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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**FREEDOM FORECLOSURE PREVENTION
SERVICES, LLC, et al.,**

Defendants.

Case No. CV-09-1167-PHX-FJM

**STIPULATED
PRELIMINARY INJUNCTION
ORDER AS TO ALL
DEFENDANTS**

Pursuant to the parties’ stipulation (doc. 25), the court enters the following order.

Plaintiff Federal Trade Commission (“Commission” or “FTC”), pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), having filed its complaint for injunctive and other equitable relief, including consumer redress, and the Court having issued an *ex parte* Temporary Restraining Order, considered the pleadings, evidence, memoranda of law and argument of counsel of the parties and pursuant to the stipulation, finds that:

1. This Court has jurisdiction over the subject matter of this case, and there is good cause to believe it will have jurisdiction over all the parties hereto. The Complaint states a claim upon which relief may be granted under Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b).
2. Venue in the District of Arizona is proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

- 1 receivables, funds, and cash, wherever located, whether in the United States or abroad.
- 2 2. “Assisting others” means knowingly providing any of the following goods or services to
3 another person or entity:
- 4 (a) Performing customer service functions, including, but not limited to,
5 receiving or responding to consumer complaints; or
6 (b) formulating or providing, or arranging for the formulation or provision of,
7 any telephone sales script or any other marketing material; or
8 (c) providing names of, or assisting in the generation of, potential customers;
9 or
10 (d) performing marketing services of any kind.
- 11
- 12 3. “Business venture” means any written or oral business arrangement, however
13 denominated, regardless of whether covered by the Franchise Rule or Business
14 Opportunity Rule, which consists of the payment of any consideration for:
- 15 a. the right or means to offer, sell, or distribute goods or services (regardless of
16 whether identified by a trademark, service mark, trade name, advertising, or other
17 commercial symbol); and
18 b. more than nominal assistance to any person or entity in connection with or
19 incident to the establishment, maintenance, or operation of a new business or the
20 entry by an existing business into a new line or type of business.
- 21
- 22 4. “Corporate Defendants” means Freedom Foreclosure Prevention Services, LLC, Loss
23 Mitigation Training Center of America, LLC, and any affiliates, fictitious names, d/b/a’s,
24 subsidiaries, successors, or assigns of the aforementioned entities.
- 25 5. “Defendants” means: a) each Corporate Defendant; b) Jeffrey Segal; and c) Michael
26 Workman.
- 27 6. “Document” is synonymous in meaning and equal in scope to the usage of the term in
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1 Fed. R. Civ. P. 34(a), and includes writings, drawings, graphs, charts, photographs, audio
2 and video recordings, computer records, and other data compilations from which
3 information can be obtained and translated, if necessary, through detection devices into
4 reasonably usable form. A draft or non-identical copy is a separate document within the
5 meaning of the term.

6 7. “Investment opportunity” means anything, tangible or intangible, that is offered, offered
7 for sale, sold, or traded based wholly or in part on representations, either express or
8 implied, about past, present, or future income, profit, or appreciation;

9 8. “Mortgage loan modification or foreclosure relief service” means any service, product, or
10 program that is represented, expressly or by implication, to assist a homeowner in any
11 manner to (A) obtain or arrange a modification of any term of a home loan, deed of trust,
12 or mortgage; (B) obtain or arrange a refinancing, recapitalization, or reinstatement of a
13 home loan, deed of trust, or mortgage; (C) obtain or arrange a pre-foreclosure sale, short
14 sale, or deed-in-lieu of foreclosure; (D) stop, prevent, or postpone any home mortgage or
15 deed of trust foreclosure sale; (E) obtain any forbearance from any beneficiary or
16 mortgagee, (F) obtain a loan or advance of funds that is connected to the consumer's
17 home ownership, (G) avoid or ameliorate the impairment of the owner’s credit standing,
18 credit rating or credit profile that is connected to the consumer’s home ownership, or (H)
19 save the owner’s residence from foreclosure.

20 9. “Person” means a natural person, organization, or other legal entity, including a
21 corporation, partnership, proprietorship, association, cooperative, or any other group or
22 combination acting as an entity.

23 10. “Receiver” shall mean the temporary receiver appointed in Section I of this Order and
24 any deputy receivers that may be named by the temporary receiver;

25 11. “Receivership Defendants” shall mean the Corporate Defendants.

26 **ORDER**

1 **PROHIBITED REPRESENTATIONS**

2 **I. IT IS THEREFORE ORDERED** that:

3 A. In connection with the offering for sale or selling of any mortgage loan modification or
4 foreclosure relief service, Defendants, and their officers, agents, servants, employees, and
5 attorneys, and persons in active concert or participation with him who receive actual
6 notice of this Order by personal service or otherwise, are hereby preliminarily restrained
7 and enjoined from making, or assisting in the making of, directly or by implication, orally
8 or in writing, any false or misleading statement or representation of material fact
including, but not limited to:

- 9 1. that any Defendant or any other person will
- 10 a. obtain or arrange a modification of any term of a consumer’s home loan,
11 deed of trust, or mortgage, including any recapitalization or reinstatement
12 agreement;
 - 13 b. obtain or arrange a pre-foreclosure sale, short sale, or deed-in-lieu of
14 foreclosure;
 - 15 c. stop, prevent, or postpone any home mortgage foreclosure sale;
 - 16 d. save any consumer’s residence from foreclosure;
 - 17 e. obtain or arrange lower or affordable monthly mortgage payments for any
18 consumer;
 - 19 f. give a full or partial refund of any fees paid if the Defendant or any other
20 person fails to provide a mortgage loan modification or foreclosure relief
21 service;
- 22 2. the terms that any beneficiary, mortgagee, or other home-loan holder will or is
23 likely to offer or accept to cure any delinquency or default on, or to re-instate, any
24 mortgage, deed of trust, or other home loan;
- 25 3. the refund policy of any Defendant or any other person, including but not limited
26 to the likelihood of a consumer obtaining a full or partial refund, or the
27 circumstances in which a full or partial refund will be granted to the consumer;
- 28 4. any other material fact.

B. In connection with the offering for sale or selling of any business venture or investment
opportunity, Defendants, and their officers, agents, servants, employees, and attorneys,

1 and persons in active concert or participation with him who receive actual notice of this
2 Order by personal service or otherwise, are hereby preliminarily restrained and enjoined
3 from making, or assisting in the making of, directly or by implication, orally or in
4 writing, any false or misleading statement or representation of material fact including, but
5 not limited to:

- 6 1. The potential income or profits that can be earned from operating any business
7 venture or from any investment opportunity;
- 8 2. The number of persons who have purchased or are currently operating any
9 business venture or who have purchased any investment opportunity;
- 10 3. The fact that any person has operated or purchased a business venture or
11 investment opportunity, or can provide an independent or reliable report about
12 any business venture or investment opportunity; or
- 13 4. Failing to disclose any personal relationship with, or consideration promised or
14 paid, to any person identified by Defendant as a purchaser or operator of a
15 business venture or investment opportunity.

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17 **REQUIREMENT TO REPORT CUSTOMER STATUS**

18 **II. IT IS FURTHER ORDERED** that, to the extent not already provided, within five (5)
19 calendar days from the date of this Order, Defendants shall provide the FTC with the following
20 information for each homeowner (a) who has paid any Defendant for a mortgage loan
21 modification or foreclosure relief service; (b) who has paid any person for a mortgage loan
22 modification or foreclosure relief service following communications from Defendants, their
23 employees, agents, representatives, independent contractors, or franchisees; or (c) from whose
24 payments Defendants have received any compensation:

- 25 A. the homeowner's name, address, telephone number(s), and email address(es);
- 26 B. the total amount paid by the homeowner to Defendants or any other person for the

1 mortgage loan modification or foreclosure relief service, the amount and date(s) of payments,
2 and the amount and date of any refund;

3 C. the name, address, telephone numbers, and addresses of every person with whom
4 Defendants or their employees, agents, representatives, independent contractors, or franchisees,
5 have communicated in connection with the provision of the mortgage loan modification or
6 foreclosure relief service; the date of each such communication; and a summary of the nature of
7 the communication;

8 D. the name, address, telephone numbers, and email addresses of each person, including
9 attorneys, who have provided any services in connection with the provision of mortgage loan
10 modification or foreclosure relief service, and the amount paid to such person for such service
11 (in the event that the homeowner(s) paid another person for the mortgage loan modification or
12 foreclosure relief service and that person paid Defendants for their services, provide the amount
13 paid to Defendants by such person);

14 E. a description of the homeowner's circumstances that required the mortgage loan
15 modification or foreclosure relief service; and

16 F. the status, resolution, and results obtained by Defendants of the mortgage loan
17 modification or foreclosure relief service.
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19 **ASSET FREEZE**

20 **III. IT IS FURTHER ORDERED** that each of the Defendants (excluding Defendant
21 Michael Workman) is hereby preliminarily restrained and enjoined, until further order of this
22 Court, from:

23 A. transferring, encumbering, selling, concealing, pledging, hypothecating, assigning,
24 spending, withdrawing, disbursing, conveying, gifting, dissipating, or otherwise disposing of any
25 funds, property, coins, lists of consumer names, shares of stock, or other assets, wherever
26 located, that are (1) owned or controlled by any of the Defendants, in whole or in part; (2) in the
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1 actual or constructive possession of any of the Defendants; (3) held by an agent of any of the
2 Defendants, as a retainer for the agent's provision of services to a Defendant; or (4) owned,
3 controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of,
4 any corporation, partnership, or other entity directly or indirectly owned or controlled by any of
5 the Defendants;

6 B. opening or causing to be opened any safe deposit boxes titled in the name of any of the
7 Defendants, or subject to access by any of the Defendants;

8 C. incurring charges or cash advances on any credit or debit card issued in the name, singly
9 or jointly, of any of the Defendants, or any corporation, partnership, or other entity directly or
10 indirectly owned or controlled by any of the Defendants; and

11 D. failing to disclose to the FTC, immediately upon service of this Order, information that
12 fully identifies each asset of the Defendants, and each entity holding such asset, including,
13 without limitation, the entity's name, address, and telephone number, the number of the account,
14 and the name under which the account is held.

15 E. Provided, that the freeze imposed in this Section shall be construed to apply to assets that
16 any of the Defendants acquires following service of this Order only if such assets are derived
17 from activity prohibited by this Order.

18 **FINANCIAL REPORTS**

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20 **IV. IT IS FURTHER ORDERED** that, to the extent not already provided, within forty-eight
21 (48) hours after service of this Order:

22 A. each of the individual Defendants shall complete and deliver to the FTC the Financial
23 Statement captioned "Financial Statement of Individual Defendant," a copy of which is attached
24 hereto as Attachment 1;

25 B. each of the corporate Defendants shall complete and deliver to the FTC the Financial
26 Statement captioned "Financial Statement of Corporate Defendant," a copy of which is attached
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1 hereto as Attachment 2. The Individual Defendants shall be jointly and severally liable for this
2 obligation; and

3 C. Defendants shall provide the FTC access to records and documents pertaining to assets of
4 any of the Defendants that are held by financial institutions outside the territory of the United
5 States by signing a Consent to Release of Financial Records if requested by the FTC.

6 **FINANCIAL INSTITUTIONS**

7 **V. IT IS FURTHER ORDERED** that any financial or brokerage institution, any business
8 entity, or any other person having possession, custody, or control of any records of any of the
9 Defendants (excluding Defendant Michael Workman), or of any account, safe deposit box, or
10 other asset titled in the name of any of the Defendants, either individually or jointly or held for
11 the benefit of any of the Defendants, or which has maintained any such account, safe deposit
12 box, or other asset at any time since November 1, 2003, shall:

14 A. hold and retain within its control and prohibit the transfer, encumbrance, pledge,
15 assignment, removal, withdrawal, dissipation, sale, or other disposal of any such account or other
16 asset, except for transfers or withdrawals authorized in writing by counsel for the FTC, or by
17 further order of this Court;

18 B. deny access to any safe deposit box titled individually or jointly in the name of, or
19 otherwise subject to access by, any of the Defendants;

20 C. provide to the FTC, within three (3) business days of notice of this Order, a sworn
21 statement setting forth:

- 23 1. the identification of each account or asset;
- 24 2. the balance of each account or a description of the nature and value of each asset
25 as of the close of business on the day notification of this Order is received, and, if the account or
26 asset has been closed or moved, the balance or value removed, the date on which was removed,
27 and the person or entity to whom it was transferred; and

1 dissipation of foreign assets, or in the hindrance of the repatriation required by Section VI of this
2 Order, including, but not limited to:

3 A. sending any statement, letter, fax, email or wire transmission, or telephoning or engaging
4 in any other act, directly or indirectly, that results in a determination by a foreign trustee or other
5 entity that a “duress” event has occurred under the terms of a foreign trust agreement until such
6 time that all assets have been fully repatriated pursuant to Section VI of this Order;

7 B. notifying any trustee, protector or other agent of any foreign trust or other related entities
8 of either the existence of this Order, or of the fact that repatriation is required pursuant to a court
9 order, until such time that all assets have been fully repatriated pursuant to Section VI of this
10 Order.
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12 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

13 **VIII. IT IS ORDERED** that Defendants and their successors, assigns, officers, agents,
14 servants, employees, and attorneys, and those persons or entities in active concert or
15 participation with any of them who receive actual notice of this Order by personal service,
16 facsimile transmission, email, or otherwise, whether acting directly or through any corporation,
17 subsidiary, division, or other device, are hereby enjoined from:

18 A. destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing
19 of, in any manner, directly or indirectly, any documents or records that relate to the business
20 practices, or business or personal finances, of Defendants, or other entity directly or indirectly
21 under the control of Defendants;

22 B. failing to create and maintain books, records, and accounts which, in reasonable detail,
23 accurately, fairly, and completely reflect the incomes, assets, disbursements, transactions and use
24 of monies by any Defendant or other entity directly or indirectly under the control of any
25 Defendants.
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1 **CONSUMER REPORTS**

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

5 **MONITORING**

6 **X. IT IS FURTHER ORDERED** that agents or representatives of the FTC may contact
7 Defendants or Defendants' agents or representatives directly and anonymously for the purpose of
8 monitoring compliance with Section I of this Order, and may tape record any oral
9 communications that occur in the course of such contacts.

10 **PROHIBITION ON RELEASE OF CUSTOMER INFORMATION OR CUSTOMER
11 LISTS**

12 **XI. IT IS FURTHER ORDERED** that Defendants and their successors, assigns, officers,
13 agents, servants, employees, and attorneys, and those persons or entities in active concert or
14 participation with any of them who receive actual notice of this Order by personal service,
15 facsimile transmission, email, or otherwise, are hereby preliminarily restrained and enjoined
16 from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone
17 number, credit card number, bank account number, e-mail address, or other identifying
18 information of any person who paid money to any of the Defendants for a mortgage loan
19 modification or foreclosure relief service or who were contacted or are on a list to be contacted
20 by any of the Defendants; *provided* that Defendants may disclose such identifying information to
21 a law enforcement agency or as required by any law, regulation, or court order.

22 **NOTIFICATION OF BUSINESS ACTIVITIES**

23 **XII. IT IS FURTHER ORDERED** that:

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

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

12 **NOTICE TO EMPLOYEES AND AGENTS**

13 **XIII. IT IS FURTHER ORDERED** that within three (3) calendar days following this Order,
14 Defendants shall provide a copy of this Order to each of their employees, directors, officers,
15 subsidiaries, affiliates, attorneys, independent contractors, representatives, franchisees, all
16 persons in active concert or participation with Defendants, and any person who has solicited
17 customers for Defendants' mortgage loan modification or foreclosure relief service or provide
18 any aspect of that service. Within five (5) calendar days following this Order, Defendants shall
19 provide the FTC with an affidavit identifying the names, titles, addresses, and telephone numbers
20 of the persons and entities that Defendants have served with a copy of this Order in compliance
21 with this provision.

23 **COMMENCEMENT OF DISCOVERY**

24 **XIV. IT IS FURTHER ORDERED** that pursuant to Federal Rules of Civil Procedure 30(a),
25 31(a), 34, and 45, and notwithstanding the provisions of Federal Rules of Civil Procedure 26(d)
26 and (f), 30(a)(2)(A)-(B), and 31(a)(2)(A)-(B), the parties are granted leave, at any time after
27 entry of this Order to commence discovery.

1 **CORRESPONDENCE WITH PLAINTIFF**

2 **XV. IT IS FURTHER ORDERED** that for the purposes of this Order, all service on and
3 correspondence to the FTC shall sent via U.S. Express Mail or Federal Express and be addressed
4 to: Lisa W. Schifferle, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Room H-
5 286, Washington, DC 20580. Telephone: (202) 326-3377; Facsimile: (202) 326-3395.

6 **SERVICE OF THIS ORDER**

7 **XVI. IT IS FURTHER ORDERED** that copies of this Order may be served by facsimile
8 transmission, personal or overnight delivery, or U.S. Express Mail, by agents and employees of
9 the FTC or any state or federal law enforcement agency or by private process server, on
10 Defendants or any other person or entity that may be subject to any provision of this Order.

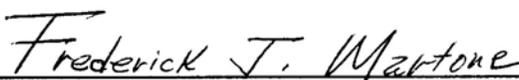
11 **RETENTION OF JURISDICTION**

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

14 **VACATING HEARING**

15 **XVIII. IT IS FURTHER ORDERED** that the preliminary injunction hearing scheduled for
16 June 23, 2009 at 2:00 p.m. is hereby vacated.

17 DATED this 17th day of June, 2009.

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 Frederick J. Martone
23 United States District Judge
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