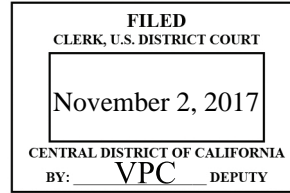


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13 **UNITED STATES DISTRICT COURT**
 14 **CENTRAL DISTRICT OF CALIFORNIA**

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 vs.

18 ALLIANCE DOCUMENT
 19 PREPARATION LLC, also dba EZ Doc
 20 Preps, Grads Aid, and First Document
 21 Aid, *et al.*,

22 Defendants, and

23 DIRECT CONSULTING SERVICE
 24 LLC; and CAPITAL DOC PREP, INC.,
 25

26 Relief Defendants.
 27

Civ. No. CV 17-07048 SJO (KS)

**AMENDED PRELIMINARY
 INJUNCTION AND OTHER
 EQUITABLE RELIEF**

1 Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), has
2 filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant
3 to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C.
4 § 53(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act
5 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and has moved, pursuant to Fed.
6 R. Civ. P. 65(b), for a preliminary injunction, asset freeze, other equitable relief.

7 **FINDINGS OF FACT**

8 The Court, having considered the FTC’s Complaint, *ex parte* application for
9 temporary restraining order, declarations, exhibits, and the memorandum filed in
10 support of the FTC’s application, and the FTC’s Motion for Preliminary
11 Injunction, and the evidence presented, now finds that:

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

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

19 3. There is good cause to believe that immediate and continuing harm to
20 consumers will result from Defendants’ ongoing violations of the FTC Act and the
21 TSR unless Defendants are restrained and enjoined by order of this Court.

22 4. There is good cause to believe that Relief Defendants have received
23 funds that can be traced directly to Defendants’ unlawful acts or practices and that
24 Relief Defendants have no legitimate claim to those funds.

25 5. There is good cause to believe that irreparable damage to the Court’s
26 ability to grant effective final relief for consumers in the form of monetary
27 restitution, rescission, disgorgement, or refunds will occur from the sale, transfer,
28 destruction, or other disposition or concealment by Defendants or Relief

1 Defendants of their assets or records, unless Defendants and Relief Defendants are
2 preliminarily enjoined by order of this Court.

3 6. Good cause exists for appointing a Receiver over the Receivership
4 Defendants and maintaining a freeze of Defendants' and Relief Defendants' assets.

5 7. Weighing the equities and considering FTC's likelihood of ultimate
6 success on the merits, a preliminary injunction with an asset freeze, the
7 appointment of a Receiver, and other equitable relief is in the public interest.

8 8. No security is required of any agency of the United States for issuance
9 of a preliminary injunction. Fed. R. Civ. P. 65(c).

10 **DEFINITIONS**

11 For the purpose of this Order, the following definitions shall apply:

12 A. "**Asset**" means any legal or equitable interest in, right to, or claim to,
13 any real or personal property, including, without limitation, chattels, goods,
14 instruments, equipment, fixtures, general intangibles, leaseholds, mail or other
15 deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares
16 of stock, and all cash, wherever located and by whomever held.

17 B. "**Debt Relief Service**" means any program or service represented,
18 directly or by implication, to renegotiate, settle, or in any way alter the terms of
19 payment or other terms of the debt between a person and one or more unsecured
20 creditors or debt collectors, including, but not limited to, a reduction in the balance,
21 interest rate, or fees owed by a person to an unsecured creditor or debt collector.

22 C. "**Defendants**" means Corporate Defendants and Individual
23 Defendant, individually, collectively, or in any combination.

24 D. "**Corporate Defendants**" means Alliance Document Preparation,
25 LLC, also dba EZ Doc Preps. Grads Aid, and First Document Aid; SBS Capital
26 Group, Inc., also dba Grads United Discharge; First Student Aid, LLC; Elite
27 Consulting Service, LLC, fka First Grad Aid, LLC, also dba First Grad Aid; Elite
28 Doc Prep, LLC, also dba Premier Student Aid.

1 E. **“Individual Defendant”** means Benjamin Naderi, aka Benjamin
2 Pournaderi and Benjamin Brooks and any other names by which he might be
3 known.

4 F. **“Document”** is synonymous in meaning and equal in scope to the
5 usage of the terms **“document”** and **“electronically stored information”** in Fed.
6 R. Civ. P. 34(a), and includes but is not limited to writings, drawings, graphs,
7 charts, photographs, sound and video recordings, images, Internet sites, web pages,
8 websites, electronic correspondence, including e-mail and instant messages,
9 contracts, accounting data, advertisements, FTP Logs, Server Access Logs, books,
10 written or printed records, handwritten notes, telephone logs, telephone scripts,
11 receipt books, ledgers, personal and business canceled checks and check registers,
12 bank statements, appointment books, computer records, customer or sales
13 databases and any other electronically stored information, including Documents
14 located on remote servers or cloud computing systems, and other data or data
15 compilations from which information can be obtained directly or, if necessary,
16 after translation into a reasonably usable form. A draft or non-identical copy is a
17 separate document within the meaning of the term.

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

22 H. **“Person”** means any individual, group, unincorporated association,
23 limited or general partnership, corporation or other business entity.

24 I. **“Receivership Defendants”** means all Corporate Defendants and
25 Relief Defendants, individually, collectively, or in any combination.

26 J. **“Relief Defendants”** means Direct Consulting Service, LLC, and
27 Capital Doc Prep, Inc., and each of its subsidiaries, affiliates, successors, and
28 assigns.

1 K. “**Seller**” means any person who, in connection with a telemarketing
2 transaction, provides, offers to provide, or arranges for others to provide goods or
3 services to a customer in exchange for consideration.

4 L. “**Telemarketer**” means any person who, in connection with
5 telemarketing, initiates or receives telephone calls to or from a customer or donor.
6 16 C.F.R. § 310.2(ff).

7 M. “**Telemarketing**” means a plan, program, or campaign (whether or
8 not covered by the TSR, 16 C.F.R. Part 310) that is conducted to induce the
9 purchase of goods or services or a charitable contribution by use of one or more
10 telephones.

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

14 **ORDER**

15 **I. REPRESENTATIONS PROHIBITED BY SECTION 5 OF THE FTC**
16 **ACT**

17 **IT IS FURTHER ORDERED** that Defendants, their officers, agents,
18 employees, and attorneys, and all other persons in active concert or participation
19 with any of them, who receive actual notice of this Order, by personal service or
20 otherwise, whether acting directly or indirectly, in connection with the advertising,
21 marketing, promoting, or offering for sale, sale, or provision of any Debt Relief
22 Service, are hereby preliminarily restrained and enjoined from:

23 A. Misrepresenting or assisting others in misrepresenting, expressly or by
24 implication, that:

- 25 1. Defendants are part of, affiliated with, or work directly with the
26 government, government loan programs, the Department of Education
27 (“ED”), or consumers’ loan servicers;
28

1 2. Consumers who purchase Defendants’ Debt Relief Services
2 generally will have their monthly payments reduced or their loan
3 balances forgiven in whole or in part;

4 3. Consumers are qualified for, or are approved to receive loan
5 forgiveness or other programs that will permanently lower or
6 eliminate their loan payments or balances; and

7 4. Any other fact material to consumers concerning any debt relief
8 service, such as: the total costs; any material restrictions, limitations,
9 or conditions; or any material aspect of its performance, efficacy,
10 nature, or central characteristics; and

11 B. Making or assisting others in making, any representation, expressly or
12 by implication, about the benefits, performance, or efficacy of any Debt Relief
13 Service, unless the representation is non-misleading and, at the time such
14 representation is made, Defendants possess and rely upon competent and reliable
15 evidence that is sufficient in quality and quantity based on standards generally
16 accepted in the relevant fields, when considered in light of the entire body of
17 relevant and reliable evidence, to substantiate that the representation is true.

18 **II. REPRESENTATIONS PROHIBITED BY THE TSR**

19 **IT IS FURTHER ORDERED** that the Defendants, their officers, agents,
20 employees, and attorneys, and all other persons in active concert or participation
21 with any of them who receive actual notice of this Order, whether acting directly or
22 indirectly, in connection with providing, offering to provide, or arranging for
23 others to provide any Debt Relief Service, are hereby preliminarily restrained and
24 enjoined from:

25 A. Providing, offering to provide, or arranging for others to provide any
26 Debt Relief Service and requesting or receiving payment of any fees or
27 consideration for any Debt Relief Service until and unless:
28

1 1. The Seller or Telemarketer has renegotiated, settled, reduced, or
2 otherwise altered the terms of at least one debt pursuant to a
3 settlement agreement, debt management plan, or other such valid
4 contractual agreement executed by the customer;

5 2. The customer has made at least one payment pursuant to that
6 settlement agreement, debt management plan, or other valid
7 contractual agreement between the customer and the creditor or debt
8 collector; and

9 3. To the extent that debts enrolled in a service are renegotiated,
10 settled, reduced, or otherwise altered individually, the fee or
11 consideration either:

12 a. Bears the same proportional relationship to the total fee
13 for renegotiating, settling, reducing, or altering the terms of the
14 entire debt balance as the individual debt amount bears to the
15 entire debt amount. The individual debt amount and the entire
16 debt amount are those owed at the time the debt was enrolled in
17 the service; or

18 b. Is a percentage of the amount saved as a result of the
19 renegotiation, settlement, reduction, or alteration. The
20 percentage charged cannot change from one individual debt to
21 another. The amount saved is the difference between the
22 amount owed at the time the debt was enrolled in the service
23 and the amount actually paid to satisfy the debt requesting or
24 receiving payment of any fees or consideration for any debt
25 relief service;

26 B. Misrepresenting directly or indirectly, expressly or by implication,
27 that Defendants are affiliated with, or endorsed or sponsored by, the government,
28 government loan programs, the ED, or consumers' loan servicers;

1 C. Misrepresenting, directly or indirectly, expressly or by implication,
2 any material aspect of their Debt Relief Services, including, but not limited to, that:

- 3 1. Consumers who purchase Defendants' Debt Relief Services
4 generally will have their monthly payments reduced or their loan
5 balances forgiven in whole or in part; and
6 2. Consumers are qualified for, or are approved to receive loan
7 forgiveness or other programs that will permanently lower or
8 eliminate their loan payments or balances.

9 **III. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION**

10 **IT IS FURTHER ORDERED** that Defendants, their officers, agents,
11 employees, attorneys, and all other persons in active concert or participation with
12 any of them, who receive actual notice of this Order, whether acting directly or
13 indirectly, are hereby preliminarily restrained and enjoined from:

14 A. Selling, renting, leasing, transferring, or otherwise disclosing, the
15 name, address, birth date, telephone number, email address, credit card number,
16 bank account number, Social Security number, or other financial or identifying
17 information of any person that any Defendant obtained in connection with any
18 activity that pertains to the subject matter of this Order; and

19 B. Benefitting from or using the name, address, birth date, telephone
20 number, email address, credit card number, bank account number, Social Security
21 number, or other financial or identifying information of any person that any
22 Defendant obtained in connection with any activity that pertains to the subject
23 matter of this Order.

24 *Provided, however,* that Defendants may disclose such identifying
25 information to a law enforcement agency, as required by any law, regulation, or
26 court order, or in any filings, pleadings or discovery in this action in the manner
27 required by the Federal Rules of Civil Procedure and by any protective order in the
28 case.

1 **IV. ASSET FREEZE**

2 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants, and
3 their officers, agents, employees, and attorneys, and all other persons in active
4 concert or participation with any of them, who receive actual notice of this Order,
5 whether acting directly or indirectly, are hereby preliminarily restrained and
6 enjoined from:

7 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
8 selling, concealing, dissipating, disbursing, assigning, relinquishing, spending,
9 withdrawing, granting a lien or security interest or other interest in, or otherwise
10 disposing of any Assets of the Defendants and Relief Defendants, wherever
11 located, including outside the United States, that are:

- 12 1. Owned or controlled, directly or indirectly, by any Defendant or
13 Relief Defendant;
- 14 2. held, in part or in whole, for the benefit of any Defendant or Relief
15 Defendant;
- 16 3. In the actual or constructive possession of any Defendant or Relief
17 Defendant; or
- 18 4. Owned or controlled by, in the actual or constructive possession of,
19 or otherwise held for the benefit of, any corporation, partnership, asset
20 protection trust, or other entity that is directly or indirectly owned,
21 managed or controlled by any Defendant or Relief Defendant.

22 B. Opening or causing to be opened any safe deposit boxes, commercial
23 mail boxes, or storage facilities titled in the name of any Defendant or Relief
24 Defendant or subject to access by any Defendant or Relief Defendant, except as
25 necessary to comply with written requests from the Receiver acting pursuant to its
26 authority under this Order;

27 C. Incurring charges or cash advances on any credit or bank card issued
28 in the name, individually or jointly, of any Defendant or Relief Defendant, or any

1 corporation, partnership, or other entity directly or indirectly owned, managed, or
2 controlled by any Defendant or Relief Defendant, or of which any Defendant or
3 Relief Defendant is an officer, director, member, or manager; or

4 D. Cashing any checks or depositing any money orders or cash received
5 from consumers, clients, or customers of any Defendant or Relief Defendant.

6 The Assets affected by this Section shall include: (1) all Assets of
7 Defendants and Relief Defendants as of the time this Order is entered; (2) Assets
8 obtained by Defendants and Relief Defendants after this Order is entered if those
9 Assets are derived from any activity that is the subject of the Complaint in this
10 matter or that is prohibited by this Order. This Section does not prohibit any
11 transfers to the Receiver or repatriation of foreign Assets specifically required by
12 this Order.

13 **V. RETENTION OF ASSETS AND DOCUMENTS BY THIRD PARTIES**

14 **IT IS FURTHER ORDERED** that, pending final resolution of this case,
15 any financial or brokerage institution, Electronic Data Host, credit card processor,
16 payment processor, merchant bank, acquiring bank, independent sales
17 organization, third party processor, payment gateway, insurance company,
18 business entity, or person who receives actual notice of this Order (by service or
19 otherwise) and that (a) holds, controls, or maintains custody, through an account or
20 otherwise, of any Document or Asset that is: owned or controlled, directly or
21 indirectly, by any Defendant or Relief Defendant; held, in part or in whole, for the
22 benefit of any Defendant or Relief Defendant; in the actual or constructive
23 possession of any Defendant or Relief Defendant; or owned or controlled by, in the
24 actual or constructive possession of, or otherwise held for the benefit of, any
25 corporation, partnership, asset protection trust, or other entity that is directly or
26 indirectly owned, managed, or controlled by any Defendant or Relief Defendant;
27 (b) holds, controls, or maintains custody of any Document or Asset associated with
28 credits, debits or charges made on behalf of any Defendant or Relief Defendants,

1 including reserve funds held by payment processors, credit card processors,
2 merchant banks, acquiring banks, independent sales organizations, third party
3 processors, payment gateways, insurance companies, or other entities; or (c) has
4 held, controlled, or maintained custody of any such Document, Asset, or account at
5 any time since the date of entry of this Order shall:

6 A. Hold, preserve, and retain within its control and prohibit the
7 withdrawal, removal, alteration, assignment, transfer, pledge, encumbrance,
8 disbursement, dissipation, relinquishment, conversion, sale, or other disposal of
9 any such Document or Asset, as well as all Documents or other property related to
10 such Assets, except by further order of this Court;

11 B. Deny any Person, except the Receiver with respect to the
12 Receivership Defendants, access to any safe deposit box, commercial mail box, or
13 storage facility that is titled in the name of any Defendant or Relief Defendant,
14 either individually or jointly, or otherwise subject to access by any Defendant or
15 Relief Defendant;

16 C. Provide FTC counsel with respect to Defendants and the Relief
17 Defendants, and the Receiver with respect to the Receivership Defendants, within
18 three (3) business days of receiving a copy of this Order, a sworn statement setting
19 forth:

- 20 1. The identification number of each such account or Asset;
- 21 2. The balance of each such account, or a description of the nature
22 and value of each such Asset as of the close of business on the
23 day on which this Order is served, and, if the account or other
24 Asset has been closed or removed, the date closed or removed,
25 the total funds removed in order to close the account, and the
26 name of the person or entity to whom such account or other
27 Asset was remitted and all user names, passwords or other
28

1 information necessary to have full and complete access to all
2 accounts; and

- 3 3. The identification of any safe deposit box, commercial mail
4 box, or storage facility that is either titled in the name,
5 individually or jointly, of any Defendant and Relief Defendant,
6 or is otherwise subject to access by any Defendant or Relief
7 Defendant; and

8 D. Upon the request of FTC counsel or the Receiver, promptly provide
9 FTC counsel and the Receiver with copies of all records or other Documents
10 pertaining to such account or Asset, including originals or copies of account
11 applications, account statements, signature cards, checks, drafts, deposit tickets,
12 transfers to and from the accounts, including wire transfers and wire transfer
13 instructions, all other debit and credit instruments or slips, currency transaction
14 reports, 1099 forms, and all logs and records pertaining to safe deposit boxes,
15 commercial mail boxes, and storage facilities.

16
17 **VI. FINANCIAL STATEMENTS AND ACCOUNTING**

18 **IT IS FURTHER ORDERED** that each Defendant and Relief Defendant,
19 within five (5) days of service of this Order upon them, shall prepare and deliver to
20 Plaintiff's counsel and the Receiver: (1) completed financial statements on the
21 forms attached to this Order as **Attachment A** (Financial Statement of Individual
22 Defendant) for the Individual Defendant, and **Attachment B** (Financial Statement
23 of Corporate Defendant) for each Receivership Defendant; and (2) a completed
24 statement, verified under oath, of all payments, transfers or assignments of funds,
25 property worth \$5,000 or more, and other assets, since January 1, 2015. Such
26 statement shall include: (a) the amount transferred or assigned; (b) the name of
27 each transferee or assignee; (c) the date of the transfer or assignment; and (d) the
28 type and amount of consideration paid by the Defendant or Relief Defendant.

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

5 **VII. FOREIGN ASSET REPATRIATION**

6 **IT IS FURTHER ORDERED** that within five (5) days following the
7 service of this Order, each Defendant and Relief Defendant shall:

8 A. Provide Plaintiff's counsel and the Receiver with a full accounting,
9 verified under oath and accurate as of the date of this Order, of all Assets,
10 Documents, and accounts outside of the United States which are: (1) titled in the
11 name, individually or jointly, of any Defendant or Relief Defendant; (2) held by
12 any person or entity for the benefit of any Defendant or Relief Defendant or for the
13 benefit of, any corporation, partnership, asset protection trust, or other entity that is
14 directly or indirectly owned, managed, or controlled by any Defendant or Relief
15 Defendant; or (3) under the direct or indirect control, whether jointly or singly, of
16 any Defendant or Relief Defendant;

17 B. Take all steps necessary to provide Plaintiff's counsel and the
18 Receiver access to all Documents and records that may be held by third parties
19 located outside of the territorial United States of America, including signing the
20 Consent to Release of Financial Records appended to this Order as **Attachment C**.

21 C. Transfer to the territory of the United States and deliver to the
22 Receiver all Documents and Assets located in foreign countries which are: (1)
23 titled in the name, individually or jointly, of any Receivership Defendant; (2) held
24 by any person or entity for the benefit of any Receivership Defendant, or for the
25 benefit of, any corporation, partnership, asset protection trust, or other entity that is
26 directly or indirectly owned, managed, or controlled by any Receivership
27 Defendant; or (3) under the direct or indirect control, whether jointly or singly, of
28 any Receivership Defendant; and

1 D. The same business day as any repatriation, (1) notify the Receiver and
2 counsel for Plaintiff of the name and location of the financial institution or other
3 entity that is the recipient of such Documents or Assets; and (2) serve this Order on
4 any such financial institution or other entity.

5 **VIII. NON-INTERFERENCE WITH REPATRIATION**

6 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants, their
7 officers, agents, employees, and attorneys, and all other Persons in active concert
8 or participation with any of them, who receive actual notice of this Order, whether
9 acting directly or indirectly, are hereby restrained and enjoined from taking any
10 action, directly or indirectly, which may result in the encumbrance or dissipation of
11 foreign Assets, or in the hindrance of the repatriation required by this Order,
12 including, but not limited to:

13 A. Sending any communication or engaging in any other act, directly or
14 indirectly, that results in a determination by a foreign trustee or other entity that a
15 “duress” event has occurred under the terms of a foreign trust agreement until such
16 time that all Defendants’ and Relief Defendants Assets have been fully repatriated
17 pursuant to this Order; or

18 B. Notifying any trustee, protector or other agent of any foreign trust or
19 other related entities of either the existence of this Order, or of the fact that
20 repatriation is required pursuant to a court order, until such time that all
21 Defendants’ and Relief Defendants’ Assets have been fully repatriated pursuant to
22 this Order.

23 **IX. CONSUMER CREDIT REPORTS**

24 **IT IS FURTHER ORDERED** that Plaintiff may obtain credit reports
25 concerning any Defendant or Relief Defendant pursuant to Section 604(a)(1) of the
26 Fair Credit Reporting Act, 15 U.S.C. 1681b(a)(1), and that, upon written request,
27 any credit reporting agency from which such reports are requested shall provide
28 them to Plaintiff.

1 contractor, employee, attorney, or agent of any Receivership Defendant from
2 control of, management of, or participation in, the affairs of the Receivership
3 Defendants;

4 B. Take exclusive custody, control, and possession of all Assets and
5 Documents of, or in the possession, custody, or under the control of, any
6 Receivership Defendant, wherever situated;

7 C. Obtain, conserve, hold, manage, and prevent the loss of all Assets of
8 the Receivership Defendants, and perform all acts necessary or advisable to
9 preserve the value of those Assets. The Receiver shall assume control over the
10 income and profits therefrom and all sums of money now or hereafter due or owing
11 to the Receivership Defendants. The Receiver shall have full power to sue for,
12 collect, and receive, all Assets of the Receivership Defendants and of other persons
13 or entities whose interests are now under the direction, possession, custody, or
14 control of, the Receivership Defendants. *Provided, however,* that the Receiver
15 shall not attempt to collect any amount from a consumer if the Receiver believes
16 the consumer's debt to the Receivership Defendants has resulted from the
17 deceptive acts or practices or other violations of law alleged in the Complaint in
18 this matter, without prior Court approval;

19 D. Obtain, conserve, hold, manage, and prevent the loss of all Documents
20 of the Receivership Defendants, and perform all acts necessary or advisable to
21 preserve such Documents, including imaging the Receivership Defendants'
22 servers, computers, and electronic devices, as well as imaging smart phones and
23 mobile devices of the Individual Defendant to the extent that the Receiver believes
24 there is data of or concerning the Receivership Defendants on these items. The
25 Receiver shall: divert mail; preserve all Documents of the Receivership
26 Defendants that are accessible via electronic means such as online access to
27 financial accounts and access to electronic documents held onsite or by Electronic
28 Data Hosts, by changing usernames, passwords or other log-in credentials; take

1 possession of all electronic Documents of the Receivership Defendants stored
2 onsite or remotely; take whatever steps necessary to preserve all such Documents;
3 and obtain the assistance of the FTC's Digital Forensic Unit for the purpose of
4 obtaining electronic documents stored onsite or remotely;

5 E. Choose, engage, and employ attorneys, accountants, appraisers, and
6 other independent contractors and technical specialists, as the Receiver deems
7 advisable or necessary in the performance of duties and responsibilities under the
8 authority granted by this Order, including, but not limited to, the law firm in which
9 the Receiver is a partner;

10 F. Make payments and disbursements from the receivership estate that
11 are necessary or advisable for carrying out the directions of, or exercising the
12 authority granted by, this Order, and to incur, or authorize the making of, such
13 agreements as may be necessary and advisable in discharging his or her duties as
14 Receiver. The Receiver shall apply to the Court for prior approval of any payment
15 of any debt or obligation incurred by the Receivership Defendants prior to the date
16 of entry of this Order, except payments that the Receiver deems necessary or
17 advisable to secure Assets of the Receivership Defendants, such as rental
18 payments;

19 G. Take all steps necessary to secure and take exclusive custody of each
20 location from which the Receivership Defendants operate their businesses. Such
21 steps may include, but are not limited to, any of the following, as the Receiver
22 deems necessary or advisable: (1) securing the location by changing the locks and
23 alarm codes and disconnecting any Internet access or other means of access to the
24 computers, servers, internal networks, or other records maintained at that location;
25 and (2) requiring any persons present at the location to leave the premises, to
26 provide the Receiver with proof of identification, and/or to demonstrate to the
27 satisfaction of the Receiver that such persons are not removing from the premises
28 Documents or Assets of the Receivership Defendants. Law enforcement

1 personnel, including, but not limited to, police or sheriffs, may assist the Receiver
2 in implementing these provisions in order to keep the peace and maintain security.
3 If requested by the Receiver, the United States Marshal will provide appropriate
4 and necessary assistance to the Receiver to implement this Order and is authorized
5 to use any necessary and reasonable force to do so;

6 H. Take all steps necessary to prevent the modification, destruction, or
7 erasure of any web page or website registered to and operated, in whole or in part,
8 by any Receivership Defendant, and to provide access to all such web page or
9 websites to Plaintiff's representatives, agents, and assistants, as well as
10 Receivership Defendants, and their representatives;

11 I. Enter into and cancel contracts and purchase insurance as advisable or
12 necessary;

13 J. Prevent the inequitable distribution of Assets and determine, adjust,
14 and protect the interests of consumers who have transacted business with the
15 Receivership Defendants;

16 K. Make an accounting, as soon as practicable, of the Assets and
17 financial condition of the receivership and file the accounting with the Court and
18 deliver copies thereof to all parties;

19 L. Institute, compromise, adjust, appear in, intervene in, defend, dispose
20 of, or otherwise become party to any legal action in state, federal or foreign courts
21 or arbitration proceedings as the Receiver deems necessary and advisable to
22 preserve or recover the Assets of the Receivership Defendants, or to carry out the
23 Receiver's mandate under this Order, including but not limited to, actions
24 challenging fraudulent or voidable transfers;

25 M. Issue subpoenas to obtain Documents and records pertaining to the
26 Receivership, and conduct discovery in this action on behalf of the receivership
27 estate;

28

1 N. Open one or more bank accounts at designated depositories for funds
2 of the Receivership Defendants. The Receiver shall deposit all funds of the
3 Receivership Defendants in such designated accounts and shall make all payments
4 and disbursements from the receivership estate from such accounts. The Receiver
5 shall serve copies of monthly account statements on all parties;

6 O. Maintain accurate records of all receipts and expenditures incurred as
7 Temporary Receiver;

8 P. Allow the Plaintiff's representatives, agents, and assistants, as well as
9 the Defendants' and Relief Defendants' representatives and the Defendants' and
10 Relief Defendants themselves, reasonable access to the premises of the
11 Receivership Defendants, or any other premises where the Receivership
12 Defendants conduct business. The purpose of this access shall be to inspect and
13 copy any and all books, records, Documents, accounts, and other property owned
14 by, or in the possession of, the Receivership Defendants, or their agents. The
15 Receiver shall have the discretion to determine the time, manner, and reasonable
16 conditions of such access;

17 Q. Allow the Plaintiff's representatives, agents, and assistants, as well as
18 Defendants and the Relief Defendants and their representatives reasonable access
19 to all Documents in the possession, custody, or control of the Receivership
20 Defendants;

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

23 S. Suspend business operations of the Receivership Defendants if, in the
24 judgment of the Receiver, such operations cannot be continued legally and
25 profitably;

26 T. Take all steps necessary to ensure that any of the Receivership
27 Defendants' web pages or websites relating to Debt Relief Services cannot be
28

1 accessed by the public, or are modified for consumer education and/or
2 informational purposes, if the Receiver deems it necessary or advisable;

3 U. Take all steps necessary to ensure that any telephone numbers
4 associated with the Receivership Defendants cannot be accessed by the public, or
5 are answered solely to provide consumer education or information regarding the
6 status of operations, if the Receiver deems it necessary or advisable; and

7 V. File timely reports with the Court at reasonable intervals, or as
8 otherwise directed by the Court.

9 **XIII. TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER**

10 **IT IS FURTHER ORDERED** that Defendants, Relief Defendants, and any
11 other person with possession, custody, or control of property of, or records relating
12 to the Receivership Defendants shall, upon notice of this Order by personal service
13 or otherwise, fully cooperate with and assist the Receiver in taking and maintaining
14 possession, custody, or control of the Assets and Documents of the Receivership
15 Defendants and immediately transfer or deliver to the Receiver possession,
16 custody, and control of the following:

17 A. All Assets held by, or for the benefit of, the Receivership Defendants;

18 B. All Documents of or pertaining to, the Receivership Defendants;

19 C. All computers, electronic devices, mobile devices and machines used
20 to conduct the business of the Receivership Defendants;

21 D. All Assets and Documents belonging to other persons or entities
22 whose interests are under the direction, possession, custody, or control of the
23 Receivership Defendants; and

24 E. All keys, codes, user names and passwords necessary to gain access or
25 to secure access to any Assets or Documents of, or pertaining to, the Receivership
26 Defendants, including access to their business premises, means of communication,
27 accounts, computer systems (onsite and remote), Electronic Data Hosts, or other
28 property.

1 In the event that any person or entity fails to deliver or transfer any Asset or
2 Document, or otherwise fails to comply with any provision of this Section, the
3 Receiver may file an Affidavit of Non-Compliance regarding the failure and a
4 motion seeking compliance or a contempt citation.

5 **XIV. PROVISION OF INFORMATION TO RECEIVER**

6 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants shall
7 immediately provide to the Receiver:

8 A. A list of all Assets and accounts of the Receivership Defendants that
9 are held in any name other than the name of a Receivership Defendant, or by any
10 person or entity other than a Receivership Defendant; and

11 B. A list of all agents, employees, officers, attorneys, and servants of the
12 Receivership Defendants, and those persons in active concert and participation
13 with the Receivership Defendants, or who have been associated with or done
14 business with the Receivership Defendants.

15 **XV. COOPERATION WITH THE RECEIVER**

16 **IT IS FURTHER ORDERED** that the Defendants and Relief Defendants,
17 their officers, agents, employees, attorneys, all other persons in active concert or
18 participation with any of them, and any other person with possession, custody, or
19 control of property or of records relating to the Receivership Defendants who
20 receive actual notice of this Order shall fully cooperate with and assist the
21 Receiver. This cooperation and assistance shall include, but is not limited to,
22 providing information to the Receiver that the Receiver deems necessary to
23 exercise the authority and discharge the responsibilities of the Receiver under this
24 Order; providing any keys, codes, user names and passwords required to access
25 any computers, electronic devices, mobile devices, or machines (onsite or
26 remotely) or any cloud account (including the specific method used to access the
27 account) or electronic file in any medium and completing a questionnaire provided
28 by the Receiver; advising all persons who owe money to any Receivership

1 Defendant that all debts should be paid directly to the Receiver; and transferring
2 funds at the Receiver's direction and producing records related to the Assets and
3 sales of the Receivership Defendants.

4 **XVI. NON-INTERFERENCE WITH THE RECEIVER**

5 **IT IS FURTHER ORDERED** that the Defendants, Relief Defendants, their
6 officers, agents, employees, and attorneys, and all other persons in active concert
7 or participation with any of them, who receive actual notice of this Order, and any
8 other person served with a copy of this Order, are hereby restrained and enjoined
9 from directly or indirectly:

10 A. Interfering with the Receiver's efforts to manage, or take custody,
11 control, or possession of, the Assets or Documents subject to the receivership;

12 B. Transacting any of the business of the Receivership Defendants;

13 C. 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 Defendants; or

17 D. Refusing to cooperate with the Receiver or the Receiver's duly
18 authorized agents in the exercise of their duties or authority under any order of this
19 Court.

20 **XVII. STAY OF ACTIONS**

21 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
22 the pendency of the receivership ordered herein, Defendants, Relief Defendants,
23 their officers, agents, employees, and attorneys, and all other persons in active
24 concert or participation with any of them, who receive actual notice of this Order,
25 and their corporations, subsidiaries, divisions, or affiliates, and all investors,
26 creditors, stockholders, lessors, customers and other persons seeking to establish or
27 enforce any claim, right, or interest against or on behalf of Defendants or Relief
28 Defendants, and all others acting for or on behalf of such persons, are hereby

1 enjoined from taking action that would interfere with the exclusive jurisdiction of
2 this Court over the Assets or Documents of the Defendants or Relief Defendants,
3 including, but not limited to:

4 A. Filing or assisting in the filing of a petition for relief under the
5 Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, or of any similar insolvency proceeding
6 on behalf of the Defendants or Relief Defendants;

7 B. Commencing, prosecuting, or continuing a judicial, administrative, or
8 other action or proceeding against the Defendants or Relief Defendants, including
9 the issuance or employment of process against the Defendants or Relief
10 Defendants, except that such actions may be commenced if necessary to toll any
11 applicable statute of limitations; or

12 C. Filing or enforcing any lien on any Asset of the Defendants or Relief
13 Defendants, taking or attempting to take possession, custody, or control of any
14 Asset of the Defendants or Relief Defendants, attempting to foreclose, forfeit, alter,
15 or terminate any interest in any Asset of the Defendants or Relief Defendants,
16 whether such acts are part of a judicial proceeding, are acts of self-help, or
17 otherwise.

18 *Provided, however,* that this Order does not stay: (1) the commencement or
19 continuation of a criminal action or proceeding; (2) the commencement or
20 continuation of an action or proceeding by a governmental unit to enforce such
21 governmental unit's police or regulatory power; or (3) the enforcement of a
22 judgment, other than a money judgment, obtained in an action or proceeding by a
23 governmental unit to enforce such governmental unit's police or regulatory power.

24 XVIII. COMPENSATION OF RECEIVER

25 **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by
26 the Receiver as herein authorized, including counsel to the Receiver and
27 accountants, are entitled to reasonable compensation for the performance of duties
28 pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by

1 them, from the Assets now held by, in the possession or control of, or which may
2 be received by, the Receivership Defendants. The Receiver shall file with the
3 Court and serve on the parties periodic requests for the payment of such reasonable
4 compensation, with the first such request filed no more than sixty (60) days after
5 the date of entry of this Order. The Receiver shall not increase the hourly rates
6 used as the bases for such fee applications without prior approval of the Court.

7 **XIX. RECEIVER'S BOND**

8 **IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of
9 this Court a bond in the sum of \$_____ with sureties to be approved by the
10 Court, conditioned that the Receiver will well and truly perform the duties of the
11 office and abide by and perform all acts the Court directs. 28 U.S.C. § 754.

12 **XX. WITHDRAWAL OF RECEIVER**

13 **IT IS FURTHER ORDERED** that the Receiver and professionals retained
14 by the Receiver, including but not limited to, his attorneys and accountants, are
15 hereby authorized to withdraw from his or her respective appointments or
16 representations and apply for payment of their professional fees and costs at any
17 time after the date of this Order, for any reason in their sole discretion, by sending
18 written notice seven (7) days prior to the date of the intended withdrawal to the
19 Court and to the parties along with a written report reflecting the Receiver's work,
20 findings, and recommendations, as well as an accounting for all funds and assets in
21 the possession or control of the Receiver. The Receiver shall be relieved of all
22 liabilities and responsibilities, and the Receiver shall be exonerated and the
23 receivership deemed closed seven (7) days from the date of mailing of such notice
24 of withdrawal. The Court will retain jurisdiction to consider the fee applications,

1 report, and accounting submitted by the Receiver.

2 **XXI. DISTRIBUTION OF ORDER BY DEFENDANTS AND RELIEF**
3 **DEFENDANTS**

4 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants shall
5 immediately provide a copy of this Order to each affiliate, telemarketer, marketer,
6 sales entity, successor, assign, member, officer, director, employee, agent,
7 independent contractor, attorney, spouse, former spouse, subsidiary, division, and
8 representative of any Defendant, Relief Defendant, and any company owned or
9 controlled by any Defendant and Relief Defendant, and shall, within three (3)
10 calendar days from the date of entry of this Order provide Plaintiff and the
11 Temporary Receiver with a sworn statement that this provision of the Order has
12 been satisfied, which statement shall include the names, physical addresses, phone
13 number, and email addresses of each such person or entity who received a copy of
14 the Order. Furthermore, Defendants and Relief Defendants shall not take any
15 action that would encourage officers, agents, members, directors, employees,
16 salespersons, independent contractors, attorneys, subsidiaries, affiliates,
17 successors, assigns or other persons or entities in active concert or participation
18 with them to disregard this Order or believe that they are not bound by its
19 provisions.

20 **XXII. EXPEDITED DISCOVERY**

21 **IT IS FURTHER ORDERED** that, notwithstanding the provisions of the
22 Fed. R. Civ. P. 26(d) and (f) and 30(a)(2)(C), and pursuant to Fed. R. Civ. P.
23 30(a), 34, and 45, Plaintiff and the Receiver are granted leave, at any time after
24 service of this Order, to conduct limited expedited discovery for the purpose of
25 discovering: (1) the nature, location, status, and extent of Defendants' and Relief
26 Defendants' Assets; (2) the nature location and extent of Defendants' and Relief
27 Defendants' business transactions and operations; (3) Documents reflecting
28 Defendants' and Relief Defendants' business transactions and operations; or (4)

1 compliance with this Order. The limited expedited discovery set forth in this
2 Section shall proceed as follows:

3 A. Plaintiff and the Receiver may take the deposition of parties and non-
4 parties. Forty-eight (48) hours' notice shall be sufficient notice for such
5 depositions. The limitations and conditions set forth in Fed. R. Civ. P. 30(a)(2)(B)
6 and 31(a)(2)(B) regarding subsequent depositions of an individual shall not apply
7 to depositions taken pursuant to this Section. Any such deposition taken pursuant
8 to this Section shall not be counted towards the deposition limit set forth in Rules
9 30(a)(2)(A) and 31(a)(2)(A) and depositions may be taken by telephone or other
10 remote electronic means;

11 B. Plaintiff and the Receiver may serve upon the parties requests for
12 production of Documents or inspection that requires production or inspection
13 within five (5) days of service; *provided*, however, that three (3) days of notice
14 shall be deemed sufficient for the production of any such Documents that are
15 maintained or stored only in electronic format.

16 C. Plaintiff and the Receiver may serve upon parties interrogatories that
17 require response within five (5) days after Plaintiff serves such interrogatories.

18 D. Plaintiff and the Receiver may serve subpoenas upon non-parties that
19 direct production or inspection within five (5) days of service.

20 E. Service of discovery upon a party to this action, taken pursuant to this
21 Section, shall be sufficient if made by facsimile, email, or by overnight delivery.

22 F. Any expedited discovery taken pursuant to this Section is in addition
23 to, and is not subject to, the limits on discovery set forth in the Federal Rules of
24 Civil Procedure and the Local Rules of this Court. The expedited discovery
25 permitted by the Section does not require a meeting or conference of the parties,
26 pursuant to Fed. R. Civ. P. 26(d) and (f).

27 G. The parties are exempted from making initial disclosures under Fed.
28 R. Civ. P. 26(a)(1) until further order of this Court.

1
2 **XXIII. SERVICE OF THIS ORDER**

3 **IT IS FURTHER ORDERED** that copies of this Order may be served by
4 any means, including facsimile transmission, electronic mail or other electronic
5 messaging, personal or overnight delivery, U.S. Mail or FedEx, by agents and
6 employees of Plaintiff, by any law enforcement agency, or by private process
7 server, upon any Defendant, Relief Defendant, or any Person (including any
8 financial institution) that may have possession, custody, or control of any Asset or
9 Document of any Defendant and Relief Defendant, or that may be subject to any
10 provision of this Order pursuant to Fed. R. Civ. P. 65(d)(2). For purposes of this
11 Section, service upon any branch, subsidiary, affiliate or office of any entity shall
12 effect service upon the entire entity.

13 **XXIV. CORRESPONDENCE AND SERVICE ON PLAINTIFF**

14 **IT IS FURTHER ORDERED** that, for the purpose of this Order, all
15 correspondence and service of pleadings on Plaintiff shall be addressed to:

16 Eleanor Durham
17 Federal Trade Commission
18 915 2nd Ave., Suite 2896
19 Seattle, WA 98174
20 Phone: (206) 220-4476
21 Fax: (206) 220-6366
22 edurham@ftc.gov
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XXV. RETENTION OF JURISDICTION

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

SO ORDERED, this 2ND day of November _____, 2017, at 4:55 p.m.



The Honorable S. James Otero
UNITED STATES DISTRICT JUDGE