

FILED
 CLERK, U.S. DISTRICT COURT

June 16, 2015

CENTRAL DISTRICT OF CALIFORNIA
 BY: JG DEPUTY

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

**UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

BUNZAI MEDIA GROUP, INC., a
 California corporation, also doing
 business as AuraVie and Miracle Face
 Kit;

PINNACLE LOGISTICS, INC., a
 California corporation;

DSA HOLDINGS, INC., a California
 corporation;

**LIFESTYLE MEDIA BRANDS,
 INC.,** a California corporation;

AGOA HOLDINGS, INC., a
 California corporation;

ZEN MOBILE MEDIA, INC., a
 California corporation;

Case No. CV 15-4527-GW(PLAx)

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

FILED UNDER SEAL

1 **SAFEHAVEN VENTURES, INC.**, a
2 California corporation;

3 **HERITAGE ALLIANCE GROUP,**
4 **INC.**, a California corporation, also
5 doing business as AuraVie Distribution;

6 **AMD FINANCIAL NETWORK,**
7 **INC.**, a California corporation;

8 **SBM MANAGEMENT, INC.**; a
9 California corporation;

10 **MEDIA URGE, INC.**, a California
11 corporation;

12 **ADAGEO, LLC**, a California limited
13 liability corporation;

14 **CALENERGY, INC.**, a California
15 corporation;

16 **KAI MEDIA, INC.**, a California
17 corporation;

18 **INSIGHT MEDIA, INC.**, a California
19 corporation;

20 **ALON NOTTEA** , individually and as
an officer or manager of BunZai Media
Group, Inc., and Pinnacle Logistics,
Inc.;

MOTTI NOTTEA, individually and as
an officer or manager of BunZai Media
Group, Inc.;

DORON NOTTEA, individually and as
an officer or manager of BunZai Media
Group, Inc., and Pinnacle Logistics,
Inc.;

IGOR LATSANOVSKI, individually
and as an officer or manager of BunZai

1 Media Group, Inc, Pinnacle Logistics,
Inc., and Zen Mobile Media, Inc.;

2 **OZ MIZRAHI**, individually and as an
3 officer or manager of BunZai Media
Group, Inc., and Pinnacle Logistics,
Inc.;

4 **ROI REUVENI**, individually and as an
5 officer or manager of BunZai Media
Group, Inc., and Pinnacle Logistics,
Inc.;

6 and

7 **KHRISTOPHER BOND**, also known
8 as Ray Ibbot, individually and as an
officer or manager of BunZai Media
Group, Inc.

9
10 **Defendants.**

11 Plaintiff, Federal Trade Commission (FTC), filed its Complaint for a
12 Permanent Injunction and Other Equitable Relief, seeking a temporary,
13 preliminary, and permanent injunction to stop Defendants from violating Section
14 5(a) of the Federal Trade Commission Act (FTC Act), 15 U.S.C. § 45(a), Section
15 5 of the Restore Online Shoppers' Confidence Act (ROSCA), 15 U.S.C. § 8404,
16 and Section 917(c) of the Electronic Fund Transfer Act (EFTA), 15 U.S.C.
17 § 1693o(c), while advertising, marketing, promoting, or offering for sale skincare
18 products. Simultaneous with its complaint, the FTC moved for an *ex parte*
19 temporary restraining order with an asset freeze, appointment of a temporary
20

1 receiver, and an order to show cause why a preliminary injunction should not
2 issue.

3 After considering the FTC's pleading and declarations, exhibits, and
4 memoranda in support, this Court finds that:

5 FINDINGS

6 1. This Court has jurisdiction over the subject matter of this case, and
7 there is good cause to believe that it will have jurisdiction over the parties.

8 2. Venue is properly laid before this Court.

9 3. The complaint states a claim upon which relief may be granted under
10 Sections 5, 13, and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57b and
11 under 15 U.S.C. §§ 8404 and 1693o(c).

12 4. Section 13(b) of the FTC Act allows this Court to grant the FTC a
13 preliminary injunction upon a showing that, weighing the equities and considering
14 the FTC's likelihood of ultimate success, a preliminary injunction is in the public
15 interest. 15 U.S.C. § 53(b). Section 19 of the FTC Act allows this Court to grant
16 such relief as the Court finds necessary to redress injury to consumers resulting
17 from the violation of any rule enforced by the FTC. 15 U.S.C. § 57.

18 5. In deciding whether to grant preliminary relief, the Court must,
19 therefore: (a) consider the likelihood that the FTC will ultimately succeed on the
20 merits; and (b) balance the equities. *FTC v. Affordable Media, LLC*, 179 F.3d

1 1228, 1233 (9th Cir. 1999). The FTC “need not show irreparable harm to obtain a
2 preliminary injunction.” *Id.* at 1233 (quoting *FTC v. Warner Commc’ns, Inc.*, 742
3 F.2d 1156, 1159 (9th Cir. 1984)).

4 6. The FTC has shown a likelihood that it will ultimately succeed on the
5 merits. Based upon the evidence presented:

6 a. There is good cause to believe that Defendants have violated
7 Section 5(a) of the FTC Act by: failing to disclose adequately material
8 terms of their offer, including the offer’s cost and negative option features;
9 falsely representing that consumers can obtain products as a “risk free trial”
10 or gift; falsely representing that Defendants’ business is accredited by the
11 Better Business Bureau with an “A-” rating; and unfairly charging
12 consumers’ credit cards or financial accounts without authorization;

13 b. There is good cause to believe that Defendants have violated
14 ROSCA by: failing to clearly and conspicuously disclose all material terms
15 of the negative option feature of their sales offer before obtaining
16 consumers’ credit card or financial account information; failing to obtain
17 consumers’ informed consent to a negative option feature before charging
18 consumers’ credit cards or financial accounts; and failing to provide a
19 simple mechanism for consumers to stop recurring charges to credit cards
20 or financial accounts;

1 c. There is good cause to believe that Defendants have violated
2 EFTA and Regulation E by debiting money from consumers' financial
3 accounts without consent of the consumers.

4 7. A proper balance of the equities in this matter favors the FTC:

5 a. Based upon the evidence presented, there is good cause to
6 believe that:

7 (i) Defendants are violating and, unless enjoined by this
8 Court, will continue to violate Section 5(a) of the FTC Act, ROSCA,
9 and EFTA;

10 (ii) consumers nationwide have suffered and, unless
11 enjoined by this Court, will continue to suffer harm including
12 economic injury as a result of Defendants' violations of Section 5(a)
13 of the FTC Act, ROSCA, and EFTA;

14 (iii) Defendants have received and, unless enjoined by this
15 Court, will continue to receive ill-gotten gain, as a result of their
16 violations of Section 5(a) of the FTC Act, ROSCA, and EFTA;

17 b. This Court finds that the public interest is served by:

18 (i) enjoining deceptive or unfair acts or practices that
19 violate the law;
20

1 (ii) maintaining *status quo* over assets and business
2 documents relating to Defendants’ alleged law violations until a fair
3 and impartial hearing may be held; and

4 (iii) preserving the Court’s ability to award full and effective
5 final relief at trial or other disposition of this matter;

6 c. This Court further finds that, under the facts presented, the
7 private interests of Defendants do not outweigh the public interest in
8 enjoining future law violations, protecting assets or documents, or
9 preserving the Court’s ability to award effective full and final relief.

10 8. The Federal Rules of Civil Procedure permit this Court to issue an *ex*
11 *parte* temporary restraining order where specific facts clearly show a likelihood
12 that immediate and irreparable injury, loss, or damage will result if notice is
13 provided. Fed. R. Civ. P. 65(b)(1). The FTC has established that Defendants are
14 violating and, unless enjoined by this Court, will continue to violate Section 5(a)
15 of the FTC Act, ROSCA, and EFTA. Irreparable injury may be presumed in a
16 statutory law enforcement action. “No specific or immediate showing of the
17 precise way in which violation of the law will result in public harm is required.”
18 *United States v. Odessa Union Warehouse Co-op*, 833 F.2d 172, 175 (9th Cir.
19 1987). Nonetheless, this Court finds that Plaintiff has shown Defendants are likely
20 to dissipate assets or destroy business documents, which would cause immediate

1 and irreparable injury, loss, or damage to this Court's ability to award effective
2 final relief at trial or other disposition of this matter. In making this determination,
3 the Court relies upon the following:

4 a. In the FTC's law enforcement experience, Defendants who
5 receive notice of the filing of an action by the FTC often attempt to
6 immediately dissipate assets or destroy documents. The FTC has provided,
7 in its Rule 65(b)(1)(B) declaration, numerous examples of defendants who
8 have or have attempted to interfere with the court's ability to award full and
9 effective final relief by dissipating assets or destroying documents. Such
10 conduct is likely in cases, such as this, where defendants have generated
11 millions of dollars using business practices permeated by deception.

12 b. Defendants operate through a maze of interrelated shell
13 companies owned or managed by a handful of individuals who conceal their
14 identities or affiliation with one another from consumers and their financial
15 institutions. This Court finds that Defendants' extensive use of shell
16 companies, merchant accounts, and billing descriptors evinces a propensity
17 for secreting assets or information.

18 c. Defendants have connections to foreign jurisdictions which
19 would provide Defendants the opportunity to put assets out of the reach of
20 this Court should Defendants receive advance notice of the pending action.

1 certificates of deposit, chattels, checks, commodities, contracts, credits, currency,
2 fixtures, funds, equipment, income, intellectual property, inventory, instruments,
3 investments, leaseholds, lines of credit, mail, notes, personal property, real
4 property, revenues, securities, shares of stock, or trusts, whether located within or
5 outside the United States.

6 2. **“Clear(ly) and Conspicuous(ly)”** means that a required disclosure is
7 difficult to miss (*i.e.*, easily noticeable) and easily understandable by ordinary
8 consumers, including in all of the following ways:

9 a. In any communication that is solely visual or solely audible,
10 the disclosure must be made through the same means through which the
11 communication is presented. In any communication made through both
12 visual and audible means, such as a television advertisement, the disclosure
13 must be presented simultaneously in both the visual and audible portions of
14 the communication even if the representation requiring the disclosure is
15 made in only one means.

16 b. A visual disclosure, by its size, contrast, location, the length of
17 time it appears, and other characteristics, must stand out from any
18 accompanying text or other visual elements so that it is easily noticed, read,
19 and understood.
20

1 c. An audible disclosure, including by telephone or streaming
2 video, must be delivered in a volume, speed, and cadence sufficient for
3 ordinary consumers to easily hear and understand it.

4 d. In any communication using an interactive electronic medium,
5 such as the Internet or software, the disclosure must be unavoidable.

6 e. On a product label, the disclosure must be presented on the
7 principal display panel.

8 f. The disclosure must use diction and syntax understandable to
9 ordinary consumers and must appear in each language in which the
10 representation that requires the disclosure appears.

11 g. The disclosure must comply with these requirements in each
12 medium through which it is received, including all electronic devices and
13 face-to-face communications.

14 h. The disclosure must not be contradicted or mitigated by, or
15 inconsistent with, anything else in the communication.

16 i. When the representation or sales practice targets a specific
17 audience, such as children, the elderly, or the terminally ill, “ordinary
18 consumers” includes reasonable members.

1 3. **“Continuity Plan”** means any plan, arrangement, or system in
2 which a consumer is periodically charged for products or services *without* prior
3 notification by the seller before each charge.

4 4. **“Defendants”** means all of the Individual Defendants and Corporate
5 Defendants, individually, collectively, or in any combination.

6 a. **“Individual Defendants”** means Alon Nottea, Motti Nottea,
7 Doron Nottea, Igor Latsanovski, Oz Mizrahi, Roi Reuveni, and Khristopher
8 Bond a/k/a Ray Ibbot, individually, collectively, or in any combination.

9 b. **“Corporate Defendants”** or **“Receivership Defendants”**
10 means Bunzai Media Group, Inc., d/b/a AuraVie and Miracle Face Kit;
11 Pinnacle Logistics, Inc.; DSA Holdings, Inc.; Lifestyle Media Brands, Inc.;
12 Agoa Holdings, Inc.; Zen Mobile Media, Inc.; Safehaven Ventures, Inc.;
13 Heritage Alliance Group, Inc., also doing business as AuraVie Distribution;
14 AMD Financial Network, Inc.; SBM Management, Inc.; Media Urge, Inc.;
15 Adageo, LLC; Calenergy, Inc.; KAI Media, Inc.; Insight Medial, Inc.; and
16 their successors and assigns, as well as any subsidiaries, fictitious business
17 entities, or business names created or used by these entities or by the
18 Individual Defendants that are related to, or receive funds from, the sale of
19 skincare or other products online.

1 5. **“Document”** means the complete original and any non-identical
2 copy (whether different from the original because of notations or otherwise) of
3 any **electronically stored information** or filmed, graphic, imaged, printed,
4 punched, texted, transcribed, typed, written, matter of every type and description,
5 including but not limited to writings, drawings, graphs, charts, photographs, sound
6 records, images, and other data or data compilations that are stored in any medium
7 from which information can be obtained either directly or indirectly or, if
8 necessary, translated into a reasonably usable form.

9 6. **“Electronic Fund Transfer”** means any transfer of funds, other than
10 a transaction originated by check, draft, or similar paper instrument, which is
11 initiated through an electronic terminal, telephonic instrument, or computer or
12 magnetic tape so as to order, instruct, or authorize a financial institution to debit or
13 credit an account. Such term includes point-of-sale transfers, automated teller
14 machine transactions, direct deposits or withdrawals of funds, and transfers
15 initiated by telephone. Such term does not include:

16 a. Any check guarantee or authorization service that does not
17 directly result in a debit or credit to a consumer’s account;

18 b. Any transfer of funds, other than those processed by automated
19 clearinghouse, made by a financial institution on behalf of a consumer by
20 means of a service that transfers funds held at either Federal Reserve banks

1 or other depository institutions and that is not designed primarily to transfer
2 funds on behalf of a consumer;

3 c. Any transaction the primary purpose of which is the purchase
4 or sale of securities or commodities through a broker-dealer registered with
5 or regulated by the Securities and Exchange Commission;

6 d. Any automatic transfer from a savings account to a demand
7 deposit account pursuant to an agreement between a consumer and a
8 financial institution for the purpose of covering an overdraft or maintaining
9 an agreed upon minimum balance in the consumer's demand deposit
10 account; or

11 e. Any transfer of funds which is initiated by a telephone
12 conversation between a consumer and an officer or employee of a financial
13 institution which is not pursuant to a prearranged plan and under which
14 periodic or recurring transfers are not contemplated.

15 7. **“Financial Institution”** means an insured bank; a commercial bank
16 or trust company; a private banker; an agency or branch of a foreign bank; a credit
17 union; a thrift institution; a broker or dealer registered with the Securities and
18 Exchange Commission; a broker or dealer in securities or commodities; an
19 investment banker or investment company; a currency exchange; an issuer,
20 redeemer, or cashier of travelers' checks, checks, money orders, or similar

1 instruments; an operator of a credit card system; an insurance company; a dealer
2 in precious metals, stones, or jewels; a pawnbroker; a loan or finance company; a
3 licensed sender of money or any other person who engages as a business in the
4 transmission of funds, including any person who engages as a business in an
5 informal money transfer system or any network of people who engage as a
6 business in facilitating the transfer of money domestically or internationally
7 outside of the conventional financial institutions system; a telegraph company; a
8 business engaged in vehicle sales, including automobile, airplane, and boat sales;
9 persons involved in real estate closings and settlements; the United States Postal
10 Service; a casino, gambling casino, or gaming establishment.

11 8. “**Material**” means likely to affect a person’s choice of, or conduct
12 regarding, goods or services.

13 9. “**Negative Option**” means, in an offer or agreement to sell or provide
14 any good or service, a provision under which the consumer’s silence or failure to
15 take an affirmative action to reject a good or service or to cancel the agreement is
16 interpreted by the seller or provider as acceptance or continuing acceptance of the
17 offer or agreement.

18 10. “**Person**” means a natural person, an organization or other legal
19 entity, including an association, cooperative, corporation, limited liability
20

1 company, partnership, sole proprietorship, or any other group or combination
2 acting as an entity.

3 11. **“Plaintiff”** or **“FTC”** means the Federal Trade Commission.

4 12. **“Preauthorized Electronic Fund Transfer”** means an electronic
5 fund transfer authorized in advance to recur at substantially regular intervals.

6 13. **“Temporary Receiver”** means the receiver appointed in Section XIII
7 of this Order and any deputy receivers that shall be named by the Temporary
8 Receiver.

9 **ORDER**

10 **I. PROHIBITED BUSINESS ACTIVITIES**

11 **IT IS HEREBY ORDERED** that Defendants and Defendants’ officers,
12 agents, employees, and attorneys, and all other persons in active concert or
13 participation with any of them, who receive actual notice of this Order, whether
14 acting directly or indirectly, in connection with the sale of any good or service, are
15 temporarily restrained and enjoined from:

16 A. Failing to disclose or disclose clearly and conspicuously, or assisting
17 others in failing to disclose clearly and conspicuously, all material terms and
18 conditions of their offer, including:

19 1. That Defendants will use consumers’ credit card or financial
20 account information to charge consumers the full costs of a product upon

1 the expiration of a limited trial period;

2 2. The dates that any trial period begins and ends;

3 3. That Defendants will enroll consumers into a negative option
4 continuity plan with additional charges;

5 4. The cost of any continuity plan and the frequency and duration
6 of recurring charges;

7 5. The means consumers must use to cancel the negative option
8 program and to avoid additional charges; and

9 6. Requirements of their refund policies.

10 B. Misrepresenting, or assisting others in misrepresenting, directly or
11 indirectly, expressly or by implication, any material fact, including that:

12 1. Consumers can obtain an advertised product for “free,”
13 “risk-free,” or for only a nominal shipping and handling fee; and

14 2. Defendants are accredited by and have a rating of “A-” with
15 the Better Business Bureau; and

16 C. Charging, causing to be charged, or assisting others in charging any
17 consumer’s credit card, or debiting, causing to be debited, or assisting others in
18 debiting any consumer’s financial account, without the consumer’s express
19 informed consent for each charge or debit.

1 **II. PROHIBITIONS AGAINST UNFAIR AND DECEPTIVE**
2 **NEGATIVE OPTION MARKETING PRACTICES ON THE**
3 **INTERNET**

4 **IT IS FURTHER ORDERED** that Defendants and Defendants’ officers,
5 agents, employees, and attorneys, and all other persons in active concert or
6 participation with any of them, who receive actual notice of this Order, whether
7 acting directly or indirectly, in connection with the sale of any good or service are
8 temporarily restrained and enjoined from charging, causing to be charged,
9 assisting others in charging , or attempting to charge any consumer in an Internet-
10 based sale of a good or service sold through a negative option without:

11 A. Clearly and conspicuously disclosing all material terms of the
12 negative option features before obtaining the consumer’s billing information;

13 B. Obtaining a consumer’s express informed consent to the negative
14 option features before making any charge; and

15 C. Providing a simple mechanism for a consumer to stop recurring
16 charges from being placed on the consumer’s credit card, debit card, or other
17 financial account.

18 **III. PROHIBITIONS AGAINST DEBITING CONSUMERS’ BANK**
19 **ACCOUNTS WITHOUT AUTHORIZATION**

20 **IT IS FURTHER ORDERED** that Defendants and Defendants’ officers,
agents, employees, and attorneys, and all other persons in active concert or
participation with any of them, who receive actual notice of this Order, whether

1 acting directly or indirectly, in connection with the sale of any good or service, are
2 temporarily restrained and enjoined from:

3 A. Failing to timely obtain written authorization signed or similarly
4 authenticated by the consumer for any Preauthorized Electronic Fund Transfer
5 from a consumer's account before initiating any Preauthorized Electronic Fund
6 Transfer; and

7 B. Failing to provide to the consumer a copy of a valid written
8 authorization signed or similarly authenticated by the consumer for any
9 Preauthorized Electronic Fund Transfer from a consumer's account.

10 **IV. ASSET FREEZE**

11 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
12 agents, employees, and attorneys, and all other persons in active concert or
13 participation with any of them, who receive actual notice of this Order, whether
14 acting directly or indirectly, are temporarily restrained and enjoined from directly
15 or indirectly:

16 A. Assigning, concealing, converting, disbursing, dissipating,
17 encumbering, liquidating, loaning, pledging, selling, spending, transferring, or
18 withdrawing any asset that is:

19 1. owned, controlled by, or held for the benefit of, any Defendant,
20 directly or indirectly;

1 2. in the actual or constructive possession of any Defendant;

2 3. held as a retainer or deposit for the provision of goods or

3 services to any Defendant; or

4 4. owned, controlled by, held for the benefit of, or in the actual or

5 constructive possession, of any entity directly or indirectly owned,

6 managed, or controlled by any Defendant;

7 B. Opening or causing to be opened any safe deposit box, commercial

8 mail box, or storage facility belonging to, for the use or benefit of, under the

9 control of, or subject to access by, any Defendant;

10 C. Incurring charges or cash advances on any credit card, debit card, or

11 checking card issued in the name, singly or jointly, of any Defendant; and

12 D. Obtaining or providing a personal or secured loan that encumbers an

13 asset of any Defendant;

14 E. Cashing any checks or depositing any money orders or cash received

15 from consumers, clients, or customers of any Defendant.

16 The assets affected by this Section shall include both existing assets and

17 assets acquired after the effective date of this Order.

18 **V. DUTIES OF ASSET HOLDERS**

19 **IT IS FURTHER ORDERED** that any financial institution or person that

20 has, or that at any time since January 1, 2010, has had, custody or control over an

1 asset belonging to, for the use or benefit of, under the control of or subject to
2 access by any Defendant and that is provided with a copy of this Order, or
3 otherwise has actual or constructive knowledge of this Order shall:

4 A. Hold and retain any of Defendants' assets that are within its control
5 and prohibit Defendants from assigning, concealing, converting, disbursing,
6 dissipating, encumbering, liquidating, loaning, pledging, selling, spending,
7 transferring, or withdrawing any asset except:

8 1. as directed by further order of the Court;

9 2. as directed in writing by the Temporary Receiver (regarding an
10 asset belonging to, for the use or benefit of, under the control of, or subject
11 to access by a Receivership Defendant); or

12 3. by written stipulation of the Plaintiff and Defendants;

13 B. Deny Defendants access to any safe deposit box, commercial mail
14 box, or storage facility belonging to, for the use or benefit of, under the control of,
15 or subject to access by, any Defendant;

16 C. Within five (5) business days after receiving a copy of this Order,
17 provide counsel for Plaintiff and the Temporary Receiver a certified statement
18 setting forth:

19 1. the identification number of each account or asset belonging
20 to, for the use or benefit of, under the control of, or subject to access by,

1 any Defendant; and

2 2. the balance of each account, or a description of the nature and
3 value of such asset as of the close of business on the day on which this
4 Order is received, and, if the account or other asset has been closed or
5 removed, or more than \$1,000 withdrawn or transferred from it, the date of
6 the closure or removal of funds, the total funds removed or transferred, and
7 the name of the person to whom such account or other asset was remitted;
8 and

9 D. Within five (5) days of a request by Plaintiff or the Temporary
10 Receiver, provide Plaintiff and the Temporary Receiver with copies of documents
11 relating to each asset, including, but not limited to, account applications,
12 statements, 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.

15 **VI. SERVICE ON FINANCIAL INSTITUTIONS OR PERSONS**
16 **HOLDING ASSETS**

17 **IT IS FURTHER ORDERED** that copies of this Order may be served by
18 any means, including U.S. first class mail, overnight delivery, facsimile, electronic
19 mail, or personally by agents or employees of the Plaintiff or the Temporary
20 Receiver, by any law enforcement agency, or by process server, upon any person
or financial institution that may have possession, custody, or control over any

1 asset or document belonging to, for the use or benefit of, under the control of, or
2 subject to access by, any Defendant, or that may otherwise be subject to any
3 provision of this Order. Service upon any branch or office of any financial
4 institution shall effect service upon the entire financial institution.

5 **VII. FINANCIAL STATEMENTS**

6 **IT IS FURTHER ORDERED** that Defendants shall each:

7 A. Within five (5) days after service of this Order, prepare and provide
8 to Plaintiff and the Temporary Receiver complete and accurate financial
9 statements, on the forms attached as **Attachments A** and **B** of this Order,
10 disclosing all personal assets and all assets of corporations, partnerships, trusts or
11 other entities that each Defendant owns or controls, jointly or individually;

12 B. Within five (5) business days after service of this Order, prepare and
13 provide to Plaintiff and the Temporary Receiver complete and accurate copies of
14 federal and state income tax forms, including all schedules and attachments for the
15 three most recent filing years; and

16 C. Immediately upon service of this Order, provide access to documents
17 held by persons and financial institutions located outside the United States by
18 signing the Consent to Release of Financial Records, attached to this Order as
19 **Attachment C**.

1 **VIII. REPATRIATION OF ASSETS AND DOCUMENTS**

2 **IT IS FURTHER ORDERED** that immediately upon service of this
3 Order, each Defendant and Relief Defendant shall:

4 A. Take such steps as are necessary to transfer to the United States all
5 assets and documents that are located outside the United States and belong to, are
6 for the use or benefit of, are under the control of, or are subject to access by, any
7 Defendant; and

8 B. Hold and retain all repatriated assets and prevent and disposition,
9 transfer, or dissipation of such assets except as required by this Order.

10 **IX. NONINTERFERENCE WITH REPATRIATION**

11 **IT IS FURTHER ORDERED** that Defendants and Defendants’ officers,
12 agents, employees, and attorneys, and all other persons in active concert or
13 participation with any of them who receive actual notice of this Order, whether
14 acting directly or indirectly, are temporarily restrained and enjoined from taking
15 any action that may result in the encumbrance or dissipation of foreign assets, or
16 in the hindrance of the repatriation required by Section VIII of this Order,
17 including:

18 A. Sending any statement, letter, fax, email or wire transmission,
19 telephoning, or engaging in any other act, directly or indirectly, that results in a
20 determination by a foreign trustee or other entity that a “duress” event has

1 occurred under the terms of a foreign trust agreement until such time as all assets
2 have been fully repatriated according to Section VIII of this Order; or

3 B. Notifying any trustee, protector, or other agent of any of the
4 Defendants of the existence of this Order, or of the fact that repatriation is
5 required under a Court Order, until such time as all assets have been fully
6 repatriated according to Section VIII of this Order.

7 **X. CONSUMER CREDIT REPORTS**

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

13 **XI. PRESERVATION OF RECORDS AND REPORT NEW
14 BUSINESS ACTIVITY**

15 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
16 agents, employees, and attorneys, and all other persons in active concert or
17 participation with any of them, who receive actual notice of this Order, whether
18 acting directly or indirectly, are hereby temporarily restrained and enjoined from:

19 A. Altering, concealing, destroying, erasing, mutilating, transferring, or
20 otherwise disposing of, in any manner, directly or indirectly, any documents,
including electronically stored materials, that relate in any way to the business

1 practices or business or personal finances of Defendants; or to the business
2 practices or finances of entities directly or indirectly under the control of
3 Defendants; and

4 B. Creating, operating, or exercising any control over any business
5 entity, whether newly formed or previously inactive, including any partnership,
6 limited partnership, joint venture, sole proprietorship, or corporation, without first
7 providing Plaintiff with a written statement disclosing: (1) the name of the
8 business entity; (2) the address and telephone number of the business entity; (3)
9 the names of the business entity's officers, directors, principals, managers, and
10 employees; and (4) a detailed description of the business entity's intended
11 activities.

12 **XII. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION
OR CUSTOMER LISTS**

13 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
14 agents, employees, and attorneys, and all other persons in active concert or
15 participation with any of them, who receive actual notice of this Order, whether
16 acting directly or indirectly, are hereby temporarily restrained and enjoined from:

17 A. selling, renting, leasing, transferring, or otherwise disclosing the
18 name, address, telephone number, credit card number, bank account number, e-
19 mail address, or other identifying information of any person who paid money to
20

1 the Defendants for products or services, or who were contacted or are on a list to
2 be contacted by the Defendants; and

3 B. Benefitting from or using the name, address, birth date, telephone
4 number, email address, Social Security numbers, credit card number, bank
5 account number, or other financial or identifying personal information of any
6 person from whom or about whom any Defendant obtained such information in
7 connection with the activities alleged in the Complaint.

8 *Provided* however that the Defendants may disclose such identifying
9 information to a law enforcement agency or as required by any law, regulation, or
10 court order.

11 **XIII. APPOINTMENT OF TEMPORARY RECEIVER**

12 **IT IS FURTHER ORDERED** that **Charlene Koonce of Scheef & Stone,**
13 **LLP**, is appointed as Temporary Receiver for the Receivership Defendants, with
14 the full power of an equity receiver. The Temporary Receiver shall be the agent of
15 this Court when serving as Temporary Receiver, and shall comply with the
16 Federal Rules of Civil Procedure and the Local Rules of this Court.

17 **XIV. TEMPORARY RECEIVER'S DUTIES**

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

20 A. Assume full control of the Receivership Defendants by removing, as

1 the Temporary Receiver deems necessary or advisable, any director, officer,
2 independent contractor, employee, or agent of any of the Receivership
3 Defendants, including any Defendant, from control of, management of, or
4 participation in, the affairs of the Receivership Defendants;

5 B. Continue and conduct the business of the Receivership Defendants in
6 such manner, to such extent, and for such duration as the Temporary Receiver
7 may in good faith deem to be necessary or appropriate to operate the business
8 profitably and lawfully, if at all; provided, however, that the continuation and
9 conduct of the business shall be conditioned upon the Temporary Receiver's good
10 faith determination that the business can be lawfully operated at a profit using the
11 assets of the receivership estate;

12 C. Take exclusive custody, control, and possession of all assets and
13 documents of, or in the possession, custody, or control of, the Receivership
14 Defendants, wherever situated. The Temporary Receiver shall have full power to
15 divert mail and to sue for, collect, receive, take in possession, hold, and manage
16 all assets and documents of the Receivership Defendants and other persons whose
17 interests are now under the direction, possession, custody, or control of, the
18 Receivership Defendants. The Temporary Receiver shall assume control over the
19 income and profits and all sums of money now or hereafter due or owing to the
20 Receivership Defendants. *Provided*, however, that the Temporary Receiver shall

1 not attempt to collect any amount from a consumer if the Temporary Receiver
2 believes the consumer was a victim of the unfair or deceptive acts or practices or
3 other violations of law alleged in the Complaint;

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

- 7 1. serving 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 Defendants, including the name, home address,
11 Social Security number, job description, user names or passwords needed to
12 access Receivership Defendants' documents, methods of compensation, and
13 all accrued and unpaid commissions and compensation of each such
14 employee or agent;
- 15 4. photographing and videotaping any or all portions of the
16 location;
- 17 5. securing the location by changing the locks and disconnecting
18 any computer modems or other means of access to the computer or other
19 records maintained at that location;

1 6. opening and inventorying any safe deposit box, commercial
2 mail box, or storage facility in the name of any Receivership Defendant,
3 either individually or jointly, or subject to access by any Receivership
4 Defendant; and

5 7. requiring any persons present on the premises at the time this
6 Order is served to leave the premises, to provide the Temporary Receiver
7 with proof of identification, or to demonstrate to the satisfaction of the
8 Temporary Receiver that such persons are not removing from the premises
9 assets or documents of the Receivership Defendants. Law enforcement
10 personnel, including police or sheriffs, may assist the Temporary Receiver
11 in implementing these provisions in order to keep the peace and maintain
12 security. If requested by the Temporary Receiver, the United States Marshal
13 will provide appropriate and necessary assistance to the Temporary
14 Receiver to implement this Order;

15 E. Conserve, hold, and manage all assets of the Receivership
16 Defendants, and perform all acts necessary or advisable to preserve the value of
17 those assets in order to prevent any irreparable loss, damage, or injury to
18 consumers or creditors of the Receivership Defendants, including obtaining an
19 accounting of the assets and preventing the unauthorized transfer, withdrawal, or
20 misapplication of assets;

1 F. Enter into and cancel contracts, and purchase insurance as the
2 Temporary Receiver deems advisable or necessary;

3 G. Prevent the inequitable distribution of assets and determine, adjust,
4 and protect the interests of consumers and creditors who have transacted business
5 with the Receivership Defendants;

6 H. Manage and administer the business of the Receivership Defendants
7 by performing all incidental acts that the Temporary Receiver deems to be
8 advisable or necessary, which includes retaining, hiring, or dismissing any
9 employees, independent contractors, or agents;

10 I. Authorize the release of any copy or image of any website used or
11 controlled by the Receivership Defendants to the FTC;

12 J. Choose, engage, and employ attorneys, accountants, appraisers, and
13 other independent contractors and technical specialists, as the Temporary Receiver
14 deems advisable or necessary in the performance of duties and responsibilities
15 under the authority granted by this Order;

16 K. Make payments and disbursements from the receivership estate that
17 are necessary or advisable for carrying out the directions of, or exercising the
18 authority granted by, this Order. The Temporary Receiver shall apply to the Court
19 for prior approval of any payment of any debt or obligation incurred by the
20 Receivership Defendants prior to the date of entry of this Order, except payments

1 that the Temporary Receiver deems necessary or advisable to secure assets of the
2 Receivership Defendants, such as rental payments;

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

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

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

1 O. Maintain accurate records of all receipts and expenditures incurred as
2 Temporary Receiver;

3 P. Open one or more bank accounts as designated depositories for funds
4 of the Receivership Defendants. The Temporary Receiver shall deposit all funds
5 of the Receivership Defendants in such a designated account and shall make all
6 payments and disbursements from the receivership estate from such account. The
7 Temporary Receiver shall serve copies of monthly account statements on all
8 parties; and

9 Q. Cooperate with reasonable requests for information or assistance
10 from any state or federal law enforcement agency.

11 **XV. ACCESS TO BUSINESS OFFICES AND DOCUMENTS**

12 **IT IS FURTHER ORDERED** that:

13 A. Defendants and their officers, agents, servants, employees, and
14 attorneys, and all other persons in active concert or participation with any of them,
15 who receive actual notice of this Order, whether acting directly or indirectly:
16 shall allow the Plaintiff and Temporary Receiver, and their respective
17 representatives, agents, attorneys, investigators, paralegals, contractors, or
18 assistants immediate access to:

19 1. the business premises and storage facilities owned, controlled,
20 or used by any Receivership Defendant, including, but not limited, to the

1 offices and facilities at or in the vicinity of: (a) 6914 Canby Avenue, Suite
2 107, Reseda, California 91335; and (b) 6925 Canby Avenue, Suite 105,
3 Reseda, California 91335, and any offsite commercial mail boxes used by
4 any Receivership Defendant;

5 2. any premises where the Receivership Defendants conduct
6 business, sales operations or customer service operations; and

7 3. any premises where assets or documents related to the
8 Receivership Defendants' businesses are stored or maintained;

9 B. The Plaintiff and the Temporary Receiver, and their representatives,
10 agents, and assistants, are authorized to employ the assistance of law enforcement
11 as they deem necessary to effect service and to implement peacefully this Order.

12 The Temporary Receiver may exclude Receivership Defendants and their
13 employees from the business premises during the immediate access;

14 C. The purpose of the immediate access shall be to inspect and copy the
15 business and financial documents of the Receivership Defendants, including
16 forensic imaging of electronically stored information. Such business documents
17 include, but are not limited to, correspondence, contracts, sales records, and
18 financial data;

19 D. The Temporary Receiver and the FTC shall have the right to remove
20 any documents related to Defendants' business practices from the premises in

1 order that they may be inspected, inventoried, and copied. The materials so
2 removed shall be returned within five (5) business days of completing said
3 inventory and copying;

4 E. If any assets or documents relating to the Receivership Defendants'
5 finances or business practices are located in the residence of any Defendant or are
6 otherwise in the custody or control of any Defendant, then such Defendant shall
7 produce them to the Temporary Receiver within forty-eight (48) hours of service
8 of this Order;

9 F. In order to prevent the destruction of electronically stored
10 information, upon service of this Order upon Defendants, any computers used in
11 Receivership Defendants' business shall be powered down (turned off) in the
12 normal course for the operating systems used on such computers and shall not be
13 powered up or used again until produced for copying and inspection, along with
14 any codes needed for access; and

15 G. The Temporary Receiver shall have the discretion to determine
16 the time, manner, and reasonable conditions of access to the Receivership
17 Defendants' premises.

18 **XVI. TEMPORARY RECEIVER'S BOND**

19 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with
20 the Clerk of this Court a bond in the sum of \$20,000, with sureties to be approved

1 by the Court, conditioned that the Temporary Receiver will well and truly perform
2 the duties of the office and abide by and perform all acts the Court directs.

3 **XVII. DELIVERY OF RECEIVERSHIP PROPERTY**

4 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
5 agents, employees, and attorneys, and all other persons in active concert or
6 participation with any of them, who receive actual notice of this Order, and any
7 other person with possession, custody or control of assets or documents relating to
8 the Receivership Defendants shall upon notice of this Order, by personal service
9 or otherwise, immediately notify the Temporary Receiver of, and, upon receiving
10 a request from the Temporary Receiver, immediately transfer or deliver to the
11 Temporary Receiver possession, custody, and control of, the following:

12 A. All assets of the Receivership Defendants;

13 B. All documents of the Receivership Defendants, including books and
14 records of accounts, all financial and accounting records, balance sheets, income
15 statements, bank records (including monthly statements, canceled checks, records
16 of wire transfers, and check registers), client lists, title documents and other
17 papers;

18 C. All computers and data in whatever form used to conduct the
19 business of the Receivership Defendants; and

20 D. All usernames, keys, codes, and passwords necessary to gain or to

1 secure access to any assets or documents of the Receivership Defendants,
2 including access to their business premises, means of communication, accounts,
3 computer systems, or other property.

4 In the event that any person or entity fails to deliver or transfer any asset or
5 document or otherwise fails to comply with any provision of this Section, the
6 Temporary Receiver may file *ex parte* an Affidavit of Non-Compliance regarding
7 the failure. Upon filing of the affidavit, the Court may authorize, without
8 additional process or demand, Writs of Possession or Sequestration or other
9 equitable writs requested by the Temporary Receiver. The writs shall authorize
10 and direct the United States Marshal or any sheriff or deputy sheriff of any
11 county, or any other federal or state law enforcement officer, to seize the asset,
12 document, or other item covered by this Section and to deliver it to the Temporary
13 Receiver.

14 **XVIII. PROVISION OF INFORMATION TO TEMPORARY RECEIVER**

15 **IT IS FURTHER ORDERED** that Defendants shall provide to the
16 Temporary Receiver, immediately upon request, without need of any subpoena or
17 further order, the following:

18 A. A list of all locations where documents of the Receivership
19 Defendants are located, and the means to access such documents within five hours
20 of the Temporary Receiver's request; and

1 B. Within forty-eight (48) hours of service of this Order, the
2 Receivership Defendants shall produce to the Temporary Receiver a list of all
3 agents, employees, officers, and those persons in active concert and participation
4 with it, who have been associated or done business with the Receivership
5 Defendant(s).

6 **XIX. COOPERATION WITH THE TEMPORARY RECEIVER**

7 **IT IS FURTHER ORDERED** that Defendants and Defendants’ officers,
8 agents, employees, and attorneys, and all other persons in active concert or
9 participation with any of them, who receive actual notice of this Order, and any
10 other person served with a copy of this Order shall fully cooperate with and assist
11 the Temporary Receiver in taking and maintaining possession, custody, or control
12 of the assets and documents of the Receivership Defendants. This cooperation and
13 assistance shall include:

14 A. Providing information to the Temporary Receiver that the Temporary
15 Receiver deems necessary in order to exercise the authority and discharge the
16 responsibilities of the Temporary Receiver under this Order;

17 B. Advising all persons who owe money to the Receivership Defendants
18 that all debts should be paid directly to the Temporary Receiver; and

19
20 C. Transferring funds at the Temporary Receiver’s direction and

1 producing documents related to the assets and sales of the Receivership
2 Defendants. The entities obligated to cooperate with the Temporary Receiver
3 under this provision include financial institutions and persons that have transacted
4 business with the Receivership Defendants.

5 **XX. NONINTERFERENCE WITH THE TEMPORARY RECEIVER**

6 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
7 agents, employees, attorneys, and all other persons in active concert or
8 participation with any of them, who receive actual notice of this Order, and their
9 corporations, subsidiaries, divisions, or affiliates, are hereby restrained and
10 enjoined from directly or indirectly:

11 A. Interfering with the Temporary Receiver managing, or taking
12 custody, control, or possession of, the assets or documents subject to this
13 Receivership;

14 B. Transacting any of the business of the Receivership Defendants;

15 C. Transferring, receiving, altering, selling, encumbering, pledging,
16 assigning, liquidating, or otherwise disposing of any assets owned, controlled, or
17 in the possession or custody of, or in which an interest is held or claimed by, the
18 Receivership Defendants, or the Temporary Receiver; and

1 D. Refusing to cooperate with the Temporary Receiver or the
2 Temporary Receiver's duly authorized agents in the exercise of their duties or
3 authority under any order of this Court.

4 **XXI. TEMPORARY RECEIVER'S REPORT**

5 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to
6 this Court on or before the date set for the hearing on Plaintiff's Motion for Order
7 to Show Cause why a Preliminary Injunction Should Not Issue regarding: (1) the
8 steps taken by the Temporary Receiver to implement the terms of this Order; (2)
9 the value of all liquidated and unliquidated assets of Receivership Defendants; (3)
10 the sum of all liabilities of Receivership Defendants; (4) the steps the Temporary
11 Receiver intends to take in the future to: (a) prevent any diminution in the value of
12 assets of Receivership Defendants; (b) pursue receivership assets from third
13 parties; and (c) adjust the liabilities of Receivership Defendants, if appropriate; (5)
14 the Temporary Receiver's finding regarding the ability of the Receivership
15 Defendants to operate legally and profitably; and (6) any other matters that the
16 Temporary Receiver believes should be brought to the Court's attention.

17 *Provided*, however, if any of the required information would hinder the
18 Temporary Receiver's ability to pursue receivership assets, the portions of the
19 Temporary Receiver's report containing the information may be filed under seal
20 and not served on the parties.

1 **XXII. STAY OF ACTIONS AGAINST DEFENDANTS**

2 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
3 the pendency of the Receivership ordered herein, Defendants and Defendants'
4 officers, agents, employees, attorneys, and all other persons in active concert or
5 participation with any of them, who receive actual notice of this Order, and any
6 person seeking to establish or enforce any right, title, interest, or claim against or
7 on behalf of any Defendant, and all others acting for or on behalf of such persons,
8 are hereby enjoined from taking action that would interfere with the exclusive
9 jurisdiction of this Court over the assets or documents of the Defendants,
10 including:

11 A. Filing or assisting in the filing of a petition for relief under the
12 Bankruptcy Code, 11 U.S.C. § 101 et seq., or of any similar insolvency
13 proceeding.

14 B. Commencing, prosecuting, continuing, entering, or enforcing any suit
15 or proceeding against the Defendants, except that such actions may be
16 commenced if necessary to toll any applicable statute of limitations;

17 C. Accelerating the due date of any obligation or claimed obligation;
18 filing or enforcing any lien; taking or attempting to take possession, custody, or
19 control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest
20 in any asset, whether such acts are part of a judicial proceeding, are acts of self-

1 help, or otherwise;

2 D. Filing or enforcing any lien on any asset of the Defendants, taking or
3 attempting to take possession, custody, or control of any asset of the Defendants;
4 or attempting to foreclose, forfeit, alter, or terminate any interest in any asset of
5 the Defendants, whether such acts are part of a judicial proceeding, are acts of
6 self-help, or otherwise; or

7 E. Initiating any other process or proceeding that would interfere with
8 the Temporary Receiver managing or taking custody, control, or possession of, the
9 assets or documents subject to this receivership.

10 *Provided* that, this Order does not stay: (1) the commencement or
11 continuation of a criminal action or proceeding; (2) the commencement or
12 continuation of an action or proceeding by a governmental unit to enforce such
13 governmental unit's police or regulatory power; or (3) the enforcement of a
14 judgment, other than a money judgment, obtained in an action or proceeding by a
15 governmental unit to enforce such governmental unit's police or regulatory power.

16 **XXIII. COMPENSATION OF TEMPORARY RECEIVER**

17 **IT IS FURTHER ORDERED** that the Temporary Receiver and all
18 personnel hired by the Temporary Receiver, including counsel to the Temporary
19 Receiver and accountants, are entitled to reasonable compensation for the
20 performance of duties pursuant to this Order and for the cost of actual out-of-

1 pocket expenses incurred by them solely, from the assets now held by, in the
2 possession or control of, or which may be received by, the Receivership
3 Defendants. The Temporary Receiver shall file with the Court and serve on the
4 parties periodic requests for the payment of such reasonable compensation, with
5 the first such request filed no more than sixty (60) days after the date of entry of
6 this Order. The Temporary Receiver shall not increase the hourly rates used as the
7 bases for such fee applications without prior approval of the Court.

8 **XXIV. EXPEDITED DISCOVERY**

9 **IT IS FURTHER ORDERED** that, in anticipation of the preliminary
10 injunction hearing in this matter, the Temporary Receiver is authorized to conduct
11 expedited discovery concerning Receivership Defendants' assets, the products and
12 services offered by Receivership Defendants, and the nature and location of the
13 Receivership Defendants' documents and business records in accordance with the
14 following provisions:

15 A. The Temporary Receiver may take the depositions of parties and
16 non-parties. Forty-eight (48) hours' notice shall be sufficient notice for such
17 depositions;

18 B. The Temporary Receiver may serve upon parties requests for
19 production of documents or inspection that require production or inspection within
20

1 five (5) calendar days of service, and may serve subpoenas upon non-parties that
2 direct production or inspection within five (5) calendar days of service;

3 C. The Temporary Receiver may serve deposition notices and other
4 discovery requests upon the parties to this action by facsimile or overnight
5 courier; and

6 D. Any discovery taken pursuant to this Order is in addition to, and is
7 not subject to, the presumptive limits on discovery set forth in the Federal Rules
8 of Civil Procedure and Local Rules of this Court.

9 **XXV. DISTRIBUTION OF ORDER BY DEFENDANTS**

10 **IT IS FURTHER ORDERED** that Defendants shall immediately provide
11 a copy of this Order to each affiliate, sales entity, successor, assign, member,
12 officer, director, employee, agent, independent contractor, client, servant,
13 attorney, spouse, subsidiary, division, and representative of any Defendant, and
14 shall, within ten (10) days from the date of entry of this Order, individually
15 provide the FTC with a sworn statement that each Defendant has complied with
16 this provision of the Order, which statement shall include the names and addresses
17 of each such person or entity who received a copy of this Order.

1 **XXVI. ORDER TO SHOW CAUSE WHY A PRELIMINARY**
2 **INJUNCTION SHOULD NOT ISSUE**

3 **IT IS FURTHER ORDERED** that each Defendant shall appear before this
4 Court on June 30, 2015 at 8:30 a.m. (PDT), at the United States Courthouse, 312
5 North Spring Street, Los Angeles, California, 90012, Courtroom 10, to show
6 cause why this Court should not enter a preliminary injunction, pending final
7 ruling on the Complaint against Defendants, enjoining them from further
8 violations of the FTC Act, ROSCA, and EFTA and continuing the asset freeze and
9 receivership, and imposing such additional relief as may be appropriate. Pursuant
10 to Local Rule 7-6, factual contentions shall be presented, heard, and determined
11 upon declarations and other written evidence. Any written submission from
12 Defendants shall be filed with the District Court (and served on Plaintiff's
13 counsel) by noon on June 26, 2015.

13 **XXVII. DURATION OF TEMPORARY RESTRAINING ORDER**

14 **IT IS FURTHER ORDERED** that except as ordered by the Court, this
15 Temporary Restraining Order granted herein shall expire within fourteen (14)
16 days from the date of entry noted below, as computed by Federal Rule of Civil
17 Procedure 6, unless within such time the Order, for good cause shown, is extended
18 for an additional period not to exceed fourteen (14) days or unless it is further
19 extended pursuant to Federal Rule of Civil Procedure 65 or by stipulation of
20 counsel.

1 **XXVIII. RETENTION OF JURISDICTION**

2 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this
3 matter for all purposes.

4 **SO ORDERED,**

5
6
7 Dated: June 16, 2015



GEORGE H. WU. U.S. District Judge

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.

Attachment A

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 Home: () Fax: ()	Date of Birth: / / (mm/dd/yyyy)	
	Place of Birth		
<input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (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: / / (mm/dd/yyyy)	Until: / / (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 / / (mm/dd/yyyy)
Address (if different from yours)	Phone Number ()	Place of Birth
	<input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (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 \$

Item 3. Information About Your Previous Spouse

Name and Address	Social Security No.
	Date of Birth / / (mm/dd/yyyy)

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

Name and Address	Phone Number ()
------------------	------------------------

Initials: _____

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

Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (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) /	To (Month/Year) /	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) /	To (Month/Year) /	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) /	To (Month/Year) /	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 \$	Loan(s) Against Security \$	
Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	
Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	

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	Original Loan Amount	Current Balance
Make		Registration State & No.	Account/Loan No.	Current Value	Monthly Payment
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
Make		Registration State & No.	Account/Loan No.	Current Value	Monthly Payment
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
Make		Registration State & No.	Account/Loan No.	Current Value	Monthly Payment
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
Make		Registration State & No.	Account/Loan No.	Current Value	Monthly Payment
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price	Original Loan Amount	Current Balance
Make		Registration State & No.	Account/Loan No.	Current Value	Monthly Payment
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 (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) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$	
			Monthly Payment \$	
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit	
		Current Balance \$	Monthly Rent Received \$	
Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$	
			Monthly Payment \$	
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit	
		Current Balance \$	Monthly Rent Received \$	

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 / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	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 / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	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 (mm/dd/yyyy)	Grantor	Beneficiaries	Present Market Value of Assets*
	/ /			\$
	/ /			\$
	/ /			\$

*If the market value of any asset is unknown, descr be 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 (mm/dd/yyyy)	Type of Transfer (e.g., Loan, Gift)
		\$	/ /	
		\$	/ /	
		\$	/ /	

*If the market value of any asset is unknown, descr be 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)	\$	Other Liabilities (Itemize)	
Deferred Income Arrangements (Item 14)	\$		\$
Vehicles (Item 16)	\$		\$
Other Personal Property (Item 17)	\$		\$
Real Property (Item 18)	\$		\$
Other Assets (Itemize)			\$
	\$		\$
	\$		\$
	\$		\$
Total Assets	\$	Total Liabilities	\$

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

Initials: _____

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

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

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

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

Penalty for False Information:

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

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

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

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

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

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

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

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

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

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

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

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone No. _____

Item 4. Principal Stockholders

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

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

Item 5. Board Members

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

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

Item 6. Officers

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

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

Item 7. Businesses Related to the Corporation

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

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

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

Item 8. Businesses Related to Individuals

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

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

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

Item 9. Related Individuals

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

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

Item 10. Outside Accountants

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

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

Item 11. Corporation's Recordkeeping

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

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

Item 12. Attorneys

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

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

Item 13. Pending Lawsuits Filed by the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 14. Current Lawsuits Filed Against the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 15. Bankruptcy Information

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

Commencement Date _____ Termination Date _____ Docket No. _____

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

Disposition _____

Item 16. Safe Deposit Boxes

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

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

FINANCIAL INFORMATION

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

Item 17. Tax Returns

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

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

Item 18. Financial Statements

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

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

Item 19. Financial Summary

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

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

Item 20. Cash, Bank, and Money Market Accounts

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

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

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

Item 21. Government Obligations and Publicly Traded Securities

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

Issuer _____ Type of Security/Obligation _____

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

Issuer _____ Type of Security/Obligation _____

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

Item 22. Real Estate

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

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

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

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

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

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

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

Item 23. Other Assets

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

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

Item 24. Trusts and Escrows

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

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

Item 25. Monetary Judgments and Settlements Owed To the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Item 26. Monetary Judgments and Settlements Owed By the Corporation

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

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

Item 27. Government Orders and Settlements

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

Name of Agency _____ Contact Person _____

Address _____ Telephone No. _____

Agreement Date _____ Nature of Agreement _____

Item 28. Credit Cards

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

Name of Credit Card or Store

Names of Authorized Users and Positions Held

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Item 29. Compensation of Employees

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

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

Item 30. Compensation of Board Members and Officers

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

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

Item 31. Transfers of Assets Including Cash and Property

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

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

Consent to Release of Financial Records

I, _____, of the State of _____ in the United States of America, do direct any bank or trust company at which I have a bank account of any kind or at which a corporation or other entity has a bank account of any kind upon which I am authorized to draw, and direct the bank or trust company's officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control that relate to the bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant to the matter of the *Federal Trade Commission v. BunZai Media Group, Inc., et al.*, Civ. Action No. _____, 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 shall apply to any bank accounts for which I may be a relevant principal.

Dated: _____, 2015

Signature: _____

Printed full name: _____