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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission,

Plaintiff,

v.

Sameer Lakhany,
an individual;

The Credit Shop, LLC,
a limited liability company;

Fidelity Legal Services LLC,
a limited liability company;

Titanium Realty, Inc.,
a corporation;

Precision Law Center, Inc.,
a corporation;

Precision Law Center LLC,
a limited liability company;

Defendants.

Case No. SACV12-0337-CJC(JPRx)

**[PROPOSED]
PRELIMINARY INJUNCTION
ORDER WITH ASSET FREEZE AND
OTHER EQUITABLE RELIEF AS
TO DEFENDANTS PRECISION LAW
CENTER, INC., AND PRECISION
LAW CENTER LLC**

Judge: Hon. Cormac J. Carney
Courtroom 9B
March 21, 2012, 9:00 a.m.

Plaintiff Federal Trade Commission (“FTC”), commenced this civil action on March 5, 2012, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability

1 Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123
2 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-
3 Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203,
4 Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), by filing
5 a Complaint for preliminary and permanent injunctive relief, rescission or
6 reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-
7 gotten monies, and other equitable relief for Defendants’ acts or practices in
8 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Mortgage
9 Assistance Relief Services Rule, 16 C.F.R. Part 322 (“MARS Rule”) (effective
10 December 29, 2010, except for Section 322.5, which became effective on January 31,
11 2011), recodified as Mortgage Assistance Relief Services (Regulation O), 12 C.F.R.
12 Part 1015 (“Regulation O”) (effective December 30, 2011), in connection with the
13 marketing and sale of Mortgage Assistance Relief Services (“MARS”), and applying
14 for a temporary restraining order pursuant to Rule 65(b) of the Federal Rules of Civil
15 Procedure.

16 On March 5, 2012, the FTC filed a motion for an *ex parte* temporary
17 restraining with asset freeze and other equitable relief and the Court ordered the FTC
18 to appear before it, on March 7, 2012, in an *ex parte* hearing. On March 7, 2012, the
19 FTC appeared before the Court, *ex parte*, and the Court entered a TRO, which
20 included an asset freeze as to the Corporate Defendants, appointment of a Temporary
21 Receiver, and other equitable relief (“First TRO”). As part of the First TRO, the
22 Court ordered the Defendants to appear before the Court on March 21, 2012, to show
23 cause, if any, why this Court should not enter a preliminary injunction, pending final
24 ruling on the Complaint, against the Defendants.

25 On March 14, 2012, the FTC filed a motion seeking to amend the First TRO
26 by: (1) extending the asset freeze as to Defendant Lakhany; (2) requiring him to
27 provide financial statements in the form accompanying the FTC’s proposed Order;
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1 and (3) requiring all Defendants to provide an accounting of certain transfers of
2 assets.

3 On March 16, 2012, the FTC and Defendants Sameer (a/k/a “Sammy”)
4 Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC, and Titanium Realty,
5 Inc., filed a stipulation agreeing to entry of a Preliminary Injunction Order With
6 Asset Freeze and Other Equitable Relief as to Defendants Sameer Lakhany, The
7 Credit Shop, LLC, Fidelity Legal Services LLC, and Titanium Realty, Inc.

8 Proofs of service have been filed reflecting that on March 9, 2012, Defendant
9 Precision Law Center, Inc. and Defendant Precision Law Center LLC (“PLC
10 Defendants,” as further defined herein) each was personally served with the
11 Summons and Complaint in this action; the FTC’s *Ex Parte* Application for a TRO
12 and Order to Show Cause Why Preliminary Injunction Should Not Issue, along with
13 all associated papers and exhibits; and the *Ex Parte* TRO and Order to Show Cause
14 entered by the Court on March 7, 2012. However, no appearance has been entered
15 on behalf of either PLC Defendant. Moreover, although the Court set a deadline of
16 March 16, 2012 for Defendants to file any answering affidavits, pleadings, or legal
17 memoranda with the Court, no such papers have been filed by the PLC Defendants.

18 This Court, having considered the Complaint, exhibits, memoranda,
19 declarations, and other submissions of the parties, and now being advised in the
20 premises, hereby enters this Order:

21 **FINDINGS OF FACT**

22 1. This Court has jurisdiction over the subject matter of this case, there is
23 good cause to believe it will have jurisdiction over all the parties hereto, and venue in
24 this district is proper;

25 2. There is good cause to believe that the PLC Defendants have engaged
26 and are likely to continue to engage in acts or practices that violate Section 5(a) of
27 the FTC Act, 15 U.S.C. § 45(a), and the MARS Rule, 16 C.F.R. Part 322, recodified
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1 as Regulation O, 12 C.F.R. Part 1015 (effective December 30, 2011), and that the
2 FTC is therefore likely to prevail on the merits of this action;

3 3. There is good cause to believe that immediate and irreparable harm will
4 result from PLC Defendants' ongoing violations of Section 5(a) of the FTC Act and
5 the MARS Rule unless PLC Defendants are restrained and enjoined by Order of this
6 Court;

7 4. There is good cause to believe that immediate and irreparable damage to
8 the Court's ability to grant effective final relief for consumers in the form of
9 monetary restitution and disgorgement of ill-gotten gains will occur from the
10 transfer, dissipation, or concealment by PLC Defendants of their assets or business
11 records unless Defendants are restrained and enjoined by Order of this Court;

12 5. Good cause exists for appointing a permanent receiver over PLC
13 Defendants; continuing the asset freeze imposed pursuant to the temporary
14 restraining order ("TRO") in this case; permitting the FTC access to PLC
15 Defendants' business premises at the discretion of the Permanent Receiver; and the
16 other equitable relief ordered herein;

17 6. Weighing the equities and considering the FTC's likelihood of ultimate
18 success, this Order is in the public interest;

19 7. The provisions of this Order are in addition to, and not in lieu of, the
20 provisions in the Preliminary Injunction Order with Asset Freeze and Other
21 Equitable Relief as to Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity
22 Legal Services LLC, and Titanium Realty, Inc.; and

23 8. No security is required of any agency of the United States for issuance
24 of a restraining order. Fed. R. Civ. P. 65.

25 **ORDER**

26 **DEFINITIONS**

27 For the purposes of this Order, the following definitions shall apply:
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1 A. "Assets" means any legal or equitable interest in, right to, or claim to, any real,
2 personal, or intellectual property of any Defendants, or held for the benefit of
3 any Defendants, wherever located, whether in the United States or abroad,
4 including, but not limited to, chattel, goods, instruments, equipment, fixtures,
5 general intangibles, effects, leaseholds, contracts, mail or other deliveries,
6 shares of stock, commodities, futures, inventory, checks, notes, accounts,
7 credits, receivables (as those terms are defined in the Uniform Commercial
8 Code), cash, and trusts, including but not limited to any trust held for the
9 benefit of any Defendant, any of the Individual Defendant's minor children, or
10 any of the Individual Defendant's spouses, and shall include both existing
11 assets and assets acquired after the date of entry of this Order.

12 B. "Corporate Defendants" means The Credit Shop, LLC, Fidelity Legal Services
13 LLC, Titanium Realty, Inc., Precision Law Center, Inc., and Precision Law
14 Center LLC, and their successors, assigns, affiliates, or subsidiaries, and each
15 of them by whatever names each might be known.

16 C. "Defendants" means the Individual Defendant and all of the Corporate
17 Defendants, individually, collectively, or in any combination, and each of
18 them by whatever names each might be known.

19 D. "Document" and "Electronically Stored Information" are synonymous in
20 meaning and equal in scope to the usage of the terms in Rule 34(a) of the
21 Federal Rules of Civil Procedure and include but are not limited to:

- 22 1. The original or a true copy of any written, typed, printed, electronically
23 stored, transcribed, taped, recorded, filmed, punched, or graphic matter
24 or other data compilations of any kind, including, but not limited to,
25 letters, email or other correspondence, messages, memoranda,
26 interoffice communications, notes, reports, summaries, manuals,
27 magnetic tapes or discs, tabulations, books, records, checks, invoices,
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1 work papers, journals, ledgers, statements, returns, reports, schedules, or
2 files; and

- 3 2. Any electronically stored information stored on any Blackberrys, flash
4 drives, personal digital assistants (“PDAs”), desktop personal computer
5 and workstations, laptops, notebooks, and other portable computers, or
6 other electronic storage media, whether assigned to individuals or in
7 pools of computers available for shared use, or personally owned but
8 used for work-related purposes; backup disks and tapes, archive disks
9 and tapes, and other forms of offline storage, whether stored onsite with
10 the computer used to generate them, stored offsite in another company
11 facility, or stored, hosted, or otherwise maintained offsite by a third-
12 party; and computers and related offline storage used by Defendants or
13 Defendants’ participating associates, which may include persons who
14 are not employees of the company or who do not work on company
15 premises.

16 E. “Electronic Data Host” means any person or entity in the business of storing,
17 hosting, or otherwise maintaining electronically stored information.

18 F. “Financial institution” means any bank, savings and loan institution, credit
19 union, or any financial depository of any kind, including, but not limited to,
20 any brokerage house, trustee, broker-dealer, escrow agent, title company,
21 commodity trading company, or precious metal dealer.

22 G. “Individual Defendant” or “Defendant Lakhany” means Sameer Lakhany,
23 a/k/a Sammy Lakhany, and any other names by which he might be known.

24 H. “Material fact” means any fact that is likely to affect a person’s choice of, or
25 conduct regarding, goods or services.

26 I. “Mortgage assistance relief product or service” means any product, service,
27 plan, or program, offered or provided to the consumer in exchange for
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1 consideration, that is represented, expressly or by implication, to assist or
2 attempt to assist the consumer with any of the following:

- 3 1. stopping, preventing, or postponing any mortgage or deed of trust
4 foreclosure sale for the consumer's dwelling, any repossession of
5 the consumer's dwelling, or otherwise saving the consumer's
6 dwelling from foreclosure or repossession;
- 7 2. negotiating, obtaining, or arranging a modification of any term of
8 a dwelling loan, including a reduction in the amount of interest,
9 principal balance, monthly payments, or fees;
- 10 3. obtaining any forbearance or modification in the timing of
11 payments from any dwelling loan holder or servicer on any
12 dwelling loan;
- 13 4. negotiating, obtaining, or arranging any extension of the period of
14 time within which the consumer may (i) cure his or her default on
15 a dwelling loan, (ii) reinstate his or her dwelling loan, (iii) redeem
16 a dwelling, or (iv) exercise any right to reinstate a dwelling loan
17 or redeem a dwelling;
- 18 5. obtaining any waiver of an acceleration clause or balloon
19 payment contained in any promissory note or contract secured by
20 any dwelling; or
- 21 6. negotiating, obtaining, or arranging (i) a short sale of a dwelling,
22 (ii) a deed-in-lieu of foreclosure, (iii) or any other disposition of a
23 dwelling loan other than a sale to a third party that is not the
24 dwelling loan holder.

25 The foregoing shall include any manner of claimed assistance, including, but not
26 limited to, auditing or examining a consumer's mortgage or home loan application
27 and offering to provide or providing legal services.

1 J. “Person” means any individual, group, unincorporated association, limited or
2 general partnership, corporation, or other business entity.

3 K. “PLC Defendants” means Precision Law Center, Inc. and Precision Law
4 Center LLC; and their successors, assigns, affiliates, or subsidiaries, and each
5 of them by whatever names each might be known.

6 L. “Receivership Defendants” means The Credit Shop, LLC, Fidelity Legal
7 Services LLC, Precision Law Center, Inc., Precision Law Center LLC, and
8 Titanium Realty, Inc.; and their successors, assigns, affiliates, or subsidiaries,
9 and each of them by whatever names each might be known, provided that the
10 Permanent Receiver has reason to believe they are owned or controlled in
11 whole or in part by any of the Defendants.

12 M. The words “and” and “or” shall be understood to have both conjunctive and
13 disjunctive meanings as necessary to make the applicable phrase or sentence
14 inclusive rather than exclusive.

15 **I.**

16 **PROHIBITED REPRESENTATIONS**

17 **IT IS THEREFORE ORDERED** that PLC Defendants and their successors,
18 assigns, officers, agents, servants, employees, and attorneys, and those persons or
19 entities in active concert or participation with any of them who receive actual notice
20 of this Order by personal service, facsimile transmission, email, or otherwise,
21 whether acting directly or through any corporation, subsidiary, division, or other
22 device, in connection with the advertising, marketing, promotion, offering for sale or
23 sale of any mortgage assistance relief product or service, are hereby restrained and
24 enjoined from falsely representing, or from assisting others who are falsely
25 representing, expressly or by implication, any of the following:

26 A. that any Defendant or any other person:
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- 1 1. generally will obtain for consumers mortgage loan modifications
- 2 that will make consumers' payments substantially more
- 3 affordable, or will help consumers avoid foreclosure;
- 4 2. as a result of a loan audit, generally will obtain for consumers
- 5 mortgage loan modifications that will make consumers' payments
- 6 substantially more affordable or help consumers avoid
- 7 foreclosure;
- 8 3. are accredited non-profit organizations with superior techniques
- 9 and qualifications for obtaining mortgage loan modifications that
- 10 will make consumers' payments substantially more affordable;
- 11 4. generally will give refunds to consumers if the defendant fails to
- 12 obtain a mortgage loan modification;
- 13 5. generally will obtain favorable mortgage concessions from
- 14 consumers' lenders or stop foreclosure if consumers join mass
- 15 joinder lawsuits initiated by the defendant or person;

16 B. The degree of success that any Defendant or any other person has had in
17 performing any mortgage assistance relief service;

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

20 D. The amount of time it will take or is likely to take to obtain or arrange a
21 renegotiation, settlement, modification, or other alteration of the terms of any
22 secured or unsecured debt, including but not limited to the modification of any term
23 of a consumer's home loan, deed of trust, or mortgage, including any recapitalization
24 or reinstatement agreement;

25 E. That any Defendant or any other person is affiliated with, endorsed or
26 approved by the government;

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1 F. The refund policy of any Defendant or any other person, including but
2 not limited to the likelihood of a consumer obtaining a full or partial refund, or the
3 circumstances in which a full or partial refund will be granted to the consumer; or

4 G. The cost of any Defendants' service including that there will be no
5 charge for all or a portion of such service.

6 **II.**

7 **DISCLOSURES REQUIRED BY AND REPRESENTATIONS PROHIBITED**
8 **BY MARS RULE (REGULATION O)**

9 **IT IS FURTHER ORDERED** that PLC Defendants and their successors,
10 assigns, officers, agents, servants, employees, and attorneys, and those persons or
11 entities in active concert or participation with any of them who receive actual notice
12 of this Order by personal service or otherwise, whether acting directly or through any
13 corporation, subsidiary, division, or other device, in connection with the
14 telemarketing, advertising, marketing, promotion, offering for sale or sale of any
15 good or service, are hereby restrained and enjoined from engaging in, or assisting
16 others in engaging in, the following conduct:

17 A. representing, expressly or by implication, in connection with the
18 advertising, marketing, promotion, offering for sale, sale or performance of any
19 mortgage assistance relief service, that a consumer cannot or should not contact or
20 communicate with his or her lender or servicer, in violation of 12 C.F.R. § 1015.3(a)
21 (Dec. 30, 2011),

22 B. failing to make the following disclosure in all general and consumer-
23 specific commercial communications: "[Name of Company] is not associated with
24 the government, and our service is not approved by the government or your lender,"
25 in violation of 12 C.F.R. § 1015.4(a)(1) & 1015.4(b)(2) (Dec. 30, 2011),

26 C. failing to make the following disclosure in all general and consumer-
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1 specific commercial communications: “Even if you accept this offer and use our
2 service, your lender may not agree to change your loan,” in violation of 12 C.F.R.
3 § 1015.4(a)(2) & 1015.4(b)(3) (Dec. 30, 2011),

4 D. failing to make the following disclosure in all consumer-specific
5 commercial communications: “You may stop doing business with us at any time.
6 You may accept or reject the offer of mortgage assistance we obtain from your
7 lender [or servicer]. If you reject the offer, you do not have to pay us. If you accept
8 the offer, you will have to pay us [insert amount or method for calculating the
9 amount] for our services.” For the purposes of this paragraph, the amount “you will
10 have to pay” shall consist of the total amount the consumer must pay to purchase,
11 receive, and use all of the mortgage assistance relief services that are the subject of
12 the sales offer, including but not limited to, all fees and charges, in violation of 12
13 C.F.R. § 1015.4(b)(1) (Dec. 30, 2011),

14 E. failing, in all general commercial communications, consumer-specific
15 commercial communications, and other communications in cases where any
16 defendant or person has represented, expressly or by implication, in connection with
17 the advertising, marketing, promotion, offering for sale, sale, or performance of any
18 mortgage assistance relief service, that the consumer should temporarily or
19 permanently discontinue payments, in whole or in part, on a dwelling loan, to place
20 clearly and prominently, and in close proximity to any such representation the
21 following disclosure: “If you stop paying your mortgage, you could lose your home
22 and damage your credit rating,” in violation of 12 C.F.R. § 1015.4(c) (Dec. 30,
23 2011).

24 III.

25 PROHIBITION ON COLLECTION OF ADVANCE FEES

26 IT IS FURTHER ORDERED that PLC Defendants and their successors,
27 assigns, officers, agents, servants, employees, and attorneys, and those persons or
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1 entities in active concert or participation with any of them who receive actual notice
2 of this Order by personal service or otherwise, whether acting directly or through any
3 corporation, subsidiary, division, or other device, in connection with the
4 telemarketing, advertising, marketing, promotion, offering for sale or sale of any
5 good or service, are hereby restrained and enjoined from asking for or receiving
6 payment before consumers have executed a written agreement between the consumer
7 and the loan holder or servicer that incorporates the offer obtained by Defendants.

8 **IV.**

9 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

10 **IT IS FURTHER ORDERED** that PLC Defendants and their successors, assigns,
11 officers, agents, servants, employees, and attorneys, and those persons or entities in
12 active concert or participation with any of them who receive actual notice of this
13 Order by personal service, facsimile transmission, email, or otherwise, whether
14 acting directly or through any corporation, subsidiary, division, or other device, are
15 hereby enjoined from destroying, erasing, mutilating, concealing, altering,
16 transferring, or otherwise disposing of, in any manner, directly or indirectly, any
17 documents or records that relate to the business practices, or business or personal
18 finances, of Defendants, or an entity directly or indirectly under the control of
19 Defendants.

20 **V.**

21 **DISABLEMENT OF WEB SITES**

22 **IT IS FURTHER ORDERED** that, to the extent not already done pursuant to the
23 TRO issued in this case, (1) any person hosting any Internet website for, or on behalf
24 of, any Defendant, and (2) PLC Defendants and their successors, assigns, officers,
25 agents, servants, employees, and attorneys, and those persons or entities in active
26 concert or participation with any of them who receive actual notice of this Order by
27 personal service or otherwise, whether acting directly or through any corporation,
28 subsidiary, division, or other device, shall:

- 1 A. Do whatever is necessary to ensure that any Internet website used by
2 Defendants for the advertising, marketing, promotion, offering for sale, sale,
3 or provision of any mortgage assistance relief service, and containing
4 statements or representations prohibited by Section I of this Order cannot be
5 accessed by the public;
- 6 B. Prevent the destruction or erasure of any Internet website used by Defendants
7 for the advertising, marketing, promotion, offering for sale, sale, or provision
8 of any mortgage assistance relief service, including but not limited to
9 FreeFedLoanMod.org, HouseHoldRelief.org and MyHomeSupport.org, by
10 preserving such website in the format in which they are maintained currently;
11 and
- 12 C. Notify in writing counsel for the FTC of any other Internet website operated or
13 controlled by any Defendant not listed in Subsections A or B above.

14 **VI.**

15 **SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

16 **IT IS FURTHER ORDERED** that, to the extent not already done pursuant to the
17 TRO issued in this case, any domain name registrar shall suspend the registration of
18 any Internet website used by Defendants for the advertising, marketing, promotion,
19 offering for sale, sale, or provision of any mortgage assistance relief service, and
20 containing statements or representations prohibited by Section I of this Order,
21 including, but not limited to FreeFedLoanMod.org, HouseHoldRelief.org and
22 MyHomeSupport.org, and provide notice to counsel for the FTC of any other
23 Internet domain names registered by Defendants or their officers, agents, servants,
24 employees, and attorneys, and those persons in active concert or participation with
25 Defendants who receive actual notice of this Order by personal service or otherwise.

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VII.

ASSET FREEZE

IT IS FURTHER ORDERED that PLC Defendants and their officers, agents, servants, employees, and attorneys, and all persons or entities directly or indirectly under the control of any of them, including any financial institution, and all other persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile, email, or otherwise, each are hereby restrained and enjoined from directly or indirectly:

- A. Selling, liquidating, assigning, transferring, converting, loaning, hypothecating, disbursing, gifting, conveying, encumbering, pledging, concealing, dissipating, spending, withdrawing, or otherwise disposing of any funds, real or personal property, or other assets or any interest therein, wherever located, including any assets outside the territorial United States, that are:
1. in the actual or constructive possession of any Defendant;
 2. owned or controlled by, or held, in whole or in part for the benefit of, or subject to access by, or belonging to, any Defendant; or
 3. in the actual or constructive possession of, or owned or controlled by, or subject to access by, or belong to, any corporation, partnership, trust or other entity directly or indirectly owned, managed or under the control of any Defendant;
- B. Opening, or causing to be opened, any safe deposit boxes titled in the name of any Defendant, or subject to access by any Defendant;
- C. Incurring charges on any credit card, stored value card, debit card or charge card issued in the name, singly or jointly, of any Defendant or any other entity directly or indirectly owned, managed or controlled by any Defendant;
- D. Obtaining a personal or secured loan; or
- E. Cashing any checks from consumers, clients, or customers of any Defendant.

1 F. *Provided, however*, that Defendant Lakhany shall be permitted reasonable use
2 of one (1) vehicle currently in his possession. He shall be liable for any
3 diminution in value of the vehicle during the pendency of this Order beyond
4 normal wear and tear. The vehicle identification number (“VIN”) of such
5 vehicle shall be provided to counsel for the FTC within 24 hours of entry of
6 this Order.

7 **IT IS FURTHER ORDERED** that the funds, property, and assets affected by
8 this Paragraph shall include: (a) all assets of each Defendant as of the time this Order
9 is entered, and (b) those assets obtained or received after entry of this Order that are
10 derived from the actions alleged in Plaintiff’s Complaint. This Section does not
11 prohibit transfers to the Permanent Receiver, as specifically required in Section XV
12 (Delivery of Receivership Property), nor does it prohibit the Repatriation of Foreign
13 Assets as specifically required in Section X of this Order.

14 **VIII.**

15 **FINANCIAL STATEMENTS AND ACCOUNTING**

16 **IT IS FURTHER ORDERED** that, each PLC Defendant, within three (3)
17 business days of service of this Order, shall prepare and deliver to counsel for the
18 FTC:

- 19 A. A completed financial statement for each PLC Defendant accurate as of the
20 date of service of this Order upon the PLC Defendant (unless otherwise agreed
21 upon with FTC counsel) in the form of Attachment A to this Order captioned
22 “Financial Statement of Corporate Defendant.”
- 23 C. A completed statement, verified under oath, of all payments, transfers or
24 assignments of funds, assets, or property worth more than \$2,500 in funds or
25 other assets since January 1, 2010 by loan, gift, sale or other transfer. For each
26 person to whom a transfer has been made, state the total amount transferred
27 during that period. Such statement shall include: (a) the transferee’s name,
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1 address and relationship; (b) the property transferred; (c) the aggregate value;
2 and (d) the transfer date; and (e) the type of transfer.

3 D. Each PLC Defendant shall state: (1) its total gross sales revenues for 2009,
4 2010, and 2011 to date; (2) its total gross expenses for 2009, 2010, and 2011
5 to date; (3) its gross operating expenditures on a monthly basis per category
6 for 2009, 2010, and 2011 to date, including but not limited to payroll,
7 advertising, marketing, utilities, and property leases; and (4) its gross capital
8 expenditures for 2009, 2010, and 2011 to date.

9 E. Each PLC Defendant shall provide a list of all officers and directors of either
10 PLC Defendant and all other individuals or entities with authority to direct the
11 operations of either PLC Defendant or withdraw money from the account of
12 either PLC Defendant.

13 IX.

14 CONSUMER CREDIT REPORTS

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

18 X.

19 REPATRIATION OF FOREIGN ASSETS

20 **IT IS FURTHER ORDERED** that, within five (5) business days following
21 the service of this Order, each PLC Defendant shall:

22 A. Provide the Permanent Receiver and counsel for the FTC with a full
23 accounting of all assets, accounts, funds, and documents outside of the territory of
24 the United States that are held either: (1) by Defendants; (2) for their benefit; (3) in
25 trust by or for them, individually or jointly; or (4) under their direct or indirect
26 control, individually or jointly; and

27 B. Transfer to the territory of the United States all assets, accounts, funds,
28 and documents in foreign countries held either: (1) by them; (2) for their benefit; (3)

1 in trust by or for them, individually or jointly; or (4) under their direct or indirect
2 control, individually or jointly.

3 **IT IS FURTHER ORDERED** that all repatriated assets, accounts, funds, and
4 documents are subject to Section VII of this Order.

5 **XI.**

6 **NONINTERFERENCE WITH REPATRIATION**

7 **IT IS FURTHER ORDERED** that PLC Defendants are hereby restrained and
8 enjoined from taking any action, directly or indirectly, that may result in the
9 encumbrance or dissipation of foreign assets, or in the hindrance of the repatriation
10 required by the preceding Section X of this Order, including, but not limited to:

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

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

20 **XII.**

21 **APPOINTMENT OF PERMANENT RECEIVER**

22 **IT IS FURTHER ORDERED** that Thomas W. McNamara is appointed
23 Permanent Receiver for the business activities of Receivership Defendants (as
24 defined in Definition L herein) with the full power of an equity receiver. The
25 Permanent Receiver shall be the agent of this Court and solely the agent of this Court
26 in acting as Permanent Receiver under this Order. The Permanent Receiver shall be
27 accountable directly to this Court. The Permanent Receiver shall comply with all
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1 laws and Local Rules of this Court governing receivers, including but not limited to
2 Local Rules 66-1 through 66-5.1 and Local Rule 66-8.

3 **XIII.**

4 **DUTIES AND AUTHORITY OF PERMANENT RECEIVER**

5 **IT IS FURTHER ORDERED** that the Permanent Receiver is directed and
6 authorized to accomplish the following:

- 7 A. Assume full control of the Receivership Defendants by removing, as the
8 Permanent Receiver deems necessary or advisable, any director, officer,
9 independent contractor, employee, or agent of any of the Receivership
10 Defendants, including any named Defendant, from control of, management of,
11 or participation in, the affairs of the Receivership Defendants;
- 12 B. Take exclusive custody, control, and possession of all assets, documents, and
13 electronically stored information of, or in the possession, custody, or under the
14 control of, the Receivership Defendants, wherever situated. The Permanent
15 Receiver shall have full power to divert mail and to sue for, collect, receive,
16 take into possession, hold, and manage all assets and documents of the
17 Receivership Defendants and other persons or entities whose interests are now
18 held by or under the direction, possession, custody, or control of the
19 Receivership Defendants. *Provided, however,* that the Permanent Receiver
20 shall not attempt to collect or receive any amount from a consumer if the
21 Permanent Receiver believes the consumer was a victim of the unlawful
22 conduct alleged in the complaint in this matter;
- 23 C. Take all steps necessary to secure the business premises of the Receivership
24 Defendants. Such steps may include, but are not limited to, the following, as
25 the Permanent Receiver deems necessary or advisable:
- 26 1. serving and filing this Order;
 - 27 2. completing a written inventory of all Receivership assets;
- 28

1 3. obtaining pertinent information from all employees and other agents of
2 the Receivership Defendants, including, but not limited to, the name,
3 home address, social security number, job description, method of
4 compensation, and all accrued and unpaid commissions and
5 compensation of each such employee or agent, and all computer
6 hardware and software passwords;

7 4. videotaping and/or photographing all portions of the location;

8 5. securing the location by changing the locks and disconnecting any
9 computer modems or other means of access to the computer or other
10 records maintained at that location; and

11 6. requiring any persons present on the premises at the time this Order is
12 served to leave the premises, to provide the Permanent Receiver with
13 proof of identification, or to demonstrate to the satisfaction of the
14 Permanent Receiver that such persons are not removing from the
15 premises documents or assets of the Receivership Defendants;

16 D. Conserve, hold, and manage all Receivership assets, and perform all acts
17 necessary or advisable to preserve the value of those assets, in order to prevent
18 any irreparable loss, damage, or injury to consumers or to creditors of the
19 Receivership Defendants, including, but not limited to, obtaining an
20 accounting of the assets and preventing transfer, withdrawal, or misapplication
21 of assets;

22 E. Liquidate any and all securities or commodities owned by or for the benefit of
23 the Receivership Defendants as the Permanent Receiver deems to be advisable
24 or necessary;

25 F. Enter into contracts and purchase insurance as the Permanent Receiver deems
26 to be advisable or necessary;

- 1 G. Prevent the inequitable distribution of assets and determine, adjust, and protect
2 the interests of consumers and creditors who have transacted business with the
3 Receivership Defendants;
- 4 H. Manage and administer the business of the Receivership Defendants until
5 further order of this Court by performing all incidental acts that the Permanent
6 Receiver deems to be advisable or necessary, which includes retaining, hiring,
7 or dismissing any employees, independent contractors, or agents;
- 8 I. Choose, engage, and employ, without prior approval of the Court, attorneys,
9 accountants, appraisers, and other independent contractors and technical
10 specialists, as the Permanent Receiver deems advisable or necessary in the
11 performance of duties and responsibilities under the authority granted by this
12 Order. The Permanent Receiver may engage the services of the law firm of
13 which the Permanent Receiver is a member;
- 14 J. Make payments and disbursements from the Receivership estate that are
15 necessary or advisable for carrying out the directions of, or exercising the
16 authority granted by, this Order. The Permanent Receiver shall apply to the
17 Court for prior approval of any payment of any debt or obligation incurred by
18 the Receivership Defendants prior to the date of entry of this Order, except
19 payments that the Permanent Receiver deems necessary or advisable to secure
20 assets of the Receivership Defendants, such as rental payments;
- 21 K. Determine and implement measures to ensure that the Receivership
22 Defendants comply with, and prevent violations of, this Order and all other
23 applicable laws, including, but not limited to, revising sales materials and
24 implementing monitoring procedures;
- 25 L. Institute, compromise, adjust, appear in, intervene in, or become party to such
26 actions or proceedings in state, federal, or foreign courts that the Permanent
27 Receiver deems necessary and advisable to preserve or recover the assets of
28

1 the Receivership Defendants, or that the Permanent Receiver deems necessary
2 and advisable to carry out the Permanent Receiver's mandate under this Order;

3 M. Defend, compromise, adjust, or otherwise dispose of any or all actions or
4 proceedings instituted in the past or in the future against the Permanent
5 Receiver in his role as Permanent Receiver, or against the Receivership
6 Defendants, that the Permanent Receiver deems necessary and advisable to
7 preserve the assets of the Receivership Defendants or that the Permanent
8 Receiver deems necessary and advisable to carry out the Permanent Receiver's
9 mandate under this Order;

10 N. Continue and conduct the business of the Receivership Defendants in such
11 manner, to such extent, and for such duration as the Permanent Receiver may
12 in good faith deem to be necessary or appropriate to operate the business
13 profitably and lawfully, if at all; *provided, however*, that the continuation and
14 conduct of the business shall be conditioned upon the Permanent Receiver's
15 good faith determination that the businesses can be lawfully operated at a
16 profit using the assets of the receivership estate;

17 O. Take depositions and issue subpoenas to obtain documents and records
18 pertaining to the receivership estate and compliance with this Order.
19 Subpoenas may be served by agents or attorneys of the Permanent Receiver
20 and by agents of any process server retained by the Permanent Receiver;

21 P. Open one or more bank accounts in the Central or Southern District of
22 California as designated depositories for funds of the Receivership
23 Defendants. The Permanent Receiver shall deposit all funds of the
24 Receivership Defendants in such a designated account and shall make all
25 payments and disbursements from the receivership estate from such
26 account(s);

27 Q. Maintain accurate records of all receipts and expenditures that he makes as
28 Permanent Receiver; and

1 R. Cooperate with reasonable requests for information or assistance from any
2 state or federal law enforcement agency.

3 **IT IS FURTHER ORDERED** that the Permanent Receiver will be
4 responsible for maintaining the chain of custody of all of Defendants' records in his
5 possession, pursuant to procedures to be established in writing with the approval of
6 the FTC.

7 **XIV.**

8 **COOPERATION WITH PERMANENT RECEIVER**

9 **IT IS FURTHER ORDERED** that:

10 A. To the extent not already done pursuant to the TRO issued in this case, PLC
11 Defendants, and their officers, agents, directors, servants, employees,
12 salespersons, independent contractors, attorneys, corporations, subsidiaries,
13 affiliates, successors, and assigns, all other persons or entities in active concert
14 or participation with them, who receive actual notice of this Order by personal
15 service or otherwise, whether acting directly or through any trust, corporation,
16 subsidiary, division, or other device, or any of them, shall fully cooperate with
17 and assist the Permanent Receiver. Such cooperation and assistance shall
18 include, but not be limited to:

- 19 1. Providing any information, not subject to attorney-client privilege, to
20 the Permanent Receiver that the Permanent Receiver deems necessary to
21 exercising the authority and discharging the responsibilities of the
22 Permanent Receiver under this Order, including but not limited to,
23 allowing the Permanent Receiver to inspect documents and assets, and
24 to partition office space. To the extent any item is withheld based on a
25 claim of attorney-client privilege, the withholding party shall identify
26 the nature of the item and the specific grounds for the claim of privilege.
27 2. Providing any username or password and executing any documents
28 required to access any computer or electronic files in any medium,

1 including but not limited to electronically stored information stored,
2 hosted or otherwise maintained by an electronic data host; and

3 3. Advising all persons who owe money to the Receivership Defendants
4 that all debts should be paid directly to the Permanent Receiver.

5 B. PLC Defendants and their officers, directors, agents, servants, employees,
6 attorneys, successors, assigns, and all other persons or entities directly or
7 indirectly, in whole or in part, under their control, and all other persons in
8 active concert or participation with any of them who receive actual notice of
9 this Order by personal service or otherwise, are hereby restrained and enjoined
10 from directly or indirectly:

- 11 1. Transacting any of the business of the Receivership Defendants;
- 12 2. Destroying, secreting, erasing, mutilating, defacing, concealing,
13 altering, transferring or otherwise disposing of, in any manner, directly
14 or indirectly, any documents, electronically stored information, or
15 equipment of the Receivership Defendants, including but not limited to
16 contracts, agreements, consumer files, consumer lists, consumer
17 addresses and telephone numbers, correspondence, advertisements,
18 brochures, sales material, sales presentations, documents evidencing or
19 referring to Defendants' services, training materials, scripts, data,
20 computer tapes, disks, or other computerized records, books, written or
21 printed records, handwritten notes, telephone logs, "verification" or
22 "compliance" tapes or other audio or video tape recordings, receipt
23 books, invoices, postal receipts, ledgers, personal and business canceled
24 checks and check registers, bank statements, appointment books, copies
25 of federal, state or local business or personal income or property tax
26 returns, photographs, mobile devices, electronic storage media,
27 accessories, and any other documents, records or equipment of any kind
28 that relate to the business practices or business or personal finances of

1 the Receivership Defendants or any other entity directly or indirectly
2 under the control of the Receivership Defendants;

- 3 3. Transferring, receiving, altering, selling, encumbering, pledging,
4 assigning, liquidating, or otherwise disposing of any assets owned,
5 controlled, or in the possession or custody of, or in which an interest is
6 held or claimed by, the Receivership Defendants, or the Permanent
7 Receiver;
- 8 4. Excusing debts owed to the Receivership Defendants;
- 9 5. Doing any act or refraining from any act whatsoever to interfere with
10 the Permanent Receiver's taking custody, control, possession, or
11 managing of the assets or documents subject to this Receivership; or to
12 harass or to interfere with the Permanent Receiver in any way; or to
13 interfere in any manner with the exclusive jurisdiction of this Court over
14 the assets or documents of the Receivership Defendants; or to refuse to
15 cooperate with the Permanent Receiver or the Permanent Receiver's
16 duly authorized agents in the exercise of their duties or authority under
17 any Order of this Court;
- 18 6. Filing, or causing to be filed, any petition on behalf of the Receivership
19 Defendants for relief under the United States Bankruptcy Code, 11
20 U.S.C. § 101 *et seq.*, without prior permission from this Court;
- 21 7. Failing to notify the Permanent Receiver of any asset, including
22 accounts, of a Receivership Defendant held in any name other than the
23 name of the Receivership Defendant, or by any person or entity other
24 than the Receivership Defendant, or failing to provide any assistance or
25 information requested by the Permanent Receiver in connection with
26 obtaining possession, custody, or control of such assets; and
- 27 8. Failing to create and maintain books, records, and accounts which, in
28 reasonable detail, accurately, fairly, and completely reflect the incomes,

1 assets, disbursements, transactions and use of monies by the Defendants
2 or any other entity directly or indirectly under the control of the
3 Defendants.

4 **XV.**

5 **DELIVERY OF RECEIVERSHIP PROPERTY**

6 **IT IS FURTHER ORDERED** that, to the extent not already done pursuant
7 to the TRO issued in this case, immediately upon service of this Order upon them or
8 upon their otherwise obtaining actual knowledge of this Order, or within a period
9 permitted by the Permanent Receiver, PLC Defendants and any other person or
10 entity, including but not limited to financial institutions and electronic data hosts,
11 shall transfer or deliver access to, possession, custody, and control of the following
12 to the Permanent Receiver:

- 13 A. All assets of the Receivership Defendants;
- 14 B. All documents and electronically stored information of the Receivership
15 Defendants, including, but not limited to, books and records of accounts, all
16 financial and accounting records, balance sheets, income statements, bank
17 records (including monthly statements, canceled checks, records of wire
18 transfers, records of ACH transactions, and check registers), client or customer
19 lists, title documents and other papers;
- 20 C. All assets belonging to members of the public now held by the Receivership
21 Defendants;
- 22 D. All keys, computer and other passwords, user names, entry codes,
23 combinations to locks required to open or gain or secure access to any assets
24 or documents of the Receivership Defendants, wherever located, including,
25 but not limited to, access to their business premises, means of communication,
26 accounts, computer systems, or other property; and
- 27 E. Information identifying the accounts, employees, properties, or other assets or
28 obligations of the Receivership Defendants.

1 (3) the sum of all liabilities of the Receivership Defendants; (4) the steps the
2 Permanent Receiver intends to take in the future to: (a) prevent any diminution in
3 the value of assets of the Receivership Defendants, (b) pursue receivership assets
4 from third parties, and (c) adjust the liabilities of the Receivership Defendants, if
5 appropriate; (5) the Permanent Receiver's assessment of whether the business can be
6 operated in compliance with this Order; and (6) any other matters which the
7 Permanent Receiver believes should be brought to the Court's attention. *Provided,*
8 *however,* if any of the required information would hinder the Permanent Receiver's
9 ability to pursue receivership assets, the portions of the Permanent Receiver's report
10 containing such information may be filed under seal and not served on the parties.

11 **XVIII.**

12 **PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

13 **IT IS FURTHER ORDERED** that, except as required by a law enforcement
14 agency, law, regulation or court order, PLC Defendants, and their officers, agents,
15 servants, employees, and attorneys, and all other persons in active concert or
16 participation with any of them who receive actual notice of this Order by personal
17 service or otherwise, are restrained and enjoined from disclosing, using, or
18 benefitting from consumer information, including the name, address, telephone
19 number, email address, social security number, other identifying information, or any
20 data that enables access to a consumer's account (including a credit card, bank
21 account, or other financial account), of any person which any Defendant obtained
22 prior to entry of this Order in connection with any mortgage assistance relief product
23 or service.

24 **XIX.**

25 **NOTIFICATION OF BUSINESS ACTIVITIES**

26 **IT IS FURTHER ORDERED** that:

27 A. Defendant Lakhany is hereby preliminarily enjoined from directly or
28 indirectly creating, operating, or exercising any control over any business entity,

1 including any partnership, limited partnership, joint venture, sole proprietorship or
2 corporation, without first serving on counsel for the FTC a written statement
3 disclosing the following: (1) the name of the business entity; (2) the address and
4 telephone number of the business entity; (3) the names of the business entity's
5 officers, directors, principals, managers and employees; and (4) a detailed
6 description of the business entity's intended or actual activities.

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

13 **XX.**

14 **STAY OF ACTIONS**

15 **IT IS FURTHER ORDERED** that:

16 A. Except by leave of this Court, during pendency of the Receivership ordered
17 herein, PLC Defendants and all other persons and entities be and hereby are
18 stayed from taking any action to establish or enforce any claim, right, or
19 interest for, against, on behalf of, in, or in the name of, the Receivership
20 Defendants, any of their subsidiaries, affiliates, partnerships, assets,
21 documents, or the Permanent Receiver or the Permanent Receiver's duly
22 authorized agents acting in their capacities as such, including, but not limited
23 to, the following actions:

- 24 1. Commencing, prosecuting, continuing, entering, or enforcing any suit or
25 proceeding, except that such actions may be filed to toll any applicable
26 statute of limitations;
- 27 2. Accelerating the due date of any obligation or claimed obligation; filing
28 or enforcing any lien; taking or attempting to take possession, custody,

1 or control of any asset; attempting to foreclose, forfeit, alter, or
2 terminate any interest in any asset, whether such acts are part of a
3 judicial proceeding, are acts of self-help, or otherwise;

- 4 3. Executing, issuing, serving, or causing the execution, issuance or
5 service of, any legal process, including, but not limited to, attachments,
6 garnishments, subpoenas, writs of replevin, writs of execution, or any
7 other form of process whether specified in this Order or not; or
8 4. Doing any act or thing whatsoever to interfere with the Permanent
9 Receiver taking custody, control, possession, or management of the
10 assets or documents subject to this Receivership, or to harass or
11 interfere with the Permanent Receiver in any way, or to interfere in any
12 manner with the exclusive jurisdiction of this Court over the assets or
13 documents of the Receivership Defendants;

14 B. This Section XX does not stay:

- 15 1. The commencement or continuation of a criminal action or proceeding;
16 2. The commencement or continuation of an action or proceeding by the
17 State Bar of California to enforce its police or regulatory power;
18 3. The commencement or continuation of an action or proceeding by a
19 governmental unit to enforce such governmental unit's police or
20 regulatory power;
21 4. The enforcement of a judgment, other than a money judgment, obtained
22 in an action or proceeding by a governmental unit to enforce such
23 governmental unit's police or regulatory power; or
24 5. The issuance to a Receivership Defendant of a notice of tax deficiency;
25 and

26 C. Except as otherwise provided in this Order, all persons and entities in need of
27 documentation from the Permanent Receiver shall in all instances first attempt
28 to secure such information by submitting a formal written request to the

1 Receiver, and, if such request has not been responded to within thirty (30)
2 days of receipt by the Permanent Receiver, any such person or entity may
3 thereafter seek an Order of this Court with regard to the relief requested.

4 **XXI.**

5 **MONITORING**

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

10 **XXII.**

11 **CORRESPONDENCE WITH PLAINTIFF**

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

16
17 Mark L. Glassman
18 Federal Trade Commission
19 601 New Jersey Ave., N.W., Mail Drop NJ-3158
Washington, DC 20580
Mglassman@ftc.gov

20 with a copy to:

21 John D. Jacobs
22 Federal Trade Commission
23 10877 Wilshire Blvd., Ste. 700
Los Angeles, CA 90024
Jjacobs@ftc.gov

24 **XXIII.**

25 **SERVICE OF THIS ORDER**

26 **IT IS FURTHER ORDERED** that copies of this Order may be served by
27 facsimile transmission, email, personal or overnight delivery, or U.S. Mail, by agents
28 and employees of the FTC or any state or federal law enforcement agency or by

1 private process server, upon any financial institution or other entity or person that
2 may have possession, custody, or control of any documents or assets of any
3 Defendant, or that may otherwise be subject to any provision of this Order. Service
4 upon any branch or office of any financial institution shall effect service upon the
5 entire financial institution.

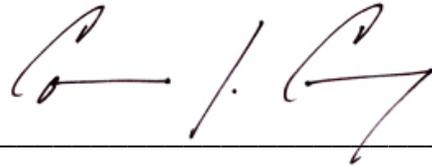
6 **XXIV.**

7 **RETENTION OF JURISDICTION**

8 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this
9 matter for all purposes of construction, modification, and enforcement of this Order.
10

11 **IT IS SO ORDERED**, this 21st day of March, 2012, at 9:25 a.m., Pacific
12 Time.

13
14
15 Dated: 3/21/12



16 _____
17 UNITED STATES DISTRICT JUDGE
18
19
20
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ATTACHMENT A

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. The font size within each field will adjust automatically as you type to accommodate longer responses.
3. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action.
4. When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.
5. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
6. Type or print legibly.
7. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

Penalty for False Information:

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

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration." (18 U.S.C. § 1623)

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

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

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

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

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

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

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

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

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone No. _____

Item 4. Principal Stockholders

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

<u>Name & Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

Item 5. Board Members

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

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

Item 6. Officers

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

<u>Name & Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

Item 7. Businesses Related to the Corporation

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

<u>Name & Address</u>	<u>Business Activities</u>	<u>% Owned</u>

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

Item 8. Businesses Related to Individuals

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

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

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

Item 9. Related Individuals

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

<u>Name and Address</u>	<u>Relationship</u>	<u>Business Activities</u>

Item 10. Outside Accountants

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

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>	<u>CPA/PA?</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Item 11. Corporation's Recordkeeping

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

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

Item 12. Attorneys

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

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Item 13. Pending Lawsuits Filed by the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 14. Current Lawsuits Filed Against the Corporation

List all pending lawsuits that have been filed against the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments, settlements, or orders in Items 26 - 27).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 15. Bankruptcy Information

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

Commencement Date _____ Termination Date _____ Docket No. _____

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

Disposition _____

Item 16. Safe Deposit Boxes

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

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

FINANCIAL INFORMATION

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

Item 17. Tax Returns

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

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

Item 18. Financial Statements

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

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

Item 19. Financial Summary

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 18 above, provide the following summary financial information.

	<u>Current Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>3 Years Ago</u>
<u>Gross Revenue</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Expenses</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Net Profit After Taxes</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Payables</u>	\$ _____			
<u>Receivables</u>	\$ _____			

Item 20. Cash, Bank, and Money Market Accounts

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

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

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

Item 21. Government Obligations and Publicly Traded Securities

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

Issuer _____ Type of Security/Obligation _____

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

Issuer _____ Type of Security/Obligation _____

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

Item 22. Real Estate

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 23. Other Assets

List all other property, by category, with an estimated value of \$2,500 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

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

Item 24. Trusts and Escrows

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

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

Item 25. Monetary Judgments and Settlements Owed To the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Item 26. Monetary Judgments and Settlements Owed By the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Item 27. Government Orders and Settlements

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency _____ Contact Person _____
 Address _____ Telephone No. _____
 Agreement Date _____ Nature of Agreement _____

Item 28. Credit Cards

List all of the corporation's credit cards and store charge accounts and the individuals authorized to use them.

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

Item 29. Compensation of Employees

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

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

Item 30. Compensation of Board Members and Officers

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

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

Item 31. Transfers of Assets Including Cash and Property

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

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

