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UNSEALED

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

**UNITED STATES COURTS  
SOUTHERN DISTRICT OF TEXAS  
FILED**

**JUN 21 2006**

**MICHAEL N. MILBY, CLERK OF COURT**

**FEDERAL TRADE COMMISSION,**

**Plaintiff,**

**v.**

**WEBSOURCE MEDIA, L.L.C.,**

**BIZSITEPRO, L.L.C.,**

**EVERSITES, L.L.C.,**

**TELSOURCE SOLUTIONS, INC.,**

**TELSOURCE INTERNATIONAL, INC.,**

**MARC R. SMITH,**

**KATHLEEN A. SMALLEY,**

**KEITH HENDRICK,**

**STEVEN L. KENNEDY,**

**JOHN O. RING,**

**and**

**JAMES E. MCCUBBIN, JR.,**

**Defendants.**

**Civ. No. H-06-1980**

**TIME: 1:33 pm**

**DATE: 06.21.06**

**AGREED PRELIMINARY INJUNCTION ORDER  
FREEZING CERTAIN ASSETS AND APPOINTING A TEMPORARY RECEIVER**

Plaintiff, the Federal Trade Commission ("Commission"); WebSource Media LP, as  
successor-in-interest to Defendant WebSource Media, L.L.C.; Defendant BizSitePro, L.L.C.;  
Defendant Eversites, L.L.C.; Defendant Telsource Solutions, Inc.; Defendant Telsource

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International, Inc.; Defendant Marc R. Smith; Defendant Kathleen A. Smalley; Defendant Keith Hendrick; Defendant Steven L. Kennedy; Defendant John O. Ring; and Defendant James E. McCubbin, Jr. (the "Parties"), and the Temporary Receiver, as defined herein, agree as follows:

1. The Commission filed its complaint for a temporary injunction and other equitable relief in this matter under Sections 5(a) and 13(b) of the Federal Trade Commission Act ("FTC ACT"), 15 U.S.C. §§ 45(a) and 53(b) (this "Action");

2. The Commission alleged that Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr. have engaged in and are likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a);

3. The Commission alleged that immediate and irreparable damage to this Court's ability to grant effective final relief for consumers in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by Defendants of their assets or records, or those assets and corporate records under their control, unless Defendants are immediately restrained and enjoined by Order of this Court;

4. The Commission alleged that good cause exists for this Court to appoint a temporary receiver; and

5. The Commission alleged that weighing the equities and considering the Commission's likelihood of ultimate success, a preliminary injunction order freezing assets, appointing a permanent receiver, and granting equitable relief is in the public interest.

6. On June 12, 2006, this Court granted an *Ex Parte* Temporary Restraining Order Freezing Assets, Appointing A Temporary Receiver And Providing Additional Equitable Relief,

And Order To Show Cause Why A Preliminary Injunction Should Not Issue (the “*Ex Parte* TRO”).

7. Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr. deny each and every allegation made by the Commission.

8. WebSource Media LP, as successor-in-interest to Defendant WebSource Media, L.L.C. and the other Defendants moved to vacate the *Ex Parte* TRO.

9. This Court has jurisdiction over the subject matter of this case, and jurisdiction of all parties hereto.

10. Fed. R. Civ. P. 65(c) does not require security of the United States or an officer or agency thereof.

11. On June 3, 2002, Defendant Marc R. Smith filed a voluntary petition for relief under the debt adjustment provisions of Chapter 13 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, in the United States Bankruptcy Court for the Southern District of Texas, Case No. 02-36027-H3-13. The Commission’s action against Defendant Marc R. Smith, including the enforcement of a judgment other than a money judgment obtained in this action, is not stayed by 11 U.S.C. § 362(a)(1), (2), (3) or (6) because it is an exercise of the Commission’s police or regulatory power as a governmental unit pursuant to 11 U.S.C. § 362(b)(4) and thus falls within an exemption from the automatic stay.

13. **IT IS HEREBY ORDERED** that the *Ex Parte* TRO is **VACATED AND SUPERSEDED** by this Agreed Preliminary Injunction Order Freezing Certain Assets and Appointing a Temporary Receiver (the “Agreed Preliminary Injunction Order”).

**NO ADMISSION OF WRONGDOING OR LIABILITY**

Defendants do not admit any of the Commission's factual or legal determinations. Defendants reserve all of their rights, remedies and defenses, including all rights and defenses they may have regarding liability or responsibility for the allegations in the Commission's Complaint, except for their right to contest this Court's jurisdiction to issue or enforce this Agreed Preliminary Injunction Order. Defendants have entered into this Agreed Preliminary Injunction Order in good faith without trial or adjudication of any issue of fact or law.

**DEFINITIONS**

For the purpose of this preliminary injunction order, the following definitions shall apply:

A. **"Assets"** means any legal or equitable interest in, right to, or claim to, any real and personal property, including but not limited to "goods," "instruments," "equipment," "fixtures," "general intangibles," "inventory," "checks," "notes" (as these terms are defined in the Uniform Commercial Code), and all chattel, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and cash, wherever located.

B. **"WebSource Media, L.L.C."** means WebSource Media LP, as successor-in-interest to WebSource Media, L.L.C.

C. **"Receivership Defendants"** means WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; and their subsidiaries and all other corporations or business entities owned or controlled by any of the Receivership Defendants.

D. **"Defendants"** means WebSource Media, L.L.C., BizSitePro L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.

E. “**Assisting others**” means knowingly providing any of the following goods or services to another entity: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material; (3) providing names of, or assisting in the generation of, potential customers; or (4) performing marketing or billing services of any kind.

F. “**Document**” is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a) and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

G. “**Line subscriber**” means an individual or entity who has arranged with a local exchange carrier (“LEC”) to obtain local telephone service provided through an assigned telephone number, and to be billed for such service on a monthly (or other periodic) basis.

### **CONDUCT PROHIBITIONS**

#### **I. INJUNCTIVE PROVISION**

**IT IS THEREFORE ORDERED** that in connection with the advertising, promotion, offering for sale, or sale of any Internet services, Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Agreed Preliminary Injunction Order by personal service or otherwise, whether acting directly or

through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby preliminarily restrained and enjoined from misrepresenting, expressly or by implication, any material fact, including, but not limited to, misrepresenting that a free trial website would be cancelled automatically if the consumer did not approve the continuation of the website.

## **II. PROHIBITED BILLING PRACTICES**

**IT IS FURTHER ORDERED** that in connection with the advertising, promotion, offering for sale, or sale of any Internet services, Defendants WebSource Media L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Agreed Preliminary Injunction Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby preliminarily restrained and enjoined from billing or receiving money, or assisting others in billing or receiving money, from consumers who were solicited for the first time on or after June 13, 2006, without their express informed consent, including but not limited to, billing any line subscriber, or causing any line subscriber to be billed, or collecting or attempting to collect payment, directly or indirectly, from any line subscriber, for any good or service. For purposes of this Paragraph, "expressed informed consent" means: (1) Defendants obtain from a person with authority to bind the line subscriber his or her express agreement to be charged for the goods or services and to be charged using the line subscriber's account; and (2) Defendants make and maintain an audio recording of the entire telemarketing transaction. Provided, however, that as soon as the Temporary Receiver determines that a consumer has not provided consent to billing, the Temporary Receiver shall cease all billing to that consumer.

**TEMPORARY RECEIVERSHIP PROVISIONS**

**III. APPOINTMENT OF TEMPORARY RECEIVER**

**IT IS FURTHER ORDERED** and the parties hereby agree that W. Marc Schwartz is appointed as temporary receiver (the "Temporary Receiver"), with the full power of an equity receiver, for the Receivership Defendants and of all the funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the Receivership Defendants, with directions and authority to accomplish the following:

- A. To assume full control of the Receivership Defendants by removing Defendants Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr., and any other officer, independent contractor, employee, or agent of the Receivership Defendants from control and management of the affairs of the Receivership Defendants, unless the Temporary Receiver determines that the services of such individual(s) is or are necessary to preserve the Assets or to otherwise fulfill the duties and obligations of the Temporary Receiver;
- B. To manage the Receivership Defendants' business, including appointing experts, vendors and staff, executing, terminating and amending contracts and otherwise managing the assets of the Receivership Defendants;
- C. Without limiting the foregoing subsection (B), to retain Web.com, Inc. as its agent to manage the WebSource Media, L.L.C. business. Notwithstanding anything to the contrary in this Agreed Preliminary Injunction Order no action by Web.com, Inc. as agent for the Temporary Receiver shall be deemed to be "in active concert or participation with" any of the Defendants. Web.com, Inc. can resign its

appointment as agent for the Temporary Receiver with five (5) business days' notice;

- D. To collect, marshal, and take custody, control and possession of all the funds, property, premises, accounts, mail and other assets of, or in the possession or under the control of, the Receivership Defendants, wherever situated, the income and profits therefrom, and all sums of money now or hereafter due or owing to the Receivership Defendants, with full power to collect, receive and take possession of all goods, chattels, rights, credits, monies, effects, lands, leases, books and records, work papers, records of accounts, including computer-maintained information, contracts, financial records, monies on hand in banks and other financial institutions, and other papers and documents of the Receivership Defendants, and other individuals or corporations whose interests are now held by or under the direction, possession, custody or control of the Receivership Defendants;
- E. To perform all acts necessary to conserve, hold, manage, and preserve the value of those assets in order to prevent any irreparable loss, damage and injury to Internet services purchasers, and all acts incidental thereto, including the suspension of operations;
- F. To disperse funds to pay, in the following order of priority;
  - i. To pay vendors and non-management staff;
  - ii. To fund an escrow account for eventual payment of customer refunds;

iii. To pay reasonable fees and expenses of the Temporary Receiver and its counsel;

iv. To pay reasonable out-of-pocket expenses of Web.com, Inc. in connection with actions taken on behalf of the Temporary Receiver;

v. To pay other costs and expenses of Web.com, Inc. including reimbursement of managerial salaries of Web.com, Inc. managers utilized on behalf of the Temporary Receiver in connection with actions taken on behalf of the Temporary Receiver.

The Temporary Receiver shall pay customer refunds, if any, consistent with and after the entry of a permanent injunction and final judgment or stipulated permanent injunction and final judgment, if any, in this Action.

- G. To perform all acts necessary to ensure that the Receivership Defendants are in compliance with the provisions of this Agreed Preliminary Injunction Order, including ceasing all advertising, marketing, offering or providing or assisting others in doing the same which contains any false or misleading statements of material fact or which fail to disclose all information material to a consumer's decision to purchase any Internet services or which cause a consumer to be billed without their express informed consent;
- H. To enter into agreements in connection with administration of the receivership, including, but not limited to: (1) the retention and employment of investigators, attorneys, accountants, or computer forensic examiners of the Temporary Receiver's choice including, without limitation, members and employees of the Temporary Receiver's firm, to assist, advise, and represent the Temporary

Receiver; and (2) the movement and storage of any equipment, furniture, records, files or other physical property of the Receivership Defendants;

- I. To institute, prosecute, compromise, adjust, intervene in or become party to such actions or proceedings in state, federal or foreign courts that the Temporary Receiver deems necessary and advisable to preserve the value of the properties of the Receivership Defendants, or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Agreed Preliminary Injunction Order, and likewise to defend, compromise, adjust or otherwise dispose of any or all actions or proceedings instituted against the Temporary Receiver or the Receivership Defendants that the Temporary Receiver deems necessary and advisable to preserve the properties of the Receivership Defendants, or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Order;
- J. To conduct expedited discovery in order to prepare the Temporary Receiver's Report. Such expedited discovery can, at the Temporary Receiver's sole discretion, include oral depositions on five (5) business days' notice to the deponent and expedited interrogatories, requests for admission, or requests for production of documents requiring responses within five (5) business days after service of the discovery requests. All documents and responses shall be sent to the offices of the Temporary Receiver and its counsel by hand-delivery; and
- K. To prepare and submit a Report to this Court and to the parties, no later than sixty (60) days after the date this Court signs and enters this Agreed Preliminary Injunction Order, describing the business activities of the Receivership

Defendants including, but not limited to: the number of purchasers of Internet services sold by the Receivership Defendants; the number of consumers billed for Internet services by the Receivership Defendants; the amount of money received by the Receivership Defendants from billing for those Internet services; the number of Internet websites provided by the Receivership Defendants to consumers; the number of Internet websites provided by Receivership Defendants to consumers which have actually been accessed by the purchaser; the number of Internet websites provided by the Receivership Defendants to consumers that the consumer has modified; the number of calls received by the customer services representatives of the Receivership Defendants; the amount of money refunded or credited by the Receivership Defendants; the amount of money refunded to consumers as a result of reversed charges by any telephone company; the number of consumers who have complained that a website was not authorized; the number of consumers billed for Internet services who requested refunds; the number of outbound telemarketing calls made by or on behalf of Receivership Defendants; the duties and responsibilities of all Receivership Defendants' officers and directors, including the following officers and directors: Defendants Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, and James E. McCubbin, Jr.; the role of each Receivership Defendant in the advertising, promotion, offering for sale, or sale of any Internet services; and the relationship of each of the Defendants with each of the Receivership Defendants.

- L. To prepare and submit a preliminary report to this Court and to the parties, no later than thirty (30) days after the date this Court signs and enters this Agreed Preliminary Injunction Order, covering as many of the subjects described in the preceding subparagraph (K) as possible.

The Temporary Receiver and all personnel hired by the Temporary Receiver as herein authorized, including counsel to the Temporary Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Agreed Preliminary Injunction Order 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 Defendants.

The Temporary Receiver shall file with this Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request due prior to sixty (60) days after the date of this Agreed Preliminary Injunction Order. The Temporary Receiver shall not increase the Temporary Receiver's fee rate billed to the receivership estate without prior approval of this Court.

To the extent the Temporary Receiver has not already done so, the Temporary Receiver shall file with the Clerk of this Court a bond in the sum of \$50,000 with sureties to be approved by this Court, conditioned that the Temporary Receiver will well and truly perform the duties of the office and abide by and perform all acts this Court directs.

#### **IV. ACCESS TO BUSINESS RECORDS**

**IT IS FURTHER ORDERED** that Defendants shall allow the Temporary Receiver and his representatives, agents, and assistants immediate access to the business premises of the Receivership Defendants, and any other location where property or business records of the Receivership Defendants are located. Such locations specifically include, but are not limited to:

WebSource Media, L.L.C.

10375 Richmond Avenue, Suites 800, 1515  
Houston, Texas 77042

Telsource Solutions, Inc.  
7447 Harwin Drive, Suite 246  
Houston, Texas 77036

Telsource International, Inc.  
7447 Harwin Drive, Suite 246  
Houston, Texas 77036

The Temporary Receiver is authorized to employ the assistance of law enforcement officers as the Temporary Receiver deems necessary to effect service and to implement peacefully the provisions of this Agreed Preliminary Injunction Order. The purpose of access shall be to take custody, control and possession of all business premises, property, assets, records and documents of the Receivership Defendants.

If any business records or property relating to the Receivership Defendants are located in the personal residence of a Defendant and request to enter such residence is denied, then such Defendant shall, within twenty-four (24) hours of service of this Agreed Preliminary Injunction Order:

- A. Produce to the Temporary Receiver, at a location designated by the Temporary Receiver, all contracts, accounting data, written or electronic correspondence, advertisements, computer tapes, discs, or other computerized or electronic records, books, written or printed records, handwritten notes, telephone logs, telephone scripts, telephone bills, receipt books, ledgers, membership records and lists, refund records, receipts, ledgers, bank records (including personal and business monthly statements, canceled checks, records of wire transfers, and check registers), appointment books, copies of federal, state or local business or personal income or property tax returns, 1099 forms, title records and other

documents or records of any kind that relate to Defendants' business practices;  
and

- B. Produce to the Temporary Receiver, at a location designated by the Temporary Receiver, all computers and data in whatever form used by Defendants, relating, in whole or in part, to the Receivership Defendants' business practices.
- C. Furthermore, the Temporary Receiver and his representatives, agents, and assistants shall grant access to the individual Defendants to their respective business premises to review and make copies of all business records of the Receivership Defendants, upon advanced notice and approval from the Temporary Receiver and its representatives.
- D. The Temporary Receiver and his representatives shall grant access to the Commission to the Receivership Defendants' respective business premises to review and make copies of all business records of the Receivership Defendants, upon advanced notice and approval from the Temporary Receiver and its representatives.

**V. TURN OVER POSSESSION AND CUSTODY TO TEMPORARY RECEIVER**

**IT IS FURTHER ORDERED** that immediately upon service of this Agreed Preliminary Injunction Order upon them, Defendants and any other person or entity served with a copy of this Order, shall forthwith, or within such time as permitted by the Temporary Receiver in writing, deliver over to the Temporary Receiver:

- A. Possession and custody of all assets including, but not limited to, funds and property owned beneficially or otherwise, wherever situated, of the Receivership Defendants;

- B. Possession and custody of all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents, and other papers of the Receivership Defendants;
- C. Possession and custody of all funds and other assets belonging to members of the public now held by the Receivership Defendants;
- D. All keys, computer passwords, entry codes, combinations to locks required to open or gain access to any of the property or effects, and all monies in any bank deposited to the credit of the Receivership Defendants, wherever situated; and
- E. Information identifying the accounts, employees, properties, or other assets or obligations of the Receivership Defendants.

## **VI. STAY OF OTHER ACTIONS**

**IT IS FURTHER ORDERED** that except by leave of this Court, during the pendency of the receivership ordered herein, Defendants and all customers, principals, investors, creditors, stockholders, lessors, and other persons seeking to establish or enforce any claim, right or interest against or on behalf of the Receivership Defendants, and all others acting for or on behalf of such persons, including attorneys, trustees, agents, sheriffs, constables, marshals, and other officers and their deputies, and their respective attorneys, servants, agents and employees, be and are hereby stayed from:

- A. Commencing, prosecuting, continuing or enforcing any suit or proceeding against the Receivership Defendants, except that such actions may be filed to toll any applicable statute of limitations; provided further, however, that nothing in Section VI of this Agreed Preliminary Injunction Order shall preclude Web.com,

Inc. from commencing or prosecuting an action against Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, and/or any other persons for any and all causes of action arising out of that certain Agreement and Plan of Merger dated May 19, 2006, or preclude Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, from commencing and prosecuting claims against Web.com, Inc. arising out of that certain Agreement and Plan of Merger dated May 19, 2006;

- B. Commencing, prosecuting, continuing or entering any suit or proceeding in the name or on behalf of the Receivership Defendants;
- C. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of property of the Receivership Defendants, or any property claimed by the Receivership Defendants, or attempting to foreclose, forfeit, alter or terminate any interest in property held by the Receivership Defendants, including, without limitation, the establishment, granting, or perfection of any security interest, whether such acts are part of a judicial proceeding or otherwise;
- D. Using self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wheresoever located, owned by or in the possession of the Receivership Defendants or the Temporary Receiver appointed pursuant to this Agreed Preliminary Injunction Order or any agent appointed by said Temporary Receiver; and

E. Doing any act or thing whatsoever to interfere with the Temporary Receiver taking control, possession or management of the property subject to this receivership, or to in any way interfere with the Temporary Receiver, or to harass or interfere with the duties of the Temporary Receiver; or to interfere in any manner with the exclusive jurisdiction of this Court over the property and assets of the Receivership Defendants, including the filing by Defendants Marc R. Smith, Kathleen A. Smalley, Keith Hendrick, Steven L. Kennedy, John O. Ring, or James E. McCubbin, Jr. of a petition for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as to the Receivership Defendants.

*Provided*, that nothing in this Paragraph shall prohibit any federal or state law enforcement or regulatory authority from commencing or prosecuting an action against the Receivership Defendants.

### **ASSET & RECORD RETENTION**

#### **VII. ASSET FREEZE**

**IT IS FURTHER ORDERED** that Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys who receive actual notice of this Agreed Preliminary Injunction Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby preliminarily restrained and enjoined from:

A. Transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, perfecting a security interest in, or otherwise disposing of any funds, property, accounts, contracts, shares of stock,

lists of consumer names, or other assets, wherever located, including outside the United States, that are (1) owned or controlled, directly or indirectly, by any Defendant, in whole or in part; (2) in the actual or constructive possession of any Defendant; or (3) 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, but not limited to, 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, 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; and
- C. Incurring charges or cash advances on any credit card issued in the name, singly or jointly, of any Defendant.
- D. Notwithstanding the foregoing, **IT IS FURTHER ORDERED** that the Temporary Receiver is authorized, and all those with notice of the Agreed Preliminary Injunction Order are hereby ordered to comply, as follows: the Temporary Receiver or his express designee may authorize the disbursement of funds from any bank, savings and loan account, or other entity which has received and holds funds which is the property of or held under the name of any Receivership Defendant or WebSource Media, L.P. in furtherance of his appointment to perform all acts necessary to conserve, hold, manage, and preserve the assets of the Receivership Defendants.

E. Defendants may apply to this Court for reasonable living and medical expenses or for permission to proceed with extraordinary expenses or transactions involving the sale, transfer, or disposition of other assets. Additionally, upon motion to this Court the Defendants shall be entitled to pay to their attorneys an initial retainer for reasonable legal fees, and to continue to apply to this Court for any future reasonable legal expenses. Any hearings on Defendants' applications may be conducted by telephonic conference.

F. Notwithstanding the foregoing, the Defendants Ring and McCubbin shall be entitled to the following:

1. An immediate disbursement of \$10,000 each to deal with personal expenses;
2. A further disbursement of \$10,000 each to provide for a retainer to provide for legal expenses;
3. Beginning on July 1, 2006, a monthly disbursement of \$5,000 each to cover reasonable monthly living expenses; and
4. Each Defendant shall have the right to apply to this Court for further amounts or further expenses as may be needed from time-to-time during the period covered by this Agreed Preliminary Injunction Order.

*Provided*, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a).

**IT IS FURTHER ORDERED** that the assets affected by this Paragraph shall include both existing assets and assets acquired after the effective date of this Agreed Preliminary Injunction Order.

**VIII. REPATRIATION OF ASSETS AND DOCUMENTS LOCATED IN FOREIGN COUNTRIES**

**IT IS FURTHER ORDERED** that Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, trust, corporation, subsidiary, affiliate, division, or other device, shall:

- A. Within three (3) business days following the service of this Agreed Preliminary Injunction Order, take such steps as are necessary to transfer to the territory of the United States of America all documents and assets that are located outside of such territory and are held by or for Defendants or are under Defendants' direct or indirect control, jointly, severally, or individually, provided, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a);
- B. Within three (3) business days following service of this Agreed Preliminary Injunction Order, provide the Commission with a full accounting of all documents and assets that are located outside of the territory of the United States of America and are held by or for Defendants or are under Defendants' direct or indirect control, jointly, severally, or individually;
- C. Hold and retain all transferred documents and assets and prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds, except for transfers to the Temporary Receiver, provided, that this provision shall not apply

to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a); and

- D. Provide The Commission access to Defendants' records and documents held by financial institutions outside the territorial United States, by signing the Consent to Release of Financial Records attached hereto as Attachment A.

**IX. INTERFERENCE WITH REPATRIATION**

**IT IS FURTHER ORDERED** that Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Agreed Preliminary Injunction Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby preliminarily restrained and enjoined from taking any action, directly or indirectly, which may result in the encumbrance or dissipation of foreign assets, or in the hindrance of the repatriation required by Paragraph VIII of this Order, including but not limited to:

- A. Sending any statement, letter, fax, e-mail or wire transmission, telephoning or engaging in any other act, directly or indirectly, that results in a determination by a foreign trustee or other entity that a "duress" event has occurred under the terms of a foreign trust agreement until such time that all assets have been fully repatriated pursuant to Paragraph VII of this Order; or
- B. Notifying any trustee, protector or other agent of WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith, Kathleen A. Smalley; Keith Hendrick; Steven

L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; or other related entities of the existence of this Order, or of the fact that repatriation is required pursuant to a Court Order, until such time that all assets have been fully repatriated pursuant to Paragraph VII of this Agreed Preliminary Injunction Order.

*Provided*, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a).

**X. FINANCIAL STATEMENTS**

**IT IS FURTHER ORDERED** that to the extent that Defendants have not already done so, then not later than ten (10) days after entry of this Agreed Preliminary Injunction Order, Defendants shall provide the Commission and Temporary Receiver with a completed financial statement, on the forms attached to this Order as Attachments B and C, for each Defendant individually and for each corporation of which such Defendant is an officer as of the date of service of this Order upon such Defendant.

**XI. CONSUMER CREDIT REPORTS**

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

**XII. PRESERVATION OF RECORDS**

**IT IS FURTHER ORDERED** that Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Agreed Preliminary Injunction Order by personal service or otherwise, whether acting directly or

through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby preliminarily restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any contracts, accounting data, correspondence, advertisements, computer tapes, discs, or other computerized records, books, written or printed records, handwritten notes, telephone logs, telephone scripts, recordings, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, copies of federal, state or local business or personal income or property tax returns, and other documents or records of any kind that relate to the business practices or business or personal finances of the Defendants, individually and jointly.

### **XIII. MAINTENANCE OF CURRENT BUSINESS RECORDS**

**IT IS FURTHER ORDERED** that Defendants WebSource Media, L.L.C.; BizSitePro, L.L.C.; Eversites, L.L.C.; Telsource Solutions, Inc.; Telsource International, Inc.; Marc R. Smith; Kathleen A. Smalley; Keith Hendrick; Steven L. Kennedy; John O. Ring; and James E. McCubbin, Jr.; and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Agreed Preliminary Injunction Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, affiliate, division, or other device, are hereby preliminarily restrained and enjoined from:

- A. Failing to create and maintain documents that, in reasonable detail, accurately, fairly, and completely reflect their incomes, disbursements, transactions, and use of money; and
- B. Creating, operating, or exercising any control over any business entity, including any partnership, limited partnership, joint venture, sole proprietorship or corporation, without first providing the Commission with a written statement

disclosing: (1) the name of the business entity; (2) the address and telephone number of the business entity; (3) the names of the business entity's officers, directors, principals, managers and employees; and (4) a detailed description of the business entity's intended activities.

#### **XIV. RETENTION OF ASSETS AND RECORDS**

**IT IS FURTHER ORDERED** that any financial or brokerage institution, business entity, or person served with a copy of this Agreed Preliminary Injunction Order, that holds, controls or maintains custody of any account or asset of the Defendants at any time since the date of entry of this Agreed Preliminary Injunction Order, shall:

- A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion, sale, or other disposal of any such asset except by further order of this Court, provided, that this provision shall not apply to any assets determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a) and, provided further that Web.com, Inc. may disperse funds from those accounts that it holds for the benefit of WebSource Media, L.L.C. as the Temporary Receiver shall direct;
- B. Deny Defendants access to any safe deposit box that is:
  1. titled in the name of any such Defendant, either individually or jointly; or
  2. otherwise subject to access by any such Defendant;

*provided*, that this provision shall not apply to any safe deposit box determined to be property of the bankruptcy estate of Defendant Marc R. Smith pursuant to 11 U.S.C. § 541(a);

C. Provide the Commission's counsel and the Temporary Receiver within five (5) business days of receiving a copy of this Agreed Preliminary Injunction Order, a sworn statement setting forth:

1. the identification number of each such account or asset titled in the name, individually or jointly, of any of the Defendants, or held on behalf of, or for the benefit of, any of the Defendants;

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 Agreed Preliminary Injunction Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and

3. the identification of any safe deposit box that is either titled in the name, individually or jointly, of any Defendant, or is otherwise subject to access by any Defendant;

D. Upon the request of the Commission or the Temporary Receiver, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs. Any such financial institution, account custodian, or other aforementioned entity may arrange for the Commission to obtain copies of any such records which the Commission seeks; and

- E. Cooperate with all reasonable requests of the Temporary Receiver relating to implementation of this Agreed Preliminary Injunction Order, including transferring funds at his direction.

**XV. DISTRIBUTION OF ORDER BY DEFENDANTS**

**IT IS FURTHER ORDERED** that Defendants shall immediately provide a copy of this Agreed Preliminary Injunction Order to each affiliate, subsidiary, division, sales entity, successor, assign, officer, director, employee, agent, attorney, and representative of any Defendant, and shall, within ten (10) days from the date of entry of this Agreed Preliminary Injunction Order, provide the Commission with a sworn statement that Defendants have complied with this provision of this Agreed Preliminary Injunction Order, which statement shall include the names and addresses of each such person or entity who received a copy of the Agreed Preliminary Injunction Order.

**XVI. SERVICE OF ORDER**

**IT IS FURTHER ORDERED** that copies of this Order may be served by any means, including facsimile transmission and overnight delivery service, upon any financial institution or other entity or person that may have possession, custody, or control of any documents or assets of any Defendant, or that may be subject to any provision of this Order. Pursuant to Fed. R. Civ. P. 4(c)(2), this Order may be served on Defendants, upon the business premises of the Defendants, and upon any financial institution or other entity or person that may have possession, custody or control of any documents or assets of any Defendant, or that may be subject to any provision of this Order, by employees of the Commission, by employees of any other law enforcement agency, by any agent of the Commission or by any agent of any process service retained by the Commission.

**XVII. MONITORING**

**IT IS FURTHER ORDERED** that agents or representatives of the Commission may contact the Defendants or their agents or representatives directly and anonymously for the purpose of monitoring compliance with Paragraphs I and II of this Order, and may tape-record any oral communications that occur in the course of such contacts.

**XVIII. STAY OF DISCOVERY**

**IT IS FURTHER ORDERED** that no discovery shall be commenced in this action for ninety (90) day from the date of this Agreed Preliminary Injunction Order, provided, however, that the Temporary Receiver may conduct such discovery as he deems necessary to fulfill his duties and obligations specified in this Agreed Preliminary Injunction Order. The Temporary Receiver may commence such discovery after ten (10) days of the signing and entry of this Agreed Preliminary Injunction Order.

**XIX. PRE-TRIAL AND SCHEDULING CONFERENCE**

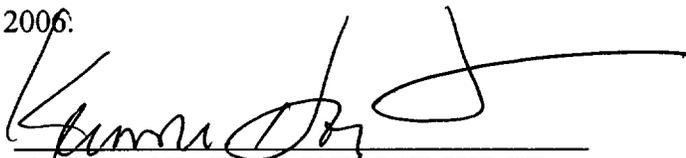
**IT IS FURTHER ORDERED** that ninety (90) days after the signing and entry of this Agreed Preliminary Injunction Order, the parties shall appear before this Court for a Rule 26(a) scheduling conference and to set a trial date for the permanent relief requested by the Commission in its Complaint.

**XX. RETENTION OF JURISDICTION**

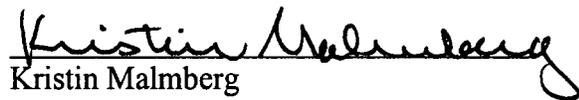
**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for all purposes.

**IT IS SO ORDERED.**

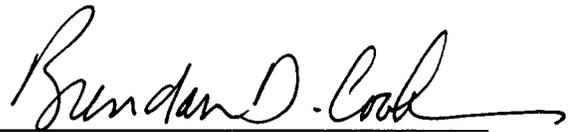
**ENTERED**, this 21<sup>st</sup> day of June 2006.

  
UNITED STATES DISTRICT JUDGE

**AGREED AS TO FORM AND SUBSTANCE:**



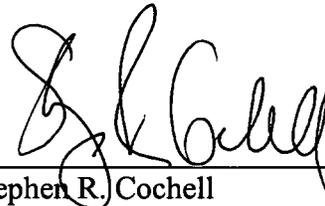
Kristin Malmberg  
Federal Trade Commission  
1999 Bryan Street, Suite 2150  
Dallas, Texas 75201  
ATTORNEYS FOR PLAINTIFF  
FEDERAL TRADE COMMISSION



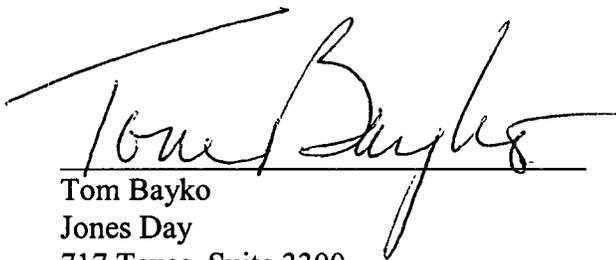
Brendan D. Cook  
Baker & McKenzie, LLP  
711 Louisiana, Ste. 3400  
Houston, Texas 77002-2716  
ATTORNEYS FOR DEFENDANTS  
TELSOURCE SOLUTIONS, INC.,  
TELSOURCE INTERNATIONAL, INC.,  
JOHN O. RING AND JAMES E.  
MCCUBBIN, JR.



Craig J. Alvarez, Esq.  
Fulbright & Jaworski L.L.P.  
1301 McKinney, Suite 5100  
Houston, Texas 77010-3095  
ATTORNEY FOR TEMPORARY  
RECEIVER W. MARC SCHWARTZ



Stephen R. Cochell  
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1000 Louisiana, Ste. 5400  
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ATTORNEYS FOR DEFENDANTS,  
MARC SMITH, KEITH HENDRICK,  
KATHLEEN SMALLEY AND STEVEN  
KENNEDY



Tom Bayko  
Jones Day  
717 Texas, Suite 3300  
Houston, Texas 77002  
ATTORNEYS FOR DEFENDANT,  
WEBSOURCE MEDIA, L.L.C.,  
BIZSITEPRO, L.L.C., & EVERSITES, L.L.C.

**ATTACHMENT A**

**Consent to Release of Financial Records**

I, \_\_\_\_\_, of the State of \_\_\_\_\_ in the United States of America, do hereby direct any bank or trust company at which I have a bank 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 bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of the Federal Trade Commission v. WebSource Media, L.L.C., et al., Civ. Action No. \_\_\_\_\_, now pending in the United States District Court for the Southern District of Texas, 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 which restrict or prohibit the disclosure of bank 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 bank accounts for which I may be a relevant principal.

Dated: \_\_\_\_\_, 2006

Signature: \_\_\_\_\_

Printed full name: \_\_\_\_\_

**OTHER ATTACHMENTS**

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL 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. "Dependents" include your live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

Penalty for False Information:

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

- (1) "in any matter within the jurisdiction of 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.

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**BACKGROUND INFORMATION**

**Item 1. Information About You**

Your Full Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Place of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_ Drivers License No. \_\_\_\_\_

Current Address \_\_\_\_\_ From (Date) \_\_\_\_\_

Rent or Own? \_\_\_\_\_ Telephone No. \_\_\_\_\_ Facsimile No. \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Internet Home Page \_\_\_\_\_

Previous Addresses for past five years:

Address \_\_\_\_\_ Rent or Own? \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ Rent or Own? \_\_\_\_\_ From/Until \_\_\_\_\_

Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used \_\_\_\_\_

**Item 2. Information About Your Spouse or Live-In Companion**

Spouse/Companion's Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Place of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_

Identify any other name(s) and/or social security number(s) your spouse/companion has used, and the time period(s) during which they were used \_\_\_\_\_

Address (if different from yours) \_\_\_\_\_

From (Date) \_\_\_\_\_ Rent or Own? \_\_\_\_\_ Telephone No. \_\_\_\_\_

Employer's Name and Address \_\_\_\_\_

Job Title \_\_\_\_\_ Years in Present Job \_\_\_\_\_ Annual Gross Salary/Wages \$ \_\_\_\_\_

**Item 3. Information About Your Previous Spouse**

Previous Spouse's Name & Address \_\_\_\_\_

\_\_\_\_\_ Social Security No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

**Item 4. Contact Information**

Name & Address of Nearest Living Relative or Friend \_\_\_\_\_  
\_\_\_\_\_  
Telephone No. \_\_\_\_\_

**Item 5. Information About Dependents Who Live With You**

▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

**Item 6. Information About Dependents Who Do Not Live With You**

▶Name & Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name & Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

**Item 7. Employment Information**

Provide the following information for this year-to-date and for each of the previous five full years, for each company of which you were a director, officer, employee, agent, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, draws, consulting fees, loans, loan payments, dividends, royalties or other benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

▶Company Name & Address \_\_\_\_\_  
Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_  
Positions Held with Beginning and Ending Dates \_\_\_\_\_  
\_\_\_\_\_

**Item 7. continued**

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

►Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

►Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

**Item 8. Pending Lawsuits Filed by You or Your Spouse**

List all pending lawsuits that have been filed by you or your spouse in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 9. Pending Lawsuits Filed Against You or Your Spouse**

List all pending lawsuits that have been filed against you or your spouse in court or before an administrative agency. (List

lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 10. Safe Deposit Boxes**

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

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

**Item 11. Business Interests**

List all businesses for which you, your spouse, or your dependents are an officer or director.

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

**FINANCIAL INFORMATION: ASSETS AND LIABILITIES**

**REMINDER:** "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.

**Item 12. 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 you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ \_\_\_\_\_ Cash Held For Your Benefit \$ \_\_\_\_\_

<u>Name on Account</u>	<u>Name &amp; Address of Financial Institution</u>	<u>Account No.</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

**Item 13. U.S. Government Securities**

List all U.S. Government securities, including but not limited to, savings bonds, treasury bills, and treasury notes, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Name on Account</u>	<u>Type of Obligation</u>	<u>Security Amount</u>	<u>Maturity Date</u>
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____

**Item 14. Publicly Traded Securities and Loans Secured by Them**

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 you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

► Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

**Item 15. Other Business Interests**

List all other business interests, including but not limited to, non-public corporations, subchapter-S corporations, limited liability corporations ("LLCs"), general or limited partnership interests, joint ventures, sole proprietorships, and oil and mineral leases, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Business Format \_\_\_\_\_ Business' Name & Address \_\_\_\_\_

Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

► Business Format \_\_\_\_\_ Business' Name & Address \_\_\_\_\_

Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

**Item 16. Monetary Judgments or Settlements Owed to You, Your Spouse, or Your Dependents**

List all monetary judgments or settlements owed to you, your spouse, or your dependents.

► 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 17. Other Amounts Owed to You, Your Spouse, or Your Dependents**

List all other amounts owed to you, your spouse, or your dependents.

Debtor's Name, Address, & Telephone No. \_\_\_\_\_

Original Amount Owed \$ \_\_\_\_\_ Current Amount Owed \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 18. Life Insurance Policies**

List all life insurance policies held by you, your spouse, or your dependents.

►Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

►Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

**Item 19. Deferred Income Arrangements**

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, and other retirement accounts, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

►Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

►Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

**Item 20. Personal Property**

List all personal property, by category, whether held for personal use or for investment, including but not limited to,

furniture and household goods of value, computer equipment, electronics, coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Property Category</u> (e.g., artwork, jewelry)	<u>Name of Owner</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

**Item 21. Cars, Trucks, Motorcycles, Boats, Airplanes, and Other Vehicles**

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles owned or operated by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 21. Continued**

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 22. Real Property**

List all real estate held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

•Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Basis of Valuation \_\_\_\_\_ 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 \_\_\_\_\_

Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Basis of Valuation \_\_\_\_\_ 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. Credit Cards**

List each credit card held by you, your spouse, or your dependents. Also list any other credit cards that you, your spouse, or your dependents use.

<u>Name of Credit Card (e.g., Visa, MasterCard, Department Store)</u>	<u>Account No.</u>	<u>Name(s) on Account</u>	<u>Current Balance</u>	<u>Minimum Monthly Payment</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

**Item 24. Taxes Payable**

List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependants.

<u>Type of Tax</u>	<u>Amount Owed</u>	<u>Year Incurred</u>
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

**Item 25. Judgments or Settlements Owed**

List all judgments or settlements owed by you, your spouse, or your dependants.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 26. Other Loans and Liabilities**

List all other loans or liabilities in your, your spouse's, or your dependents' names.

▶Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

▶Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

**OTHER FINANCIAL INFORMATION**

**Item 27. Tax Returns**

List all federal tax returns that were filed during the last three years by or on behalf of you, your spouse, or your dependents. *Provide a copy of each signed tax return that was filed during the last three years.*

<u>Tax Year</u>	<u>Name(s) on Return</u>	<u>Refund Expected</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

**Item 28. Applications for Credit**

List all applications for bank loans or other extensions of credit that you, your spouse, or your dependents have submitted within the last two years. *Provide a copy of each application, including all attachments.*

<u>Name(s) on Application</u>	<u>Name &amp; Address of Lender</u>
_____	_____
_____	_____
_____	_____

**Item 29. Trusts and Escrows**

List all funds or other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity. *Provide copies of all executed trust documents.*

<u>Trustee or Escrow Agent's Name &amp; Address</u>	<u>Date Established</u>	<u>Grantor</u>	<u>Beneficiaries</u>	<u>Present Market Value of Assets</u>
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____

**Item 30. Transfers of Assets**

List each person to whom you have transferred, in the aggregate, more than \$2,500 in funds or other assets during the previous three years by loan, gift, sale, or other transfer. For each such person, state the total amount transferred during that period.

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

**SUMMARY FINANCIAL SCHEDULES**

**Item 31. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash on Hand (Item 12)	\$ _____	Credit Cards (Item 23)	\$ _____
Cash in Financial Institutions (Item 12)	\$ _____	Motor Vehicles - Liens (Item 21)	\$ _____
U.S. Government Securities (Item 13)	\$ _____	Real Property - Encumbrances (Item 22)	\$ _____
Publicly Traded Securities (Item 14)	\$ _____	Loans Against Publicly Traded Securities (Item 14)	\$ _____
Other Business Interests (Item 15)	\$ _____	Taxes Payable (Item 24)	\$ _____
Judgments or Settlements Owed to You (Item 16)	\$ _____	Judgments or Settlements Owed (Item 25)	\$ _____
Other Amounts Owed to You (Item 17)	\$ _____	Other Loans and Liabilities (Item 26)	\$ _____
Surrender Value of Life Insurance (Item 18)	\$ _____	<u>Other Liabilities (Itemize)</u>	
Deferred Income Arrangements (Item 19)	\$ _____	_____	\$ _____
Personal Property (Item 20)	\$ _____	_____	\$ _____
Motor Vehicles (Item 21)	\$ _____	_____	\$ _____
Real Property (Item 22)	\$ _____	_____	\$ _____
<u>Other Assets (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Assets</b>	<b>\$ _____</b>	<b>Total Liabilities</b>	<b>\$ _____</b>

**Item 32. Combined Average Monthly Income and Expenses for You, Your Spouse, and Your Dependents for the Last 6 Months**

Provide the average monthly income and expenses for you, your spouse, and your dependents for the last 6 months. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.

<u>INCOME</u>		<u>EXPENSES</u>	
Salary - After Taxes	\$ _____	Mortgage Payments for Residence(s)	\$ _____
Fees, Commissions, and Royalties	\$ _____	Property Taxes for Residence(s)	\$ _____
Interest	\$ _____	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$ _____
Dividends and Capital Gains	\$ _____	Car or Other Vehicle Lease or Loan Payments	\$ _____
Gross Rental Income	\$ _____	Food Expenses	\$ _____
Profits from Sole Proprietorships	\$ _____	Clothing Expenses	\$ _____
Distributions from Partnerships, S-Corporations, and LLCs	\$ _____	Utilities	\$ _____
Distributions from Trusts and Estates	\$ _____	Medical Expenses, Including Insurance	\$ _____
Distributions from Deferred Income Arrangements	\$ _____	Other Insurance Premiums	\$ _____
Social Security Payments	\$ _____	Other Transportation Expenses	\$ _____
Alimony/Child Support Received	\$ _____	Other Household Expenses	\$ _____
Gambling Income	\$ _____	<u>Other Expenses (Itemize)</u>	
<u>Other Income (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Income</b>	\$ <u>_____</u>	<b>Total Expenses</b>	\$ <u>_____</u>



FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

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**Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. 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.
3. 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.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
5. Type or print legibly.
6. 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.

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**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 &amp; Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

**Item 5. Board Members**

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

<u>Name &amp; 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 &amp; 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 &amp; 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 &amp; 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, &amp; 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 &amp; 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 &amp; 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 17 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>	\$ _____	[REDACTED]		[REDACTED]
<u>Receivables</u>	\$ _____	[REDACTED]		[REDACTED]

**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 &amp; 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 &amp; 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, &amp; Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		

**Item 32. Documents Attached to the Financial Statement**

List all documents that are being submitted with the financial statement.

<u>Item No.</u>	<u>Document Relates To</u>	<u>Description of Document</u>
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