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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

DINAMICA FINANCIERA LLC,
a California limited liability
company;

SOLUCIONES DINAMICAS, INC.,
a California corporation;

VALENTIN BENITEZ,
an individual;

JOSE MARIO ESQUER,
an individual; and

ROSA ESQUER
an individual,

Defendants.

Case No. 09-03554 MMM (PJWx)

~~PROPOSED~~ TEMPORARY
RESTRAINING ORDER WITH ASSET
FREEZE AND OTHER EQUITABLE
RELIEF, AND ORDER TO SHOW
CAUSE WHY A PRELIMINARY
INJUNCTION SHOULD NOT ISSUE

1 Plaintiff Federal Trade Commission having filed its Complaint for a permanent injunction
2 and other equitable relief in this matter pursuant to Section 13(b) of the Federal Trade
3 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and having applied *ex parte* for a temporary
4 restraining order (“Order”) pursuant to Rule 65 of the Federal Rules of Civil Procedure, and the
5 Court having considered the Complaint, Plaintiff's application, and the memorandum of points
6 and authorities and other materials filed in support thereof, and now being advised in the
7 premises, finds as follows:

8 1. This Court has jurisdiction of the subject matter of this case. There is also good
9 cause to believe it will have jurisdiction of all parties hereto, and that venue in this district is
10 proper.

11 2. There is good cause to believe that Defendants Dinamica Financiera LLC,
12 Soluciones Dinamicas, Inc., Valentin Benitez, and Jose Mario Esquer (“Defendants”) have
13 engaged in and are likely to engage in acts that violate Section 5(a) of the FTC Act, 15 U.S.C.
14 § 45(a), and that the Commission is likely to prevail on the merits of this action.

15 3. There is good cause to believe that immediate and irreparable harm will result
16 from Defendants’ ongoing violations of the FTC Act unless Defendants are restrained and
17 enjoined by Order of this Court.

18 4. There is good cause to believe that immediate and irreparable damage to the
19 Court’s ability to grant effective final relief for consumers – including refunds, rescission and
20 restitution, disgorgement, or other equitable monetary relief – will occur from the sale, transfer,
21 or other disposition or concealment by Defendants of assets or records unless Defendants are
22 immediately restrained and enjoined by Order of this Court.

23 5. Considering Plaintiff's likelihood of ultimate success and weighing the equities,
24 a temporary restraining order with an asset freeze, and other equitable relief is in the public
25 interest.

26 6. No security is required of any agency of the United States for issuance of a
27 temporary restraining order. Fed. R. Civ. P. 65(c).

28

1 **ORDER**

2 DEFINITIONS

3 For purposes of this Order, the following definitions shall apply:

4 1. "Assets" means any legal or equitable interest in, right to, or claim to, any real
5 or personal property, including, without limitation, chattels, goods, instruments, equipment,
6 fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes,
7 accounts, credits, contracts, receivables, shares of stock, and all cash, wherever located.

8 2. "Assisting Others" means knowingly providing any of the following goods or
9 services to another person:

- 10 a. performing customer service functions, including, but not limited to,
11 receiving or responding to consumer complaints; or
12 b. formulating or providing, or arranging for the formulation or provision of,
13 any telephone sales script or any other marketing material; or
14 c. providing names of, or assisting in the generation of, potential customers;
15 or
16 d. performing marketing services of any kind.

17 3. "Defendants" means Dinamica Financiera LLC, Soluciones Dinamicas, Inc.,
18 Valentin Benitez, and Jose Mario Esquer and each of them, by whatever names each might be
19 known by, as well as their successors and assigns, whether acting directly or through any
20 corporation, subsidiary, division, or other device, including, but not limited to, fictitious
21 business names.

22 4. "Dinamica" means Defendant Dinamica Financiera LLC.

23 5. The term "Document" is equal in scope and synonymous in meaning to the usage
24 of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs,
25 charts, photographs, audio and video recordings, computer records, and any other data
26 compilations from which information can be obtained. A draft or non-identical copy is a
27 separate document within the meaning of the term.

28 6. "Individual Defendants" means Defendants Valentin Benitez and Jose Mario

1 Esquer.

2 7. "Material Fact" means any fact that is likely to affect a person's choice of, or
3 conduct regarding, goods or services.

4 8. "Mortgage foreclosure rescue service" means any service, product, or program
5 wherein the offeror, expressly or by implication, claims that it can assist a homeowner in any
6 manner to (A) stop, prevent, or postpone any home mortgage foreclosure sale, (B) obtain or
7 arrange a modification of any term of a home loan, deed of trust, or mortgage; (C) obtain any
8 forbearance from any mortgage loan holder or servicer, (D) exercise any statutory right of
9 reinstatement, (E) obtain any extension of the period within which the owner may reinstate his
10 or her obligation, (F) obtain any waiver of an acceleration clause contained in any promissory
11 note or contract secured by a deed of trust or mortgage on a residence in foreclosure or
12 contained in that deed of trust or mortgage, (G) obtain a loan or advance of funds that is
13 connected to the consumer's home ownership, (H) avoid or ameliorate the impairment of the
14 owner's credit standing, credit rating or credit profile resulting from the recording of a notice
15 of default or the conduct of a foreclosure sale, (I) save the owner's residence from foreclosure,
16 or (J) assist the owner in obtaining proceeds from the foreclosure sale of the owner's residence.
17 The foregoing shall include any manner of claimed assistance, including, but not limited to,
18 debt, budget, or financial counseling, receiving money for the purpose of distributing it to
19 creditors, contacting creditors on behalf of the homeowner, arranging or attempting to arrange
20 for an extension of the period within which the owner of property sold at foreclosure may cure
21 his or her default, arranging or attempting to arrange for any delay or postponement of the time
22 of a foreclosure sale, and giving advice of any kind with respect to filing for bankruptcy.

23 9. "Mortgage loan holder or servicer" means any beneficiary, mortgagee, trustee,
24 loan servicer, or any other loan holder and/or their authorized agents.

25 10. "Plaintiff" means the Federal Trade Commission.

26 11. "Person" means a natural person, organization, or other legal entity, including
27 a corporation, partnership, proprietorship, association, cooperative, or any other group or
28 combination acting as an entity.

1 12. "Soluciones" means Defendant Soluciones Dinamicas, Inc.

2 13. The term "and" also means "or," and the term "or" also means "and."

3 **I.**

4 **PROHIBITED REPRESENTATIONS**

5 **IT IS ORDERED** that Defendants and their successors, assigns, officers, agents,
6 servants, employees, and attorneys, and those persons or entities in active concert or
7 participation with any of them who receive actual notice of this Order by personal service or
8 otherwise, whether acting directly or through any corporation, subsidiary, division, or other
9 device, in connection with the advertising, marketing, promotion, offering for sale or sale of any
10 mortgage foreclosure rescue service, are temporarily restrained and enjoined from falsely
11 representing, or from assisting others who are falsely representing, expressly or by implication,
12 any of the following:

13 A. That any Defendant or any other person will:

- 14 1. stop, prevent, or postpone any home mortgage foreclosure sale;
- 15 2. save any consumer's residence from foreclosure;
- 16 3. prevent a notice of default from being filed with respect to any consumer's
17 residence or home loan;
- 18 4. obtain or write a new home loan for any consumer;
- 19 5. obtain or arrange refinancing of a home loan for any consumer;
- 20 6. obtain or arrange a forbearance from any mortgage loan holder or
21 servicer;
- 22 7. obtain or arrange any agreement whereby any consumer's mortgage
23 payments are deferred for any period of time;
- 24 8. obtain or arrange a modification of any term of a home loan, deed of trust,
25 or mortgage;
- 26 9. obtain or arrange lower monthly mortgage payments for any consumer;
- 27 10. obtain or arrange affordable monthly mortgage payments for any
28 consumer;

1 11. immediately or promptly contact any consumer's mortgage loan holder or
2 servicer; or

3 12. give a full refund of any fees paid if the Defendant or any other person
4 fails to stop, prevent, or postpone any foreclosure or perform any other
5 agreed-upon services;

6 B. The terms that any mortgage loan holder or servicer will or is likely to offer or
7 accept to cure any delinquency or default on, or to re-instate, any mortgage or other home loan,
8 including but not limited to:

9 1. the amount of any good-faith, up-front, or lump sum payment that the
10 consumer will be required to make; or

11 2. the amount of any monthly payment(s) that the consumer will be required
12 to make;

13 3. the length of time the consumer will be provided to cure any delinquency.

14 C. The amount of time that it will take or is likely to take for any Defendant or other
15 person to arrange or reach an agreement with any consumer's mortgage loan holder or servicer
16 to prevent foreclosure or to cure any delinquency or default on, or to re-instate, any mortgage
17 or other home loan;

18 D. The nature of the Defendant's or any other person's relationship with any
19 mortgage loan holder or servicer, or other lender;

20 E. The length of time that any Defendant or any other person has been in the
21 mortgage foreclosure rescue service business;

22 F. The cost of such service or of any aspect of such service;

23 G. That any Defendant or any other person is affiliated with, endorsed or approved
24 by, or otherwise connected to any government agency, unit or department, including but not
25 limited to the U.S. Department of Housing and Urban Development (H.U.D.);

26 H. The refund policy of any Defendant or any other person, including but not limited
27 to the likelihood of a consumer obtaining a full or partial refund, or the circumstances in which
28 a full or partial refund will be granted to the consumer; or

1 I. Any other material fact.

2 **II.**

3 **ASSET FREEZE**

4 **IT IS FURTHER ORDERED** that each of the Defendants is restrained and enjoined,
5 until further order of this Court, from:

6 A. Transferring, encumbering, selling, concealing, pledging, hypothecating,
7 assigning, spending, withdrawing, disbursing, conveying, gifting, dissipating, or otherwise
8 disposing of any funds, property, coins, lists of consumer names, shares of stock, or other
9 assets, wherever located, that are (1) owned or controlled by any of the Defendants, in whole
10 or in part; (2) in the actual or constructive possession of any of the Defendants; (3) held by an
11 agent of any of the Defendants, as a retainer for the agent's provision of services to a Defendant;
12 or (4) owned, controlled by, or in the actual or constructive possession of, or otherwise held for
13 the benefit of, any corporation, partnership, or other entity directly or indirectly owned or
14 controlled by any of the Defendants. The freeze imposed in this Section shall apply to assets
15 that any of the Defendants acquires following service of this Order only if such assets are
16 derived from activity prohibited by this Order.

17 B. Collecting or attempting to collect payment, in whole or in part, from any
18 consumer who hired Defendants prior to the entry of this Order.

19 C. Opening or causing to be opened any safe deposit boxes titled in the name of any
20 of the Defendants, or subject to access by any of the Defendants;

21 D. Incurring charges or cash advances on any credit or debit card issued in the name,
22 singly or jointly, of any of the Defendants, or any corporation, partnership, or other entity
23 directly or indirectly owned or controlled by any of the Defendants; and

24 E. Failing to disclose to Plaintiff, immediately upon service of this Order,
25 information that fully identifies each asset of the Defendants, and each entity holding such asset,
26 including, without limitation, the entity's name, address, and telephone number, the number of
27 the account, and the name under which the account is held.

28 F. If defendants may apply to the court for permission to use some portion of their

1 assets for reasonable living expenses and/or reasonable attorneys' fees, the court will determine
2 whether to grant the request after affording the Commission an opportunity to respond.

3 **III.**

4 **FINANCIAL REPORTS**

5 **IT IS FURTHER ORDERED** that within forty-eight (48) hours after service of this
6 Order:

7 A. Each of the Individual Defendants shall complete and deliver to Plaintiff the
8 Financial Statement captioned "Financial Statement of Individual Defendant," a copy of which
9 is attached hereto as Attachment 1;

10 B. The Individual Defendants shall prepare and deliver to Plaintiff, for Dinamica and
11 Soluciones, the Financial Statement captioned "Financial Statement of Corporate Defendant,"
12 a copy of which was attached hereto as Attachment 2. The Individual Defendants shall be jointly
13 and severally liable for this obligation;

14 C. Each of the Individual Defendants shall, on behalf of each corporation or other
15 entity of which he is the majority owner or which he otherwise controls, other than Dinamica
16 or Soluciones, complete and deliver to Plaintiff a separate copy of the "Financial Statement of
17 Corporate Defendant"; and

18 D. Defendants shall provide the Commission access to records and documents
19 pertaining to assets of any of the Defendants that are held by financial institutions outside the
20 territory of the United States by signing a Consent to Release of Financial Records if requested
21 by Plaintiff.

22 **IV.**

23 **PRESERVATION OF RECORDS**

24 **IT IS FURTHER ORDERED** that Defendants, and their agents, servants, employees,
25 and attorneys, and all persons directly or indirectly under the control of any of them, and all
26 other persons in active concert or participation with any of them who receive actual notice of
27 this Order by personal service or otherwise, and each such person, are restrained and enjoined
28 from destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing

1 of, in any manner, directly or indirectly, any documents that relate to the business practices or
2 finances of any of the Defendants, including, but not limited to, such documents as any
3 contracts, accounting data, correspondence, advertisements, computer tapes, discs or other
4 computerized records, books, written or printed records, handwritten notes, telephone logs,
5 telephone scripts, receipt books, ledgers, personal and business canceled checks and check
6 registers, bank statements, appointment books, copies of federal, state, or local business or
7 personal income or property tax returns.

8 **V.**

9 **PROHIBITION ON RELEASE OF**
10 **CUSTOMER INFORMATION OR CUSTOMERS LISTS**

11 **IT IS FURTHER ORDERED** that Defendants, and officers, agents, directors, servants,
12 employees, salespersons, and attorneys of Defendants, as well as all other persons in active
13 concert or participation with them, who receive actual notice of this Order by personal service
14 or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or
15 other device, or any of them, are restrained and enjoined from selling, renting, leasing,
16 transferring, or otherwise disclosing the name, address, telephone number, credit card number,
17 bank account number, e-mail address, or other identifying information of any person who paid
18 money to any of the Defendants for the purchase of any good or service or who were contacted
19 or are on a list to be contacted by any of the Defendants; *provided, however*, that Defendants
20 may disclose such identifying information to a law enforcement agency or as required by any
21 law, regulation, or court order.

22 **VI.**

23 **RECORD KEEPING**

24 **IT IS FURTHER ORDERED** that each of the Individual Defendants is temporarily
25 restrained and enjoined from failing to make and keep, and to provide to Plaintiff's counsel
26 promptly upon request, an accurate accounting that, in reasonable detail, accurately, fairly, and
27 completely reflects such Defendant's incomes (including all income resulting from any services,
28 activity, or efforts rendered by such Defendant), disbursements, transactions, and use of money,

1 beginning immediately upon service or actual notice of this Order, and continuing daily until
2 otherwise ordered by the Court.

3 **VII.**

4 **NOTIFICATION OF BUSINESS ACTIVITIES**

5 **IT IS FURTHER ORDERED** that:

6 A. Each of the Individual Defendants is restrained and enjoined from directly or
7 indirectly creating, operating, or exercising any control over any business entity, including any
8 partnership, limited partnership, joint venture, sole proprietorship, or corporation, without first
9 serving on counsel for the Commission a written statement disclosing the following: (1) the
10 name of the business entity; (2) the address and telephone number of the business entity; (3) the
11 names of the business entity's officers, directors, principals, managers and employees; and (4) a
12 detailed description of the business entity's intended or actual activities.

13 B. Each of the Individual Defendants shall notify the Commission at least seven (7)
14 days prior to affiliating with, becoming employed by, or performing any work for any business
15 that is not a named Defendant in this action. Each notice shall include the Defendant's new
16 business address and a statement of the nature of the business or employment and the nature of
17 his or her duties and responsibilities in connection with that business or employment.

18 **VIII.**

19 **FINANCIAL INSTITUTIONS**

20 **IT IS FURTHER ORDERED** that any financial or brokerage institution, any business
21 entity, or any other person having possession, custody, or control of any records of any of the
22 Defendants, or of any account, safe deposit box, or other asset titled in the name of any of the
23 Defendants, either individually or jointly or held for the benefit of any of the Defendants, or
24 which has maintained any such account, safe deposit box, or other asset at any time since May
25 19, 2007, shall:

26 A. Hold and retain within its control and prohibit the transfer, encumbrance, pledge,
27 assignment, removal, withdrawal, dissipation, sale, or other disposal of any such account or
28 other asset, except for transfers or withdrawals authorized in writing by counsel for Plaintiff or

1 by further order of this Court;

2 B. Deny access to any safe deposit box titled individually or jointly in the name of,
3 or otherwise subject to access by, any of the Defendants;

4 C. Provide to Plaintiff within three (3) business days of notice of this Order a sworn
5 statement setting forth:

6 1. the identification of each account or asset;

7 2. the balance of each account or a description of the nature and value of
8 each asset as of the close of business on the day notification of this Order
9 is received, and, if the account or asset has been closed or moved, the
10 balance or value removed and the person or entity to whom it was
11 transferred; and

12 3. the identification of any safe deposit box titled in the name of or subject
13 to access by any of the Defendants.

14 D. Upon request by counsel for Plaintiff, promptly provide Plaintiff with copies of
15 all records or other documentation pertaining to such account or asset, including but not limited
16 to originals or copies of account applications, account statements, signature cards, checks,
17 drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments
18 or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

19 **IX.**

20 **BANKRUPTCY PETITIONS**

21 **IT IS FURTHER ORDERED** that, in light of the asset freeze, Defendants are prohibited
22 from filing, or causing to be filed, on behalf of any Defendant, a petition for relief under the
23 United States Bankruptcy Code, 11 U.S.C. § 101 et seq., without prior permission from this
24 Court.

25 **X.**

26 **STAY OF ACTIONS**

27 **IT IS FURTHER ORDERED** that:

28 A. Except by leave of this Court, Defendants and all other persons and entities

1 (except for Plaintiff) are hereby restrained from taking any action to establish or enforce : a) any
2 claim, right, or interest for, against, on behalf of, in, or in the name of Dinamica or Soluciones,
3 or b) any claim, right, or interest in or to any of Dinamica's or Soluciones' assets, including,
4 but not limited to, the following actions:

- 5 1. Commencing, prosecuting, continuing, entering, or enforcing any suit or
6 proceeding, except that such actions may be filed to toll any applicable
7 statute of limitations;
- 8 2. Accelerating the due date of any obligation or claimed obligation; filing or
9 enforcing any lien; taking or attempting to take possession, custody, or
10 control of any asset; attempting to foreclose, forfeit, alter, or terminate
11 any interest in any asset, whether such acts are part of a judicial
12 proceeding, are acts of self-help, or otherwise; or
- 13 3. Executing, issuing, serving, or causing the execution, issuance or service
14 of, any legal process, including, but not limited to, attachments,
15 garnishments, subpoenas, writs of replevin, writs of execution, or any
16 other form of process whether specified in this Order or not.

17 B. Paragraph (A) of this Section does not stay:

- 18 1. The commencement or continuation of a criminal action or proceeding;
- 19 2. The commencement or continuation of an action or proceeding by a
20 governmental unit to enforce such governmental unit's police or regulatory
21 power;
- 22 3. The enforcement of a judgment, other than a money judgment, obtained
23 in an action or proceeding by a governmental unit to enforce such
24 governmental unit's police or regulatory power; or
- 25 4. The commencement of any action by the Secretary of the United States
26 Department of Housing and Urban Development to foreclose a mortgage
27 or deed of trust in any case in which the mortgage or deed of trust held by
28 the Secretary is insured or was formerly insured under the National

1 Housing Act and covers property, or combinations of property, consisting
2 of five or more living units.

3 **XI.**

4 **DISTRIBUTION OF ORDER**

5 **IT IS FURTHER ORDERED** that the Individual Defendants shall immediately provide
6 a copy of this Order to each of Dinamica's and Soluciones' affiliates, franchises, subsidiaries,
7 divisions, successors, assigns, directors, officers, managing agents, employees, representatives,
8 and independent contractors and shall, within three (3) business days from the date of service
9 of this Order, serve on Plaintiff affidavits identifying the names, titles, addresses, and telephone
10 numbers of the persons whom they have served pursuant to this provision.

11 **XII.**

12 **CREDIT REPORTS**

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

17 **XIII.**

18 **LIMITED EXPEDITED DISCOVERY**

19 **IT IS FURTHER ORDERED** that the Commission is granted leave at any time after
20 service of this Order to:

21 A. Take the deposition of any person, without limitation, for the purpose of:

- 22 1. discovering the nature, location, status, and extent of assets of any of the
23 Defendants, or of their affiliates or of their subsidiaries,
24 2. discovering the nature, location, status and extent of Documents reflecting
25 the business transactions of any of the Defendants;
26 3. discovering the nature and extent of Defendants' business activities; and

27 B. Demand the production of documents from any person or entity relating to the
28 nature, status, location and extent of any of the Defendants' assets, and the location of any

1 documents reflecting the Defendants' business transactions or the nature and extent of
2 Defendants' business activities.

3 Thirty-six (36) hours notice shall be deemed sufficient for any such deposition and
4 forty-eight (48) hours notice shall be deemed sufficient for the production of any such
5 Documents. The limitations and conditions set forth in Fed. R. Civ. P. 30(a)(2) and 31(a)(2)
6 shall not apply to depositions taken pursuant to this Section. Any such depositions taken
7 pursuant to this Section shall not be counted toward the ten deposition limit set forth in Fed. R.
8 Civ. P. 30(a)(2)(A)(i) and 31(a)(2)(A)(i). Service of discovery taken pursuant to this Section
9 shall be sufficient if made by facsimile, by overnight delivery, or by email.

10 **XIV.**

11 **CORRESPONDENCE**

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

14 Stacy Procter
15 Maricela Segura
16 Jennifer Brennan
17 Federal Trade Commission
18 10877 Wilshire Blvd., Suite 700
Los Angeles, CA 90024
Fax: (310) 824-4380
Email: sprocter@ftc.gov; msegura@ftc.gov; jmbrennan@ftc.gov

19 **XV.**

20 **PRELIMINARY INJUNCTION HEARING**

21 **IT IS FURTHER ORDERED** that Defendants Dinamica Financiera LLC, Soluciones
22 Dinamicas, Inc., Valentin Benitez, and Jose Mario Esquer shall appear before this Court,
23 located at 255 East Temple, Los Angeles, CA 90012, Courtroom 780, on the Thursday, June
24 4, 2009, at 10 o'clock a.m., to show cause, if any there be, why this Court should not enter a
25 preliminary injunction, pending final ruling on the Complaint, against said Defendants enjoining
26 them from violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and imposing such
additional relief as may be appropriate.

27 **IT IS FURTHER ORDERED** that, in support of its application for a preliminary
28 injunction, Plaintiff may submit supplemental evidence discovered subsequent to the filing of its

1 application for a TRO, as well as a supplemental memorandum. Plaintiff shall file and serve any
2 supplemental evidence and memorandum by no later than 4:30 p.m. on Tuesday, May 26, 2009.
3 Such documents may be served on each Defendant by emailing, faxing or delivering the
4 document(s) to the attorney for the Defendant, or, if the Defendant is not represented by
5 counsel, to a fax number or email address previously designated by the Defendant in writing to
6 counsel for Plaintiff; if the Defendant has not so designated a fax number or email address,
7 service may be effected by mailing the documents to an address designated in writing by the
8 Defendant to counsel for Plaintiff; if no address has been so designated, service shall be
9 complete upon filing of the documents with this Court.

10 **IT IS FURTHER ORDERED** that Defendants shall file and serve any opposition to the
11 issuance of a preliminary injunction including any declarations, exhibits, memoranda or other
12 evidence on which they intend to rely, and objections to any evidence submitted by Plaintiff, by
13 no later than 4:30 p.m. on Friday, May 29, 2009. Such documents may be served by email or
14 fax upon Plaintiff's counsel.

15 **IT IS FURTHER ORDERED** that Plaintiff shall file and serve any reply to Defendants'
16 opposition by no later than 4:30 p.m. on Tuesday, June 2, 2009.

17 **IT IS FURTHER ORDERED** that there will be no direct examination of witnesses at
18 the preliminary injunction hearing in this matter. Direct testimony shall be presented in the form
19 of declarations or affidavits. Consistent with Local Rule 7-6, the Court in ruling on whether a
20 preliminary injunction shall issue will consider declarations or affidavits that have been filed in
21 a timely manner prior to the preliminary injunction hearing without further need of any party
22 moving such documents into evidence.

23 **XVI.**

24 **EXPIRATION**

25 **IT IS FURTHER ORDERED** that this Order shall expire as to each Defendant ten (10)
26 court days after entry unless, within such time, for good cause shown, it is extended for a like
27 period, or unless the Defendant consents that it may be extended for a longer period and the
28 reasons therefor are entered of record.

XVII.

SERVICE OF THIS ORDER

IT IS FURTHER ORDERED that copies of this Order may be served by any means, including facsimile transmission, 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.

IT IS SO ORDERED.

DATED: May 20, 2009, 4:15 P.M.



MARGARET M. MORROW
UNITED STATES DISTRICT JUDGE

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.

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, 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: \$ _____ 19____: \$ _____
19____: \$ _____ 19____: \$ _____
19____: \$ _____ 19____: \$ _____

►Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Income Received: This year-to-date: \$ _____ 19____: \$ _____
19____: \$ _____ 19____: \$ _____
19____: \$ _____ 19____: \$ _____

►Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Income Received: This year-to-date: \$ _____ 19____: \$ _____
19____: \$ _____ 19____: \$ _____
19____: \$ _____ 19____: \$ _____

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 & 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 & 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, 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 dependents.

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 & 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 & 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 | \$ <u>_____</u> | Total Expenses | \$ <u>_____</u> |

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. 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.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

All other current addresses & previous addresses for past five years, including post office boxes and mail drops:

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

Federal Taxpayer ID No. _____ State & Date of Incorporation _____

State Tax ID No. _____ State _____ Profit or Not For Profit _____

Corporation's Present Status: Active _____ Inactive _____ Dissolved _____

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

Fiscal Year-End (Mo./Day) _____ Corporation's Business Activities _____

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone No. _____

Item 4. Principal Stockholders

List all persons and entities that own at least 5% of the corporation's stock.

| <u>Name & Address</u> | <u>% Owned</u> |
|---------------------------|----------------|
| | |
| | |
| | |
| | |

Item 5. Board Members

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

| <u>Name & Address</u> | <u>% Owned</u> | <u>Term (From/Until)</u> |
|---------------------------|----------------|--------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

Item 6. Officers

List all of the corporation's officers, including *de facto* officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

| <u>Name & Address</u> | <u>% Owned</u> |
|---------------------------|----------------|
| | |
| | |
| | |
| | |
| | |

Item 7. Businesses Related to the Corporation

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

| <u>Name & Address</u> | <u>Business Activities</u> | <u>% Owned</u> |
|---------------------------|----------------------------|----------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

State which of these businesses, if any, has ever transacted business with the corporation _____

Item 8. Businesses Related to Individuals

List all corporations, partnerships, and other business entities in which the corporation’s principal stockholders, board members, or officers (i.e., the individuals listed in Items 4 - 6 above) have an ownership interest.

| <u>Individual’s Name</u> | <u>Business Name & Address</u> | <u>Business Activities</u> | <u>% Owned</u> |
|--------------------------|------------------------------------|----------------------------|----------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

State which of these businesses, if any, have ever transacted business with the corporation _____

Item 9. Related Individuals

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A “related individual” is a spouse, sibling, parent, or child of the principal stockholders, board members, and officers (i.e., the individuals listed in Items 4 - 6 above).

| <u>Name and Address</u> | <u>Relationship</u> | <u>Business Activities</u> |
|-------------------------|---------------------|----------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Item 10. Outside Accountants

List all outside accountants retained by the corporation during the last three years.

| <u>Name</u> | <u>Firm Name</u> | <u>Address</u> | <u>CPA/PA?</u> |
|-------------|------------------|----------------|----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Item 11. Corporation's Recordkeeping

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years.

| <u>Name, Address, & Telephone Number</u> | <u>Position(s) Held</u> |
|--|-------------------------|
| | |
| | |
| | |
| | |

Item 12. Attorneys

List all attorneys retained by the corporation during the last three years.

| <u>Name</u> | <u>Firm Name</u> | <u>Address</u> |
|-------------|------------------|----------------|
| | | |
| | | |
| | | |
| | | |
| | | |

Item 13. Pending Lawsuits Filed by the Corporation

List all pending lawsuits that have been filed by the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in favor of the corporation in Item 25).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

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 _____

Item 15. Bankruptcy Information

List all state insolvency and federal bankruptcy proceedings involving the corporation.

Commencement Date _____ Termination Date _____ Docket No. _____

If State Court: Court & County _____ If Federal Court: District _____

Disposition _____

Item 16. Safe Deposit Boxes

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

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

FINANCIAL INFORMATION

REMINDER: When an Item asks for information about assets or liabilities “held by the corporation,” include **ALL** such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.

Item 17. Tax Returns

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

| <u>Federal/ State/Both</u> | <u>Tax Year</u> | <u>Tax Due Federal</u> | <u>Tax Paid Federal</u> | <u>Tax Due State</u> | <u>Tax Paid State</u> | <u>Preparer's Name</u> |
|--------------------------------|-----------------|----------------------------|-----------------------------|--------------------------|---------------------------|------------------------|
| _____ | _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | _____ |

Item 18. Financial Statements

List all financial statements that were prepared for the corporation’s last three complete fiscal years and for the current fiscal year-to-date. *Attach copies of all statements, providing audited statements if available.*

| <u>Year</u> | <u>Balance Sheet</u> | <u>Profit & Loss Statement</u> | <u>Cash Flow Statement</u> | <u>Changes in Owner's Equity</u> | <u>Audited?</u> |
|-------------|----------------------|------------------------------------|----------------------------|----------------------------------|-----------------|
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

Item 19. Financial Summary

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 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> | \$ _____ | | | |
| <u>Receivables</u> | \$ _____ | | | |

Item 20. Cash, Bank, and Money Market Accounts

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by the corporation. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ _____ Cash Held for the Corporation's Benefit \$ _____

| <u>Name & Address of Financial Institution</u> | <u>Signator(s) on Account</u> | <u>Account No.</u> | <u>Current Balance</u> |
|--|-------------------------------|--------------------|------------------------|
| _____ | _____ | _____ | \$ _____ |
| _____ | _____ | _____ | \$ _____ |
| _____ | _____ | _____ | \$ _____ |
| _____ | _____ | _____ | \$ _____ |

Item 21. Government Obligations and Publicly Traded Securities

List all U.S. Government obligations, including but not limited to, savings bonds, treasury bills, or treasury notes, held by the corporation. Also list all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by the corporation.

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Item 22. Real Estate

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Item 22. Continued

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, other intellectual property, accounts payable, or any other money or asset owed to the corporation.

| <u>Property Category</u> | <u>Property Location</u> | <u>Acquisition Cost</u> | <u>Current Value</u> |
|--------------------------|--------------------------|-------------------------|----------------------|
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |

Item 24. Trusts and Escrows

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation.

| <u>Trustee or Escrow Agent's Name & Address</u> | <u>Description and Location of Assets</u> | <u>Present Market Value of Assets</u> |
|---|---|---------------------------------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |

Item 25. Monetary Judgments and Settlements Owed To the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed to the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

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 \$ _____

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.

Name of Credit Card or Store

Names of Authorized Users and Positions Held

| <u>Name of Credit Card or Store</u> | <u>Names of Authorized Users and Positions Held</u> |
|-------------------------------------|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Item 29. Compensation of Employees

List all compensation and other benefits received from the corporation by the five most highly compensated employees, independent contractors, and consultants (other than those individuals listed in Items 5 and 6 above), for the two previous fiscal years and current fiscal year-to-date. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

| <u>Name/Position</u> | <u>Current Fiscal Year-to-Date</u> | <u>1 Year Ago</u> | <u>2 Years Ago</u> | <u>Compensation or Type of Benefits</u> |
|----------------------|------------------------------------|-------------------|--------------------|---|
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |

Item 30. Compensation of Board Members and Officers

List all compensation and other benefits received from the corporation by each person listed in Items 5 and 6, for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

| <u>Name/Position</u> | <u>Current Fiscal Year-to-Date</u> | <u>1 Year Ago</u> | <u>2 Years Ago</u> | <u>Compensation or Type of Benefits</u> |
|----------------------|------------------------------------|-------------------|--------------------|---|
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ | _____ |

Item 31. Transfers of Assets Including Cash and Property

List all transfers of assets over \$2,500 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

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

Item 32. Documents Attached to the Financial Statement

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

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

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

Corporate Position