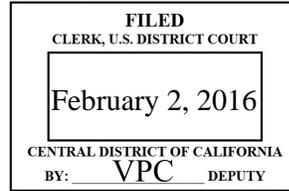


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20 UNITED STATES DISTRICT COURT  
21 CENTRAL DISTRICT OF CALIFORNIA

22 **FEDERAL TRADE COMMISSION,**

23 **Plaintiff,**

24 **vs.**

25 **TELESTAR CONSULTING, INC.,**  
26 **also d/b/a Kleritec and United**  
27 **Business Supply; and KARL**  
28 **WESLEY ANGEL, individually and**  
**as a principal of Telestar Consulting,**  
**Inc.,**

**Defendants.**

No. CV-16-00555 SJO (SSx)

**AMENDED EX PARTE**  
**TEMPORARY RESTRAINING**  
**ORDER AND OTHER EQUITABLE**  
**RELIEF**

1 Plaintiff Federal Trade Commission (“FTC” or “Commission”), pursuant to  
2 Sections 13(b) and 19 of the Federal Trade Commission Act (FTC Act), 15 U.S.C.  
3 §§ 53(b) and 57b; the Telemarketing and Consumer Fraud and Abuse Prevention  
4 Act (Telemarketing Act), 15 U.S.C. §§ 6101-6108; and the Unordered  
5 Merchandise Statute, 39 U.S.C. § 3009; has filed a Complaint for preliminary and  
6 permanent injunctive relief, rescission or reformation of contracts, restitution, the  
7 refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief  
8 for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act,  
9 15 U.S.C. § 45(a); the Telemarketing Sales Rule (TSR), 16 C.F.R. Part 310; and  
10 the Unordered Merchandise Statute, 39 U.S.C. § 3009.

11 This Court, having considered the FTC’s Complaint, *ex parte* application,  
12 declarations, exhibits, and memoranda filed in support of the FTC’s application,  
13 finds that:

14 **FINDINGS OF FACT**

15 1. This Court has jurisdiction over the subject matter of this case and  
16 there is a good cause to believe it will have jurisdiction over the parties.

17 2. Venue lies properly with this Court.

18 3. There is good cause to believe that Defendants have engaged in, and  
19 are likely to continue to engage in, acts and practices that violate Section 5(a) of  
20 the FTC Act, 15 U.S.C. § 45(a); the TSR, 16 C.F.R. Part 310; and the Unordered  
21 Merchandise Statute, 39 U.S.C. § 3009, and that the Commission is therefore likely  
22 to prevail on the merits of this action.

23 4. There is good cause to believe that consumers will suffer immediate  
24 and continuing harm from Defendants’ ongoing violations of Section 5(a) of the  
25 FTC Act, 15 U.S.C. § 45(a); the TSR, 16 C.F.R. Part 310; and the Unordered  
26 Merchandise Statute, 39 U.S.C. § 3009; unless Defendants are restrained and  
27 enjoined by Order of this Court.

1           5.     There is good cause to believe, from the declarations and other  
2 evidence submitted by the FTC, that immediate and irreparable damage to the  
3 Court's ability to grant effective final relief for consumers in the form of monetary  
4 restitution and/or disgorgement of ill-gotten gains will occur from the transfer,  
5 dissipation, or concealment by Defendants of their assets or business records  
6 unless Defendants are immediately restrained and enjoined by Order of this Court;  
7 and that in accordance with Fed. R. Civ. P. 65(b) and Local Rule 7-19.2, the  
8 interest of justice requires that the FTC's Motion be heard *ex parte* without prior  
9 notice to Defendants. Therefore, there is good cause for relieving the FTC of the  
10 duty to provide Defendants with prior notice of the FTC's Motion.

11           6.     Good cause exists for appointing a receiver over the Corporate  
12 Defendants, permitting the FTC immediate access to Defendants' business  
13 premises, and permitting the FTC to take expedited discovery.

14           7.     Weighing the equities and considering the FTC's likelihood of  
15 ultimate success, a temporary restraining order with appointment of a receiver,  
16 asset freeze and accounting, expedited discovery, and order to show cause why a  
17 preliminary injunction should not issue is in the public interest.

18           8.     In light of the declarations and other evidence submitted on behalf of  
19 the FTC, a temporary freeze of each of the named Defendants' assets is warranted  
20 in order to prevent the dissipation of assets and destruction of documents. The  
21 duration and scope of the asset freeze, including whether to permit the Individual  
22 Defendant to incur charges for reasonable living expenses and required payments,  
23 will be addressed at the Order to Show Cause and Preliminary Injunction Hearing.

24           9.     This Court has authority to issue this Order pursuant to Section 13(b)  
25 of the FTC Act, 15 U.S.C. § 53(b); Rule 65 of the Federal Rules of Civil  
26 Procedure; and the All Writs Act, 28 U.S.C. § 1651.

27           10.    Fed. R. Civ. P. 65(c) does not require security of the United States or  
28 an officer of an agency thereof for the issuance of a restraining order.

1 **DEFINITIONS**

2 For purposes of this Temporary Restraining Order (“Order”), the following  
3 definitions shall apply:

4 1. “**Asset**” or “**Assets**” means any legal or equitable interest in, right to,  
5 or claim to, any real or personal property, including, but not limited to, “goods,”  
6 “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,”  
7 “checks,” or “notes,” (as these terms are defined in the Uniform Commercial  
8 Code), lines of credit, chattels, leaseholds, contracts, mail or other deliveries,  
9 shares of stock, lists of consumer names, accounts, credits, premises, receivables,  
10 funds, and all cash, wherever located.

11 2. “**Assisting others**” includes, but is not limited to:

12 a. performing customer service functions, including, but not  
13 limited to, receiving or responding to consumer complaints;

14 b. formulating or providing, or arranging for the formulation or  
15 provision of, any advertising or marketing material, including, but not  
16 limited to, any telephone sales script, direct mail solicitation, or the design,  
17 text, or use of images of any Internet website, email, or other electronic  
18 communication;

19 c. formulating or providing, or arranging for the formulation or  
20 provision of, any marketing support material or service, including, but not  
21 limited to, web or Internet protocol addresses or domain name registration  
22 for any Internet websites, affiliate marketing services, or media placement  
23 services;

24 d. providing names of, or assisting in the generation of, potential  
25 customers;

26 e. performing marketing, billing, or payment services of any kind;  
27 and  
28

1 f. acting as an owner, officer, director, manager, or principal of  
2 any entity.

3 3. “**Consumer**” and “**Customer**” means any Person to whom any  
4 Defendant has sent merchandise for use in the Person’s business, or from whom  
5 any Defendant has attempted to collect payment for merchandise which has been  
6 or will be sent, whether or not a sale is actually consummated.

7 4. “**Corporate Defendant**” means Telestar Consulting, Inc. (“Telestar”),  
8 also doing business as Kleritec and United Business Supply.

9 5. “**Defendants**” means the Individual and Corporate Defendants,  
10 individually, collectively, or in any combination.

11 6. “**Document**” and “**Electronically Stored Information**” are  
12 synonymous in meaning and equal in scope to the usage of the term in Federal  
13 Rule of Civil Procedure 34(a), and include but are not limited to:

14 a. The original or a true copy of any written, typed, printed,  
15 electronically stored, transcribed, taped, recorded, filmed, punched, or  
16 graphic matter or other data compilations of any kind, including, but not  
17 limited to, letters, email or other correspondence, messages, memoranda,  
18 interoffice communications, notes, reports, summaries, manuals, magnetic  
19 tapes or discs, tabulations, books, records, checks, invoices, work papers,  
20 journals, ledgers, statements, returns, reports, schedules, or files; and

21 b. Any electronically stored information stored on any server,  
22 Blackberrys or any type of mobile communications device, flash drives,  
23 personal digital assistants (“PDAs”), desktop personal computer and  
24 workstations, laptops, notebooks, and other portable computers, or other  
25 electronic storage media, whether assigned to individuals or in pools of  
26 computers available for shared use, or personally owned but used for work-  
27 related purposes; backup disks and tapes, archive disks and tapes, and other  
28 forms of offline storage, whether stored onsite with the computer used to

1 generate them, stored offsite in another company facility, or stored, hosted,  
2 or otherwise maintained offsite by a third-party; and computers and related  
3 offline storage used by Defendants or Defendants' participating associates,  
4 which may include persons who are not employees of the company or who  
5 do not work on company premises.

6 7. **“Electronic Data Host”** means any person or entity in the business of  
7 storing, hosting, or otherwise maintaining electronically stored information.

8 8. **“Financial Institution”** means any bank, savings and loan institution,  
9 credit union, or any financial depository of any kind, including, but not limited to,  
10 any brokerage house, trustee, broker-dealer, escrow agent, title company,  
11 commodity trading company, precious metal dealer, credit or bank debit  
12 processing agent, automated clearing house processor, network transaction  
13 processor, or other payment processor.

14 9. **“Individual Defendant”** means Karl Wesley Angel.

15 10. **“Material”** means likely to affect a person's choice of, or conduct  
16 regarding, goods or services.

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

21 12. **“Plaintiff”** means the Federal Trade Commission.

22 13. **“Receivership Defendant”** means the Corporate Defendant, as well  
23 as any successors, assigns, affiliates, and subsidiaries that conduct any business  
24 related to the Defendants' sales of merchandise to, or collections from, Consumers  
25 or Customers and which the Receiver has reason to believe are owned or controlled  
26 in whole or in part by either or both of the Defendants.

27 14. **“Telemarketing”** means a plan, program, or campaign which is  
28 conducted to induce the purchase of goods or services or a charitable contribution,

1 by use of one or more telephones and which involves more than one interstate  
2 telephone call, whether inbound or outbound.

3 15. “**Unordered merchandise**” means merchandise mailed, shipped, or  
4 delivered without the prior express request or consent of the recipient.

5 16. The terms “**and**” and “**or**” shall be construed conjunctively or  
6 disjunctively as necessary to make the applicable phrase or sentence inclusive  
7 rather than exclusive.

### 8 I. PROHIBITED CONDUCT

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

#### 17 A. Unordered Merchandise Restrictions:

- 18 1. Shipping any good to consumers without the prior express  
19 request or consent of the recipient, or without identifying the  
20 good as a free sample; and
- 21 2. Sending, mailing, or shipping a bill or bills to consumers, or  
22 otherwise communicating with consumers and requesting  
23 payment, for products or services that have been provided to  
24 such consumers without their prior express request or consent;

1           B.    Prohibited Representations: Misrepresenting, expressly or by  
2 implication, any of the following:

- 3           1.    That consumers have ordered, agreed to pay for, or are  
4                otherwise obligated to pay for goods shipped and/or billed to  
5                consumers by Defendants;
- 6           2.    That Defendants were shipping, or have shipped, a “backorder”  
7                that is part of any consumer’s prior order;
- 8           3.    That consumers have agreed to accept or pay for multiple  
9                shipments of goods from Defendants; or
- 10          4.    Any other fact material to a consumer’s decision whether to  
11                purchase or pay for Defendants’ goods;

12          C.    Required Disclosures: Failing to disclose truthfully, in a clear and  
13 conspicuous manner, when Defendants offer a package of goods for use in  
14 connection with the consumer’s business at a particular price:

- 15          1.    The total amount Defendants will charge consumers;
- 16          2.    The quantity of materials consumers will receive; and
- 17          3.    All material restrictions, limitations, or conditions to purchase,  
18                receive, or use the goods that are the subject of Defendants’  
19                sales offer; and

20          D.    Prohibited TSR Violations: Violating, or assisting others in violating,  
21 any provision of the TSR, in connection with telephone calls to induce the retail  
22 sale of nondurable office or cleaning supplies, including, but not limited to:

- 23          1.    Section 310.3(a)(4) of the TSR, 16 C.F.R. § 310.3(a)(4), by  
24                making false and misleading statements in order to induce a  
25                consumer to pay for goods, including, but not limited to,  
26                misrepresenting that the consumer ordered or agreed to  
27                purchase goods that were to be, or had been, shipped and/or  
28

1 billed to the consumer by Defendants, or otherwise  
2 misrepresenting that consumers were obligated to pay; and  
3 2. Section 310.3(a)(1)(i)-(ii) of the TSR, 16 C.F.R.  
4 § 310.3(a)(1)(i)-(ii), by failing to disclose truthfully, in a clear  
5 and conspicuous manner, before a customer consents to pay, the  
6 total costs to purchase, receive, or use, or the quantity of, the  
7 goods that are the subject of the sales offer; and all material  
8 restrictions, limitations, or conditions to purchase, receive, or  
9 use the goods that are the subject of the sales offer.

## 11 **II. SUSPENSION ON COLLECTION OF ACCOUNTS**

12 **IT IS FURTHER ORDERED** that, except as required by a law enforcement  
13 agency, law, regulation or court order, Defendants, and their officers, agents,  
14 servants, employees, and attorneys, and all other persons in active concert or  
15 participation with any of them who receive actual notice of this Order by personal  
16 service or otherwise, are temporarily restrained and enjoined from attempting to  
17 collect payment for goods from consumers, directly or through any collection  
18 agent.

## 20 **III. PROHIBITION ON USE AND RELEASE OF CONSUMER 21 INFORMATION**

22 **IT IS FURTHER ORDERED** that, except as required by a law  
23 enforcement agency, law, regulation or court order, Defendants, and their officers,  
24 agents, servants, employees, and attorneys, and all other persons in active concert  
25 or participation with any of them who receive actual notice of this Order by  
26 personal service or otherwise, are temporarily restrained and enjoined from  
27 selling, disclosing, using, or benefitting from consumer information, including the  
28 name, address, telephone number, email address, social security number, other identifying

1 information, or any data that enables access to a consumer's account (including a credit  
2 card, bank account, or other financial account), of any person which any Defendant  
3 obtained prior to entry of this Order.

#### 4 5 **IV. ASSET FREEZE**

6 **IT IS FURTHER ORDERED** that Defendants are hereby temporarily  
7 restrained and enjoined from directly or indirectly:

8 A. Transferring, liquidating, converting, encumbering, pledging, loaning,  
9 selling, concealing, dissipating, disbursing, assigning, spending, withdrawing,  
10 granting a lien or security interest or other interest in, or otherwise disposing of any  
11 funds, real or personal property, accounts, contracts, consumer debt portfolios,  
12 consumer lists, or any other assets, or any interest therein, wherever located,  
13 including outside the United States, that are:

- 14 1. owned or controlled, directly or indirectly, by any Defendant, in  
15 whole or in part, or held, in whole or in part for the benefit of  
16 any Defendant;
- 17 2. in the actual or constructive possession of any Defendant; or
- 18 3. owned, controlled by, or in the actual or constructive possession  
19 of any corporation, partnership, trust, foundation, or other entity  
20 directly or indirectly owned, managed, or controlled by, or  
21 under common control with any Defendant,

22 including but not limited to assets in any account at any Financial Institution,  
23 customer service agent, commercial mail receiving agency, mail holding or  
24 forwarding company, retirement fund custodian, money market or mutual fund,  
25 storage company or any other third party, including any retainers or other funds  
26 held in trust by counsel for any Defendant;

27 B. Opening, causing to be opened, or otherwise accessing any safe  
28 deposit boxes, commercial mail boxes, or storage facilities titled in the name of

1 any Defendant(s), or subject to access by any Defendant without providing the  
2 Commission prior notice and an opportunity to inspect the contents in order to  
3 determine that they contain no assets covered by this Section;

4 C. Incurring charges or cash advances on any credit card, debit card, or  
5 checking card issued in the name, singly or jointly, of any Defendant;

6 D. Obtaining a personal or secured loan; and

7 E. Cashing any checks from consumers, clients, or customers of any  
8 Defendant.

9 The funds, property and assets affected by this Section shall include: (a) all  
10 assets of each Defendant as of the time this order is entered, and (b) those assets  
11 obtained after entry of this Order that derive from or otherwise relate to the  
12 Defendants' activities described in Plaintiffs' Complaint that predate entry of this  
13 Order. The restraints imposed by this Section may be modified only upon further  
14 order of this Court, or with the written consent of counsel for the FTC. This  
15 Section does not prohibit transfers to the Temporary Receiver, as specifically  
16 required in Section XIV (Delivery of Receivership Property), nor does it prohibit  
17 the repatriation of foreign assets, as specifically required in Section VIII  
18 (Repatriation of Foreign Assets) of this Order.

19  
20 **V. RETENTION OF ASSETS AND RECORDS BY FINANCIAL**  
21 **INSTITUTIONS AND OTHER THIRD PARTIES**

22 **IT IS FURTHER ORDERED** that any Financial Institution, trust, entity, or  
23 person that holds, controls, or maintains custody of any account or asset owned or  
24 controlled, directly or indirectly, by any Defendant, or has held, controlled, or  
25 maintained any account or asset of, or on behalf of, any Defendant, upon service  
26 with a copy of this Order, shall:

27 A. Hold and retain within its control and prohibit Defendants from  
28 withdrawing, removing, assigning, transferring, pledging, encumbering,

1 disbursing, dissipating, converting, selling, gifting, or otherwise disposing of any  
2 of the assets, funds, or other property held by or on behalf of any Defendant in any  
3 account maintained in the name of or for the benefit of any Defendant, in whole or  
4 in part, except as directed by further order of the Court or as directed in writing by  
5 the Receiver regarding accounts, documents, or assets held in the name of or for  
6 the benefit of any Receivership Defendant;

7 B. Provide the Receiver, the Receiver's agents, Plaintiff, and Plaintiff's  
8 agents immediate access to electronically stored information stored, hosted, or  
9 otherwise maintained on behalf of any Defendant for forensic imaging;

10 C. Deny the Defendants access to any safe deposit box titled in the name  
11 of any Defendant, individually or jointly, or subject to access by any Defendant,  
12 whether directly or indirectly;

13 D. Provide counsel for Plaintiff and the Receiver, within **three (3)**  
14 business days after being served with a copy of this Order, a certified statement  
15 setting forth:

- 16 1. The identification number of each such account or asset titled:
  - 17 a. In the name, individually or jointly, of any Defendant;
  - 18 b. Held on behalf of, or for the benefit of, any Defendant;
  - 19 c. Owned or controlled by any Defendant; or
  - 20 d. Otherwise subject to access by any Defendant, directly or  
21 indirectly;
- 22 2. The balance of each such account, or a description of the nature  
23 and value of such asset as of the close of business on the day on  
24 which this Order is served, and, if the account or other asset has  
25 been closed or removed, the date closed or removed, the total  
26 funds removed in order to close the account, and the name of  
27 the person or entity to whom such account or other asset was  
28 remitted;

- 1           3.       The identification of any safe deposit box that is either titled in  
2                   the name of any Defendant, or is otherwise subject to access by  
3                   any Defendant; and
- 4           4.       If an account, safe deposit box, or other asset has been closed or  
5                   removed, the date closed or removed, the balance on such date,  
6                   and the manner in which such account or asset was closed or  
7                   removed.

8           E.       Provide counsel for Plaintiff and the Receiver, within **three (3)**  
9 business days after being served with a request, copies of all documents pertaining  
10 to such account or asset, including but not limited to originals or copies of account  
11 applications, account statements, underwriting files, chargeback records, customer  
12 complaints, signature cards, checks, drafts, deposit tickets, transfers to and from  
13 the accounts, all other debit and credit instruments or slips, currency transaction  
14 reports, 1099 forms, and safe deposit box logs; *provided that* such institution or  
15 custodian may charge a reasonable fee.

16  
17                   **VI.    FINANCIAL REPORTS AND ACCOUNTING**

18           **IT IS FURTHER ORDERED** that each Defendant, within **seven (7)**  
19 business days of service of this Order, shall prepare and deliver to counsel for the  
20 FTC and to the Receiver:

- 21           A.       For the Individual Defendant, a completed financial statement  
22                   accurate as of the date of service of this Order upon him (unless  
23                   otherwise agreed upon with FTC counsel) on the form of  
24                   **Attachment A** to this Order captioned, “Financial Statement for  
25                   Individual Defendant.”
- 26           B.       For the Corporate Defendant, a completed financial statement  
27                   accurate as of the date of service of this Order upon such Defendant  
28                   (unless otherwise agreed upon with FTC counsel) in the form of

1           **Attachment B** to this Order captioned, “Financial Statement of  
2           Corporate Defendant.”

3  
4                           **VII. CONSUMER CREDIT REPORTS**

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

10                           **VIII. REPATRIATION OF FOREIGN ASSETS**

11           **IT IS FURTHER ORDERED** that, within **seven (7)** business days  
12 following the service of this Order, each Defendant shall:

- 13           A.     Provide counsel for the FTC and the Receiver with a full accounting  
14                   of all assets, accounts, funds, and documents outside of the territory of  
15                   the United States that are held either: (1) by them; (2) for their  
16                   benefit; (3) in trust by or for them, individually or jointly; or (4) under  
17                   their direct or indirect control, individually or jointly;
- 18           B.     Transfer to the territory of the United States all assets, accounts,  
19                   funds, and documents in foreign countries held either: (1) by them;  
20                   (2) for their benefit; (3) in trust by or for them, individually or jointly;  
21                   or (4) under their direct or indirect control, individually or jointly;
- 22           C.     Hold and retain all repatriated assets, accounts, funds, and documents,  
23                   and prevent any transfer, disposition, or dissipation whatsoever of any  
24                   such assets, accounts, funds, or documents; and
- 25           D.     Provide the FTC and the Receiver access to all records of accounts or  
26                   assets of the Corporate Defendants and Individual Defendants held by  
27                   financial institutions located outside the territorial United States by  
28

1 signing the Consent to Release of Financial Records attached to this  
2 Order as **Attachment C**.

3  
4 **IX. NON-INTERFERENCE WITH REPATRIATION**

5 **IT IS FURTHER ORDERED** that Defendants, and each of their  
6 successors, assigns, members, officers, agents, servants, employees, and attorneys,  
7 and those persons in active concert or participation with them who receive actual  
8 notice of this Order by personal service or otherwise, whether acting directly or  
9 through any entity, corporation, subsidiary, division, affiliate or other device, are  
10 hereby temporarily restrained and enjoined from taking any action, directly or  
11 indirectly, which may result in the encumbrance or dissipation of foreign assets, or  
12 in the hindrance of the repatriation required by Section VIII (Repatriation of  
13 Foreign Assets) of this Order, including but not limited to:

- 14 A. Sending any communication, statement, letter, fax, e-mail or wire  
15 transmission, telephoning or engaging in any other act, directly or  
16 indirectly, that results in a determination by a foreign trustee or other  
17 entity that a “duress” event has occurred under the terms of a foreign  
18 trust agreement, until such time that all assets have been fully  
19 repatriated pursuant to Section VIII (Repatriation of Foreign Assets)  
20 of this Order; and
- 21 B. Notifying any trustee, protector or other agent of any foreign trust or  
22 other related entities of either the existence of this Order, or of the fact  
23 that repatriation is required pursuant to a Court Order, until such time  
24 that all assets have been fully repatriated pursuant to Section VIII  
25 (Repatriation of Foreign Assets).
- 26  
27  
28

1                                   **X. APPOINTMENT OF RECEIVER**

2           **IT IS FURTHER ORDERED** that Thomas W. McNamara of McNamara  
3 Benjamin LLP is appointed Receiver on a temporary basis for the business  
4 activities of the Receivership Defendant with the full power of an equity receiver.  
5 The Receiver shall be the agent of this Court and solely the agent of this Court in  
6 acting as Receiver under this Order. The Receiver shall be accountable directly to  
7 this Court. The Receiver shall comply with any laws and Local Rules of this Court  
8 governing receivers, including but not limited to Local Rules 66-1 through 66-5.1  
9 and Local Rule 66-8.

10  
11                                   **XI. DUTIES OF RECEIVER**

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

- 14           A. Assume full control of the Receivership Defendant by removing, as  
15 the Receiver deems necessary or advisable, any director, officer,  
16 independent contractor, employee, or agent of any of the Receivership  
17 Defendant, including any named Defendant, from control of,  
18 management of, or participation in, the affairs of the Receivership  
19 Defendant;
- 20           B. Take exclusive custody, control, and possession of all assets,  
21 documents, and electronically stored information of, or in the  
22 possession, custody, or under the control of, the Receivership  
23 Defendant, wherever situated. The Receiver shall have full power to  
24 divert mail and to sue for, collect, receive, take in possession, hold,  
25 and manage all assets and documents of the Receivership Defendant  
26 and other persons or entities whose interests are now held by or under  
27 the direction, possession, custody, or control of the Receivership  
28 Defendant. *Provided, however,* that the Receiver shall not attempt to

1 collect or receive any amount from a consumer if the Receiver  
2 believes the consumer was a victim of the unlawful conduct alleged in  
3 the complaint in this matter;

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

- 7 1. serving and filing this Order;
- 8 2. completing a written inventory of all Receivership assets;
- 9 3. obtaining pertinent information from all employees and other  
10 agents of the Receivership Defendant, including, but not limited  
11 to, the name, home address, social security number, job  
12 description, method of compensation, and all accrued and  
13 unpaid commissions and compensation of each such employee  
14 or agent, and all computer hardware and software passwords;
- 15 4. videotaping all portions of the location;
- 16 5. securing the location by changing the locks and disconnecting  
17 any computer modems or other means of access to the computer  
18 or other records maintained at that location;
- 19 6. requiring any persons present on the premises at the time this  
20 Order is served to leave the premises, to provide the Receiver  
21 with proof of identification, or to demonstrate to the satisfaction  
22 of the Receiver that such persons are not removing from the  
23 premises documents or assets of the Receivership Defendant;  
24 and
- 25 7. requiring all employees, independent contractors, and  
26 consultants of the Receivership Defendant to complete a  
27 questionnaire submitted by the Receiver;
- 28

- 1 D. Conserve, hold, and manage all Receivership assets, and perform all  
2 acts necessary or advisable to preserve the value of those assets, in  
3 order to prevent any irreparable loss, damage, or injury to consumers  
4 or to creditors of the Receivership Defendant, including, but not  
5 limited to, obtaining an accounting of the assets and preventing  
6 transfer, withdrawal, or misapplication of assets;
- 7 E. Liquidate any and all securities or commodities owned by or for the  
8 benefit of the Receivership Defendant that the Receiver deems to be  
9 advisable or necessary;
- 10 F. Enter into contracts and purchase insurance as the Receiver deems to  
11 be advisable or necessary;
- 12 G. Prevent the inequitable distribution of assets and determine, adjust,  
13 and protect the interests of consumers and creditors who have  
14 transacted business with the Receivership Defendant;
- 15 H. Manage and administer the business of the Receivership Defendant  
16 until further order of this Court by performing all incidental acts that  
17 the Receiver deems to be advisable or necessary, which includes  
18 retaining, hiring, or dismissing any employees, independent  
19 contractors, or agents;
- 20 I. Choose, engage, and employ attorneys, accountants, appraisers, and  
21 other independent contractors and technical specialists as the Receiver  
22 deems advisable or necessary in the performance of duties and  
23 responsibilities under the authority granted by this Order, including  
24 but not limited to the law firm in which the Receiver is a partner;
- 25 J. Make payments and disbursements from the Receivership estate that  
26 are necessary or advisable for carrying out the directions of, or  
27 exercising the authority granted by, this Order. The Receiver shall  
28 apply to the Court for prior approval of any payment of any debt or

1 obligation incurred by the Receivership Defendant prior to the date of  
2 entry of this Order, except payments that the Receiver deems  
3 necessary or advisable to secure assets of the Receivership Defendant,  
4 such as rental payments;

5 K. Determine and implement the manner in which the Receivership  
6 Defendant will comply with, and prevent violations of, this Order and  
7 all other applicable laws, including, but not limited to, revising  
8 collection materials and implementing monitoring procedures;

9 L. Institute, compromise, adjust, appear in, intervene in, or become party  
10 to such actions or proceedings in state, federal, or foreign courts that  
11 the Receiver deems necessary and advisable to preserve or recover the  
12 assets of the Receivership Defendant, or that the Receiver deems  
13 necessary and advisable to carry out the Receiver's mandate under  
14 this Order, *provided that*, before taking any of the action contemplated  
15 under this subsection, the Receiver shall provide Plaintiff with notice  
16 of its intent to take such action at least **five (5)** business days before  
17 taking the action;

18 M. Defend, compromise, adjust, or otherwise dispose of any or all actions  
19 or proceedings instituted in the past or in the future against the  
20 Receiver in his role as Receiver, or against the Receivership  
21 Defendant, that the Receiver deems necessary and advisable to  
22 preserve the assets of the Receivership Defendant or that the Receiver  
23 deems necessary and advisable to carry out the Receiver's mandate  
24 under this Order;

25 N. Continue and conduct the business of the Receivership Defendant in  
26 such manner, to such extent, and for such duration as the Receiver  
27 may in good faith deem to be necessary or appropriate to operate the  
28 business profitably and lawfully, if at all; *provided, however*, that the

1 continuation and conduct of the business shall be conditioned upon  
2 the Receiver's good faith determination that the businesses can be  
3 lawfully operated at a profit using the assets of the receivership estate;

- 4 O. Take depositions and issue subpoenas to obtain documents and  
5 records pertaining to the receivership estate and compliance with this  
6 Order. Subpoenas may be served by agents or attorneys of the  
7 Receiver and by agents of any process server retained by the  
8 Receiver;
- 9 P. Open one or more bank accounts in the Central or Southern District of  
10 California as designated depositories for funds of the Receivership  
11 Defendant. The Receiver shall deposit all funds of the Receivership  
12 Defendant in such a designated account and shall make all payments  
13 and disbursements from the receivership estate from such account(s);
- 14 Q. Maintain accurate records of all receipts and expenditures that the  
15 Receiver makes as Receiver;
- 16 R. Cooperate with reasonable requests for information or assistance from  
17 any state or federal law enforcement agency; and
- 18 S. Be responsible for maintaining the chain of custody of all of  
19 Defendants' records in his possession, in a manner approved by the  
20 FTC.

21  
22 **XII. RECEIVER'S AND FTC'S IMMEDIATE ACCESS TO**  
23 **BUSINESS PREMISES AND RECORDS**

24 **IT IS FURTHER ORDERED** that:

- 25 A. Defendants and their officers, agents, directors, employees,  
26 salespersons, independent contractors, attorneys, corporations,  
27 subsidiaries, affiliates, successors, and assigns, and all other persons  
28 or entities in active concert or participation with them, who receive

1 actual notice of this Order by personal service, facsimile, email, or  
2 otherwise, whether acting directly or through any trust, corporation,  
3 subsidiary, division, or other device, or any of them, shall:

- 4 1. Immediately identify to FTC's counsel and the Receiver:
  - 5 a. All of Defendants' business premises;
  - 6 b. Any premises where any Defendant conducts business,  
7 debt collection operations, or customer service  
8 operations;
  - 9 c. Any premises where documents or electronically stored  
10 information related to the business, debt collection  
11 operations, or customer service operations of any  
12 Defendant are hosted, stored, or otherwise maintained,  
13 including but not limited to the name and location of any  
14 electronic data hosts; and
  - 15 d. Any premises where assets belonging to any Defendant  
16 are stored or maintained;
- 17 2. Allow the FTC and the Receiver, and their respective  
18 representatives, agents, attorneys, investigators, paralegals,  
19 contractors, or assistants immediate access to:
  - 20 a. All of the Defendants' business premises, including but  
21 not limited to those located at 15823 W. Monte Street,  
22 Sylmar, California 91342, and such other business  
23 locations that are wholly or partially owned, rented,  
24 leased, or under the temporary or permanent control of  
25 any Defendant;
  - 26 b. Any other non-residence premises where the Defendants  
27 conduct business, collections operations or customer  
28 service operations;

- 1 c. Any non-residence premises where documents related to  
2 the Defendants' businesses are stored or maintained;  
3 d. Any non-residence premises where assets belonging to  
4 any Defendant are stored or maintained; and  
5 e. Any documents and electronically stored information  
6 located at any of the locations described in this Section  
7 XII; and

8 3. Provide the FTC and the Receiver, and their respective  
9 representatives, agents, attorneys, investigators, paralegals,  
10 contractors, or assistants with any necessary means of access to  
11 copy, and forensically image documents or electronically stored  
12 information, including, without limitation, the locations of  
13 Receivership Defendants' business premises, keys and  
14 combinations to business premises locks, computer access  
15 codes of all computers used to conduct Receivership  
16 Defendant' business, access to (including but not limited to  
17 execution of any documents necessary for access to and  
18 forensic imaging of) any data stored, hosted or otherwise  
19 maintained by an electronic data host, and storage area access  
20 information.

21 4. If the Receiver has cause to believe that any Individual  
22 Defendant with a smartphone or tablet has used that device in  
23 part for business purposes related to any Receivership  
24 Defendant, and the device is located on receivership premises,  
25 the Individual Defendant will turn over the device to the  
26 Receiver for imaging. Within **two (2)** business days, the  
27 Receiver will return the device to the Individual Defendant,  
28 provide the Individual Defendant with a copy, provide the FTC

1 with a copy, and retain a copy. The Receiver may request that  
2 the FTC conduct the imaging, but only under the Receiver's  
3 supervision.

4 B. The FTC and the Receiver are authorized to employ the assistance of  
5 law enforcement officers, including but not limited to, the United  
6 States Postal Inspection Service, the Federal Bureau of Investigation,  
7 and the Los Angeles Police Department to effect service, to  
8 implement the provisions of this Order, and to keep the peace. The  
9 Receiver shall allow the FTC and its representatives, agents,  
10 contractors, or assistants into the premises and facilities described in  
11 this Section to inspect, inventory, image, and copy documents or  
12 electronically stored information relevant to any matter contained in  
13 this Order. Counsel for the FTC and the Receiver may exclude  
14 Defendants and their agents and employees from the business  
15 premises and facilities during the immediate access. No one shall  
16 interfere with the FTC's or Receiver's inspection of the Defendants'  
17 premises or documents.

18 C. The Receiver and the FTC shall have the right to remove any  
19 documents related to Defendants' business practices from the  
20 premises in order that they may be inspected, inventoried, and copied.  
21 The materials so removed shall be returned within **five (5)** business  
22 days of completing said inventory and copying. If any property,  
23 records, documents, or computer files relating to the Receivership  
24 Defendant' finances or business practices are located in the residence  
25 of any Individual Defendant or are otherwise in the custody or control  
26 of any Individual Defendant, then such Defendant shall produce them  
27 to the Receiver within twenty-four (24) hours of service of this Order.  
28 In order to prevent the destruction of computer data, upon service of

1 this Order upon Defendants, any such computers shall be powered  
2 down (turned off) in the normal course for the operating systems used  
3 on such computers and shall not be powered up or used again until  
4 produced for copying and inspection, along with any codes needed for  
5 access. The FTC's and the Receiver's representatives may also  
6 photograph or videotape the inside and outside of all premises to  
7 which they are permitted access by this Order, and all documents and  
8 other items found on such premises.

9 D. The FTC's access to the Defendants' documents pursuant to this  
10 provision shall not provide grounds for any Defendant to object to any  
11 subsequent request for documents served by the FTC.

12 E. The Receiver shall allow the Corporate and Individual Defendants  
13 reasonable access to the premises and business records of the  
14 Receivership Defendant within his possession for the purpose of  
15 inspecting and copying materials relevant to this action. The Receiver  
16 shall have the discretion to determine the time, manner, and  
17 reasonable conditions of such access.  
18

### 19 **XIII. COOPERATION WITH RECEIVER**

20 **IT IS FURTHER ORDERED** that:

21 A. Defendants, and their officers, agents, directors, servants, employees,  
22 salespersons, independent contractors, attorneys, corporations,  
23 subsidiaries, affiliates, successors, and assigns, all other persons or  
24 entities in active concert or participation with them, who receive  
25 actual notice of this Order by personal service or otherwise, whether  
26 acting directly or through any trust, corporation, subsidiary, division,  
27 or other device, or any of them, shall fully cooperate with and assist  
28 the Receiver. Defendants' cooperation and assistance shall include,

1 but not be limited to:

- 2 1. Providing any information to the Receiver that the Receiver  
3 deems necessary to exercising the authority and discharging the  
4 responsibilities of the Receiver under this Order, including but  
5 not limited to allowing the Receiver to inspect documents and  
6 assets and to partition office space;
- 7 2. Providing any password and executing any documents required  
8 to access any computer or electronic files in any medium,  
9 including but not limited to electronically stored information  
10 stored, hosted or otherwise maintained by an electronic data  
11 host; and
- 12 3. Advising all persons who owe money to the Receivership  
13 Defendant that all debts should be paid directly to the Receiver.

14 B. Defendants and their officers, directors, agents, servants, employees,  
15 attorneys, successors, assigns, and all other persons or entities directly  
16 or indirectly, in whole or in part, under their control, and all other  
17 persons in active concert or participation with them who receive  
18 actual notice of this Order by personal service or otherwise, are  
19 hereby temporarily restrained and enjoined from directly or indirectly:

- 20 1. Transacting any of the business of the Receivership Defendant;
- 21 2. Destroying, secreting, erasing, mutilating, defacing, concealing,  
22 altering, transferring or otherwise disposing of, in any manner,  
23 directly or indirectly, any documents, electronically stored  
24 information, or equipment of any Defendant, including but not  
25 limited to contracts, agreements, consumer files, consumer lists,  
26 consumer addresses and telephone numbers, debt portfolios,  
27 correspondence, advertisements, brochures, sales material, sales  
28 presentations, documents evidencing or referring to

1 Defendants' services, collection practices, training materials,  
2 scripts, data, computer tapes, disks, or other computerized  
3 records, books, written or printed records, handwritten notes,  
4 telephone logs, "verification" or "compliance" tapes or other  
5 audio or video tape recordings, receipt books, invoices, postal  
6 receipts, ledgers, personal and business canceled checks and  
7 check registers, bank statements, appointment books, copies of  
8 federal, state or local business or personal income or property  
9 tax returns, photographs, mobile devices, electronic storage  
10 media, accessories, and any other documents, records or  
11 equipment of any kind that relate to the business practices or  
12 business or personal finances of the Defendants or any other  
13 entity directly or indirectly under the control of the Defendants;

- 14 3. Transferring, receiving, altering, selling, encumbering,  
15 pledging, assigning, liquidating, or otherwise disposing of any  
16 assets owned, controlled, or in the possession or custody of, or  
17 in which an interest is held or claimed by, the Receivership  
18 Defendant, or the Receiver;
- 19 4. Excusing debts owed to the Receivership Defendant;
- 20 5. Failing to notify the Receiver of any asset, including accounts,  
21 of a Receivership Defendant held in any name other than the  
22 name of the Receivership Defendant, or by any person or entity  
23 other than the Receivership Defendant, or failing to provide any  
24 assistance or information requested by the Receiver in  
25 connection with obtaining possession, custody, or control of  
26 such assets;
- 27 6. Failing to create and maintain books, records, and accounts  
28 which, in reasonable detail, accurately, fairly, and completely

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

- 4 7. Doing any act or refraining from any act whatsoever to interfere  
5 with the Receiver's taking custody, control, possession, or  
6 managing of the assets or documents subject to this  
7 Receivership; or to harass or to interfere with the Receiver in  
8 any way; or to interfere in any manner with the exclusive  
9 jurisdiction of this Court over the assets or documents of the  
10 Receivership Defendant; or to refuse to cooperate with the  
11 Receiver or the Receiver's duly authorized agents in the  
12 exercise of their duties or authority under any Order of this  
13 Court; and
- 14 8. Filing, or causing to be filed, any petition on behalf of the  
15 Receivership Defendant for relief under the United States  
16 Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, without prior  
17 permission from this Court.

18  
19 **XIV. DELIVERY OF RECEIVERSHIP PROPERTY**

20 **IT IS FURTHER ORDERED** that:

21 A. Immediately upon service of this Order upon them or upon their  
22 otherwise obtaining actual knowledge of this Order, or within a period  
23 permitted by the Receiver, Defendants or any other person or entity,  
24 including but not limited to financial institutions and electronic data  
25 hosts, shall transfer or deliver access to, possession, custody, and  
26 control of the following to the Receiver:

- 27 1. All assets of the Receivership Defendant;
- 28

- 1           2.     All documents and electronically stored information of the  
2           Receivership Defendant, including, but not limited to, books  
3           and records of accounts, all financial and accounting records,  
4           balance sheets, income statements, bank records (including  
5           monthly statements, canceled checks, records of wire transfers,  
6           records of ACH transactions, and check registers), client or  
7           customer lists, title documents and other papers;
- 8           3.     All assets belonging to members of the public now held by the  
9           Receivership Defendant;
- 10          4.     All keys, computer and other passwords, entry codes,  
11          combinations to locks required to open or gain or secure access  
12          to any assets or documents of the Receivership Defendant,  
13          wherever located, including, but not limited to, access to their  
14          business premises, means of communication, accounts,  
15          computer systems, or other property; and
- 16          5.     Information identifying the accounts, employees, properties, or  
17          other assets or obligations of the Receivership Defendant.

18        B.     In the event any person or entity fails to deliver or transfer  
19        immediately any asset or otherwise fails to comply with any provision  
20        of this Section XIV, the Receiver may file *ex parte* with the Court an  
21        Affidavit of Non-Compliance regarding the failure. Upon filing of the  
22        affidavit, the Court may authorize, without additional process or  
23        demand, Writs of Possession or Sequestration or other equitable writs  
24        requested by the Receiver. The writs shall authorize and direct the  
25        United States Marshal or any sheriff or deputy sheriff of any county  
26        (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset, document, or  
27        other thing and to deliver it to the Receiver.

1                                   **XV.    COMPENSATION FOR RECEIVER**

2                   **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by  
3 the Receiver as herein authorized, including counsel to the Receiver and  
4 accountants, are entitled to reasonable compensation for the performance of duties  
5 pursuant to this Order, and for the cost of actual out-of-pocket expenses incurred  
6 by them, from the assets now held by or in the possession or control of, or which  
7 may be received by, the Receivership Defendant. The Receiver shall file with the  
8 Court and serve on the parties periodic requests for the payment of such reasonable  
9 compensation, with the first such request filed no more than **sixty (60)** days after  
10 the date of this Order. The Receiver shall not increase the hourly rates used as the  
11 bases for such fee applications without prior approval of the Court.

12  
13                                   **XVI.    RECEIVER’S REPORTS**

14                   **IT IS FURTHER ORDERED** that the Receiver shall report to this Court  
15 on or before the date set for the hearing to Show Cause regarding the Preliminary  
16 Injunction, regarding:

- 17           A.    The steps taken by the Receiver to implement the terms of this Order;  
18           B.    The value of all liquidated and unliquidated assets of the Receivership  
19                Defendant;  
20           C.    The sum of all liabilities of the Receivership Defendant;  
21           D.    The steps the Receiver intends to take in the future to:  
22                1.    prevent any diminution in the value of assets of the  
23                    Receivership Defendant,  
24                2.    pursue receivership assets from third parties, and  
25                3.    adjust the liabilities of the Receivership Defendant, if  
26                    appropriate;  
27           E.    Whether the business of the Receivership Defendant can be operated  
28                lawfully and profitably; and

1 F. Any other matters which the Receiver believes should be brought to  
2 the Court's attention.

3 *Provided, however,* if any of the required information would hinder the Receiver's  
4 ability to pursue receivership assets, the portions of the Receiver's report  
5 containing such information may be filed under seal and not served on the parties.  
6

## 7 **XVII. NO BOND REQUIREMENT**

8 **IT IS FURTHER ORDERED** that no bond shall be required in this matter:

9 A. The United States and its agencies as moving party are not required to  
10 give security under Federal Rule of Civil Procedure 65(c).

11 B. No bond shall be required in connection with the appointment of the  
12 Temporary Receiver. Except for an act of gross negligence, the Temporary  
13 Receiver and the professionals shall not be liable for any loss or damage incurred  
14 by any of the Defendants, their officers, agents, servants, employees, and attorneys  
15 or any other Person, by reason of any act performed or omitted to be performed by  
16 the Temporary Receiver and the professionals in connection with the discharge of  
17 his or her duties and responsibilities.  
18

## 19 **XVIII. STAY OF ACTIONS**

20 **IT IS FURTHER ORDERED** that:

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

28 1. Commencing, prosecuting, continuing, entering, or enforcing

1 any suit or proceeding, except that such actions may be filed to  
2 toll any applicable statute of limitations;

3 2. Accelerating the due date of any obligation or claimed  
4 obligation; filing or enforcing any lien; taking or attempting to  
5 take possession, custody, or control of any asset; attempting to  
6 foreclose, forfeit, alter, or terminate any interest in any asset,  
7 whether such acts are part of a judicial proceeding, are acts of  
8 self-help, or otherwise;

9 3. Executing, issuing, serving, or causing the execution, issuance  
10 or service of, any legal process, including, but not limited to,  
11 attachments, garnishments, subpoenas, writs of replevin, writs  
12 of execution, or any other form of process whether specified in  
13 this Order or not; or

14 4. Doing any act or thing whatsoever to interfere with the  
15 Receiver taking custody, control, possession, or management of  
16 the assets or documents subject to this Receivership, or to  
17 harass or interfere with the Receiver in any way, or to interfere  
18 in any manner with the exclusive jurisdiction of this Court over  
19 the assets or documents of the Receivership Defendants;

20 B. This Section XVIII does not stay:

21 1. The commencement or continuation of a criminal action or  
22 proceeding;

23 2. The commencement or continuation of an action or proceeding  
24 by a governmental unit to enforce such governmental unit's  
25 police or regulatory power;

- 1           3.     The enforcement of a judgment, other than a money judgment,  
2                     obtained in an action or proceeding by a governmental unit to  
3                     enforce such governmental unit’s police or regulatory power; or  
4           4.     The issuance to a Receivership Defendant of a notice of tax  
5                     deficiency.

6           C.     Except as otherwise provided in this Order, all persons and entities in  
7     need of documentation from the Receiver shall in all instances first attempt to  
8     secure such information by submitting a formal written request to the Receiver,  
9     and, if such request has not been responded to within **thirty (30)** days of receipt by  
10    the Receiver, any such person or entity may thereafter seek an Order of this Court  
11    with regard to the relief requested.

12  
13                     **XIX.    LIMITED EXPEDITED DISCOVERY**

14           **IT IS FURTHER ORDERED** that the FTC and the Receiver are granted  
15    leave to conduct certain expedited discovery, and that, commencing with the time  
16    and date of this Order, in lieu of the time periods, notice provisions, and other  
17    requirements of Rules 26, 30, 34, and 45 of the Federal Rules of Civil Procedure,  
18    expedited discovery as to parties and non-parties shall proceed as follows:

19           A.     The FTC and the Receiver may, upon **seven (7)** calendar days’ notice,  
20    take the deposition of any person or entity, whether or not a party, in any judicial  
21    district, for the purpose of discovering: (1) the assets of Defendants; (2) location  
22    of documents; and (3) compliance with this Order. Depositions may be conducted  
23    telephonically or in person. Deposition transcripts that have not been signed by the  
24    witness may be used at the preliminary injunction hearing in this matter. *Provided*  
25    *that*, notwithstanding Federal Rule of Civil Procedure 30(a)(2), this Section shall  
26    not preclude any future depositions by the FTC. *Provided further*, that any  
27    deposition taken pursuant to this Section shall be in addition to, and not subject to,  
28

1 the presumptive limits on depositions set forth in Federal Rule of Civil Procedure  
2 30(a)(2)(A).

3 B. The FTC and the Receiver may serve interrogatories for the purpose  
4 of discovering: (1) the assets of Defendants; (2) location of documents; and (3)  
5 compliance with this Order. Defendants shall respond within **seven (7)** calendar  
6 days after the FTC serves such interrogatories. *Provided that*, notwithstanding  
7 Federal Rule of Civil Procedure 33(a)(1), this subsection shall not preclude any  
8 future interrogatories by the FTC.

9 C. The FTC and the Receiver may, upon **seven (7)** calendar days' notice,  
10 including through the use of a Rule 45 Subpoena, demand the production of  
11 documents from any person or entity, whether or not a Defendant, relating to: (1)  
12 the assets of Defendants; (2) the location of documents; and (3) compliance with  
13 this Order. *Provided that* **two (2)** calendar days' notice shall be deemed sufficient  
14 for the production of any such documents that are maintained or stored only as  
15 electronic data.

16 D. The FTC and the Receiver are granted leave to subpoena documents  
17 immediately from any financial institution, account custodian, or other entity or  
18 person that holds, controls, or maintains custody of any account or asset of any  
19 Defendant(s), or has held, controlled or maintained custody of any account or asset  
20 of any Defendant(s). The subject of such Subpoena may include the nature,  
21 location, status, and extent of Defendants' assets, and compliance with this Order,  
22 and such financial institution, account custodian or other entity shall respond to  
23 such subpoena within **five (5)** business days after service.

24 E. For purposes of discovery pursuant to this Section, service shall be  
25 sufficient if made by facsimile or by overnight courier to any branch or location.  
26  
27  
28



1 electronic transmission or via Federal Express to: Maxine Stansell, Federal Trade  
2 Commission, 915 2nd Ave., Suite 2896. Email: mstansell@ftc.gov; Telephone:  
3 (206) 220-4474; Facsimile: (206) 220-6366.  
4

5 **XXIV. ORDER TO SHOW CAUSE AND**  
6 **PRELIMINARY INJUNCTION HEARING**

7 **IT IS FURTHER ORDERED**, pursuant to Federal Rule of Civil Procedure  
8 65(b), that Defendants shall appear on the 22nd day of February, 2016, at 10:00  
9 a.m. at the United States Courthouse, 312 North Spring Street, Courtroom 1, Los  
10 Angeles, California, to show cause, if any there be, why this Court should not enter  
11 a preliminary injunction, pending final ruling on the complaint, against  
12 Defendants, enjoining them from further violations of the FTC Act, TSR, and the  
13 Unordered Merchandise Statute, and imposing such additional relief as may be  
14 appropriate.  
15

16 **XXV. SERVICE OF PLEADINGS, EVIDENCE,**  
17 **AND WITNESS LISTS**

18 **IT IS FURTHER ORDERED** that:

19 A. Defendants shall file any answering affidavits, pleadings, or legal  
20 memoranda with the Court and serve the same on counsel for the FTC no later than  
21 **five (5)** business days prior to the preliminary injunction hearing in this matter.  
22 The FTC may file responsive or supplemental pleadings, materials, affidavits, or  
23 memoranda with the Court and serve the same on counsel for Defendants no later  
24 than **two (2)** business days prior to the preliminary injunction hearing in this  
25 matter. *Provided that* service shall be performed by personal or overnight  
26 delivery, facsimile, or email, and documents shall be delivered so that they shall be  
27 received by the other parties no later than 4 p.m. (PST) on the appropriate dates  
28

1 listed in this subsection;

2           B.     The question of whether this Court should enter a preliminary  
3 injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure enjoining  
4 the Defendants during the pendency of this action shall be resolved on the  
5 pleadings, declarations, exhibits, and memoranda filed by, and oral argument of,  
6 the parties. Live testimony shall be heard only on further order of this Court on  
7 motion filed with the Court and served on counsel for the other parties at least **five**  
8 **(5)** business days prior to the preliminary injunction hearing in this matter. Such  
9 motion shall set forth the name, address, and telephone number of each proposed  
10 witness, a detailed summary or affidavit disclosing the substance of each proposed  
11 witness' expected testimony, and an explanation of why the taking of live  
12 testimony would be helpful to this Court. Any papers opposing a timely motion to  
13 present live testimony or to present live testimony in response to live testimony to  
14 be presented by another party shall be filed with this Court and served on the other  
15 parties at least **three (3)** business days prior to the preliminary injunction hearing  
16 in this matter. *Provided that* service shall be performed by personal or overnight  
17 delivery or by facsimile or email, and documents shall be delivered so that they  
18 shall be received by the other parties no later than 4 p.m. (PST) on the appropriate  
19 dates listed in this subsection.

20  
21                                   **XXVI.   DURATION OF ORDER**

22           **IT IS FURTHER ORDERED** that the Temporary Restraining Order  
23 granted herein shall expire on the 22nd day of February, 2016, at 3:30 o'clock  
24 p.m., unless within such time, the Order, for good cause shown, is extended for an  
25 additional period not to exceed **ten (10)** calendar days, or unless it is further  
26 extended pursuant to Federal Rule of Civil Procedure 65.



# ATTACHMENT A

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

---

**Definitions and Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") in the first field only of any item that does not apply to you. If you cannot fully answer a question, explain why.
2. "Dependents" include your spouse, live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

**Penalty for False Information:**

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

(1) "in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or devise a material fact; makes any materially false, fictitious or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);

(2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or

(3) "in any ( . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration" (18 U.S.C. § 1623).

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

## BACKGROUND INFORMATION

### Item 1. Information About You

|  |  |  |              |
|--|--|--|--------------|
| Full Name  | Social Security No.                          |  |              |
| Current Address of Primary Residence   | Driver's License No.                         |  | State Issued |
|  | Phone Numbers<br>Home: (    )<br>Fax: (    ) | Date of Birth:    /    /<br>(mm/dd/yyyy) |              |
|  | Place of Birth                               |  |              |
| <input type="checkbox"/> Rent <input type="checkbox"/> Own      From (Date):    /    /<br>(mm/dd/yyyy) | E-Mail Address                               |  |              |
| Internet Home Page   |  |  |              |

### Previous Addresses for past five years (if required, use additional pages at end of form)

|         |  |                                  |
|---------|--|----------------------------------|
| Address | From:    /    /<br>(mm/dd/yyyy)                            | Until:    /    /<br>(mm/dd/yyyy) |
|         | <input type="checkbox"/> Rent <input type="checkbox"/> Own |                                  |
| Address | From:    /    /  | Until:    /    /                 |
|         | <input type="checkbox"/> Rent <input type="checkbox"/> Own |                                  |
| Address | From:    /    /  | Until:    /    /                 |
|         | <input type="checkbox"/> Rent <input type="checkbox"/> Own |                                  |

Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used:

### Item 2. Information About Your Spouse or Live-In Companion

|                                   |  |   |
|-----------------------------------|--|---|
| Spouse/Companion's Name           | Social Security No.  | Date of Birth<br>/    /<br>(mm/dd/yyyy) |
| Address (if different from yours) | Phone Number<br>(    )   | Place of Birth                          |
|                                   | <input type="checkbox"/> Rent <input type="checkbox"/> Own      From (Date):    /    /<br>(mm/dd/yyyy) |   |

Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used:

|                             |                      |                                 |
|-----------------------------|----------------------|---------------------------------|
| Employer's Name and Address | Job Title            |                                 |
|                             | Years in Present Job | Annual Gross Salary/Wages<br>\$ |

### Item 3. Information About Your Previous Spouse

|                  |   |
|------------------|---|
| Name and Address | Social Security No.                     |
|                  | Date of Birth<br>/    /<br>(mm/dd/yyyy) |

### Item 4. Contact Information (name and address of closest living relative other than your spouse)

|                  |                        |
|------------------|------------------------|
| Name and Address | Phone Number<br>(    ) |
|------------------|------------------------|

Initials: \_\_\_\_\_

**Item 5. Information About Dependents** (whether or not they reside with you)

|                  |                     |                                      |
|------------------|---------------------|--------------------------------------|
| Name and Address | Social Security No. | Date of Birth<br>/ /<br>(mm/dd/yyyy) |
|                  | Relationship        |                                      |
| Name and Address | Social Security No. | Date of Birth<br>/ /<br>(mm/dd/yyyy) |
|                  | Relationship        |                                      |
| Name and Address | Social Security No. | Date of Birth<br>/ /<br>(mm/dd/yyyy) |
|                  | Relationship        |                                      |
| Name and Address | Social Security No. | Date of Birth<br>/ /<br>(mm/dd/yyyy) |
|                  | Relationship        |                                      |

**Item 6. Employment Information/Employment Income**

Provide the following information for this year-to-date and for each of the previous five full years, for each business entity of which you were a director, officer, member, partner, employee (including self-employment), agent, owner, shareholder, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, distributions, draws, consulting fees, loans, loan payments, dividends, royalties, and benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

| Company Name and Address   | Dates Employed         |                      | Income Received: Y-T-D & 5 Prior Yrs. |        |
|--|------------------------|----------------------|---------------------------------------|--------|
|  | From (Month/Year)<br>/ | To (Month/Year)<br>/ | Year                                  | Income |
| Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No |                        |                      | 20                                    | \$     |
| Positions Held   | From (Month/Year)      | To (Month/Year)      |                                       | \$     |
|  | /                      | /                    |                                       | \$     |
|  | /                      | /                    |                                       | \$     |
|  | /                      | /                    |                                       | \$     |

| Company Name and Address   | Dates Employed         |                      | Income Received: Y-T-D & 5 Prior Yrs. |        |
|--|------------------------|----------------------|---------------------------------------|--------|
|  | From (Month/Year)<br>/ | To (Month/Year)<br>/ | Year                                  | Income |
| Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No |                        |                      | 20                                    | \$     |
| Positions Held   | From (Month/Year)      | To (Month/Year)      |                                       | \$     |
|  | /                      | /                    |                                       | \$     |
|  | /                      | /                    |                                       | \$     |
|  | /                      | /                    |                                       | \$     |

| Company Name and Address   | Dates Employed         |                      | Income Received: Y-T-D & 5 Prior Yrs. |        |
|--|------------------------|----------------------|---------------------------------------|--------|
|  | From (Month/Year)<br>/ | To (Month/Year)<br>/ | Year                                  | Income |
| Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No |                        |                      | 20                                    | \$     |
| Positions Held   | From (Month/Year)      | To (Month/Year)      |                                       | \$     |
|  | /                      | /                    |                                       | \$     |
|  | /                      | /                    |                                       | \$     |
|  | /                      | /                    |                                       | \$     |

Initials: \_\_\_\_\_

**Item 7. Pending Lawsuits Filed By or Against You or Your Spouse**

List all pending lawsuits that have been filed by or against you or your spouse in any court or before an administrative agency in the United States or in any foreign country or territory. **Note:** At Item 12, list lawsuits that resulted in final judgments or settlements in your favor. At Item 21, list lawsuits that resulted in final judgments or settlements against you.

| Caption of Proceeding | Court or Agency and Location | Case No. | Nature of Proceeding | Relief Requested | Status or Disposition |
|-----------------------|------------------------------|----------|----------------------|------------------|-----------------------|
|                       |                              |          |                      |                  |                       |
|                       |                              |          |                      |                  |                       |
|                       |                              |          |                      |                  |                       |
|                       |                              |          |                      |                  |                       |

**Item 8. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or in any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents.

| Name of Owner(s) | Name & Address of Depository Institution | Box No. | Contents |
|------------------|--|---------|----------|
|                  |  |         |          |
|                  |  |         |          |
|                  |  |         |          |

Initials: \_\_\_\_\_

## FINANCIAL INFORMATION

**REMINDER:** When an item asks for information regarding your "assets" and "liabilities" include ALL assets and liabilities, located within the United States or in any foreign country or territory, or institution, whether held individually or jointly, and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. In addition, provide all documents requested in Item 24 with your completed Financial Statement.

### ASSETS

#### Item 9. Cash, Bank, and Money Market Accounts

List cash on hand (as opposed to cash in bank accounts or other financial accounts) and all bank accounts, money market accounts, or other financial accounts, including but not limited to checking accounts, savings accounts, and certificates of deposit. The term "cash on hand" includes but is not limited to cash in the form of currency, uncashed checks, and money orders.

|                              |   |             |                 |
|------------------------------|---|-------------|-----------------|
| a. Amount of Cash on Hand \$ | Form of Cash on Hand                    |             |                 |
| b. Name on Account           | Name & Address of Financial Institution | Account No. | Current Balance |
|                              |   |             | \$              |
|                              |   |             | \$              |
|                              |   |             | \$              |
|                              |   |             | \$              |
|                              |   |             | \$              |

#### Item 10. Publicly Traded Securities

List all publicly traded securities, including but not limited to, stocks, stock options, corporate bonds, mutual funds, U.S. government securities (including but not limited to treasury bills and treasury notes), and state and municipal bonds. Also list any U.S. savings bonds.

|                       |                                 |                                |                    |
|-----------------------|---------------------------------|--------------------------------|--------------------|
| Owner of Security     | Issuer                          | Type of Security               | No. of Units Owned |
| Broker House, Address | Broker Account No.              |                                |                    |
|                       | Current Fair Market Value<br>\$ | Loan(s) Against Security<br>\$ |                    |
| Owner of Security     | Issuer                          | Type of Security               | No. of Units Owned |
| Broker House, Address | Broker Account No.              |                                |                    |
|                       | Current Fair Market Value<br>\$ | Loan(s) Against Security<br>\$ |                    |
| Owner of Security     | Issuer                          | Type of Security               | No. of Units Owned |
| Broker House, Address | Broker Account No.              |                                |                    |
|                       | Current Fair Market Value<br>\$ | Loan(s) Against Security<br>\$ |                    |

Initials: \_\_\_\_\_

**Item 11. Non-Public Business and Financial Interests**

List all non-public business and financial interests, including but not limited to any interest in a non-public corporation, subchapter-S corporation, limited liability corporation ("LLC"), general or limited partnership, joint venture, sole proprietorship, international business corporation or personal investment corporation, and oil or mineral lease.

| Entity's Name & Address | Type of Business or Financial Interest (e.g., LLC, partnership) | Owner (e.g., self, spouse) | Ownership % | If Officer, Director, Member or Partner, Exact Title |
|-------------------------|---|----------------------------|-------------|--|
|                         |   |                            |             |  |
|                         |   |                            |             |  |
|                         |   |                            |             |  |

**Item 12. Amounts Owed to You, Your Spouse, or Your Dependents**

|                         |   |                         |  |
|-------------------------|---|-------------------------|--|
| Debtor's Name & Address | Date Obligation Incurred (Month/Year) / | Original Amount Owed \$ | Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number) |
|                         | Current Amount Owed \$                  | Payment Schedule \$     |  |
| Debtor's Telephone      | Debtor's Relationship to You            |                         |  |
|                         |   |                         |  |
| Debtor's Name & Address | Date Obligation Incurred (Month/Year) / | Original Amount Owed \$ | Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number) |
|                         | Current Amount Owed \$                  | Payment Schedule \$     |  |
| Debtor's Telephone      | Debtor's Relationship to You            |                         |  |
|                         |   |                         |  |

**Item 13. Life Insurance Policies**

List all life insurance policies (including endowment policies) with any cash surrender value.

|  |             |                         |                    |
|--|-------------|-------------------------|--------------------|
| Insurance Company's Name, Address, & Telephone No. | Beneficiary | Policy No.              | Face Value \$      |
|  | Insured     | Loans Against Policy \$ | Surrender Value \$ |
| Insurance Company's Name, Address, & Telephone No. | Beneficiary | Policy No.              | Face Value \$      |
|  | Insured     | Loans Against Policy \$ | Surrender Value \$ |

**Item 14. Deferred Income Arrangements**

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, other retirement accounts, and college savings plans (e.g., 529 Plans).

|  |                                   |              |   |
|--|-----------------------------------|--------------|---|
| Trustee or Administrator's Name, Address & Telephone No. | Name on Account                   |              | Account No.                                   |
|  | Date Established / / (mm/dd/yyyy) | Type of Plan | Surrender Value before Taxes and Penalties \$ |
| Trustee or Administrator's Name, Address & Telephone No. | Name on Account                   |              | Account No.                                   |
|  | Date Established / /              | Type of Plan | Surrender Value before Taxes and Penalties \$ |

Initials: \_\_\_\_\_

**Item 15. Pending Insurance Payments or Inheritances**

List any pending insurance payments or inheritances owed to you.

| Type | Amount Expected | Date Expected (mm/dd/yyyy) |
|------|-----------------|----------------------------|
|      | \$              | / /                        |
|      | \$              | / /                        |
|      | \$              | / /                        |

**Item 16. Vehicles**

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles.

| Vehicle Type | Year | Registered Owner's Name       | Purchase Price<br>\$      | Original Loan Amount<br>\$ | Current Balance<br>\$ |
|--------------|------|-------------------------------|---------------------------|----------------------------|-----------------------|
| Make         |      | Registration State & No.      | Account/Loan No.          | Current Value<br>\$        | Monthly Payment<br>\$ |
| Model        |      | Address of Vehicle's Location | Lender's Name and Address |                            |                       |
| Vehicle Type | Year | Registered Owner's Name       | Purchase Price<br>\$      | Original Loan Amount<br>\$ | Current Balance<br>\$ |
| Make         |      | Registration State & No.      | Account/Loan No.          | Current Value<br>\$        | Monthly Payment<br>\$ |
| Model        |      | Address of Vehicle's Location | Lender's Name and Address |                            |                       |
| Vehicle Type | Year | Registered Owner's Name       | Purchase Price<br>\$      | Original Loan Amount<br>\$ | Current Balance<br>\$ |
| Make         |      | Registration State & No.      | Account/Loan No.          | Current Value<br>\$        | Monthly Payment<br>\$ |
| Model        |      | Address of Vehicle's Location | Lender's Name and Address |                            |                       |
| Vehicle Type | Year | Registered Owner's Name       | Purchase Price<br>\$      | Original Loan Amount<br>\$ | Current Balance<br>\$ |
| Make         |      | Registration State & No.      | Account/Loan No.          | Current Value<br>\$        | Monthly Payment<br>\$ |
| Model        |      | Address of Vehicle's Location | Lender's Name and Address |                            |                       |
| Vehicle Type | Year | Registered Owner's Name       | Purchase Price<br>\$      | Original Loan Amount<br>\$ | Current Balance<br>\$ |
| Make         |      | Registration State & No.      | Account/Loan No.          | Current Value<br>\$        | Monthly Payment<br>\$ |
| Model        |      | Address of Vehicle's Location | Lender's Name and Address |                            |                       |

**Item 17. Other Personal Property**

List all other personal property not listed in Items 9-16 by category, whether held for personal use, investment or any other reason, including but not limited to coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property.

| Property Category<br>(e.g., artwork, jewelry) | Name of Owner | Property Location | Acquisition Cost | Current Value |
|---|---------------|-------------------|------------------|---------------|
|   |               |                   | \$               | \$            |
|   |               |                   | \$               | \$            |
|   |               |                   | \$               | \$            |

Initials: \_\_\_\_\_

**Item 18. Real Property**

List all real property interests (including any land contract)

|                                      |                      |                       |  |  |
|--------------------------------------|----------------------|-----------------------|--|--|
| Property's Location                  |                      | Type of Property      | Name(s) on Title or Contract and Ownership Percentages |  |
| Acquisition Date (mm/dd/yyyy)<br>/ / | Purchase Price<br>\$ | Current Value<br>\$   | Basis of Valuation                                     |  |
| Lender's Name and Address            |                      | Loan or Account No.   | Current Balance On First Mortgage or Contract<br>\$    |  |
|                                      |                      |                       | Monthly Payment<br>\$                                  |  |
| Other Mortgage Loan(s) (describe)    |                      | Monthly Payment<br>\$ | <input type="checkbox"/> Rental Unit                   |  |
|                                      |                      | Current Balance<br>\$ | Monthly Rent Received<br>\$                            |  |
| Property's Location                  |                      | Type of Property      | Name(s) on Title or Contract and Ownership Percentages |  |
| Acquisition Date (mm/dd/yyyy)<br>/ / | Purchase Price<br>\$ | Current Value<br>\$   | Basis of Valuation                                     |  |
| Lender's Name and Address            |                      | Loan or Account No.   | Current Balance On First Mortgage or Contract<br>\$    |  |
|                                      |                      |                       | Monthly Payment<br>\$                                  |  |
| Other Mortgage Loan(s) (describe)    |                      | Monthly Payment<br>\$ | <input type="checkbox"/> Rental Unit                   |  |
|                                      |                      | Current Balance<br>\$ | Monthly Rent Received<br>\$                            |  |

**LIABILITIES****Item 19. Credit Cards**

List each credit card account held by you, your spouse, or your dependents, and any other credit cards that you, your spouse, or your dependents use, whether issued by a United States or foreign financial institution.

| Name of Credit Card (e.g., Visa, MasterCard, Department Store) | Account No. | Name(s) on Account | Current Balance |
|--|-------------|--------------------|-----------------|
|  |             |                    | \$              |
|  |             |                    | \$              |
|  |             |                    | \$              |
|  |             |                    | \$              |
|  |             |                    | \$              |

**Item 20. Taxes Payable**

List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependents.

| Type of Tax | Amount Owed | Year Incurred |
|-------------|-------------|---------------|
|             | \$          |               |
|             | \$          |               |
|             | \$          |               |

Initials: \_\_\_\_\_

**Item 21. Other Amounts Owed by You, Your Spouse, or Your Dependents**

List all other amounts, not listed elsewhere in this financial statement, owed by you, your spouse, or your dependents.

|  |                            |  |                  |
|--|----------------------------|--|------------------|
| Lender/Creditor's Name, Address, and Telephone No. |                            | Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number) |                  |
|  |                            | Lender/Creditor's Relationship to You  |                  |
| Date Liability Was Incurred<br>/ /<br>(mm/dd/yyyy) | Original Amount Owed<br>\$ | Current Amount Owed<br>\$  | Payment Schedule |
| Lender/Creditor's Name, Address, and Telephone No. |                            | Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number) |                  |
|  |                            | Lender/Creditor's Relationship to You  |                  |
| Date Liability Was Incurred<br>/ /<br>(mm/dd/yyyy) | Original Amount Owed<br>\$ | Current Amount Owed<br>\$  | Payment Schedule |

**OTHER FINANCIAL INFORMATION**

**Item 22. Trusts and Escrows**

List all funds and other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Include any legal retainers being held on your behalf by legal counsel. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity.

| Trustee or Escrow Agent's Name & Address | Date Established<br>(mm/dd/yyyy) | Grantor | Beneficiaries | Present Market Value of Assets* |
|--|----------------------------------|---------|---------------|---------------------------------|
|  | / /                              |         |               | \$                              |
|  | / /                              |         |               | \$                              |
|  | / /                              |         |               | \$                              |

\*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

**Item 23. Transfers of Assets**

List each person or entity to whom you have transferred, in the aggregate, more than \$5,000 in funds or other assets during the previous five years by loan, gift, sale, or other transfer (exclude ordinary and necessary living and business expenses paid to unrelated third parties). For each such person or entity, state the total amount transferred during that period.

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

\*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

Initials: \_\_\_\_\_

**Item 24. Document Requests**

Provide copies of the following documents with your completed Financial Statement.

|         |  |
|---------|--|
|         | Federal tax returns filed during the last three years by or on behalf of you, your spouse, or your dependents.   |
|         | All applications for bank loans or other extensions of credit (other than credit cards) that you, your spouse, or your dependents have submitted within the last two years, including by obtaining copies from lenders if necessary.   |
| Item 9  | For each bank account listed in Item 9, all account statements for the past 3 years.   |
| Item 11 | For each business entity listed in Item 11, provide (including by causing to be generated from accounting records) the most recent balance sheet, tax return, annual income statement, the most recent year-to-date income statement, and all general ledger files from account records. |
| Item 17 | All appraisals that have been prepared for any property listed in Item 17, including appraisals done for insurance purposes. You may exclude any category of property where the total appraised value of all property in that category is less than \$2,000.                             |
| Item 18 | All appraisals that have been prepared for real property listed in Item 18.  |
| Item 21 | Documentation for all debts listed in Item 21.   |
| Item 22 | All executed documents for any trust or escrow listed in Item 22. Also provide any appraisals, including insurance appraisals that have been done for any assets held by any such trust or in any such escrow.   |

**SUMMARY FINANCIAL SCHEDULES****Item 25. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

| Assets  |    | Liabilities  |    |
|---|----|--|----|
| Cash on Hand (Item 9)                                 | \$ | Loans Against Publicly Traded Securities (Item 10) | \$ |
| Funds Held in Financial Institutions (Item 9)         | \$ | Vehicles - Liens (Item 16)                         | \$ |
| U.S. Government Securities (Item 10)                  | \$ | Real Property – Encumbrances (Item 18)             | \$ |
| Publicly Traded Securities (Item 10)                  | \$ | Credit Cards (Item 19)                             | \$ |
| Non-Public Business and Financial Interests (Item 11) | \$ | Taxes Payable (Item 20)                            | \$ |
| Amounts Owed to You (Item 12)                         | \$ | Amounts Owed by You (Item 21)                      | \$ |
| Life Insurance Policies (Item 13)                     | \$ | <b>Other Liabilities (Itemize)</b>                 |    |
| Deferred Income Arrangements (Item 14)                | \$ |  | \$ |
| Vehicles (Item 16)                                    | \$ |  | \$ |
| Other Personal Property (Item 17)                     | \$ |  | \$ |
| Real Property (Item 18)                               | \$ |  | \$ |
| <b>Other Assets (Itemize)</b>                         |    |  | \$ |
|   | \$ |  | \$ |
|   | \$ |  | \$ |
|   | \$ |  | \$ |
| <b>Total Assets</b>                                   | \$ | <b>Total Liabilities</b>                           | \$ |

**Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents**

Provide the current monthly income and expenses for you, your spouse, and your dependents. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.

| Income (State source of each item)                                   |    | Expenses  |    |
|--|----|---|----|
| Salary - After Taxes<br>Source:                                      | \$ | Mortgage or Rental Payments for Residence(s)                                | \$ |
| Fees, Commissions, and Royalties<br>Source:                          | \$ | Property Taxes for Residence(s)   | \$ |
| Interest<br>Source:  | \$ | Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance | \$ |
| Dividends and Capital Gains<br>Source:                               | \$ | Car or Other Vehicle Lease or Loan Payments                                 | \$ |
| Gross Rental Income<br>Source:                                       | \$ | Food Expenses   | \$ |
| Profits from Sole Proprietorships<br>Source:                         | \$ | Clothing Expenses   | \$ |
| Distributions from Partnerships, S-Corporations, and LLCs<br>Source: | \$ | Utilities   | \$ |

Initials: \_\_\_\_\_

| <b>Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents (cont.)</b> |    |                                       |    |
|--|----|---------------------------------------|----|
| Distributions from Trusts and Estates<br>Source:   | \$ | Medical Expenses, Including Insurance | \$ |
| Distributions from Deferred Income Arrangements<br>Source:   | \$ | Other Insurance Premiums              | \$ |
| Social Security Payments   | \$ | Other Transportation Expenses         | \$ |
| Alimony/Child Support Received   | \$ | <b>Other Expenses (Itemize)</b>       |    |
| Gambling Income  | \$ |                                       | \$ |
| <b>Other Income (Itemize)</b>  |    |                                       | \$ |
|  | \$ |                                       | \$ |
|  | \$ |                                       | \$ |
|  | \$ |                                       | \$ |
|  | \$ |                                       | \$ |
| <b>Total Income</b>  | \$ | <b>Total Expenses</b>                 | \$ |

**ATTACHMENTS**

**Item 27. Documents Attached to this Financial Statement**

List all documents that are being submitted with this financial statement. For any Item 24 documents that are not attached, explain why.

| Item No. Document Relates To | Description of Document |
|------------------------------|-------------------------|
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |
|                              |                         |

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

Executed on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

## **ATTACHMENT B**

## FEDERAL TRADE COMMISSION

### FINANCIAL STATEMENT OF CORPORATE DEFENDANT

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#### **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.

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**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 &amp; Address</u> | <u>% Owned</u> |
|---------------------------|----------------|
| _____                     | _____          |
| _____                     | _____          |
| _____                     | _____          |
| _____                     | _____          |

**Item 5. Board Members**

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

| <u>Name &amp; 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 &amp; 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 &amp; 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 &amp; 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, &amp; 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 &amp; 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/<br/>State/Both</u> | <u>Tax Year</u> | <u>Tax Due<br/>Federal</u> | <u>Tax Paid<br/>Federal</u> | <u>Tax Due<br/>State</u> | <u>Tax Paid<br/>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 &amp; 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 &amp; 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 &amp; 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, &amp; Relationship</u> | <u>Property Transferred</u> | <u>Aggregate Value</u> | <u>Transfer Date</u> | <u>Type of Transfer (e.g., Loan, Gift)</u> |
|---|-----------------------------|------------------------|----------------------|--|
| _____   | _____                       | \$ _____               | _____                | _____                                      |
| _____   | _____                       | \$ _____               | _____                | _____                                      |
| _____   | _____                       | \$ _____               | _____                | _____                                      |
| _____   | _____                       | \$ _____               | _____                | _____                                      |
| _____   | _____                       | \$ _____               | _____                | _____                                      |



## **ATTACHMENT C**

**CONSENT TO RELEASE OF FINANCIAL RECORDS**

I, \_\_\_\_\_, do hereby direct any bank or trust company at which I have a bank account of any kind or at which a corporation has a bank account of any kind upon which I am authorized to draw, and its officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control which relate to the said bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of *FTC v. Telestar Consulting, Inc.*, now pending in the United States District Court for the Central District of California, and this shall be irrevocable authority for so doing. This direction is intended to apply to the laws of countries other than the United States which restrict or prohibit the disclosure of bank information without the consent of the holder of the account, and shall be construed as consent with respect thereto, and the same shall apply to any of the bank accounts for which I may be the relevant principal. This consent form is being executed pursuant to court order.

Dated: \_\_\_\_\_, 2016

Signed: \_\_\_\_\_