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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; and  
**Precision Law Center LLC,**  
a limited liability company;  
Defendants.

Case No.: SACV 12-00337-CJC(JPR)

***EX PARTE* TEMPORARY  
RESTRAINING ORDER  
WITH ASSET FREEZE,  
APPOINTMENT OF  
TEMPORARY RECEIVER,  
EXPEDITED DISCOVERY, AND  
OTHER EQUITABLE RELIEF,  
AND ORDER TO SHOW CAUSE  
WHY PRELIMINARY  
INJUNCTION SHOULD NOT  
ISSUE**

**(LODGED UNDER SEAL)**

Plaintiff Federal Trade Commission (“FTC”), 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 Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act,

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

### 13 **FINDINGS OF FACT**

14 This Court, having considered the FTC’s Complaint, *ex parte* application,  
15 declarations, exhibits, and memoranda filed in support of the FTC’s application, and  
16 the evidence presented by all parties, finds that:

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

20 2. There is good cause to believe that Defendants Sameer Lakhany, an  
21 individual; The Credit Shop, LLC, a limited liability company; Fidelity Legal  
22 Services, a limited liability company; Titanium Realty, Inc., a corporation; Precision  
23 Law Center, Inc., a corporation; and Precision Law Center, LLC, a limited liability  
24 company have engaged and are likely to continue to engage in acts or practices that  
25 violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the MARS Rule, 16  
26 C.F.R. Part 322, recodified as Regulation O, 12 C.F.R. Part 1015 (effective  
27 December 30, 2011), and that the FTC is therefore likely to prevail on the merits of  
28 this action;



1 any Defendants, wherever located, whether in the United States or abroad,  
2 including, but not limited to, chattel, goods, instruments, equipment, fixtures,  
3 general intangibles, effects, leaseholds, contracts, mail or other deliveries,  
4 shares of stock, commodities, futures, inventory, checks, notes, accounts,  
5 credits, receivables (as those terms are defined in the Uniform Commercial  
6 Code), cash, and trusts, including but not limited to any trust held for the  
7 benefit of any Defendant, any of the Individual Defendant's minor children, or  
8 any of the Individual Defendant's spouses, and shall include both existing  
9 assets and assets acquired after the date of entry of this Order.

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

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

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

- 20 1. The original or a true copy of any written, typed, printed, electronically  
21 stored, transcribed, taped, recorded, filmed, punched, or graphic matter  
22 or other data compilations of any kind, including, but not limited to,  
23 letters, email or other correspondence, messages, memoranda,  
24 interoffice communications, notes, reports, summaries, manuals,  
25 magnetic tapes or discs, tabulations, books, records, checks, invoices,  
26 work papers, journals, ledgers, statements, returns, reports, schedules, or  
27 files; and  
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1           2.     Any electronically stored information stored on any Blackberries, flash  
2           drives, personal digital assistants (“PDAs”), desktop personal computer  
3           and workstations, laptops, notebooks, and other portable computers, or  
4           other electronic storage media, whether assigned to individuals or in  
5           pools of computers available for shared use, or personally owned but  
6           used for work-related purposes; backup disks and tapes, archive disks  
7           and tapes, and other forms of offline storage, whether stored onsite with  
8           the computer used to generate them, stored offsite in another company  
9           facility, or stored, hosted, or otherwise maintained offsite by a third-  
10          party; and computers and related offline storage used by Defendants or  
11          Defendants’ participating associates, which may include persons who  
12          are not employees of the company or who do not work on company  
13          premises.

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

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

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

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

24 I.     “Mortgage assistance relief product or service” means any product, service,  
25     plan, or program, offered or provided to the consumer in exchange for  
26     consideration, that is represented, expressly or by implication, to assist or  
27     attempt to assist the consumer with any of the following:  
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- 1 1. stopping, preventing, or postponing any mortgage or deed of trust  
2 foreclosure sale for the consumer’s dwelling, any repossession of  
3 the consumer’s dwelling, or otherwise saving the consumer’s  
4 dwelling from foreclosure or repossession;
- 5 2. negotiating, obtaining, or arranging a modification of any term of  
6 a dwelling loan, including a reduction in the amount of interest,  
7 principal balance, monthly payments, or fees;
- 8 3. obtaining any forbearance or modification in the timing of  
9 payments from any dwelling loan holder or servicer on any  
10 dwelling loan;
- 11 4. negotiating, obtaining, or arranging any extension of the period of  
12 time within which the consumer may (I) cure his or her default on  
13 a dwelling loan, (ii) reinstate his or her dwelling loan, (iii) redeem  
14 a dwelling, or (iv) exercise any right to reinstate a dwelling loan  
15 or redeem a dwelling;
- 16 5. obtaining any waiver of an acceleration clause or balloon  
17 payment contained in any promissory note or contract secured by  
18 any dwelling; or
- 19 6. negotiating, obtaining, or arranging (I) a short sale of a dwelling,  
20 (ii) a deed-in-lieu of foreclosure, (iii) or any other disposition of a  
21 dwelling loan other than a sale to a third party that is not the  
22 dwelling loan holder.

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

26 J. “Person” means any individual, group, unincorporated association, limited or  
27 general partnership, corporation, or other business entity.  
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1 K. “Receivership Defendants” means The Credit Shop, LLC, Fidelity Legal  
2 Services, LLC, Precision Law Center, Inc., Precision Law Center LLC, and  
3 Titanium Realty, Inc.; and their successors, assigns, affiliates, or subsidiaries,  
4 and each of them by whatever names each might be known, provided that the  
5 Temporary Receiver has reason to believe they are owned or controlled in  
6 whole or in part by any of the Defendants.

7 L. The words “and” and “or” shall be understood to have both conjunctive and  
8 disjunctive meanings as necessary to make the applicable phrase or sentence  
9 inclusive rather than exclusive.

10 **I.**

11 **PROHIBITED REPRESENTATIONS**

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

21 A. that any Defendant or any other person:

- 22 1. generally will obtain for consumers mortgage loan modifications  
23 that will make consumers’ payments substantially more  
24 affordable, or will help consumers avoid foreclosure;
- 25 2. as a result of a loan audit, generally will obtain for consumers  
26 mortgage loan modifications that will make consumers’ payments  
27 substantially more affordable or help consumers avoid  
28 foreclosure;

- 1           3.     are accredited non-profit organizations with superior techniques
- 2                 and qualifications for obtaining mortgage loan modifications that
- 3                 will make consumers' payments substantially more affordable;
- 4           4.     generally will give refunds to consumers if the defendant fails to
- 5                 obtain a mortgage loan modification;
- 6           5.     generally will obtain favorable mortgage concessions from
- 7                 consumers' lenders or stop foreclosure if consumers join mass
- 8                 joinder lawsuits initiated by the defendant or person;

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

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

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

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

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

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

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1 **II.**

2 **DISCLOSURES REQUIRED BY AND REPRESENTATIONS PROHIBITED**  
3 **BY MARS RULE (REGULATION O)**

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

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

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

20 C. failing to make the following disclosure in all general and consumer-  
21 specific commercial communications: “Even if you accept this offer and use our  
22 service, your lender may not agree to change your loan,” in violation of 12 C.F.R.  
23 § 1015.4(a)(2) & 1015.4(b)(3) (Dec. 30, 2011),

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

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

### 17 III.

#### 18 PROHIBITION ON COLLECTION OF ADVANCE FEES

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

3 **IV.**

4 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

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

15 **V.**

16 **DISABLEMENT OF WEB SITES**

17 **IT IS FURTHER ORDERED** that, immediately upon service of the Order upon  
18 them and pending determination of the FTC's request for a preliminary injunction,  
19 (1) any person hosting any Internet website for, or on behalf of, any Defendant, and  
20 (2) Defendants and their successors, assigns, officers, agents, servants, employees,  
21 and attorneys, and those persons or entities in active concert or participation with any  
22 of them who receive actual notice of this Order by personal service or otherwise,  
23 whether acting directly or through any corporation, subsidiary, division, or other  
24 device, shall:

- 25 A. Immediately do whatever is necessary to ensure that any Internet website used  
26 by Defendants for the advertising, marketing, promotion, offering for sale,  
27 sale, or provision of any mortgage assistance relief service, and containing  
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1 statements or representations prohibited by Section I of this Order cannot be  
2 accessed by the public; and

3 B. Prevent the destruction or erasure of any Internet website used by Defendants  
4 for the advertising, marketing, promotion, offering for sale, sale, or provision  
5 of any mortgage assistance relief service, including but not limited to  
6 FreeFedLoanMod.org, HouseHoldRelief.org and MyHomeSupport.org, by  
7 preserving such website in the format in which they are maintained currently.

8 **VI.**

9 **SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

10 **IT IS FURTHER ORDERED** that, pending determination of the FTC's request for  
11 a preliminary injunction, any domain name registrar shall suspend the registration of  
12 any Internet website used by Defendants for the advertising, marketing, promotion,  
13 offering for sale, sale, or provision of any mortgage assistance relief service, and  
14 containing statements or representations prohibited by Section I of this Order,  
15 including, but not limited to FreeFedLoanMod.org, HouseHoldRelief.org and  
16 MyHomeSupport.org, and provide immediate notice to counsel for the FTC of any  
17 other Internet domain names registered by Defendants or their officers, agents,  
18 servants, employees, and attorneys, and those persons in active concert or  
19 participation with Defendants who receive actual notice of this Order by personal  
20 service or otherwise.

21 **VII.**

22 **ASSET FREEZE**

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

1 A. Selling, liquidating, assigning, transferring, converting, loaning,  
2 hypothecating, disbursing, gifting, conveying, encumbering, pledging,  
3 concealing, dissipating, spending, withdrawing, or otherwise disposing of any  
4 funds, real or personal property, or other assets or any interest therein,  
5 wherever located, including any assets outside the territorial United States,  
6 that are:

- 7 1. in the actual or constructive possession of any Corporate Defendant;
- 8 2. owned or controlled by, or held, in whole or in part for the benefit of, or  
9 subject to access by, or belonging to, any Corporate Defendant; or
- 10 3. in the actual or constructive possession of, or owned or controlled  
11 by, or subject to access by, or belong to, any corporation, partnership,  
12 trust or other entity directly or indirectly owned,  
13 managed or under the control of any Corporate Defendant;

14 B. Opening, or causing to be opened, any safe deposit boxes titled in the name of  
15 any Corporate Defendant, or subject to access by any Corporate Defendant;

16 C. Incurring charges on any credit card, stored value card, debit card or charge  
17 card issued in the name, singly or jointly, of any Corporate Defendant or any  
18 other entity directly or indirectly owned, managed or controlled by any  
19 Corporate Defendant;

20 D. Obtaining a personal or secured loan; or

21 E. Cashing any checks from consumers, clients, or customers of any Corporate  
22 Defendant.

23 **IT IS FURTHER ORDERED** that the funds, property, and assets affected by  
24 this Paragraph shall include: (a) all assets of each Corporate Defendant as of the time  
25 this Order is entered, and (b) those assets obtained or received after entry of this  
26 Order that are derived from the actions alleged in Plaintiff's Complaint.  
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**VIII.**

**APPOINTMENT OF TEMPORARY RECEIVER**

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

**XIV.**

**DUTIES AND AUTHORITY OF TEMPORARY RECEIVER**

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

- A. Assume full control of the Receivership Defendants by removing, as the Temporary Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of any of the Receivership Defendants, including any named Defendant, from control of, management of, or participation in, the affairs of the Receivership Defendants;
- B. Take exclusive custody, control, and possession of all assets, documents, and electronically stored information of, or in the possession, custody, or under the control of, the Receivership Defendants, wherever situated. The Temporary Receiver shall have full power to divert mail and to sue for, collect, receive, take into possession, hold, and manage all assets and documents of the Receivership Defendants and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of the Receivership Defendants. *Provided, however,* that the Temporary Receiver shall not attempt to collect or receive any amount from a consumer if the

1 Temporary Receiver believes the consumer was a victim of the unlawful  
2 conduct alleged in the complaint in this matter;

3 C. Take all steps necessary to secure the business premises of the Receivership  
4 Defendants. Such steps may include, but are not limited to, the following, as  
5 the Temporary Receiver deems necessary or advisable:

- 6 1. serving and filing this Order;
- 7 2. completing a written inventory of all Receivership assets;
- 8 3. obtaining pertinent information from all employees and other agents of  
9 the Receivership Defendants, including, but not limited to, the name,  
10 home address, social security number, job description, method of  
11 compensation, and all accrued and unpaid commissions and  
12 compensation of each such employee or agent, and all computer  
13 hardware and software passwords;
- 14 4. videotaping and/or photographing all portions of the location;
- 15 5. securing the location by changing the locks and disconnecting any  
16 computer modems or other means of access to the computer or other  
17 records maintained at that location; and
- 18 6. requiring any persons present on the premises at the time this Order is  
19 served to leave the premises, to provide the Temporary Receiver with  
20 proof of identification, or to demonstrate to the satisfaction of the  
21 Temporary Receiver that such persons are not removing from the  
22 premises documents or assets of the Receivership Defendants;

23 D. Conserve, hold, and manage all Receivership assets, and perform all acts  
24 necessary or advisable to preserve the value of those assets, in order to prevent  
25 any irreparable loss, damage, or injury to consumers or to creditors of the  
26 Receivership Defendants, including, but not limited to, obtaining an  
27 accounting of the assets and preventing transfer, withdrawal, or misapplication  
28 of assets;

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

3 L. Institute, compromise, adjust, appear in, intervene in, or become party to such  
4 actions or proceedings in state, federal, or foreign courts that the Temporary  
5 Receiver deems necessary and advisable to preserve or recover the assets of  
6 the Receivership Defendants, or that the Temporary Receiver deems necessary  
7 and advisable to carry out the Temporary Receiver's mandate under this  
8 Order;

9 M. Defend, compromise, adjust, or otherwise dispose of any or all actions or  
10 proceedings instituted in the past or in the future against the Temporary  
11 Receiver in his role as Temporary Receiver, or against the Receivership  
12 Defendants, that the Temporary Receiver deems necessary and advisable to  
13 preserve the assets of the Receivership Defendants or that the Temporary  
14 Receiver deems necessary and advisable to carry out the Temporary  
15 Receiver's mandate under this Order;

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

23 O. Take depositions and issue subpoenas to obtain documents and records  
24 pertaining to the receivership estate and compliance with this Order.  
25 Subpoenas may be served by agents or attorneys of the Temporary Receiver  
26 and by agents of any process server retained by the Temporary Receiver;

27 P. Open one or more bank accounts in the Central or Southern District of  
28 California as designated depositories for funds of the Receivership

1 Defendants. The Temporary Receiver shall deposit all funds of the  
2 Receivership Defendants in such a designated account and shall make all  
3 payments and disbursements from the receivership estate from such  
4 account(s);

5 Q. Maintain accurate records of all receipts and expenditures that he makes as  
6 Temporary Receiver; and

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

9 **IT IS FURTHER ORDERED** that the Temporary Receiver will be  
10 responsible for maintaining the chain of custody of all of Defendants' records in his  
11 possession, pursuant to procedures to be established in writing with the approval of  
12 the FTC.

13 **X.**

14 **IMMEDIATE ACCESS TO  
BUSINESS PREMISES AND RECORDS**

15 **IT IS FURTHER ORDERED** that Defendants and their officers, directors,  
16 agents, servants, employees, attorneys, successors, assigns, and all other persons or  
17 entities directly or indirectly, in whole or in part, under their control, including  
18 Electronic Data Hosts, and all other persons in active concert or participation with  
19 them who receive actual notice of this Order by personal service, facsimile, email, or  
20 otherwise, whether acting directly or through any corporation, subsidiary, division,  
21 or other entity, shall:

22 A. Allow the Temporary Receiver, and its respective representatives, agents,  
23 attorneys, investigators, paralegals, contractors, or assistants immediate access  
24 to:

- 25 1. All of the Receivership Defendants' business premises, including but  
26 not limited to 1801 E. Edinger Ave., Suites 105 and 225, Santa Ana, CA  
27 92705; 3240 El Camino Real, Suites 100 and 200, Irvine, CA 92602;  
28

1 655 S. Main Street, Suite 200-127, Orange, CA 92868; 655 S. Main  
2 Street, Suite 200-161, Orange, CA 92868; 2300 E. Katella Avenue,  
3 Suite 450, Anaheim, CA 92806; 4000 MacArthur Blvd., Suite 900,  
4 Newport Beach, CA 92660, and 6 Hutton Center Drive, Suite 600,  
5 South Coast Metro, CA 92707, and such other business locations that  
6 are wholly or partially owned, rented, leased, or under the temporary or  
7 permanent control of any Receivership Defendant;

- 8 2. Any other premises where the Receivership Defendants conduct  
9 business, sales operations or customer service operations;
- 10 3. Any premises where documents related to the Receivership Defendants'  
11 businesses are stored or maintained;
- 12 4. Any premises where assets belonging to any Receivership Defendant  
13 are stored or maintained; and
- 14 5. Any documents located at any of the locations described in this  
15 Paragraph; and

16 B. Provide the Temporary Receiver, and its respective representatives, agents,  
17 attorneys, investigators, paralegals, contractors, or assistants with any  
18 necessary means of access to, copying of, and forensic imaging of documents  
19 or electronically stored information, including, without limitation, the  
20 locations of Receivership Defendants' business premises, keys and  
21 combinations to business premises locks, computer access codes of all  
22 computers used to conduct Receivership Defendants' business, access to  
23 (including but not limited to execution of any documents necessary for access  
24 to and forensic imaging of) any data stored, hosted or otherwise maintained by  
25 an Electronic Data Host, and storage area access information.

26 **IT IS FURTHER ORDERED** that the Temporary Receiver is authorized to  
27 employ the assistance of law enforcement officers, including, but not limited to, the  
28 United States Postal Inspection Service, Internal Revenue Service, and Federal

1 Bureau of Investigation, to effect service, to implement peacefully the provisions of  
2 this Order, and to keep the peace. The Temporary Receiver shall allow the FTC and  
3 its representatives, agents, contractors, or assistants into the premises and facilities  
4 described in this Section to inspect, inventory, image, and copy documents or  
5 electronically stored information relevant to any matter contained in this Order. The  
6 Temporary Receiver may exclude Defendants and their agents and employees from  
7 the business premises and facilities during the immediate access. No one shall  
8 interfere with the Temporary Receiver's inspection of the Defendants' premises or  
9 documents.

10 **IT IS FURTHER ORDERED** that the Temporary Receiver shall have the  
11 right to remove any documents related to Defendants' business practices from the  
12 premises in order that they may be inspected, inventoried, and copied. The materials  
13 so removed shall be returned within five (5) business days of completing said  
14 inventory and copying. If any property, records, documents, or computer files  
15 relating to the Receivership Defendants' finances or business practices are located in  
16 the residence of any Defendant or are otherwise in the custody or control of any  
17 Defendant, then such Defendant shall produce them to the Temporary Receiver  
18 within twenty-four (24) hours of service of this Order. In order to prevent the  
19 destruction of computer data, upon service of this Order upon Defendants, any such  
20 computers shall be powered down (turned off) in the normal course for the operating  
21 systems used on such computers and shall not be powered up or used again until  
22 produced for copying and inspection, along with any codes needed for access. The  
23 Temporary Receiver's representatives may also photograph and videotape the inside  
24 and outside of all premises to which they are permitted access by this Order, and all  
25 documents and other items found on such premises.

26 **IT IS FURTHER ORDERED** that the Temporary Receiver shall have the  
27 discretion to determine the time, manner, and reasonable conditions of such access.  
28

**XI.**

**COOPERATION WITH TEMPORARY RECEIVER**

**IT IS FURTHER ORDERED** that:

- 1  
2  
3  
4  
5 A. Defendants, and their officers, agents, directors, servants, employees,  
6 salespersons, independent contractors, attorneys, corporations, subsidiaries,  
7 affiliates, successors, and assigns, all other persons or entities in active concert  
8 or participation with them, who receive actual notice of this Order by personal  
9 service or otherwise, whether acting directly or through any trust, corporation,  
10 subsidiary, division, or other device, or any of them, shall fully cooperate with  
11 and assist the Temporary Receiver. Such cooperation and assistance shall  
12 include, but not be limited to:
- 13 1. Providing any information to the Temporary Receiver that the  
14 Temporary Receiver deems necessary to exercising the authority and  
15 discharging the responsibilities of the Temporary Receiver under this  
16 Order, including but not limited to, allowing the Temporary Receiver to  
17 inspect documents and assets, and to partition office space;
  - 18 2. Providing any username or password and executing any documents  
19 required to access any computer or electronic files in any medium,  
20 including but not limited to electronically stored information stored,  
21 hosted or otherwise maintained by an electronic data host; and
  - 22 3. Advising all persons who owe money to the Receivership Defendants  
23 that all debts should be paid directly to the Temporary Receiver.
- 24 B. Defendants and their officers, directors, agents, servants, employees,  
25 attorneys, successors, assigns, and all other persons or entities directly or  
26 indirectly, in whole or in part, under their control, and all other persons in  
27 active concert or participation with them who receive actual notice of this  
28

1 Order by personal service or otherwise, are hereby temporarily restrained and  
2 enjoined from directly or indirectly:

- 3 1. Transacting any of the business of the Receivership Defendants;
- 4 2. Destroying, secreting, erasing, mutilating, defacing, concealing,  
5 altering, transferring or otherwise disposing of, in any manner, directly  
6 or indirectly, any documents, electronically stored information, or  
7 equipment of the Receivership Defendants, including but not limited to  
8 contracts, agreements, consumer files, consumer lists, consumer  
9 addresses and telephone numbers, correspondence, advertisements,  
10 brochures, sales material, sales presentations, documents evidencing or  
11 referring to Defendants' services, training materials, scripts, data,  
12 computer tapes, disks, or other computerized records, books, written or  
13 printed records, handwritten notes, telephone logs, "verification" or  
14 "compliance" tapes or other audio or video tape recordings, receipt  
15 books, invoices, postal receipts, ledgers, personal and business canceled  
16 checks and check registers, bank statements, appointment books, copies  
17 of federal, state or local business or personal income or property tax  
18 returns, photographs, mobile devices, electronic storage media,  
19 accessories, and any other documents, records or equipment of any kind  
20 that relate to the business practices or business or personal finances of  
21 the Receivership Defendants or any other entity directly or indirectly  
22 under the control of the Receivership Defendants;
- 23 3. Transferring, receiving, altering, selling, encumbering, pledging,  
24 assigning, liquidating, or otherwise disposing of any assets owned,  
25 controlled, or in the possession or custody of, or in which an interest is  
26 held or claimed by, the Receivership Defendants, or the Temporary  
27 Receiver;
- 28 4. Excusing debts owed to the Receivership Defendants;





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3 **XV.**

4 **STAY OF ACTIONS**

5 **IT IS FURTHER ORDERED** that:

- 6 A. Except by leave of this Court, during pendency of the Receivership ordered  
7 herein, Defendants and all other persons and entities be and hereby are stayed  
8 from taking any action to establish or enforce any claim, right, or interest for,  
9 against, on behalf of, in, or in the name of, the Receivership Defendants, any  
10 of their subsidiaries, affiliates, partnerships, assets, documents, or the  
11 Temporary Receiver or the Temporary Receiver's duly authorized agents  
12 acting in their capacities as such, including, but not limited to, the following  
13 actions:
- 14 1. Commencing, prosecuting, continuing, entering, or enforcing any suit or  
15 proceeding, except that such actions may be filed to toll any applicable  
16 statute of limitations;
  - 17 2. Accelerating the due date of any obligation or claimed obligation; filing  
18 or enforcing any lien; taking or attempting to take possession, custody,  
19 or control of any asset; attempting to foreclose, forfeit, alter, or  
20 terminate any interest in any asset, whether such acts are part of a  
21 judicial proceeding, are acts of self-help, or otherwise;
  - 22 3. Executing, issuing, serving, or causing the execution, issuance or  
23 service of, any legal process, including, but not limited to, attachments,  
24 garnishments, subpoenas, writs of replevin, writs of execution, or any  
25 other form of process whether specified in this Order or not; or
  - 26 4. Doing any act or thing whatsoever to interfere with the Temporary  
27 Receiver taking custody, control, possession, or management of the  
28 assets or documents subject to this Receivership, or to harass or

1 interfere with the Temporary Receiver in any way, or to interfere in any  
2 manner with the exclusive jurisdiction of this Court over the assets or  
3 documents of the Receivership Defendants;

4 B. This Paragraph XV does not stay:

- 5 1. The commencement or continuation of a criminal action or proceeding;
- 6 2. The commencement or continuation of an action or proceeding by the  
7 State Bar of California to enforce its police or regulatory power;
- 8 3. The commencement or continuation of an action or proceeding by a  
9 governmental unit to enforce such governmental unit's police or  
10 regulatory power;
- 11 4. The enforcement of a judgment, other than a money judgment, obtained  
12 in an action or proceeding by a governmental unit to enforce such  
13 governmental unit's police or regulatory power; or
- 14 5. The issuance to a Receivership Defendant of a notice of tax deficiency;  
15 and

16 C. Except as otherwise provided in this Order, all persons and entities in need of  
17 documentation from the Temporary Receiver shall in all instances first attempt  
18 to secure such information by submitting a formal written request to the  
19 Receiver, and, if such request has not been responded to within thirty (30)  
20 days of receipt by the Temporary Receiver, any such person or entity may  
21 thereafter seek an Order of this Court with regard to the relief requested.  
22  
23  
24  
25

26 **XVII.**

27 **DURATION OF TEMPORARY RESTRAINING ORDER;**  
28 **SCHEDULING OTHER MATTERS**

1           **IT IS FURTHER ORDERED** that the seal in this case shall dissolve on  
2 March 19, 2012.

3           **IT IS FURTHER ORDERED** that the Temporary Restraining Order granted  
4 herein shall expire on the 21st day of March, 2012, at 9:00 a.m., unless before that  
5 time, the Order, for good cause shown, is extended pursuant to Federal Rule of Civil  
6 Procedure 65 for a like period, not to exceed 14 days, or the adversary party consents  
7 to a longer extension.

8           **IT IS FURTHER ORDERED** that, pursuant to Federal Rule of Civil  
9 Procedure 65(b), each of the Defendants shall appear before this Court on the 21st  
10 day of March, 2012, at 9:00 a.m., to show cause, if there is any, why this Court  
11 should not enter a preliminary injunction enjoining the violations of law alleged in  
12 the FTC's Complaint, continuing the freeze of their assets, and imposing such  
13 additional relief as may be appropriate.

14           **IT IS FURTHER ORDERED** that:

- 15 A. Defendants shall file any answering affidavits, pleadings, or legal memoranda  
16 with the Court and serve the same on counsel for the FTC no later than March  
17 16, 2012. The FTC may file responsive or supplemental pleadings, materials,  
18 affidavits, or memoranda with the Court and serve the same on counsel for  
19 Defendants no later than March 19, 2012. *Provided that* service shall be  
20 performed by personal or overnight delivery, facsimile, or email, and  
21 documents shall be delivered so that they shall be received by the other parties  
22 no later than 4 p.m. (Eastern Time) on the appropriate dates listed in this  
23 Subparagraph; and
- 24 B. The question of whether this Court should enter a preliminary injunction  
25 pursuant to Rule 65 of the Federal Rules of Civil Procedure enjoining the  
26 Defendants during the pendency of this action shall be resolved on the  
27 pleadings, declarations, exhibits, and memoranda filed by, and oral argument  
28 of, the parties. Live testimony shall be heard only on further order of this

1 Court on motion filed with the Court and served on counsel for the other  
2 parties no later than March 16, 2012. Such motion shall set forth the name,  
3 address, and telephone number of each proposed witness, a detailed summary  
4 or affidavit disclosing the substance of each proposed witness' expected  
5 testimony, and an explanation of why the taking of live testimony would be  
6 helpful to this Court. Any papers opposing a timely motion to present live  
7 testimony or to present live testimony in response to live testimony to be  
8 presented by another party shall be filed with this Court and served on the  
9 other parties no later than March 19, 2012. *Provided that* service shall be  
10 performed by personal or overnight delivery or by facsimile or email, and  
11 documents shall be delivered so that they shall be received by the other parties  
12 no later than 4 p.m. (Eastern Time) on the appropriate dates listed in this  
13 Subparagraph.

14 **IT IS FURTHER ORDERED** that this Order shall be personally served on  
15 the Defendants. Service shall be initiated by March 8, 2012.

16 **IT IS FURTHER ORDERED** that copies of this Order may be served by  
17 facsimile transmission, email, personal or overnight delivery, or U.S. Mail, by agents  
18 and employees of the FTC or any state or federal law enforcement agency or by  
19 private process server, upon any financial institution or other entity or person that  
20 may have possession, custody, or control of any documents or assets of any  
21 Defendant, or that may otherwise be subject to any provision of this Order. Service  
22 upon any branch or office of any financial institution shall effect service upon the  
23 entire financial institution.

**XIII.**

**CORRESPONDENCE WITH PLAINTIFF**

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

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

with a copy to:

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

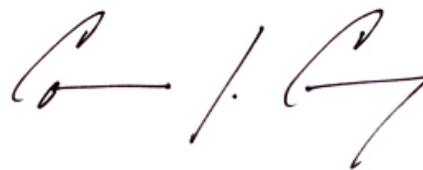
**XIV.**

**RETENTION OF JURISDICTION**

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

IT IS SO ORDERED, this 7th day of March, 2012, at 1:20 p.m., Pacific Standard Time.

Dated: March 7, 2012



\_\_\_\_\_  
CORMAC J. CARNEY  
UNITED STATES DISTRICT JUDGE