the possession or under the
20 control of, the Corporate Defendants, wherever situated, the income and profits
21 therefrom, and all sums of money now or hereafter due or owing to the Corporate
22 Defendants, with full power to collect, receive and take possession of all goods, chattels,
23 rights, credits, monies, effects, lands, leases, books and records, limited partnership
24 records, work papers, and records of accounts, including computer-maintained
25 information, contracts, financial records, monies on hand in banks and other financial
26 institutions, and other papers and documents of other individuals, partnerships or
27 corporations whose interests are now held by or under the direction, possession, custody
28 or control of the Corporate Defendants (collectively the "Receivership Estate");

1 E. Dispose of, or arrange for the disposal of, the records of the Corporate
2 Defendants no later than six months after the Court's approval of the Receiver's final
3 report, except that:

4 1. To the extent that such records are reasonably available, the Receiver
5 shall arrange for records sufficient to ascertain the funds that an individual
6 consumer paid to the Corporate Defendants to be retained for a minimum of
7 one year from the entry of this Order, and

8 2. If state or local law regulating the Corporate Defendants' business
9 requires the retention of particular records for a specified period, the
10 Receiver shall arrange for such records to be disposed of after the specified
11 period has expired.

12 To safeguard the privacy of consumers, records containing personal financial
13 information shall be shredded, incinerated, or otherwise disposed of in a secure manner.
14 For records that must be retained, the Receiver may elect to retain records in their original
15 form, or to retain photographic or electronic copies;

16 F. Continue to perform all acts necessary or advisable to complete an
17 accounting of the assets, and prevent unauthorized transfer, withdrawal, or misapplication
18 of assets;

19 G. Make payments and disbursements from the Receivership Estate that are
20 necessary or advisable for carrying out the directions of, or exercising the authority
21 granted by, this Order. The Receiver shall apply to the Court for prior approval of any
22 payment of any debt or obligation incurred by the Corporate Defendants prior to the date
23 of entry of the temporary restraining order in this action, except payments that the
24 Receiver deems necessary or advisable to secure and liquidate assets of the Corporate
25 Defendants, such as rental payments or payment of liens;

26 H. Enter into contracts and purchase insurance as advisable or necessary;

27 I. Perform all incidental acts that the Receiver deems to be advisable or
28 necessary, which include retaining, hiring, or dismissing any employees, independent

1 contractors, and agents as the Receiver deems advisable or necessary in the performance
2 of duties and responsibilities under the statutory authority granted by this Order;

3 J. Continue to institute, compromise, adjust, appear in, intervene in, or
4 become party to such actions or proceedings in state, federal or foreign courts or
5 arbitration proceedings as the Receiver deems necessary and advisable to carry out the
6 Receiver's mandate under this Order, including but not limited to, actions challenging
7 fraudulent or voidable transfers;

8 K. Continue to defend, compromise, adjust, or otherwise dispose of any or all
9 actions or proceedings instituted in the past or in the future against the Receiver in his
10 role as Receiver, or against the Corporate Defendants, as the Receiver deems necessary
11 and advisable to carry out the Receiver's mandate under this Order;

12 L. Issue subpoenas to obtain documents and records pertaining to the
13 Receivership, and conduct discovery in this action on behalf of the Receivership estate;

14 M. Continue to maintain one or more bank accounts as designated depositories
15 for funds of the Corporate Defendants, and make all payments and disbursements from
16 the Receivership estate from such an account. The Receiver shall serve copies of
17 monthly account statements on all parties;

18 N. Continue to maintain accurate records of all receipts and expenditures that
19 he makes as Receiver; and

20 O. Continue to cooperate with reasonable requests for information or
21 assistance from any state or federal law enforcement agency.

22 II.

23 **COMPENSATION OF RECEIVER**

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

1 Receiver must not increase the hourly rates used as the bases for such fee applications
2 without prior approval of the Court.

3 **III.**

4 **RECEIVER'S FINAL REPORT AND DISBURSEMENT**
5 **OF ASSETS OF THE CORPORATE DEFENDANTS**

6 **IT IS FURTHER ORDERED** that:

7 A. The Receiver shall liquidate the assets of the Corporate Defendants. No
8 later than sixty (60) days from the date of the entry of this Order, the Receiver shall file
9 and serve on the parties a report (the "Final Report") to the Court that details the steps
10 taken to dissolve the Receivership estate. The Final Report must include an accounting of
11 the Receivership estate's finances and total assets and a description of what other actions,
12 if any, must be taken to wind-up the Receivership. Promptly thereafter, but no later than
13 thirty (30) days after submission of the Final Report, the Receiver shall file an application
14 for payment of compensation and expenses associated with his performance of duties as
15 Receiver under this Order and under the Temporary Restraining Order and the
16 Unopposed Preliminary Injunction entered in this proceeding. The Receiver shall mail
17 copies of the Final Report to all known creditors of the Corporate Defendants with a
18 notice stating that any objections to paying any assets of the Corporate Defendants to
19 satisfy the Receiver's costs and expenses and the monetary judgment set forth in this
20 Order must be submitted to the Court and served by mail upon the Receiver and the
21 parties within thirty days of the mailing of the Final Report. If subsequent actions (such
22 as the completion of tax returns or further actions to recover funds for the Receivership)
23 are appropriate, the Receiver shall file an additional report or reports (the "Supplemental
24 Reports") describing the subsequent actions and a subsequent application for the payment
25 of fees and expenses related to the subsequent acts.

26 B. The Court will review the Final Report and any objections to the report and,
27 absent a valid objection, will issue an order directing the Receiver to:

- 28 1. Pay the reasonable costs and expenses of administering the

1 Receivership, including compensation of the Receiver and the Receivers'
2 personnel authorized by Part II of this Order or other orders of this Court,
3 and the actual out-of-pocket costs incurred by the Receiver in carrying-out
4 his duties;

5 2. Pay all remaining funds to the FTC or its designated agent as partial
6 satisfaction of the default judgment.

7 C. With Court approval, the Receiver may hold back funds for a specified
8 period as a reserve to cover additional fees and costs related to actions to be addressed in
9 a Supplemental Report. If the Receiver does not make a supplemental application for
10 fees and expenses within the specified period, or if funds remain in the reserve fund after
11 the payments of fees and expenses approved by the Court in response to such a
12 supplemental application, all funds remaining in the reserve fund shall be immediately
13 paid to the FTC or its designated agent.

14 **IV.**

15 **TERMINATION OF THE RECEIVERSHIP**

16 **IT IS FURTHER ORDERED** that upon completion by the Receiver of the tasks
17 set forth in this Order, the Receivership over the Corporate Defendants in this matter be
18 dissolved and the Receiver discharged.

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20 DATED this 9th day of December, 2008.

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David G. Campbell
United States District Judge