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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Federal Trade Commission,

Plaintiff,

vs.

Blue Saguaro Marketing, LLC, et al.,

Defendants.

No. CV-16-03406-PHX-SPL

**PRELIMINARY INJUNCTION ORDER
WITH ASSET FREEZE,
APPOINTMENT OF RECEIVER,
LIMITED EXPEDITED DISCOVERY,
AND OTHER EQUITABLE RELIEF AS
TO PARAMOUNT BUSINESS
SERVICES, LLC**

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

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

1 FTC and Stipulating Defendant Paramount Business Services, LLC filed a Joint
2 Stipulation Regarding Proposed Stipulated Preliminary Injunction As To Paramount
3 Business Services, LLC. (Doc. 50.)

4 Having considered the parties' pleadings, papers, and argument, the Court hereby
5 **GRANTS** the FTC and Stipulating Defendant's application for a preliminary injunction
6 against Stipulating Defendant (Doc. 50) as follows.

7 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

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

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

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

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

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

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

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

21 7. The FTC has shown it is likely to succeed on the merits of its claims
22 pursuant to Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the TSR, 16 C.F.R. §§
23 310.3(a)(2)(iii) and 310.3(a)(4);

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

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

- 1 f. Sapphire Marketing II LLC, Bank of America, 5033;
- 2 g. Purple Bulldog LLC, BBVA Compass, 2401;
- 3 h. Cenex Hub Distribution, Bank of America, 0396;
- 4 i. Max Results Marketing LLC, Chase Bank, 9625;
- 5 j. Oro Canyon Marketing LLC, BBVA Compass, 1055;
- 6 k. Southwest Billing & Payments, Chase Bank, 2226;
- 7 l. Southwest Billing & Payments, Goldenwest Credit Union, 2754;
- 8 m. Southwest Billing & Payments, Wells Fargo, 9752;
- 9 n. M&V Venture Group, Bank of America, 1325;
- 10 o. Paramount Business Services, Mountain America Credit Union, 9041;
- 11 p. Bluhm Enterprises, Bank of America, 5100;
- 12 q. Oro Canyon Marketing LLC, Chase Bank, 6599;
- 13 r. Do Rite Plumbing & Remodeling, LLC, Chase Bank, 0265;
- 14 s. Do Rite Plumbing and Remodeling, Wells Fargo, 2232;
- 15 t. Stephanie A. Bateluna, Capital One Credit Card, 1151;
- 16 u. Carol Burnett, BBVA Compass, unknown;
- 17 v. Carol Burnett, Chase Bank, unknown; and
- 18 w. Unknown, BBVA Compass, 1086.

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

1 (5) performing or providing marketing, billing, or payment services of any kind; (6)
2 acting or serving as an owner, officer, director, manager, or principal of any entity; (7)
3 providing telemarketing services; or (8) consulting with regard to any of the above.

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

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

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

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

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

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1 9. **“Individual Defendants”** means Stephanie A. Bateluna, Stacey C. Vela,
2 and Carl E. Morris, Jr., and any other names they might use, have used, be known by or
3 have been known by, individually, collectively, and in any combination.

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

6 11. **“Plaintiff”** means the Federal Trade Commission (“Commission” or
7 “FTC”).

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

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

23 14. **“Stipulating Defendant”** means Paramount Business Services, LLC and
24 its successors, assigns, affiliates, or subsidiaries, and each of them by whatever names
25 each might be known, individually, collectively, and in any combination.

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ORDER

I. PROHIBITED REPRESENTATIONS

IT IS THEREFORE ORDERED that Stipulating Defendant, its officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, sale, or performance of any service or product, are temporarily restrained and enjoined from making or assisting others in making, expressly or by implication:

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

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

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

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

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

II. PRESERVATION OF RECORDS AND TANGIBLE THINGS

IT IS FURTHER ORDERED that Stipulating Defendant, its officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, sale, or provision of any product or service, are hereby temporarily restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any Documents or records

1 that relate to the business practices, or business and personal finances, of Stipulating
2 Defendant, or an entity directly or indirectly under the control of Stipulating Defendant.

3 **III. DISABLEMENT OF WEBSITES AND PRESERVATION OF**
4 **ELECTRONICALLY STORED INFORMATION**

5 **IT IS FURTHER ORDERED** that, immediately upon service of this Order upon
6 them (1) any Electronic Data Host and (2) Stipulating Defendant, its officers, agents,
7 servants, employees, and attorneys, and all other persons in active concert or participation
8 with any of them, who receive actual notice of this Order, whether acting directly or
9 indirectly, shall:

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

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

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

20 **IT IS FURTHER ORDERED** that, any domain name registrar shall suspend the
21 registration of any Internet website used by Stipulating Defendant for the advertising,
22 marketing, promotion, offering for sale, sale, or provision of services or products
23 prohibited by Section I of this Order and provide immediate notice to counsel for the
24 FTC of any other Internet domain names registered by Stipulating Defendant, Stipulating
25 Defendant's officers, agents, servants, employees, and attorneys, and all other persons in
26 active concert or participation with any of them who receive actual notice of this Order
27 by personal service or otherwise.
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1 **V. PROHIBITION ON USE OF CUSTOMER INFORMATION**

2 **IT IS FURTHER ORDERED** that Stipulating Defendant, and its officers, agents,
3 directors, servants, employees, salespersons, and attorneys, as well as all other persons or
4 entities in active concert or participation with them, who receive actual notice of this
5 Order by personal service or otherwise, whether acting directly or through any trust,
6 corporation, subsidiary, division, or other device, are hereby temporarily restrained and
7 enjoined from using, benefitting from, selling, renting, leasing, transferring, or otherwise
8 disclosing the name, address, telephone number, email address, Social Security number,
9 credit card number, debit card number, bank account number, any financial account
10 number, or any data that enables access to any customer's account, or other identifying
11 information of any person which the Stipulating Defendant obtained prior to when this
12 Order is signed, in connection with the marketing or sale of any good or service,
13 including those who were contacted or are on a list to be contacted by the Stipulating
14 Defendant; provided that Stipulating Defendant may disclose such identifying
15 information to the Receiver, a law enforcement agency, or as required by any law,
16 regulation, or court order.

17 **VI. ASSET FREEZE**

18 **IT IS FURTHER ORDERED** that Stipulating Defendant, and its officers, agents,
19 servants, employees, and attorneys, and all other persons or entities directly or indirectly
20 under the control of any of them, and all other persons or entities in active concert or
21 participation with any of them who receive actual notice of this Order are hereby
22 temporarily restrained and enjoined from directly or indirectly:

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

- 27 1. Asset Freeze Accounts;

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2. owned or controlled, directly or indirectly, by any Defendant, in whole or in part, or held, in whole or in part, for the benefit of any Defendant;

3. in the actual or constructive possession of any Defendant; or

4. owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Defendant, including any entity acting under a fictitious name owned by or controlled by any Defendant, and any Assets held by, for, or under the name of any Defendant at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, payment processing company, precious metal dealer, or other Financial Institution or depository of any kind;

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

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

D. Obtaining a personal or secured loan;

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

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

IT IS FURTHER ORDERED that the Assets affected by this Section shall include: (1) all Assets of Defendants as of the time the TRO was entered; and (2) for Assets obtained after the time the TRO was entered, only those Assets of Defendants that are derived, directly or indirectly, from the Defendants' activities as described in the Commission's Complaint, including the activities of any Receivership Entity. This Section does not prohibit transfers to the Receiver, as specifically required in the Section

1 titled “Transfer of Funds to the Receiver by Financial Institutions and Other Third
2 Parties,” nor does it prohibit the repatriation of foreign Assets, as specifically required in
3 the Section titled “Repatriation of Foreign Assets” of this Order.

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

5 **IT IS FURTHER ORDERED** that any Financial Institution, business entity,
6 Electronic Data Host, or person served with a copy of this Order that holds, controls, or
7 maintains custody of any account, Document, or Asset of, on behalf of, in the name of,
8 for the benefit of, subject to withdrawal by, subject to access or use by, or under the
9 signatory power of the Stipulating Defendant, or other party subject to the Asset Freeze
10 above, or has held, controlled, or maintained any such account, Document, or Asset,
11 shall:

12 A. Hold, preserve, and retain within such entity’s or person’s control, and
13 prohibit the withdrawal, removal, alteration, assignment, transfer, pledge, hypothecation,
14 encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other disposal
15 of such account, Document, or Asset held by or under such entity’s or person’s control,
16 except as directed by further order of the Court;

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

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

23 D. Stipulating Defendant shall provide to counsel for the FTC, within one (1)
24 business day, a sworn statement setting forth:

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

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

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

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

E. Stipulating Defendant shall provide counsel for the FTC, within three (3) business days after being served with a request, copies of all Documents pertaining to such account or Asset, including but not limited to: account statements, account applications, signature cards, underwriting files, checks, deposit tickets, transfers to and from the accounts, wire transfers, all other debit and credit instruments or slips, 1099 forms, and safe deposit box logs; and

F. Stipulating Defendant shall cooperate with all reasonable requests of the FTC relating to this Order’s implementation.

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

1 **VIII. FINANCIAL STATEMENT AND ACCOUNTING**

2 **IT IS FURTHER ORDERED** that the Stipulating Defendant that has not yet
3 provided Financial Statements to the FTC in accordance with Section VIII of the TRO,
4 within one (1) business day of service of this Order, shall prepare and deliver to counsel
5 for the FTC a completed financial statement, accurate as of the date of service of this
6 Order upon such Stipulating Defendant, in the form of Attachment B to this Order
7 captioned “Financial Statement of Corporate Defendant.”

8 **IX. CREDIT REPORTS**

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

13 **X. REPATRIATION OF FOREIGN ASSETS**

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

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

- 19 1. owned or controlled by;
- 20 2. subject to access by;
- 21 3. held in whole or in part for the benefit of;
- 22 4. belonging to any entity that is directly or indirectly owned, managed,
23 or under the control of; or
- 24 5. belonging to a person under the control of the Stipulating Defendant;

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

27 C. Provide the FTC access to all records of accounts or Assets of the
28 Stipulating Defendant held by any Financial Institution or other person located outside

1 the territorial United States by signing the Consent to Release of Financial Records
2 attached to this Order as Attachment C and by signing any other Documents required by
3 any person, including any Financial Institution, or other person holding any such Asset.

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

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

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

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

23 **XII. RECORDKEEPING AND BUSINESS OPERATIONS**

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

26 A. Failing to create and maintain Documents that, in reasonable detail,
27 accurately, fairly, and completely reflect its income, disbursements, transactions, and use
28 of money;

1 B. Creating, operating, or exercising any control over any business entity,
2 including any partnership, limited partnership, joint venture, sole proprietorship, limited
3 liability company or corporation, without first providing the Commission with a written
4 statement disclosing: (1) the name of the business entity; (2) the address and telephone
5 number of the business entity; (3) the names of the business entity's officers, directors,
6 principals, managers, and employees; and (4) a detailed description of the business
7 entity's intended activities; and

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

14 **XIII. APPOINTMENT OF RECEIVER**

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

20 **XIV. COOPERATION WITH THE RECEIVER**

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

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

4 B. Excusing debts owed to the Receivership Entities;

5 C. Destroying, secreting, defacing, transferring, or otherwise altering or
6 disposing of any Documents of the Receivership Entities;

7 D. Transferring, receiving, altering, selling, encumbering, pledging, assigning,
8 liquidating, or otherwise disposing of any Assets owned, controlled, or in the possession
9 or custody of, or in which an interest is held or claimed by, the Receivership Entities, or
10 the Receiver;

11 E. Failing to provide any assistance or information requested by the Receiver
12 in connection with obtaining possession, custody, or control of any Assets within the
13 receivership estate that the Receiver or the FTC has identified; or

14 F. Doing any act or thing whatsoever to interfere with the Receiver's taking
15 and keeping custody, control, possession, or managing of the Assets or Documents
16 subject to this receivership; or to harass or interfere with the Receiver in any way; or to
17 interfere in any manner with the exclusive jurisdiction of this Court over the Assets or
18 Documents of the Receivership Entities; or to refuse to cooperate with the Receiver or the
19 Receiver's duly authorized agents in the exercise of their duties or authority under any
20 Order of this Court.

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

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

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

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

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

1 premises, to provide the Receivers with proof of identification, and/or to demonstrate to
2 the satisfaction of the Receiver that such persons are not removing from the premises
3 Documents or Assets of the Receivership Entities. Such authority shall include, but not
4 be limited to, the authority to order any owner, director, officer, employee, or agent of the
5 Receivership Entities to leave the business premises;

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

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

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

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

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

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

27 J. Make payments and disbursements from the receivership estate that are
28 necessary or advisable for carrying out the directions of, or exercising the authority

1 granted by, this Order. The Receiver shall apply to the Court for prior approval of any
2 payment of any debt or obligation incurred by the Receivership Entities prior to the date
3 this Order is signed, except payments that the Receiver deems necessary or advisable to
4 secure Assets of the Receivership Entities, such as rental payments;

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

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

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

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

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

22 P. Maintain accurate records of all receipts and expenditures made by the
23 Receiver; and

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

26
27
28

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

3 **IT IS FURTHER ORDERED** that, upon service of a copy of this Order, any
4 Financial Institution shall cooperate with all reasonable requests of counsel for the FTC
5 and the Receiver relating to implementation of this Order, including transferring funds at
6 the Receiver's direction and producing records related to the Assets and sales of the
7 Receivership Entities.

8 **XVII. RECEIVER'S REPORTS**

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

21 **XVIII. RECEIVER'S BOND**

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

24 **XIX. COMPENSATION OF THE RECEIVER**

25 **IT IS FURTHER ORDERED** that the Receiver, and all persons or entities
26 retained or hired by the Receiver as authorized under this Order, shall be entitled to
27 reasonable compensation for the performance of duties undertaken pursuant to this Order
28 and for the cost of actual out-of-pocket expenses incurred by them from the Assets now
held by or in the possession or control of, or which may be received by, the Receivership

1 Entities. The Receiver shall file with the Court and serve on the parties a request for the
2 payment of reasonable compensation at the time of the filing of any report required by
3 the “Receiver’s Reports” Section of this Order. The Receiver shall not increase the fees
4 or rates used as the bases for such fee applications without prior approval of the Court.

5 **XX. RECEIVER’S ACCESS TO BUSINESS PREMISES AND RECORDS**

6 **IT IS FURTHER ORDERED** that:

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

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

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

28

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

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

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

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

1 Stipulating Defendant without the clients' consent. The FTC's access to any Documents
2 pursuant to this provision shall not provide grounds for the Stipulating Defendant to
3 object to any subsequent request for Documents served by the FTC.

4 **XXII. LIMITED EXPEDITED DISCOVERY**

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

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

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

1 toward any limit on discovery set forth in the Federal Rules of Civil Procedure or this
2 Court's Local Rules;

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

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

16 **XXIII. BANKRUPTCY PETITIONS**

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

21 **XXIV. STAY OF ACTIONS**

22 **IT IS FURTHER ORDERED** that:

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

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

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

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

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

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

21 B. This Section does not stay:

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

24 2. The commencement or continuation of an action or proceeding by a
25 governmental unit to enforce such governmental unit's police or regulatory
26 power;

27
28

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

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

6 **XXV. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY STIPULATING**
7 **DEFENDANT**

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

11 **XXVI. CORRESPONDENCE WITH PLAINTIFF**

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

16 Elsie B. Kappler
17 Hong Park
18 Federal Trade Commission
19 600 Pennsylvania Ave., NW, Mail Drop CC-9528
20 Washington, DC 20580
21 Telephone: (202) 326-2466 (Kappler), -2158 (Park)
22 ekappler@ftc.gov, hpark@ftc.gov

23 **XXVII. COOPERATION WITH FTC**

24 **IT IS FURTHER ORDERED** that Stipulating Defendant shall fully cooperate
25 with and assist the FTC in this case. Stipulating Defendant's cooperation and assistance
26 shall include, but not be limited to providing testimony at any hearing and providing any
27 information to the FTC that the FTC deems necessary to obtain relief for consumers in
28 this case.

29 **XXVIII. SERVICE OF THIS ORDER**

30 **IT IS FURTHER ORDERED** that copies of this Order may be served by
31 facsimile, email, hand-delivery, personal or overnight delivery, or U.S. Mail, by agents

1 and employees of the FTC or any state or federal law enforcement agency or by private
2 process server, upon any Financial Institution or other entity or person that may have
3 possession, custody, or control of any Documents or Assets of the Stipulating Defendant,
4 or that may otherwise be subject to any provision of this Order. Service upon any branch
5 or office of any Financial Institution shall effect service upon the entire Financial
6 Institution.

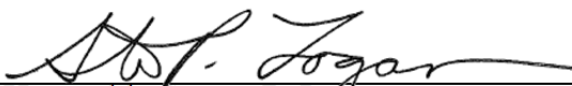
7 **XXIX. DISTRIBUTION OF ORDER**

8 **IT IS FURTHER ORDERED** that within three (3) calendar days after service of
9 this Order, Stipulating Defendant shall provide a copy of this Order to each of its agents,
10 employees, directors, officers, subsidiaries, affiliates, attorneys, independent contractors,
11 representatives, franchisees, affiliates, and all persons in active concert or participation
12 with them. Within five (5) calendar days following this Order, Stipulating Defendant
13 shall provide the FTC with an affidavit identifying the names, titles, addresses, and
14 telephone numbers of the persons that Stipulating Defendant has served with a copy of
15 this Order in compliance with this provision.

16 **XXX. RETENTION OF JURISDICTION**

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

19 Dated this 28th day of October, 2016.

20
21 
22 Honorable Steven P. Logan
23 United States District Judge
24
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28

ATTACHMENT B

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.*

<u>Owner's Name</u>	<u>Name & Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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>
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____

ATTACHMENT C

ATTACHMENT C

CONSENT TO RELEASE OF FINANCIAL RECORDS

I, _____, do hereby direct any bank, savings and loan association, credit union, depository institution, finance company, commercial lending company, credit card processor, credit card processing entity, automated clearing house, network transaction processor, bank debit processing entity, brokerage house, escrow agent, money market or mutual fund, title company, commodity trading company, trustee, or person that holds, controls or maintains custody of assets, wherever located that are owned or controlled by me or at which I have an account of any kind, or at which a corporation or other entity has a bank account of any kind upon which I am authorized to draw, and its officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control which relate to the said accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of *Federal Trade Commission v. Blue Saguaro Marketing, LLC, et al.*, Civ. No. _____, now pending in the United States District Court for the District of Arizona, and this shall be irrevocable authority for so doing.

This direction is intended to apply to the laws of countries other than the United States of America which restrict or prohibit the disclosure of bank or other financial information without the consent of the holder of the account, and shall be construed as consent with respect thereto, and the same shall apply to any of the accounts for which I may be a relevant principal.

Dated: _____

[Signature]

[Print Name]