UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 17-cv-20848-GAYLES

FEDERAL TRADE COMMISSION,
Plaintiff,

v.

FILED UNDER SEAL

WORLD PATENT MARKETING, INC., et al.,
Defendants.
_____/

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION SHOULD NOT ISSUE

Plaintiff, the Federal Trade Commission ("FTC"), has filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b), and has moved, pursuant to Federal Rule of Civil Procedure 65(b), for a temporary restraining order and for an order to show cause why a preliminary injunction should not issue against Defendants World Patent Marketing, Inc., Desa Industries, Inc., and Scott Cooper (collectively, "Defendants").

FINDINGS

The Court has considered the Complaint, motion for a temporary restraining order and for an order to show cause, declarations, exhibits, and memoranda filed in support of the FTC's motion and, being otherwise advised, makes the following findings of fact:

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

2. There is good cause to believe that Defendants have engaged in and are likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and that the FTC is therefore likely to prevail on the merits of this action. As demonstrated by the

consumer declarations, consumer complaint records, Defendants' correspondence and records, records from state regulators and Better Business Bureaus, and by the other documentary evidence filed by the FTC, the FTC has established a likelihood of success in showing that Defendants have made material misrepresentations in the sale of invention patenting and promotion to numerous consumers. Through the documentary evidence it filed, the FTC has also established a likelihood of success in showing that Defendants have violated the FTC Act by engaging in deceptive and unfair marketing and sales tactics.

3. There is good cause to believe that immediate and irreparable harm will result from Defendants' ongoing violations of the FTC Act unless Defendants are restrained and enjoined by Order of this Court.

4. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers—including the refund of monies paid, restitution, or rescission or reformation of contracts—will occur from the sale, transfer, or other disposition or concealment by Defendants of Assets or records if Defendants are provided with advance notice of this Order, and that therefore in accordance with Fed. R. Civ. P. 65(b), the interests of justice require that this Order be granted without prior notice to Defendants. There is thus good cause for relieving the FTC of the duty to provide Defendants with prior notice of the FTC's motion.

5. Good cause exists for: (a) the appointment of a Temporary Receiver over the Corporate Defendants; (b) freezing of Defendants' Assets; and (c) the ancillary relief ordered below.

6. Considering Plaintiff's likelihood of ultimate success and weighing the equities, it is in the public interest that the Court enter a temporary restraining order that: (1) enjoins and restrains Defendants from making misrepresentations and from violating the FTC Act; (2) imposes a temporary freeze on Defendants' Assets; (3) appoints a Temporary Receiver over the Corporate Defendants to marshal and preserve their Assets, manage their business affairs, and ascertain whether they engage in any lawful, profitable activity; (4) grants the FTC and the

Temporary Receiver immediate access to the premises and records of the Corporate Defendants; (5) requires Defendants to fully disclose all of their Assets; (6) allows for limited expedited discovery; and (7) requires Defendants to show cause why a preliminary injunction should not issue against them.

7. The FTC is an independent agency of the United States and 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).

DEFINITIONS

For purpose of this Order, the following definitions shall apply:

1. "**Asset**" means any legal or equitable interest in, right to, or claim to, any real, personal, or intellectual property of any Corporate Defendant or Individual Defendant, or held for the benefit of any Corporate Defendant or Individual Defendant, wherever located, including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, contracts, mail or other deliveries, shares of stock, securities, inventory, checks, notes, accounts, credits, receivables (as those terms are defined in the Uniform Commercial Code), cash, trusts, including, but not limited to, any trust held for the benefit of any of the Defendants, and reserve funds or any other accounts associated with payments processed by, or on behalf of, any of the Defendants, including, but not limited to, reserve funds held by payment processors or financial institutions.

2. "**Corporate Defendants**" means World Patent Marketing, Inc. and Desa Industries, Inc., and their successors and assigns.

3. "**Defendants**" means the Individual Defendant and the Corporate Defendants, individually, collectively, or in any combination.

4. **"Document"** or **"Documents"** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writing, drawings, graphs, charts, photographs, sound and video recordings, images, Internet sites, Web pages, Web sites, electronic correspondence, including e-mail and instant messages, contracts, accounting

data, advertisements (including advertisements placed on the World Wide Web), FTP Logs, Server Access Logs, USENET Newsgroup postings, World Wide Web pages, books, written or printed records, handwritten notes, telephone logs, telephone scripts, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, computer records, and any other electronically stored information, and other data or data compilations from which information can be obtained directly or, if necessary, after translation into a reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

5. "**Individual Defendant**" means Scott Cooper.

6. "**Person**" means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity.

7. "**Receiver**" means the temporary receiver appointed in Section XII of this Order and any deputy receivers that shall be named by the temporary receiver.

ORDER

I. Prohibition on Misrepresentations

It is therefore ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any Defendant, who receive actual notice of this Order, whether acting directly or indirectly in connection with the advertising, marketing, promotion, offering for sale, or sale of any products or services, are **hereby temporarily restrained and enjoined** from making any false or unsubstantiated representations, expressly or by implication, regarding any material fact, including, but not limited to:

A. Purchase of Defendants' invention-promotion services is likely to result in financial gain for their customers;

B. Defendants have successfully marketed the invention ideas of many of their customers, resulting in royalties or sales of their inventions;

C. Defendants successfully marketed specific invention ideas, such as Teddie's Ballie Bumpers, Live Expert Chat, and Supreme Diva Jeans;

D. Consumers who buy one of Defendants' "global" packages will receive a globally-applicable patent;

E. Defendants have regularly negotiated licensing and manufacturing agreements that have resulted in the manufacture and sale of their customers' inventions; or

F. Consumers who buy Defendants' invention-promotion services will not have to pay any more money to receive Defendants' promised services.

II. Prohibition on Complaint Suppression

It is further ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any Defendant, who receive actual notice of this Order, whether acting directly or indirectly, are **hereby temporarily restrained and enjoined** from making any threats or intimidating any Person concerning complaints or comments about products or services offered or sold by Defendants, including but not limited to requesting that negative comments be withdrawn or removed.

III. Asset Freeze

It is further ordered that Defendants and their officers, agents, employees, and attorneys, and all other persons in active concert or participation with any Defendant, who receive actual notice of this Order, whether acting directly or indirectly, are **hereby temporarily restrained and enjoined** from:

A. Transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, conveying, gifting, 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, shares of stock, or other Assets, or any interest therein, wherever located, whether within the United States or within a jurisdiction outside the United States, that are:

1) owned or controlled, directly or indirectly, by any of the Defendants, in whole or in part;

2) held, in whole or in part, for the benefit of any Defendant;

3) in the actual or constructive possession of any Defendant; or

4) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by any Defendant, or any entity acting under a fictitious name owned by or controlled by an Defendants, including, but not limited to, any Assets held by or for, or subject to access by any Defendant at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metals dealer, or other financial institution or depository institution of any kind;

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

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

D. Obtaining a loan encumbering the Assets of any Defendant, or any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by any Defendant;

E. Incurring liens or other encumbrances on real property, personal property or other Assets titled in the name, singly or jointly, of any Defendant or any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by any Defendant; and

F. Cashing any checks or depositing any money orders, cash, or any other payment (including credit card and debit card payments) received from consumers, clients, or customers of any Defendant.

Provided, that the Assets affected by this Section III shall include: (1) all Assets of any Defendant as of the date and time this Order was entered; and (2) for Assets obtained after the date and time this Order was entered, only those Assets that are derived, directly or indirectly, from Defendants' activities as alleged in the FTC's Complaint. This Section does not prohibit transfers to the Receiver, as specifically required in Section XIV (Transfer of Receivership Property to the Receiver), nor does it prohibit the repatriation of foreign Assets, as specifically required in Section V (Repatriation of Assets and Documents).

IV. Duties of Asset Holders

It is further ordered that any financial or brokerage institution, credit card processing company, payment processor, merchant bank, acquiring bank, independent sales organization, business entity, or Person served with a copy of this Order, or who otherwise has actual knowledge of this Order, that (a) holds, controls or maintains custody of any account, safe deposit box, post office box, or other Asset of any Defendant, (b) holds, controls, or maintains custody of any Asset associated with credits, debits, or charges made on behalf of any Defendant, including, but not limited to, reserve funds held by payment processors or other entities, or (c) has held, controlled, or maintained any such account, safe deposit box, or other Asset shall:

A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion, sale, or other disposal of any such Asset, except by further order of the Court;

B. Deny any person, except the Receiver acting pursuant to Section XIII of this Order (Receiver's Duties and Authority), access to any safe deposit box that is titled in the name of, individually or jointly, or otherwise subject to access by, any Defendant;

C. Provide FTC counsel and the Receiver, within five (5) business days of receiving a copy of this Order, a sworn statement setting forth:

1) The identification number of each such account or Asset titled in the name, individually or jointly, of any Defendant, or held on behalf of or for the benefit of any Defendant;

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; and

3) The identification of any safe deposit box that is titled in the name of, individually or jointly, or otherwise subject to access by any Defendants; and

D. Upon request by the FTC or the Receiver, promptly provide the FTC and the Receiver with copies of all records or other documentation pertaining to each 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.

V. Financial Disclosures

It is further ordered that within five (5) calendar days of service of this Order, each Defendant shall prepare, fill in all required information, and deliver, completed and executed, to counsel for the FTC and to the Receiver, completed financial statements on the forms attached to this Order as **Attachment A** (Financial Statement of Individual Defendant) for each Defendant individually and **Attachment B** (Financial Statement of Corporate Defendant) for each business entity under which any Defendant conducts business or of which any Defendant is an officer, and for each trust for which any Defendant is a trustee. The financial statements shall be accurate as of the date of entry of this Order. Each Defendant shall include in the financial statements a full accounting of all funds and Assets, whether located inside or outside of the United States, that are: (1) titled in the name of such Defendant, jointly, severally, or individually; (2) held by any Person or entity for the benefit of such Defendant; or (3) under the direct or indirect control of

such Defendant. Defendants shall attach to these completed financial statements copies of all local, state, provincial, and federal income and property tax returns, with attachments and schedules, as called for by the instructions to the financial statements.

VI. Repatriation of Assets and Documents

It is further ordered that within five (5) days following the service of this Order, each Defendant shall:

A. Provide the FTC and the Receiver with a full accounting of all funds, Documents, and Assets outside of the United States which are: (1) titled in the name, individually or jointly, of any Defendant; or (2) held by any Person or entity for the benefit of any Defendant; or (3) under the direct or indirect control, whether jointly or singly, of any Defendant;

B. Transfer to the territory of the United States and deliver to the Receiver all funds, Documents, and Assets located in foreign countries which are: (1) titled in the name individually or jointly of any Defendant; or (2) held by any Person or entity, for the benefit of any Defendant; or (3) under the direct or indirect control of any Defendant, whether jointly or singly;

C. Provide the FTC and the Receiver access to all records of accounts or Assets of any Defendant held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records appended to this Order as **Attachment C**.

VII. Non-Interference with Repatriation

It is further ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any Defendant, who receive actual notice of this Order, whether acting directly or indirectly, are **hereby temporarily restrained and enjoined** from taking any action, directly or indirectly, which may result in the encumbrance or dissipation of foreign Assets, or in the hindrance of the repatriation required by Section V (Repatriation of Assets and Documents) 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 VI of this Order; or

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 VI of this Order.

VIII. Consumer Credit Reports

It is further ordered that pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency served with this Order shall promptly furnish consumer credit reports as requested concerning any Defendant and any spouse of a Defendant to the FTC. The Commission may also directly access any Defendant's consumer credit report.

IX. Preservation of Records

It is further ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any Defendant, who receive actual notice of this Order, are **hereby temporarily restrained and enjoined** from:

A. Destroying, erasing, falsifying, writing over, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, Documents that relate to: (1) the business, business practices, Assets, or business or personal finances of any of the Defendants, (2) the business practices or finances of entities directly or indirectly under the control of any of the Defendants, or (3) the business practices or finances of entities directly or indirectly under common control with any other Defendant, including any and all marketing materials, websites and webpages, consumer complaints, customer records, rate decks, call detail records, telephone logs, telephone scripts, contracts, correspondence, email, corporate books and records, accounting data, financial statements, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, calendars, appointment books, and tax returns; and

B. Failing to create and maintain Documents that, in reasonable detail, accurately, fairly, and completely reflect Defendants' incomes, disbursements, transactions, and use of Defendants' Assets.

X. Notification of New Business Activity

It is further ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any Defendant, who receive actual notice of this Order, are **hereby temporarily restrained and enjoined** from creating, operating, or exercising any control over any new business entity, whether newly formed or previously inactive, including any partnership, limited partnership, joint venture, sole proprietorship, or corporation, without first providing FTC counsel with a written statement disclosing: (1) the name of the business entity; (2) the address and telephone number of the business entity; (3) the names of the business entity's officers, directors, principals, managers, members, and employees; and (4) a detailed description of the business entity's intended activities.

XI. Prohibition on Release of Consumer Information

It is further ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any Defendant, are **hereby temporarily restrained and enjoined** from selling, renting, leasing, transferring, using, disclosing, or otherwise benefitting from the name, address, telephone number, credit card number, bank account number, email address, or other identifying information of any Person who: (1) paid money to any Defendant; (2) was previously contacted by Defendants in connection with invention promotion services, including, but not limited to research, patenting, invention licensing, manufacturing, or marketing; or (3) was on a list to be contacted by Defendants.

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

XII. Appointment of Temporary Receiver

IT IS FURTHER ORDERED that Jonathan Perlman of Genovese Joblove & Battista, P.A. is appointed temporary receiver for the Corporate Defendants, as well as for any affiliates, subsidiaries, divisions, or telephone sales or customer service operations, wherever located, 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.

XIII. Receiver's Duties and Authority

It is further ordered that the Receiver is authorized and directed to accomplish the following:

A. Assume full control of the Corporate Defendants by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of any of the Corporate Defendants, including any Defendant, from control of, management of, or participation in, the affairs of the Corporate Defendants;

B. Take exclusive custody, control, and possession of all Assets and Documents of, or in the possession, custody, or under the control of, the Corporate Defendants, wherever situated. The Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold, and manage all Assets and Documents of the Corporate Defendants and other persons or entities whose interests are now under the direction, possession, custody, or control of, the Corporate Defendants. The Receiver shall assume control over the income and profits therefrom and all sums of money now or hereafter due or owing to the Corporate Defendants. *Provided, however*, that the Receiver shall not attempt to collect any amount from a consumer if the Receiver believes the consumer was a victim of the unfair or deceptive acts or practices or other violations of law alleged in the Complaint in this matter, without prior Court approval;

C. Take all steps necessary to secure each location from which the Corporate Defendants operate their business. Such steps may include, but are not limited to, any of the following, as the Receiver deems necessary or advisable: (1) serving this Order; (2) completing

a written inventory of all Receivership Assets; (3) obtaining pertinent information from all employees and other agents of the Corporate Defendants, including, but not limited to, the name, home address, Social Security Number, job description, passwords or access codes, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent; (4) photographing and videotaping any or 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; and (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 Corporate Defendants. Law enforcement personnel, including, but not limited to, police or sheriffs, may assist the Receiver in implementing these provisions in order to keep the peace and maintain security. If requested by the Receiver, the United States Marshals Service will provide appropriate and necessary assistance to the Receiver to implement this Order and is authorized to use any necessary and reasonable force to do so;

D. Suspend business operations of the Corporate Defendants if in the judgment of the Receiver such operations cannot be continued legally and profitably;

E. Conserve, hold, and manage all Assets of the Corporate Defendants, 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 creditors of the Corporate Defendants, including, but not limited to, obtaining an accounting of the Assets and preventing the unauthorized transfer, withdrawal, or misapplication of Assets;

F. Enter into contracts and purchase insurance as advisable or necessary;

G. Prevent the inequitable distribution of Assets and determine, adjust, and protect the interests of consumers and creditors who have transacted business with the Corporate Defendants;

H. Prevent the destruction or erasure of any web page or website registered to and operated, in whole or in part, but the Corporate Defendants, directly or indirectly;

I. Prevent the destruction or erasure of any of the Corporate Defendants' marketing materials, sales scripts, training materials, customer information, call logs, and any other Documents or records that reflect marketing, advertising, promotion, distribution, and offers for sale or sale of services;

J. Prevent the destruction or erasure of any of the Corporate Defendants' corporate records, business records, financial records, and financial transactions as they relate to the practices charged in the FTC's Compliant and ensure that all such Documents are preserved;

K. Manage and administer the business of the Corporate Defendants until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which includes but is not limited to retaining, hiring, or dismissing any employees, independent contractors, or agents;

L. 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;

M. 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 Corporate Defendants prior to the date of entry of this Order, except payments that the Receiver deems necessary or advisable to secure Assets of the Corporate Defendants, such as rental payments;

N. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts or arbitration proceedings as the Receiver deems necessary and advisable to preserve or recover the Assets of the Corporate Defendants, or that the Receiver deems necessary and advisable to carry out the Receiver's

mandate under this Order, including, but not limited to, actions challenging fraudulent or voidable transfers;

O. 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 Corporate Defendants, as the Receiver deems necessary and advisable to preserve the Assets of the Corporate Defendants, or as the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order;

P. Issue subpoenas to obtain Documents and records (including but not limited to Google, Inc.) pertaining to the Receivership, and conduct discovery in this action on behalf of the Receivership estate;

Q. Open one or more bank accounts as designated depositories for funds of the Corporate Defendants. The Receiver shall deposit all funds of the Corporate Defendants in such a designated account and shall make all payments and disbursements from the Receivership estate from such an account. The Receiver shall serve copies of monthly account statements on all parties;

R. Maintain accurate records of all receipts and expenditures incurred as Receiver;

S. Cooperate with reasonable requests for information, Documents, materials, or assistance from any state or federal law enforcement agency;

T. File reports with the Court on a timely basis and at regular intervals or as otherwise directed by the Court;

U. Allow the Plaintiff's representatives, agents, and assistants, as well as Defendants' Representatives and Defendants themselves, reasonable access to the premises of the Receivership Defendants, or any other premises where the Receivership Defendants conduct business operations. The purpose of this access shall be to inspect and copy any and all books, records, Documents, accounts, and other property owned by, or in the possession of, the Receivership Defendants or its agents. The Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access; and

V. Allow the Plaintiff's representatives, agents, and assistants, as well as Defendants' Representatives and Defendants themselves, reasonable access to Documents in the possession, custody, or control of the Receivership Defendants, or on their behalf, including, but not limited to, books, records, tapes, discs, accounting data, checks, correspondence, forms, advertisements, brochures, manuals, electronically stored data, banking records, customer lists, customer files, invoices, telephone records, ledgers and payroll records, and any other Document or record that relates to the business practices or finances of the Receivership Defendants, including electronically stored information (such as electronic mail).

XIV. Transfer of Receivership Property to the Receiver

It is further ordered that:

A. Immediately upon service of this Order upon them, or within a period permitted by the Receiver, Defendants, Defendants' officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any Defendant, who receive actual notice of this Order, and any other Person with possession, custody or control of property or of records relating to the Corporate Defendants, shall transfer or deliver possession, custody, and control of the following to the Receiver:

1) All Assets of the Corporate Defendants;

2) All Documents of the Corporate Defendants, 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, and check registers), client lists, title Documents and other papers;

3) All Assets belonging to other persons or entities whose interests are now under the direction, possession, custody, or control of the Corporate Defendants;

4) All computers and data in whatever form used to conduct the business of the Corporate Defendants; and

5) All keys, codes, and passwords necessary to gain or to secure access to any Assets or Documents of the Corporate Defendants, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

B. In the event any Person or entity fails to deliver or transfer any Asset or otherwise fails to comply with any provision of this Section, the Receiver may file *ex parte* 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 Marshals Service or any sheriff or deputy sheriff of any county to seize the Asset, Document, or other item and to deliver it to the Receiver.

XV. Provision of Information to the Receiver

It is further ordered that Defendants shall provide to the Receiver, immediately upon request, the following: (1) a list of all Assets and property, including accounts, of the Corporate Defendants that are held in any name other than the name of a Corporate Defendant, or by any Person or entity other than a Corporate Defendant; and (2) a list of all agents, employees, officers, servants or those persons in active concert and participation with the Individual Defendants and Corporate Defendants who have been associated with or done business with the Corporate Defendants.

XVI. Cooperation with the Receiver

It is further ordered that Defendants and Defendants' officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any Defendant, who receive actual notice of this Order, shall fully cooperate with and assist the Receiver in taking and maintaining possession, custody, or control of the Assets of the Corporate Defendants. This cooperation and assistance shall include, but not be limited to: (1) providing information to the Receiver that the Receiver deems necessary in order to exercise the authority and discharge the responsibilities of the Receiver under this Order; (2) providing any password required to access

any computer, electronic file, or telephonic data in any medium; (3) advising all Persons who owe money to the Corporate Defendants that all debts should be paid directly to the Receiver; and (4) transferring funds at the Receiver's direction and producing records related to the Assets and sales of the Corporate Defendants.

The entities obligated to cooperate with the Receiver under this provision include, but are not limited to, banks, broker-dealers, savings and loans, escrow agents, title companies, commodity trading companies, precious metals dealers and any financial institutions and depositories of any kind, payment processors, payment gateways, insurance companies, as well as all third-party billing agents, common carriers, and other telecommunications companies.

XVII. Interference with the Receiver

It is further ordered that Defendants, Defendants' officers, agents, employees, attorneys, and all other persons in active concert or participation with any Defendant, who receive actual notice of this Order, and their corporations, subsidiaries, divisions, or affiliates, are **hereby restrained and enjoined** from directly or indirectly:

A. Interfering with the Receiver managing, or taking custody, control, or possession of the Assets or Documents subject to this Receivership;

B. Transacting any of the business of the Corporate Defendants or any substantially similar name;

C. 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 Corporate Defendants, or the Receiver;

D. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any Documents of the Corporate Defendants, including, but not limited to, books, records, accounts, or any other papers;

E. Excusing debts owed to the Corporate Defendants;

F. Refusing 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

G. Harassing or interfering with the Receiver in any way.

XVIII. Stay of Actions Against Corporate Defendants

It is further ordered that except by leave of this Court, during pendency of the Receivership ordered herein, Defendants, their Representatives, and all investors, creditors, stockholders, lessors, customers and other persons seeking to establish or enforce any claim, right, or interest against or on behalf of Defendants, and all others acting for or on behalf of such persons, are hereby enjoined from taking action that would interfere with the exclusive jurisdiction of this Court over the Assets or Documents of the Corporate Defendants, including, but not limited to:

A. Petitioning, or assisting in the filing of a petition, that would cause any Corporate Defendant to be placed in bankruptcy;

B. Commencing a judicial, administrative, or other action or proceeding against the Corporate Defendants, including the issuance or employment of process against the Corporate Defendants, except that such actions may be commenced if necessary to toll any applicable statute of limitations;

C. Filing or enforcing any lien on any Asset of the Corporate Defendants; taking or attempting to take possession, custody, or control of any Asset of the Corporate Defendants; accelerating the due date of any obligation; or attempting to foreclose, forfeit, alter, or terminate any interest in any Asset of the Corporate Defendants, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise; or

D. Initiating any other process or proceeding that would interfere with the Receiver managing or taking custody, control, or possession of, the Assets or Documents subject to this receivership.

Provided that, this Order 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.

XIX. Compensation of 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 Corporate Defendants. 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 entry 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.

XX. Receiver's Bond

It is further ordered that the Receiver shall not file with the Clerk of this Court a bond until further order of 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. 28 U.S.C. § 754.

XXI. Immediate Production of Business Records

It is further ordered that the Corporate Defendants shall allow the FTC's employees and agents access to the Corporate Defendants' business records to inspect and copy Documents in preparation for the preliminary injunction hearing and to identify and locate assets.

The Corporate Defendants shall, within five (5) days of receiving notice of this Order (except as required for immediate turnover under XXII.F *infra*), produce to the FTC for inspection, inventory, and copying, at a location designated by FTC, the following materials: (1) all customer information, including names, phone numbers, addresses, e-mail addresses, customer complaints, and payment information for all consumers who have purchased Corporate Defendants' invention-promotion services; (2) all contracts; (3) any correspondence, including

electronic correspondence, that refers or relates to the Corporate Defendants' invention-promotion services; (4) an electronic copy of all advertisements for the Corporate Defendants' invention-promotion services; and (5) accounting information, including profit and loss statements, annual reports, receipt books, 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, and 1099 forms. The FTC shall return any materials produced pursuant to this Paragraph within seven (7) days of the Corporate Defendants' production.

XXII. Immediate Access to Business Premises and Documents

It is further ordered that:

A. In order to allow the FTC and the Receiver to preserve Assets and evidence relevant to this action and to expedite discovery, the FTC and the Receiver, and their representatives, agents, contractors, and assistants, shall have immediate access to any and all business premises, storage facilities, and all other business locations owned, controlled, or used by the Corporate Defendants, including any premises where the Corporate Defendants conduct business or store records. Such locations include, but are not limited to 2940 North Lincoln Avenue, 2nd Fl., Chicago, IL 60657. The Receiver and the FTC, and their representatives, agents, contractors, and assistants, are authorized to employ the assistance of the United States Postal Inspection Service, the United States Marshals Service, police or sheriffs, and other federal, state, or local law enforcement officers as they deem necessary to effect service and to peacefully implement the provisions of this Order.

B. The Receiver may exclude Defendants and their employees from the business premises during the immediate access.

C. The Receiver and the FTC may inspect and copy Documents relevant to this action. The Receiver and the FTC, and their representatives, agents, contractors, and assistants, are authorized to remove Documents from the Corporate Defendants' premises in order that they

may be inspected, inventoried, and copied. Documents so removed by the FTC shall be returned to the Receiver within five (5) days of completing inventorying and copying.

D. The Receiver shall allow Defendants reasonable access to the premises and business records of the Corporate Defendants within his possession for the purpose of inspecting and copying materials relevant to this action. The Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access.

E. Defendants and all agents or employees of Defendants shall provide the Receiver and the FTC with any necessary means of access to Documents, including, without limitation, the locations of Corporate Defendants' business premises and storage facilities, keys and computer access codes of all computers used to conduct Corporate Defendants' business, cloud and internet services access codes, and storage area access information.

F. If any Documents, computers, or electronic data storage devices containing information related to the business practices or finances of a Corporate Defendant are at a location other than the location listed in Subsection A of this Section, including a non-physical location or the personal residence(s) of any Defendant, then, immediately upon notice of this Order, Defendants shall produce to the Receiver all such Documents, computers, or electronic data storage devices. This includes, without limitation, all Documents, computers, or electronic data storage devices that were previously located at 1680 Meridian Ave, Suites 600-602, Miami Beach, Florida 33139. In order to prevent the destruction of electronic data, upon service of this Order upon Corporate Defendant(s), any computers or electronic data storage devices containing such information shall be powered down (turned off) in the normal course for the operating systems.

XXIII. Expedited Discovery

It is further ordered that, notwithstanding the time periods, notice provisions, and other requirements of Rules 26(d), 26(f), and 30(a)(2)(c) of the Federal Rules of Civil Procedure, and pursuant to Federal Rules of Civil Procedure 30(a), 34, and 45, the Receiver and the FTC are granted leave, at any time after entry of this Order, to conduct limited expedited discovery as to

parties and non-parties for the purpose of discovering: (1) the nature, location, status, and extent of Defendants' Assets; (2) the nature and location of Documents reflecting Defendants' businesses, business transactions, and operations; and (3) the location of any premises where Defendants, or through any third party, conduct business operations and /or Defendants' whereabouts. The limited expedited discovery set forth in this Section shall proceed as follows:

A. The Receiver and the FTC may take the depositions of parties and their officers, agents, servants, employees, and attorneys, who have been served with copies of this Order. Twenty-four (24) hours' notice shall be sufficient notice for such depositions. The Receiver and the FTC may also take the depositions of any other non-parties on forty-eight (48) hours' notice. Deposition transcripts that have not been signed by the witness may be used at the preliminary injunction hearing in this matter. The limitations set forth in Federal Rule of Civil Procedure 30(a)(2) and 31(a)(2) regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this Section, and those depositions shall not count toward the deposition limit set forth in said rules;

B. The Receiver and the FTC may serve upon parties and their officers, agents, servants, employees, and attorneys, who have been served with copies of this Order, requests for production of Documents or inspection that require production or inspection within twenty-four (24) hours of service, and may serve subpoenas upon any other non-party that direct production or inspection within five (5) calendar days of service;

C. The Receiver and the FTC may serve deposition notices and other discovery requests upon the parties to this action by facsimile or overnight courier, and depositions may be taken by telephone, video conference, or other remote electronic means; and

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

XXIV. Service on Financial Institutions, Entities or Persons

It is further ordered that copies of this Order and the initial pleadings filed in this case may be served upon any financial institution or other entity or Person that may have possession, custody, or control of any Documents or Assets of any Defendant, or that may otherwise be subject to any provision of this Order, by FTC employees, by employees of any other law enforcement agency, by agents of the FTC or by agents of any process service retained by the FTC. This Order and the initial pleadings filed in this matter may be served upon any financial institution or other entity or Person that may have possession, custody, or control of any Documents or Assets of any Defendant, or that may otherwise be subject to any provision of this Order, by any means, including facsimile transmission, e-mail, and overnight delivery service. Service upon any branch or office of any financial institution shall effect service upon the entire financial institution.

XXV. Correspondence with the FTC

It is further ordered that all correspondence and service of pleadings or other Documents related to this Order or the FTC's motion for a preliminary injunction shall be addressed to:

Colleen Robbins
James Evans
Jody Goodman
Federal Trade Commission
600 Pennsylvania Ave., NW
Mailstop CC-8528
Washington, DC 20580
Fax: 202-326-3395
Email: crobbins@ftc.gov; jevans@ftc.gov; jgoodman1@ftc.gov

XXVI. Defendants' Duty to Distribute Order

It is further ordered that Defendants shall immediately provide a copy of this Order to each of their affiliates, subsidiaries, divisions, sales entities, successors, assigns, officers, directors, employees, independent contractors, client companies, agents, attorneys, spouses, and representatives, and shall, within three (3) days from the date of entry of this Order, provide the FTC with a sworn statement that: (1) confirms that Defendants have provided copies of the

Order as required by this paragraph; and (2) lists the names and addresses of each entity or Person to whom Defendants provided a copy of the Order. Furthermore, Defendants shall not take any action that would encourage officers, agents, directors, employees, salespersons, independent contractors, attorneys, subsidiaries, affiliates, successors, assigns or other Persons or entities in active concert or participation with them to disregard this Order or believe that they are not bound by its provisions.

XXVII. Duration of Temporary Restraining Order

It is further ordered that except as ordered by this Court, this Temporary Restraining Order shall expire within fourteen (14) days from the date of entry, as computed by Rule 6 of the Federal Rules of Civil Procedure, unless within such time, the Order, for good cause shown, is extended for an additional period not to exceed fourteen (14) days, or unless it is further extended pursuant to Federal Rule of Civil Procedure 65 or by stipulation.

XXVIII. Order to Show Cause Hearing Regarding Preliminary Injunction

It is further ordered that each Defendant shall appear before this Court at 400 North Miami Avenue, Courtroom 11-1, Miami, Florida, 33128, on **March 14, 2017, at 10:30 AM** to show cause, if there is any, why this Court should not enter a Preliminary Injunction enjoining the violations of law alleged in the FTC's Complaint, continuing the freeze of their Assets, continuing the receivership, and imposing such additional relief as may be appropriate pending final adjudication of the Complaint filed in this matter.

XXIX. Briefs and Affidavits Concerning Preliminary Injunction

It is further ordered that:

A. Defendants shall file with the Court and serve on the Commission's counsel all memoranda, affidavits, declarations, and other evidence on which they intend to rely at the preliminary injunction hearing set in Section XXVIII no later than **four (4) days** before the date of the hearing. The FTC may file responsive or supplemental pleadings, materials, affidavits, or memoranda with the Court and serve the same on Defendants no later than **one (1) day** prior to the preliminary injunction hearing.

Provided that service shall be performed by personal or overnight delivery, facsimile or electronic mail, and Documents shall be delivered so that they shall be received by the other parties no later than 4:00 p.m. (Eastern Time Zone) on the appropriate dates set forth in this Paragraph;

B. The question of whether this Court should enter a preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure shall be resolved on the pleadings, declarations, exhibits, and memoranda filed by, and oral argument of, the parties.

C. **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 **three (3) 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's testimony, and an explanation of why the taking of live testimony would be helpful to the Court. Any papers opposing a timely motion to present live testimony shall be filed with this Court and served on the other parties at least **two (2) days** prior to the preliminary injunction hearing in this matter.

D. *Provided that* service shall be performed by the Case Management/Electronic Case Files (CM/ECF) system, personal or overnight delivery, or electronic mail, and all Documents shall be delivered so that they shall be received by the other parties no later than 4:00 p.m. on the appropriate dates set forth in this Section.

XXX. Retention of Jurisdiction

It is further ordered that this Court shall retain jurisdiction of this matter for all purposes.

DONE AND ORDERED in Chambers at Miami, Florida, this 7th day of March, 2017.

DARRIN P. GAYLES
UNITED STATES DISTRICT JUDGE