

ORIGINAL

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

Case No. 2:07-cv-03654-GW-FMO

FEDERAL TRADE COMMISSION,

Plaintiff

v.

BURNLOUNGE, INC.,
a corporation;
JUAN ALEXANDER ARNOLD,
an individual;
JOHN TAYLOR
an individual;
ROB DEBOER,
an individual; and
SCOTT ELLIOTT,
an individual,

Defendants.

~~Proposed~~
STIPULATED PRELIMINARY
INJUNCTION ORDER WITH
ASSET FREEZE, REQUIRED
ACCOUNTING, AND OTHER
EQUITABLE RELIEF AS TO
DEFENDANT JOHN TAYLOR

FILED
CLERK, U.S. DISTRICT COURT
AUG - 8 2007
CENTRAL DISTRICT OF CALIFORNIA
BY JG DEPUTY

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RECORDED

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), having filed a Complaint for Injunctive and Other Equitable Relief, including redress to consumers, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45(a), and having moved for an order to show cause why a preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure and C.D. Ca. L.R. 65-1, and the Court having considered Complaint, declarations, exhibits, memorandum of points and authorities, and other material filed by the parties, finds that:

1. This Court has jurisdiction of the subject matter of this case and there is good cause to believe it will have jurisdiction of all parties hereto;
2. There is good cause to believe that venue properly lies with this Court;
3. There is good cause to believe that the Individual Defendant John Taylor has engaged and is likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and that the Commission is therefore likely to prevail on the merits of this action.

DOCKETED ON CM
AUG - 8 2007
BY mg 009

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1 and cash, wherever located, whether in the United States or abroad, and shall
2 include both existing assets and assets acquired after the date of entry of this
3 Order.

4 2. **“Individual Defendant”** means John Taylor.

5 3. **“Financial Institution”** means any bank, savings and loan institution,
6 credit union, or any financial depository of any kind including, but not limited to
7 any brokerage house, money market or mutual fund, telephone or common carrier,
8 storage company, trustee, broker-dealer, escrow agent, title company, commodity
9 trading company, credit card company, or precious metal dealer, or any other
10 person, partnership, corporation, or other legal entity maintaining or having control
11 of any records, accounts or other assets owned directly or indirectly, of record or
12 beneficially, by the Individual Defendant, including accounts or other assets that
13 any Defendant may control by virtue of being a signatory on said accounts.

14 4. **“Marketing Program”** means any multi-level marketing program,
15 pyramid marketing scheme, Ponzi scheme, or chain marketing scheme.

16 5. **“Mogul Program”** means the BurnLounge Mogul Program through
17 which participants earn monetary rewards.

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

21 7. **“Plaintiff”** means the Federal Trade Commission (“Commission” or
22 “FTC”).

23 8. The terms “and” and “or” in this Order shall be construed
24 conjunctively or disjunctively as necessary, to make the applicable sentence or
25 phrase inclusive rather than exclusive.

26
27 **ORDER**

28 **I. PYRAMID PROHIBITION**

1 **IT IS THEREFORE ORDERED** that the Individual Defendant is
2 temporarily restrained and enjoined from engaging, participating or assisting in, any
3 manner or capacity whatsoever, from operating the Mogul Program or any
4 Marketing Program that constitutes a pyramid scheme.

5 **II. INJUNCTION AGAINST MISREPRESENTATION**

6 **IT IS FURTHER ORDERED** that, in connection with the advertising,
7 promoting, marketing, offering or providing, or assisting others in the advertising,
8 promoting, marketing, offering or providing the Mogul Program, Marketing
9 Program or any business investment opportunity, the Individual Defendant is
10 hereby temporarily restrained and enjoined from making or assisting in the making
11 of, expressly or by implication, orally or in writing, any false or misleading
12 statement or representation of material fact, including, but not limit to:
13 misrepresenting that consumers who participate in the Mogul Program, Marketing
14 Program or business investment opportunity will or are likely to receive substantial
15 income.

16 **III. INJUNCTION AGAINST MATERIAL OMISSIONS**

17 **IT IS FURTHER ORDERED** that, in connection with the advertising,
18 promoting, marketing, offering or providing, or assisting others in the advertising,
19 promoting, marketing, offering or providing the Mogul Program, Marketing
20 Program or any business investment opportunity, the Individual Defendant is
21 hereby temporarily restrained and enjoined from failing to disclose, clearly and
22 conspicuously, orally or in writing, all information material to a consumer's
23 decision to participate in the Mogul Program, Marketing Program or business
24 investment opportunity, including, but not limited to, the fact that the structure of
25 the Mogul Program, Marketing Program or business investment opportunity
26 prevents the vast majority of participants from making substantial income.

27 **IV. ASSET FREEZE**

1 IT IS FURTHER ORDERED that the Individual Defendant is hereby
2 temporarily restrained and enjoined from:

- 3 A. Transferring, converting, encumbering, selling, concealing, dissipating,
4 disbursing, assigning, spending, withdrawing, or otherwise disposing
5 of any assets, wherever located, that are (1) owned or controlled, in
6 whole or in part, by the Individual Defendant; (2) titled or held in the
7 name, singly or jointly, of the Individual Defendant; (3) in the actual or
8 constructive possession of the Individual Defendant; or (4) owned,
9 controlled by, or in the actual or constructive possession of any
10 corporation, partnership, or other entity directly or indirectly owned,
11 managed, or controlled by, or under common control with, the
12 Individual Defendant including, but not limited to, any assets held by
13 or for the Individual Defendant at any bank or savings and loan
14 institution, or with any financial institution, as defined above, or other
15 depository of any kind;
- 16 B. Opening or causing to be opened any safe deposit boxes or other
17 storage facility or container titled in the name of or subject to access
18 by the Individual Defendant;
- 19 C. Incurring charges or cash advances on any credit card, debit card, or
20 checking card issued in the name, singly or jointly, of the Individual
21 Defendant; and
- 22 D. Securing a loan with or incurring a lien on the real property, the
23 personal property, or other asset in the name, singly or jointly, of the
24 Individual Defendant.

25 Provided further, the Individual Defendant shall be allowed to spend funds
26 from frozen assets to pay reasonable ordinary and necessary monthly living
27 expenses (not to exceed \$5000 per month) established prior to the filing of the
28 instant litigation, including mortgage payments, rent, car payments, alimony, child

1 support, and medical expenses. The Individual Defendant may also spend any
2 future earnings. The Individual Defendant may use debit cards with regards to any
3 future earnings. The Individual Defendant shall incur no new debt provided that he
4 may use credit cards to pay reasonable ordinary and necessary monthly living
5 expenses established prior to the filing of the instant litigation within the limitation of
6 spending funds from frozen assets provided in this paragraph. Provided further,
7 the Plaintiff shall have the right to move to modify this order after receipt of
8 information required to be disclosed by the Individual Defendant under Paragraph
9 VIII on the grounds that the living expenses of the Individual Defendant are not
10 reasonable.

11 Provided further, that the Individual Defendant shall be allowed to expend
12 \$20,000 for attorneys' fees. In the event, the Individual Defendant seeks to pay his
13 attorneys more than the initial \$20,000 for attorneys' fees, the Individual Defendant
14 shall provide Counsel for Plaintiff with a description of the fees and a general
15 description of the legal services rendered. Each such request shall be no more than
16 \$20,000 at a time. If Plaintiff objects to payment of the fees within ten days of
17 receipt of the description of the fees and legal services by communicating such
18 objection to Counsel for the Individual Defendant, the Individual Defendant shall
19 then submit his request to pay such fees to the Court for such order as Court
20 deems appropriate.

21 **V. DUTIES OF THIRD-PARTY ASSET HOLDERS**

22 IT IS FURTHER ORDERED that any financial institution, business entity,
23 or person that holds, controls or maintains custody of any account or asset titled in
24 the name of, held for the benefit of, or otherwise under the control of the Individual
25 Defendant, or has held, controlled or maintained custody of any such account or
26 asset at any time since October 1, 2005, shall:

- 27 A. Prohibit any person or entity from withdrawing, removing, assigning,
28 transferring, pledging, encumbering, disbursing, dissipating,

1 converting, selling, or otherwise disposing of any such asset except as
2 provided in Paragraph IV or directed by further order of the Court;

3 B. Deny any person or entity access to any safe deposit box or other
4 storage facility that is:

- 5 1. titled in the name of the Individual Defendant, either
6 individually or jointly; or
- 7 2. otherwise held for the benefit of or subject to access by the
8 Individual Defendant.

9 C. Provide counsel for the Commission, within five (5) business days of
10 receiving a copy of this Order, a sworn statement setting forth:

- 11 1. the identification number of each such account or asset titled in
12 the name, individually or jointly, or held on behalf of, or for the
13 benefit of, the Individual Defendant;
- 14 2. the balance of each such account, or a description of the nature
15 and value of such asset as of the time this Order is served, and,
16 if the account or other asset has been closed or removed, the
17 date closed or removed, the total funds removed in order to
18 close the account, and the name of the person or entity to
19 whom such account or other asset was remitted; and
- 20 3. the identification of any safe deposit box or other storage
21 facility or container that is either titled in the name, individually
22 or jointly, of the Individual Defendant or is otherwise subject to
23 access by the Individual Defendant;

24 D. Upon the request by the Commission, promptly provide, within five
25 (5) business days of receipt of the request, the Commission with
26 copies of records or other documentation requested by the
27 Commission pertaining to such account or asset, including but not
28 limited to originals or copies of account applications, account

1 statements, signature cards, checks, drafts, deposit tickets, transfers
2 to and from the accounts, all other debit and credit instruments or
3 slips, currency transaction reports, 1099 forms, and safe deposit box
4 logs; and

- 5 E. Cooperate with all reasonable requests of the Commission relating to
6 implementation of this Order.

7 **VI. FOREIGN ASSET REPATRIATION**

8 IT IS FURTHER ORDERED that within five (5) business days following the
9 service of this Order, the Individual Defendant shall:

- 10 A. Provide the Commission with a full accounting of all funds,
11 documents, and assets located outside of the United States which are
12 (1) titled in the name, individually or jointly, of the Individual
13 Defendant; or (2) held by any person or entity for the benefit of the
14 Individual Defendant; or (3) under the direct or indirect control,
15 whether jointly or singly, of the Individual Defendant;
- 16 B. Transfer to the territory of the United States all funds, documents, and
17 assets located outside of the United States which are (1) titled in the
18 name individually or jointly of the Individual Defendant; or (2) held by
19 any person or entity for the benefit of the Individual Defendant; or (3)
20 under the Individual Defendant's direct or indirect control, whether
21 jointly or singly;
- 22 C. Hold and retain all repatriated funds, documents, and assets, and
23 prevent any transfer, disposition, or dissipation whatsoever of any
24 funds or assets, except as required by this Order; or for any funds,
25 documents, or assets held by or in the name of the Individual
26 Defendant; and
- 27 D. Provide the Commission access to all records of funds, documents,
28 or assets of the Individual Defendant held by financial institutions or

1 other entities or individuals located outside the United States by
2 signing a Consent to Release of Financial Records, to be supplied by
3 Plaintiff.

4 **VII. INTERFERENCE WITH REPATRIATION**

5 IT IS FURTHER ORDERED that the Individual Defendant is hereby
6 temporarily restrained and enjoined from taking any action, directly or indirectly,
7 which may result in the encumbrance or dissipation of funds, documents, or assets
8 held outside of the United States, or in the hindrance of the repatriation required by
9 the preceding Section of this Order, including but not limited to:

10 A. Sending any statement, letter, fax, e-mail or wire transmission,
11 telephoning or engaging in any other act, directly or indirectly, that results in a
12 determination by a foreign trustee or other entity that a "duress" event has occurred
13 under the terms of a foreign trust agreement until such time that all assets have been
14 fully repatriated pursuant to the preceding Section of this Order; and

15 B. Notifying any trustee, protector or other agent of any foreign trust or
16 other related entities of either the existence of this Order, or of the fact that
17 repatriation is required pursuant to a Court Order, until such time that all assets
18 have been fully repatriated pursuant to the preceding Section of this Order.

19 **VIII. FINANCIAL STATEMENTS AND ACCOUNTING**

20 IT IS FURTHER ORDERED that, within five (5) business days after service
21 of this Order, the Individual Defendant shall provide to counsel for Plaintiff:

22 A. A completed financial statement signed under penalty of perjury and
23 accurate as of the date of entry of this Order, in the form provided as
24 Attachment A; and

25 B. A full and complete disclosure of all financial information and records
26 in their care, custody or control that relates to any financial transaction
27 with BurnLounge.
28

1 Provided that prior submission to Plaintiff of the information required by this
2 paragraph shall be deemed to satisfy this paragraph.

3 **IX. MAINTENANCE OF RECORDS**

4 IT IS FURTHER ORDERED that the Individual Defendant, and his officers,
5 agents, servants, employees, and attorneys, and those in active concert or
6 participation with them who receive actual notice of this Order, are hereby
7 temporarily restrained and enjoined from directly or indirectly destroying,
8 mutilating, erasing, altering, concealing or disposing of, in any manner, directly or
9 indirectly, any documents that relate to the business practices or business or
10 personal finances of the Individual Defendant.

11 **X. SERVICE OF ORDER BY FAX**

12 IT IS FURTHER ORDERED that copies of this Order may be served by
13 any means, including facsimile transmission, upon any financial institution or other
14 entity or person that may have possession, custody, or control of any documents
15 or assets of the Individual Defendant, or that may be subject to any provision of
16 this Order.

17 **XI. CONSUMER CREDIT REPORTS**

18 IT IS FURTHER ORDERED that, pursuant to Section 604 of the Fair
19 Credit Reporting Act, 15 U.S.C. §1681b, any consumer reporting agency may
20 furnish the Commission with a consumer report concerning the Individual
21 Defendant.

22 **XII. SERVICE ON THE COMMISSION**

23 IT IS FURTHER ORDERED that, with regard to any correspondence,
24 pleadings, or notifications related to this Order, service on the Commission shall be
25 performed by personal or facsimile delivery (but not delivery by U.S. Mail) to the
26 attention of:

27
28 Chris M. Couillou, Esq.

Federal Trade Commission
225 Peachtree Street, Suite 1500
Atlanta, Georgia 30303,
facsimile number (404) 656-1379

before 5:00 pm (EDT) of the day that such service is due.

XIII. NOTIFICATION OF EMPLOYMENT

IT IS FURTHER ORDERED that the Individual Defendant shall notify Plaintiff of any employment with or work for a company using multi-level marketing within seven (7) days of the beginning of such employment or work. Such notification shall include the name and address of the company.

SO ORDERED, this 7th day of August, 2007.

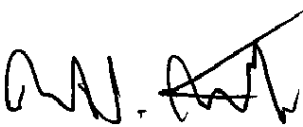


Hon. George H. Wu
United States District Judge

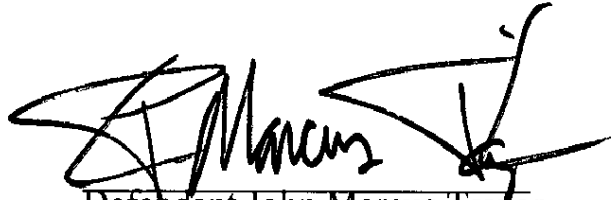
1 **THE PARTIES STIPULATE TO THE FOREGOING ORDER:**

2
3 

4 Chris M. Couillou
5 ccouillou@ftc.gov
6 Counsel for the Plaintiff
7 Federal Trade Commission
8 225 Peachtree Street, Suite 1500
9 Atlanta, GA 30303
10 (404) 656-1353 (voice)
11 (404) 656-1379 (fax)

12 

13 David J. Pasternak, Esq.
14 Pasternak, Pasternak & Patton
15 Counsel for Defendant John Taylor
16 djp@paslaw.com
17 1875 Century Park East, Suite 2200
18 Los Angeles, CA 90067-2523
19 (310) 553-1500 (voice)
20 (310) 553-1540 (fax)

21 

22 Defendant John Marcus Taylor

BACKGROUND INFORMATION

00
1113
2211
3311
4411
5511
6611
7711
8811
9911

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____ : \$ _____ : \$ _____
 _____ : \$ _____ : \$ _____

SCANNED
 SCANNED
 SCANNED

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 23).

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.

Owner's Name

Name & Address of Depository Institution

Box No.

<u>Owner's Name</u>	<u>Name & 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

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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 & 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.

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

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.

Tax Year	Name(s) on Return	Refund Expected
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

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.

Name(s) on Application	Name & Address of Lender
_____	_____
_____	_____
_____	_____

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 & 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, & 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>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
Total Assets	\$ _____	Total Liabilities	\$ _____

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>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
Total Income	\$ _____	Total Expenses	\$ _____

1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

3 I am employed in the County of Los Angeles, State of California. I am over the age of
4 eighteen years and not a party to the within action; my business address is 1875 Century Park
East, Suite 2200, Los Angeles, California 90067-2523.

5 On August 3, 2007, I served the foregoing document described as **[PROPOSED]**
6 **STIPULATED PRELIMINARY INJUNCTION ORDER WITH ASSET FREEZE,**
7 **REQUIRED ACCOUNTING, AND OTHER EQUITABLE RELIEF AS TO DEFENDANT**
8 **JOHN TAYLOR** on all interested parties in this action as follows:

9 **SEE ATTACHED LIST**

10 **BY MAIL:** I caused such envelope to be deposited in the mail at Los Angeles, California.
11 The envelope was mailed with postage thereon fully prepaid. I am "readily familiar" with
12 this firm's practice of collection and processing correspondence for mailing. It is
13 deposited with the U.S. Postal Service on that same day in the ordinary course of business.
14 I am aware that on motion of the party served, service is presumed invalid if postal
15 cancellation date or postage meter date is more than 1 day after date of deposit for mailing
16 in affidavit.

17 **BY FACSIMILE:** At or before 5:00 p.m., I caused said document(s) to be transmitted by
18 facsimile. The telephone number of the sending facsimile machine was (310) 553-1540.
19 The name(s) and facsimile machine telephone number(s) of the person(s) served are set
20 forth in the service list. The document was transmitted by facsimile transmission, and the
21 sending facsimile machine properly issued a transmission report confirming that the
22 transmission was complete and without error..

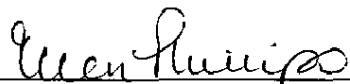
23 **BY E-MAIL:** The foregoing document was transmitted by electronic mail on said date.

24 **BY OVERNIGHT DELIVERY:** I deposited such document(s) in a box or other facility
25 regularly maintained by the overnight service carrier, or delivered such document(s) to a
26 courier or driver authorized by the overnight service carrier to receive documents, in an
27 envelope or package designated by the overnight service carrier with delivery fees paid or
28 provided for, addressed to the person(s) being served.

BY PERSONAL SERVICE: I personally delivered such envelope(s) directly to the
person(s) being served.

I declare under penalty of perjury under the laws of the State of California that the
foregoing is true and correct.

Executed on August 3, 2007, at Los Angeles, California.



Ellen Phillips

1 **Federal Trade Commission v. Burnlounge, Inc., Juan Alexander Arnold, John Taylor, Rob**
2 **DeBoer and Scott Elliott, etc., et al.**

3 ***United States District Court Western Division Case No. CV 07 03654 GW FMOx***

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