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UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

FEDERAL TRADE COMMISSION  
and STATE OF GEORGIA,

Plaintiffs,

v.

LAPTOP & DESKTOP REPAIR, LLC,  
a Nevada limited liability company, also  
d/b/a cashforiphones.com,  
cashforlaptops.com, ecyclebest.com,  
smartphonetraders.com, sell-your-  
cell.com; and VADIM OLEGOVICH  
KRUCHININ, also a/k/a Vadim  
Kruchin, David Kruchin, David Vadim  
Kruchin, Dave Kruch, as the owner and  
an officer of Defendant Laptop &  
Desktop Repair, LLC,

Defendants.

Case No.

**1:16-CV-3591**

FILED UNDER SEAL

~~PROPOSED~~

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

Plaintiffs, the Federal Trade Commission ("FTC") and the State of Georgia,  
together have filed a complaint seeking a permanent injunction and other equitable

relief. The FTC seeks such relief pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and the State of Georgia seeks such relief pursuant to the Georgia Fair Business Practices Act (the “FBPA”), O.C.G.A. §§ 10-1-390–408. Plaintiffs have also filed, pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, an *Ex Parte Motion for a Temporary Restraining Order with an Asset Freeze and Other Equitable Relief and Order to Show Cause Why A Preliminary Injunction Should Not Issue* (“*Ex Parte TRO Motion*”)

## I. FINDINGS OF FACT

This Court, having considered the complaint, *Ex Parte TRO Motion*, and all attached declarations, exhibits, and the memorandum of law filed in support, finds that:

- A. This Court has jurisdiction over the subject matter of this case, and there is good cause to believe it will have jurisdiction over the parties;
- B. This Court is a proper venue for this case;
- C. There is good cause to believe that defendants, Laptop & Desktop Repair, LLC (“LDR”) and Vadim O. Kruchinin (“Kruchinin”) (collectively “Defendants”), have engaged and are likely to continue to engage in acts or practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the

FBPA, O.C.G.A. § 10-1-393(a), and that Plaintiffs are therefore likely to prevail on the merits of this action;

D. There is good cause to believe that consumers will suffer immediate and continuing harm from Defendants' ongoing violations of Section 5(a) of the FTC Act and the FPBA unless Defendants are restrained and enjoined by Order of this Court;

E. There is good cause to believe that Defendants, if informed of the *Ex Parte* TRO Motion, would hide assets and destroy evidence, thus immediately and irreparably damaging the Court's ability to grant complete relief, including possible monetary restitution to consumers. There is thus good cause to believe that this Order should be entered without prior notice to Defendants;

F. Good cause exists for appointing a receiver over the corporate defendant, LDR, and permitting the Plaintiffs immediate access to LDR's business premises;

G. Weighing the equities and considering the Plaintiffs' likelihood of ultimate success, a temporary restraining order with an asset freeze, appointment of a receiver, immediate access to the business premises, and other equitable relief is

in the public interest, and no private interest of Defendants outweighs the public interest;

H. No security is required of any agency of the United States for the issuance of a temporary restraining order, Fed. R. Civ. P. 65(c), and;

I. For the reasons stated in Plaintiff State of Georgia's *Ex Parte* Motion for Waiver of Security Requirement, the State of Georgia is not required as a co-plaintiff with the FTC to give security before a temporary restraining order may issue.

## II. DEFINITIONS

A. "Assets" means any legal or equitable interest in, right to, or claim to any real or personal property, including, without limitation, chattels, goods, instruments, equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, and all cash, wherever located.

B. "Defendants" means the individual defendant, Vadim O. Kruchinin, and the corporate defendant, LDR, individually or collectively, and each of them by whatever names each might be known. Kruchinin's other names include, but are not necessarily limited to, the following aliases: Vadim Kruchin, David Kruchin,

David Vadim Kruchin, and Dave Kruch. LDR's other names include, but are not necessarily limited to, the following d/b/a's: ecyclebest.com, smartphonetraders.com, cellphonecity.com, laptopaid.com, laptopheaven.com, laptopsintocash.com, laptopzyx.com, pei-jian.com, ecyclewireless.com, iphonepartspro.com, ecyclepawnbrokers.com, sell-your-cell.com, cashforiphones.com, cashforapples.com, cashforberrys.com, cashforprinters.com, cashforipads.com, cashforlaptops.com, the Gadget Buying Company, and LDR LLC.

C. **"Document"** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

D. **"Financial Institution"** means any bank, savings and loan institution, credit union, or any financial depository of any kind, including, but not limited to, any automated clearing house processor, bank debit processing agent, brokerage

house, broker-dealer, commercial mail receiving agency, commodity trading company, credit card payment processor or agent, customer service agent, escrow agent, mail holding or forwarding company, merchant service provider, money market or mutual fund, network transaction processor, precious metal dealer, retirement fund custodian, storage company, trustee, or title company.

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

F. **“Receivership Defendant”** means LDR, by whatever names it might be known, as well as any other business related to LDR’s business that the Receiver has reason to believe is controlled in whole or in part by any Defendant.

G. **“Receiver”** means the individual appointed as receiver in Section X (Appointment of Receiver) of this Order, and agents (including representatives, attorneys, investigators, paralegals, or contractors) acting under the direction and control of that individual.

### **III. PROHIBITED MISREPRESENTATIONS AND PRACTICES**

**IT IS THEREFORE ORDERED** that Defendants and their officers, agents, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are restrained and enjoined from misrepresenting, expressly or by implication:

- A. The amount that Defendants will pay for used electronic devices, and;
- B. That, when Persons provide used electronic devices to Defendants in order to sell them to the Defendants, Defendants will return such devices on request to such Persons.

Defendants also shall avoid any future violations of the FTC Act and the FBPA.

### **IV. ASSET FREEZE**

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

- A. Alienating, transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning,

spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, consumer lists, or any other assets, or any interest therein, wherever located, including outside the United States, that are: (1) owned or controlled, directly or indirectly, by any Defendant, in whole or in part, or held, in whole or in part for the benefit of any Defendant; (2) in the actual or constructive possession of any Defendant; or (3) owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Defendant, and any assets held by, for, or under the name of any Defendant at any bank, savings and loan institution, or bank of any Defendant, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution or depository of any kind;

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

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

D. Obtaining a personal or secured loan;



E. Incurring liens or encumbrances on real property, personal property or other assets in the name, singly or jointly, of any Defendant, and;

F. The assets affected by this Section shall include: (a) all assets of each Defendant as of the time this Order is entered, and (b) those assets obtained after entry of this Order that are obtained through any business activities that predate the entry of this Order. This Section does not prohibit transfers to the Receiver, as specifically required in Section XIV (Delivery of Receivership Property), nor does it prohibit the repatriation of foreign Assets, as specifically required in Section VIII (Repatriation of Foreign Assets) of this Order.

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

**IT IS FURTHER ORDERED** that any financial or brokerage institution or depository, escrow agent, title company, commodity trading company, trust, entity, or person that holds, controls, or maintains custody of any account or asset owned or controlled, directly or indirectly, by any Defendant, or has held, controlled, or maintained any account or asset of, or on behalf of, any Defendant, upon service with a copy of this Order, shall:

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

disbursing, dissipating, converting, selling, gifting, or otherwise disposing of any accounts, assets, funds, or other property that are owned by, held in the name of, for the benefit of, or otherwise controlled by, directly or indirectly, any Defendant, in whole or in part, except as directed by further order of the Court or as directed in writing by the Receiver regarding accounts, documents, or assets owned by, held in the name of, for the benefit of, or otherwise controlled by, any Receivership Defendant;

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

C. Provide counsel for Plaintiffs and the Receiver, within three (3) business days after being served with a copy of this Order, a certified statement setting forth:

1. the identification number of each such account or asset titled (a) in the name, individually or jointly, of any Defendant; (b) held on behalf of, or for the benefit of, any Defendant; (c) owned or controlled by any Defendant; or (d) otherwise subject to access by any Defendant, directly or indirectly;

2. the balance of each such account or a description of the nature and value of such asset as of the close of business on the day on which this Order is served and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted;

3. the identification of any safe deposit box that is either titled in the name of any Defendant or is otherwise subject to access by any Defendant, and;

4. if a safe deposit box has been closed or removed, the date closed or removed and the manner in which such was closed or removed.

D. Provide counsel for Plaintiffs and the Receiver, within three (3) business days after being served with a request, copies of all documents pertaining to such account or asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; provided that such institution or custodian may charge a reasonable fee.

## **VI. FINANCIAL REPORTS AND ACCOUNTING**

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

A. For Defendant Vadim O. Kruchinin, a completed financial statement accurate as of the date of service of this Order upon him (unless otherwise agreed upon with Plaintiffs' counsel) on the form of **Attachment A** to this Order captioned, "Form Re: Financial Statement for Individual Defendant."

B. For corporate Defendant LDR, a completed financial statement accurate as of the date of service of this Order upon such Defendant (unless otherwise agreed upon with the Plaintiffs' counsel) in the form of **Attachment B** to this Order captioned, "Form Re: Financial Statement for Business Entity Defendant."

## **VII. CONSUMER CREDIT REPORTS**

**IT IS FURTHER ORDERED** that Plaintiffs may obtain credit reports concerning any Defendants pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request, any credit

reporting agency from which such reports are requested shall provide them to Plaintiff.

### VIII. REPATRIATION OF FOREIGN ASSETS

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

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

B. Transfer to the territory of the United States all assets, accounts, funds, and documents in foreign countries held either: (1) by them; (2) for their benefit; (3) in trust by or for them, individually or jointly; or (4) under their direct or indirect control, individually or jointly;

C. Hold and retain all repatriated assets, accounts, funds, and documents, and prevent any transfer, disposition, or dissipation whatsoever of any such assets, accounts, funds, or documents, and;

D. Provide the Plaintiffs access to all records of accounts or assets of the Defendants held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order as Attachment C.

#### **IX. NON-INTERFERENCE WITH REPATRIATION**

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

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

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

**X. APPOINTMENT OF RECEIVER**

**IT IS FURTHER ORDERED** that Hays Financial Consulting is appointed Receiver for the business activities of the Receivership Defendant with the full power of an equity receiver. The Receiver shall be the agent of this Court and solely the agent of this Court in acting as Receiver under this Order. The Receiver shall be accountable directly to this Court. The Receiver shall comply with any laws and Local Rules of this Court governing receivers.

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Hays

**XI. DUTIES OF RECEIVER**

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

A. Assume full control of the Receivership Defendant by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of any of the Receivership Defendant, including any

Defendant, from control of, management of, or participation in, the affairs of the Receivership Defendant;

B. Take exclusive custody, control, and possession of all assets, documents, and electronically stored information of, or in the possession, custody, or under the control of, the Receivership Defendant, wherever situated. The Receiver shall have full power to divert mail and to sue for, collect, receive, take possession of, hold, and manage all assets and documents of the Receivership Defendant and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of the Receivership Defendant. *Provided, however,* that the Receiver shall not attempt to take any Device from a Consumer if the Receiver believes the Consumer was a victim of the unlawful conduct alleged in the complaint in this matter, but instead shall return the Device to the Consumer;

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

1. Serving and filing this Order;
2. Completing a written inventory of all Receivership assets;



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

4. Photographing or videotaping all portions of the location;

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

6. Requiring any persons present on the premises at the time this Order is served to leave the premises, to provide the Receiver with proof of identification, or to demonstrate to the satisfaction of the Receiver that such persons are not removing from the premises documents or assets of the Receivership Defendant, and;

7. Requiring all employees, independent contractors, and consultants of the Receivership Defendant to complete a questionnaire submitted by the Receiver;

8. Conserve, hold, and manage all Receivership assets, and perform all acts necessary or advisable to preserve the value of those assets, in order to prevent

any irreparable loss, damage, or injury to Consumers or to creditors of the Receivership Defendant, including, but not limited to, obtaining an accounting of the assets and preventing transfer, withdrawal, or misapplication of assets;

9. Liquidate any and all securities or commodities owned by or for the benefit of the Receivership Defendant that the Receiver deems to be advisable or necessary;

10. Enter into contracts and purchase insurance as the Receiver deems to be advisable or necessary;

11. Prevent the inequitable distribution of assets and determine, adjust, and protect the interests of Consumers and creditors who have transacted business with the Receivership Defendant;

12. Manage and administer the lawful portion of the business of the Receivership Defendant, if any, until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which includes retaining, hiring, or dismissing any employees, independent contractors, or agents;

13. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists as the Receiver deems

advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;

14. Make payments and disbursements from the Receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Defendant prior to the date of entry of this Order, except payments that the Receiver deems necessary or advisable to secure assets of the Receivership Defendant, such as rental payments;

15. Determine and implement the manner in which the Receivership Defendant will comply with, and prevent violations of, this Order and all other applicable laws, including, but not limited to, revising marketing information (including information on the Receiver Defendant's websites), and implementing monitoring procedures;

16. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal, or foreign courts that the Receiver deems necessary and advisable to preserve or recover the assets of the

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

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

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

19. Take depositions and issue subpoenas to obtain documents and records pertaining to the receivership estate and compliance with this Order.

Subpoenas may be served by agents or attorneys of the Receiver and by agents of any process server retained by the Receiver;

20. Open one or more bank accounts in the Northern District of Georgia as designated depositories for funds of the Receivership Defendant. The Receiver shall deposit all funds of the Receivership Defendant in such a designated account and shall make all payments and disbursements from the receivership estate from such account(s);

21. Maintain accurate records of all receipts and expenditures that the Receiver makes as Receiver;

22. Cooperate with reasonable requests for information or assistance from any state or federal law enforcement agency, and;

23. Be responsible for maintaining the chain of custody of all of Defendants' records in his possession, pursuant to procedures to be established in writing with the approval of the Plaintiffs.

**XII. RECEIVER'S AND PLAINTIFFS' IMMEDIATE ACCESS TO BUSINESS PREMISES AND RECORDS**

**IT IS FURTHER ORDERED** that:

A. Defendants and their officers, directors, agents, employees, attorneys, and all other persons or entities directly or indirectly, in whole or in part, under

their control, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other entity, shall:

1. Immediately identify to Plaintiffs' counsel and the Receiver:
  - a. All of Defendants' business premises;
  - b. Any non-residence premises where any Defendant conducts business or customer service operations;
  - c. Any non-residence premises where documents or electronically stored information related to the business or customer service operations of any Defendant are hosted, stored, or otherwise maintained, including but not limited to the name and location of any electronic data hosts, and;
  - d. Any non-residence premises where assets belonging to any Defendant are stored or maintained;
2. Allow the Plaintiffs and the Receiver, and their respective representatives, agents, attorneys, investigators, paralegals, contractors, or assistants immediate access to:

- a. All of the Defendants' business premises, including but not limited to, those located at 84 Coney Island Drive, Sparks, NV 89431 and such other business locations that are wholly or partially owned, rented, leased, or under the temporary or permanent control of any Defendant, and;
- b. Any documents located at any of the locations described in this Section XII.

3. Provide the Plaintiffs and the Receiver, and their respective representatives, agents, attorneys, investigators, paralegals, contractors, or assistants with any necessary means of access to, copying of, and forensic imaging of documents or electronically stored information, including, without limitation, the locations of Receivership Defendant' business premises, keys and combinations to business premises locks, computer and telephone, including mobile telephone access codes of all computers used to conduct Receivership Defendant's business, access to (including but not limited to execution of any documents necessary for access to and forensic imaging of) any data stored, hosted, or otherwise maintained by an electronic data host, and storage area access information.

B. The Plaintiffs and the Receiver are authorized to employ the assistance of law enforcement officers, including, but not limited to, the United States Postal Inspection Service, Internal Revenue Service, the Federal Bureau of Investigation, the Georgia Bureau of Investigation, and the Sparks County (Nevada) Police Department to effect service, to implement peacefully the provisions of this Order, and to keep the peace. The Receiver shall allow the Plaintiffs and their respective representatives, agents, contractors, or assistants into the premises and facilities described in this Section to inspect, inventory, image, and copy documents or electronically stored information relevant to any matter contained in this Order. Counsel for the Plaintiffs and the Receiver may exclude Defendants and their agents and employees from the business premises and facilities during the immediate access. No one shall interfere with the Plaintiffs' or Receiver's inspection of the Defendants' premises or documents.

C. The Receiver and the Plaintiffs shall have the right to remove any documents related to Defendants' business practices from the premises in order that they may be inspected, inventoried, and copied. The materials so removed shall be returned within five (5) business days of completing said inventory and copying. If any property, records, documents, or computer files relating to the



Receivership Defendant' finances or business practices are located in the residence of Kruchinin or are otherwise in the custody or control of Kruchinin, then he shall produce them to the Receiver within twenty-four (24) hours of service of this Order. In order to prevent the destruction of computer data, upon service of this Order upon Defendants, any such computers shall be powered down (turned off) in the normal course for the operating systems used on such computers and shall not be powered up or used again until produced for copying and inspection, along with any codes needed for access. The Plaintiffs' and the Receiver's representatives may also photograph or videotape the inside and outside of all premises to which they are permitted access by this Order, and all documents and other items found on such premises.

D. The Plaintiffs' access to the Defendants' documents pursuant to this provision shall not provide grounds for any Defendant to object to any subsequent request for documents served by either Plaintiff.

E. The Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access.

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

**IT IS FURTHER ORDERED** that:

A. Defendants and their officers, agents, directors, employees, salespersons, independent contractors, attorneys, corporations, subsidiaries, affiliates, all other persons or entities in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, or any of them, shall fully cooperate with and assist the Receiver. Defendants' cooperation and assistance shall include, but not be limited to:

1. Providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this Order, including but not limited to allowing the Receiver to inspect documents and assets and to partition office space;

2. Providing any password and executing any documents required to access any computer or electronic files in any medium, including but not limited to electronically stored information stored, hosted, or otherwise maintained by an electronic data host, and;

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

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

1. Transacting any of the business of the Receivership Defendant;
2. Destroying, secreting, erasing, mutilating, defacing, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly, any documents, electronically stored information, or equipment of the Receivership Defendant, including but not limited to contracts, agreements, consumer files, consumer lists, consumer addresses and telephone numbers, correspondence, advertisements, brochures, sales material, sales presentations, documents evidencing or referring to Defendants' services, training materials, customer scripts, data, computer tapes, disks, or other computerized records, books, written or printed records, handwritten notes, telephone logs, "verification" or "compliance" tapes or other audio or video tape recordings, receipt books, invoices, postal receipts, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, copies of federal, state or local

business or personal income or property tax returns, photographs, mobile devices, electronic storage media, accessories, and any other documents, records, or equipment of any kind that relate to the business practices or business or personal finances of the Receivership Defendant or any other entity directly or indirectly under the control of the Receivership Defendant;

3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Defendant, or the Receiver;

4. Excusing debts owed to the Receivership Defendant;

5. Failing to notify the Receiver of any asset, including accounts, of a Receivership Defendant held in any name other than the name of the Receivership Defendant, or by any person or entity other than the Receivership Defendant, or failing to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody, or control of such assets;

6. Failing to create and maintain books, records, and accounts which, in reasonable detail, accurately, fairly, and completely reflect the incomes, assets, disbursements, transactions, and use of monies by the Defendants or any other

entity directly or indirectly under the control of the Defendants;

7. Doing any act or refraining from any act whatsoever to interfere with the Receiver's taking custody, control, possession, or managing of the assets or documents subject to this Receivership; or to harass or to interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendant; or to refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any Order of this Court, and;

8. Filing, or causing to be filed, any petition on behalf of the Receivership Defendant for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., without prior permission from this Court.

#### **XIV. DELIVERY OF RECEIVERSHIP PROPERTY**

**IT IS FURTHER ORDERED** that:

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

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

B. In the event any person or entity fails to deliver or transfer immediately any asset or otherwise fails to comply with any provision of this

Section XIV, the Receiver may file *ex parte* with the Court an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset, document, or other thing and to deliver it to the Receiver.

#### **XV. COMPENSATION FOR RECEIVER**

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

## XVI. RECEIVER'S REPORTS

**IT IS FURTHER ORDERED** that the Receiver shall report to this Court on or before the date set for the hearing to Show Cause regarding the Preliminary Injunction, regarding: (1) the steps taken by the Receiver to implement the terms of this Order; (2) the value of all liquidated and unliquidated assets of the Receivership Defendant; (3) the sum of all liabilities of the Receivership Defendant; (4) the steps the Receiver intends to take in the future to: (a) prevent any diminution in the value of assets of the Receivership Defendant, (b) pursue receivership assets from third parties, and (c) adjust the liabilities of the Receivership Defendant, if appropriate; (5) whether the business of the Receivership Defendant can be operated lawfully and profitably; and (6) any other matters which the Receiver believes should be brought to the Court's attention. *Provided, however,* if any of the required information would hinder the Receiver's ability to pursue receivership assets, the portions of the Receiver's report containing such information may be filed under seal and not served on the parties.

## XVII. RECEIVER'S BOND

**IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of this Court a bond in the sum of \$ 35,000 with sureties to be approved by the



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

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

**IT IS FURTHER ORDERED** that:

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

1. Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;

2. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest

in any asset, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;

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

4. Doing any act or thing whatsoever to interfere with the Receiver taking custody, control, possession, or management of the assets or documents subject to this Receivership, or to harass or interfere with the Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendant.

B. This Section XVIII does not stay:

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

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

3. The enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power; or

4. The issuance to a Receivership Defendant of a notice of tax deficiency.

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

#### **XIX. PRESERVATION OF DOCUMENTS**

**IT IS FURTHER ORDERED** that Defendants, 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 by personal service or otherwise, whether acting directly or indirectly, are restrained and enjoined from altering, concealing, destroying, erasing, mutilating, transferring, or

otherwise disposing of, in any manner, directly or indirectly, any Documents that relate to the finances or business practices of Defendants.

**XX. PROHIBITION ON DISCLOSING CONSUMER INFORMATION**

**IT IS FURTHER ORDERED** that Defendants, 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 by personal service or otherwise, whether acting directly or indirectly, are restrained and enjoined from:

A. Leasing, renting, selling, or otherwise disclosing the address, bank account number, birth date, credit card number, e-mail address, name, Social Security number, telephone number, or other financial or identifying personal information of any Consumer from whom or about whom Defendants obtained such information in connection with LDR's business, and;

B. Benefitting from or using the address, bank account number, birth date, credit card number, e-mail address, name, Social Security number, telephone number, or other financial or identifying personal information of any Person from whom or about whom Defendants obtained such information in connection with LDR's business.

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

#### **XXI. SERVICE OF THIS ORDER**

**IT IS FURTHER ORDERED** that copies of this Order may be served by facsimile transmission, personal or overnight delivery, or U.S. Express Mail, by agents and employees of either Plaintiff or any state or federal law enforcement agency or by private process server, on Defendants or any other persons or entities that may be subject to any provision of this Order.

#### **XXII. DISTRIBUTION OF ORDER BY DEFENDANTS**

**IT IS FURTHER ORDERED** that within three (3) calendar days after service of this Order, Defendants shall provide a copy of this Order to each of their agents, employees, directors, officers, subsidiaries, affiliates, attorneys, independent contractors, representatives, franchisees, and all persons in active concert or participation with Defendants. Within five (5) calendar days following this Order, Defendants shall provide the Plaintiffs with an affidavit identifying the names, titles, addresses, and telephone numbers of the persons that Defendants have served with a copy of this Order in compliance with this provision.

**XXIII. CORRESPONDENCE WITH PLAINTIFFS**

**IT IS FURTHER ORDERED** that, for the purposes of this Order, because mail addressed to the FTC is subject to delay due to heightened security screening, all correspondence and service of pleadings on Plaintiff Federal Trade Commission shall be sent either via electronic transmission or via Federal Express to: Anna M. Burns, Federal Trade Commission, 225 Peachtree Street NE, Atlanta, Georgia, 30303. Email: aburns@ftc.gov; Telephone: (404) 656-1350; Facsimile: (404) 656-1379.

All correspondence and service of pleadings on Plaintiff State of Georgia shall be sent either via electronic transmission or via Federal Express to: Katherine D. Schuessler, Georgia Department of Law, Consumer Protection Unit, 2 Martin Luther King, Jr. Drive, Suite 356, Atlanta, Georgia 30334. Email: kschuessler@law.ga.gov; Telephone: (404) 656-1761; Facsimile: (404) 651-9018.

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

**IT IS FURTHER ORDERED**, pursuant to Federal Rule of Civil Procedure 65(b), that Defendants shall appear on the ~~19th~~<sup>5th</sup> day of October, 2016, at 1:45 ~~am~~ p.m. at the United States Courthouse, Courtroom 2308, Atlanta, Georgia, to show cause, if any there be, why this Court should not enter a

preliminary injunction, pending final ruling on the complaint, against Defendants, enjoining them from further violations of the FTC Act and the FBPA, and imposing such additional relief as may be appropriate.

**XXV. SERVICE OF PLEADINGS, EVIDENCE, WITNESS LISTS**

**IT IS FURTHER ORDERED** that:

A. Defendants shall file any answering affidavits, pleadings, or legal memoranda with the Court and serve the same on counsel for the Plaintiffs and the Receiver no later than five (5) business days prior to the preliminary injunction hearing in this matter. The Plaintiffs may file responsive or supplemental pleadings, materials, affidavits, or memoranda with the Court and serve the same on counsel for Defendants no later than one (1) business day prior to the preliminary injunction hearing in this matter. *Provided that* service shall be performed by personal or overnight delivery, facsimile, or email, and documents shall be delivered so that they shall be received by the other parties no later than 4 p.m. (EST) on the appropriate dates listed in this Subsection;

B. The question of whether this Court should enter a preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure enjoining the Defendants during the pendency of this action shall be resolved on the

pleadings, declarations, exhibits, and memoranda filed by, and oral argument of, the parties. Live testimony shall be heard only on further order of this Court on motion filed with the Court and served on counsel for the other parties at least five (5) business days prior to the preliminary injunction hearing in this matter. Such motion shall set forth the name, address, and telephone number of each proposed witness, a detailed summary or affidavit disclosing the substance of each proposed witness' expected testimony, and an explanation of why the taking of live testimony would be helpful to this Court. Any papers opposing a timely motion to present live testimony or to present live testimony in response to live testimony to be presented by another party shall be filed with this Court and served on the other parties at least three (3) business days prior to the preliminary injunction hearing in this matter. *Provided that* service shall be performed by personal or overnight delivery or by facsimile or email, and documents shall be delivered so that they shall be received by the other parties no later than 4 p.m. (EST) on the appropriate dates listed in this Sub-section.

**XXVI. DURATION OF ORDER**

**IT IS FURTHER ORDERED** that the Temporary Restraining Order granted herein shall expire on the 10<sup>th</sup> day of October,

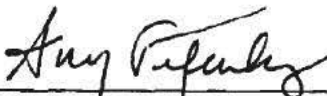


2016, at 4:47 o'clock a.m./~~a.m.~~<sup>p.m.</sup>, unless within such time, the Order, for good cause shown, is extended for an additional period not to exceed ten (10) calendar days, or unless it is further extended pursuant to Federal Rule of Civil Procedure 65.

**XXVII. JURISDICTION**

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

**IT IS SO ORDERED**, this 26<sup>th</sup> day of September, 2016, at 4:47 o'clock ~~a.m.~~<sup>p.m.</sup>

  
UNITED STATES DISTRICT JUDGE  
NORTHERN DISTRICT OF GEORGIA

ATTEST: A TRUE COPY  
CERTIFIED THIS

SEP 26 2016

James N. Hatten, Clerk  
By:   
Deputy Clerk