

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA  
No. 18-60379-CIV-MOORE/SNOW

**FEDERAL TRADE COMMISSION,**

Plaintiff,

v.

**THOMAS DLUCA, individually and also d/b/a  
Bitcoin Funding Team and My7Network,**

**LOUIS GATTO, individually and also d/b/a  
Bitcoin Funding Team and My7Network,**

**ERIC PINKSTON, individually and also d/b/a  
Bitcoin Funding Team and My7Network, and**

**SCOTT CHANDLER, individually and also  
d/b/a Bitcoin Funding Team and JetCoin,**

Defendants.

(FILED UNDER SEAL)

**REPORT AND RECOMMENDATION ON  
FIRST AMENDED *EX PARTE* TEMPORARY RESTRAINING ORDER WITH ASSET  
FREEZE, OTHER EQUITABLE RELIEF, AND ORDER TO SHOW CAUSE WHY A  
PRELIMINARY INJUNCTION SHOULD NOT ISSUE (ECF No. 15)**

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) (Docket No. 1), and has moved, pursuant to Fed. R. Civ. P. 65(b), for an *ex parte* temporary restraining order, asset freeze, other equitable

relief, and an order to show cause why a preliminary injunction should not issue against Thomas Dluca, individually and also doing business as Bitcoin Funding Team and My7Network; Louis Gatto, individually and also doing business as Bitcoin Funding Team and My7Network; Eric Pinkston, individually and also doing business as Bitcoin Funding Team and My7Network; and Scott Chandler, individually and also doing business as Bitcoin Funding Team and JetCoin (collectively, “Defendants”). (Docket No. 15.)

### FINDINGS OF FACT

The Court, having considered the Complaint, the *ex parte* motion for a Temporary Restraining Order, declarations, exhibits, and memorandum of points and authorities filed in support thereof, and being otherwise advised, finds that:

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

B. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b)(2), authorizes this Court to grant the FTC a preliminary injunction upon a showing that, weighing the equities and considering the FTC's ultimate likelihood of success, a preliminary injunction is in the public interest.

C. "Unlike private litigants, the FTC need not demonstrate irreparable injury in order to obtain injunctive relief." *FTC v. IAB Mktg. Assocs., LP*, 746 F.3d 1228, 1232 (11th Cir. 2014). When a district court balances the public interest against a private interest, the public interest should receive greater weight. *FTC v. World Travel Vacation Brokers*, 861 F.2d 1020, 1030 (7th Cir. 1988); *FTC v. USA Beverages, Inc.*, 2005 U.S. Dist. LEXIS 39075, at \*15 (S.D. Fla. 2005).

D. A proper balance of the equities in this matter favors the FTC. Based upon the audio and video recordings, website screen shots, website captures, consumer declarations, investigator declarations, and expert declaration, and other evidence submitted by the FTC, there is good cause to believe that:

1. Defendants are violating and, unless enjoined by this Court, will continue to violate Section 5(a) of the FTC Act;

2. Consumers nationwide have suffered and, unless enjoined by this Court, will continue to suffer harm, including economic injury, as a result of Defendants' violations of Section 5(a) of the FTC Act;

3. Defendants have received and, unless enjoined by this Court, will continue to receive ill-gotten gains as a result of their violations of Section 5(a) of the FTC Act; and

4. The private interests of Defendants do not outweigh the public interest in enjoining future law violations, protecting assets or documents, or preserving the Court's ability to award effective full and final relief.

E. The FTC has shown a likelihood that it will ultimately succeed on the merits.

Based upon the audio and video recordings, website screen shots, website captures, consumer declarations, investigator declarations, expert declaration, and other evidence submitted by the FTC, there is good cause to believe that Defendants Dluca, Gatto, Pinkston, and Chandler have engaged in and are likely to engage in acts or practices that violate Section 5(a) of the FTC Act by:

1. falsely representing to consumers that Bitcoin Funding Team and/or My7Network were *bona fide* money-making opportunities, when, in fact, these programs were chain referral schemes; and

2. falsely representing that participants in the Bitcoin Funding Team, My7Network, or JetCoin purported money-making schemes were likely to earn substantial income.

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

1. Enjoining deceptive or unfair acts or practices that violate the law;

2. Maintaining the *status quo* over assets and business documents relating to Defendants' alleged law violations until a fair and impartial hearing may be held; and

3. Preserving the Court's ability to award full and effective final relief at trial or other disposition of this matter.

G. The Federal Rules of Civil Procedure permit this Court to issue an *ex parte* temporary restraining order where specific facts clearly show a likelihood that immediate and irreparable injury, loss, or damage will result if notice is provided. Fed. R. Civ. P. 65(b)(1). Irreparable injury may be presumed in a statutory law enforcement action. "No specific or immediate showing of the precise way in which violation of the law will result in a public harm is required." *United States v. Odessa Union Warehouse Co-op*, 833 F.2d 172, 175 (9th Cir. 1987). Nonetheless, this Court finds that Plaintiff has shown that Defendants are likely to dissipate assets and destroy business documents, which would cause immediate and irreparable injury, loss, or damage to this Court's ability to award effective final relief at trial or other disposition of this matter. In making this determination, the Court relies upon the following:

1. In the FTC's law enforcement experience, defendants who receive notice of the filing of an action by the FTC often attempt to immediately dissipate assets or destroy documents. FTC counsel has provided, in his Fed. R. Civ. P. 65(b)(1)(B) declaration, a number of examples of defendants who have or have attempted to interfere with the Court's ability to award full and effective final relief by dissipating assets or destroying documents. Such conduct is likely in cases such as this, where Defendants have generated millions of dollars using business practices permeated by deception;

2. The use of cryptocurrency in the programs promoted by Defendants poses a heightened risk of asset dissipation. Bitcoin and other cryptocurrencies are circulated through a decentralized computer network, without relying on traditional banking institutions or other clearinghouses. This independence from traditional custodians makes it difficult for law enforcement to trace or freeze cryptocurrencies in the event of fraud or theft; and

3. Defendants claim that the schemes they have promoted have expanded into dozens of countries. If Defendants were provided notice of this action, it would be a simple matter for them to transfer their bitcoin or other cryptocurrency to unidentified recipients outside the traditional banking system, including contacts in foreign countries, and effectively put it beyond the reach of this Court.

H. The FTC has established that it is likely to succeed in proving that Defendants collectively have engaged in a course of conduct to deceive consumers nationwide out of millions of dollars. The same factors that justify issuance of relief on an *ex parte* basis also establish that an asset freeze and other equitable relief are appropriate.

I. Because the balance of the equities tips in the FTC's favor, the FTC is likely to ultimately succeed on the merits of its complaint, and immediate and irreparable harm, including the dissipation of assets and destruction of documents, is probable absent immediate injunctive relief, this Court finds that an *ex parte* temporary restraining order with an asset freeze and other equitable relief is warranted and in the public interest.

J. This Court has authority to issue this Order pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b); Fed. R. Civ. P. 65; and the All Writs Act, 28 U.S.C. § 1651.

K. Under Fed. R. Civ. P. 65(c), no security is required of any agency of the United States for issuance of a temporary restraining order.

**Based upon the foregoing, it is hereby RECOMMENDED that the Honorable Michael K. Moore enter the following Order:**

**DEFINITIONS**

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

A. **“Asset”** or **“Assets”** means any legal or equitable interest in, right to, or claim to any item of economic value, in whole or part, whether tangible or intangible, including, but not limited to, accounts, accounts receivable, cash, certificates of deposit, chattels, checks, contracts, credits, currency, cryptocurrency, fixtures, funds, equipment, income, intellectual property, inventory, instruments, investments, leaseholds, lines of credit, mail, notes, personal property, real property, revenues, securities, shares of stock, trusts, or any interest therein, whether located within or outside the United States.

B. **“Defendant(s)”** means Thomas Dluca, Louis Gatto, Eric Pinkston, and Scott Chandler, individually, collectively, or in any combination.

C. **“Document”** is synonymous in meaning and equal in scope to the usage of “document” and “electronically stored information” in Fed. R. Civ. P. 34(a), and includes writings, drawings, graphs, charts, photographs, sound and video recordings, images, Internet sites, web pages, websites, electronic correspondence, including e-mail and instant messages, contracts, accounting data, advertisements, FTP Logs, Server Access Logs, 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, customer or sales databases and any other electronically stored information,

including Documents located on remote servers or cloud computing systems, 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.

D. “**Electronic Data Host**” means any person or entity in the business of storing, hosting, or otherwise maintaining electronically stored information. This includes, but is not limited to, any entity hosting a website or server, and any entity providing “cloud based” electronic storage.

E. “**Financial Institution**” means an insured bank, commercial bank or trust company; a private banker, agency or branch of a foreign bank; a credit union or thrift institution; a broker or dealer in securities or commodities, whether or not registered; an investment banker or investment company; a currency exchange or cryptocurrency exchange or service provider; an issuer, redeemer, or cashier of travelers’ checks, checks, money orders, or similar investments; participant in the credit card system, including an operator of the credit card system, a credit card processor, a payment processor, a merchant bank, an acquiring bank, an independent sales organization, a third party processor, or a payment gateway; an insurance company; a dealer in precious metals, stones, or jewels; a pawnbroker; a loan or finance company; a licensed sender of money or other person who engages as a business in the transmission of funds; a telegraph company; persons involved in vehicle or real estate sales, closings, or settlements; a casino, or gaming establishment.

F. “**Marketing Program**” includes, but is not limited to, any multi-level marketing program, business opportunity, pyramid marketing scheme, Ponzi scheme, or chain marketing scheme.



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

H. “**Person**” means an individual, organization, Financial Institution, or other legal entity, including, but not limited to, an association, cooperative, corporation, limited liability company, partnership, proprietorship, or trust, or combination thereof.

**ORDER**

**I. PROHIBITED BUSINESS ACTIVITIES**

**IT IS THEREFORE ORDERED** that Defendants, Defendants’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with advertising, marketing, promoting, operating, offering for sale, or sale of any Marketing Program, are temporarily restrained and enjoined from:

A. Engaging in, participating in, or assisting others in engaging in or participating in, any Marketing Program that:

1. Pays compensation for recruiting new members;
2. Encourages or incentivizes members to purchase goods or services to maintain eligibility for bonuses, rewards, or commissions rather than for resale or personal use;
3. Pays any compensation related to the purchase or sale of goods or services unless the majority of such compensation is derived from sales to or purchases by Persons who are not members of the Marketing Program; or

4. Constitutes a pyramid scheme or Ponzi scheme;

B. Misrepresenting, or assisting others in misrepresenting, expressly or by implication, that Defendants' Marketing Programs are structured to operate as *bona fide* money-making opportunities; and

C. Misrepresenting, or assisting others in misrepresenting, expressly or by implication, any Material fact, including, but not limited to, that consumers who participate in a Marketing Program will or are likely to receive substantial income.

**II. PROHIBITION ON RELEASE OF CUSTOMER 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 hereby temporarily restrained and enjoined from:

A. Selling, renting, leasing, transferring, or otherwise disclosing the name, address, birth date, telephone number, electronic mail address, credit card number, bank account number, Social Security number, or other financial or identifying information of any Person that any Defendant obtained in connection with any activity that pertains to the subject matter of this Order; and

B. Benefitting from or using the name, address, birth date, telephone number, electronic mail address, credit card number, bank account number, Social Security number, or other financial or identifying information of any Person that any Defendant obtained in connection with any activity that pertains to the subject matter of this Order.

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

**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 of them, who receive actual notice of this Order, whether acting directly or indirectly, are hereby temporarily restrained and enjoined from directly or indirectly:

A. Assigning, concealing, converting, disbursing, dissipating, encumbering, granting a lien or security interest or other interest in, liquidating, loaning, pledging, relinquishing, selling, spending, transferring, withdrawing, or otherwise disposing of any Asset that is:

1. owned or controlled, directly or indirectly, by any Defendant;
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, in the actual or constructive possession of, or otherwise held for the benefit of, any entity directly or indirectly owned, managed, or controlled by, or under common control by or with any Defendant;

B. Opening or causing to be opened any safe deposit box, commercial mail box, or storage facility belonging to, for the use or benefit of, under the control of, or subject to access by any Defendant;

C. Incurring charges or cash advances on any credit, debit, or checking card issued in the name, individually or jointly, of any Defendant, or of any entity directly or indirectly owned, managed, or controlled by any Defendant; and

D. Cashing or depositing any Asset derived from any Marketing Program prohibited by this Order.

The Assets affected by this Section shall include: (1) all Assets of Defendants as of the time this Order is entered; and (2) for Assets obtained by Defendants after this Order is entered, if those Assets are derived from any activity that is the subject of the Complaint in this matter or that is prohibited by this Order. This Section does not prohibit the repatriation of foreign Assets specifically required by this Order.

#### **IV. DUTIES OF ASSET HOLDERS AND OTHER THIRD PARTIES**

**IT IS FURTHER ORDERED** that any Financial Institution or Person that has, or that at any time since January 1, 2014, has had, custody or control over a Document or Asset belonging to, for the use or benefit of, or under the control of or subject to access by any Defendant and who receives actual notice of this Order by personal service or otherwise, whether acting directly or indirectly, shall:

A. Hold, preserve, and retain within its control and prohibit the withdrawal, removal, alteration, assignment, transfer, pledge, encumbrance, disbursement, dissipation, relinquishment, conversion, sale, or other disposal of any Asset, except (1) as directed by further order of this Court, or (2) by written stipulation of the parties;

B. Deny any Person access to any safe deposit box, commercial mail box, or storage facility belonging to, for the use or benefit of, under the control of, or subject to access by any Defendant, either individually, or jointly;

C. Provide Plaintiff's counsel, within three (3) days of receiving a copy of this Order, a sworn statement setting forth:

1. The identification number of each such account or Asset belonging to, for the use or benefit of, under the control of, or subject to access by any Defendant;

2. The balance of each account, or a description of the nature and value of each Asset as of the close of business on the day on which this Order is received, and, if the account or other Asset has been closed or removed, the date closed or removed, the total funds removed or transferred, and the name of the Person to whom such account or Asset was remitted;

3. The identification of any safe deposit box, commercial mail box, or storage facility belonging to, for the use or benefit of, under the control of, or subject to access by any Defendant, individually or jointly; and

4. The cryptographic hash value, time stamp, transaction data, public addresses or other information sufficient to identify, locate, and track cryptocurrency in any blockchain or distributed ledger technology system that is belonging to, for the use or benefit of, under the control of, or subject to access by any Defendant; and

D. Within five (5) business days of receiving a request from Plaintiff's counsel, provide Plaintiff's counsel with all Documents pertaining to such Asset, including, but not limited to, account applications, statements, signature cards, checks, drafts, deposit tickets, transfers to and from accounts, wire transfers, wire transfer instructions, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and all logs and records pertaining to safe deposit boxes, commercial mail boxes, and storage facilities.

*Provided, however,* that this Section does not prohibit any repatriation of foreign Assets specifically required by this Order.

#### **V. SERVICE OF THIS ORDER**

**IT IS FURTHER ORDERED** that copies of this Order may be served by any means, including facsimile transmission, electronic mail or other electronic messaging, personal or overnight delivery, U.S. Mail or FedEx, by agents or employees of the Plaintiff, by any law enforcement agency, or by process server, upon any Person that may have possession, custody, or control of any Asset or Document of any Defendant, or that may be subject to any provision of this Order pursuant to Fed. R. Civ. P. 65(d)(2). For purposes of this Section, service upon any branch, subsidiary, affiliate or office of any entity shall effect service upon the entire entity.

#### **VI. POSTING NOTICE OF LAWSUIT ON WEB SITES**

**IT IS FURTHER ORDERED** that, within 24 hours of service of this Order, Defendants and each of their successors, assigns, members, officers, agents, employees, and those persons in active concert or participation with them who receive actual notice of this Order, whether acting directly or indirectly, shall take whatever action is necessary to ensure that any website used by any Defendant in connection with the advertising, marketing, and promotion of any Marketing Program, shall:

A. Prominently display the following statement:

The Federal Trade Commission (FTC) has filed a lawsuit against Thomas Dluca, Louis Gatto, Eric Pinkston, and Scott Chandler, individually and doing business as Bitcoin Funding Team, My7Network, or JetCoin, alleging that they have engaged in deceptive practices in connection with the advertising, marketing, and promotion of purported money-making opportunities. The United States District Court for the Southern District of Florida has issued a Temporary Restraining Order prohibiting the alleged practices. You may obtain additional information directly from the Federal Trade Commission.

B. Provide a hypertext link to the FTC’s home page at [www.ftc.gov](http://www.ftc.gov), or another home page designated by counsel for the FTC.

**VII. PRODUCTION OF DOCUMENTS, DATA, AND IDENTIFICATION INFORMATION**

**IT IS FURTHER ORDERED** that:

A. Within three (3) days of service of this Order, each Defendant shall produce to the FTC at the Office of the Attorney General – Consumer Protection Division, 110 S.E. 6<sup>th</sup> Street, 10<sup>th</sup> Floor, Fort Lauderdale, Florida 33301, or other location designated by the FTC, for inventory and copying, all Documents, computer equipment, and electronically stored information in any Defendant’s possession, custody, or control, that contains information about Defendants’ operation or promotion of Bitcoin Funding Team, My7Network, JetCoin, or any other money-making opportunity that Defendants promoted or in which Defendants participated since January

1, 2014. The FTC shall return each item produced for inventory or copying to Defendants within five (5) business days from the date and time of any Defendant's delivery of each such item.

Each Defendant, to the extent he has possession, custody, or control of Documents described above, shall produce the Documents as they are kept in the usual course of business. Each Defendant, to the extent he has possession, custody, or control of computer equipment or electronically stored information described above, shall provide the FTC with any necessary means of access to the computer equipment or electronically stored information, including, but not limited to, computer access codes and passwords.

B. Within 48 hours of service of this Order, each Defendant shall:

1. Complete and serve on counsel for the FTC the Electronically Stored Information Statement attached as **Attachment A**; and



2. Identify for Plaintiff's Counsel:
  - a. All of Defendants' business premises;
  - b. Any non-residence where Documents or electronically stored information related to Defendants' operation or promotion of Bitcoin Funding Team, My7Newtork, JetCoin, or any other money-making opportunity that Defendants promoted or in which Defendants participated are hosted, stored, or otherwise maintained, including, but not limited to, the name and location of any Electronic Data Hosts; and
  - c. Any non-residence premises where Assets belonging to any Defendant are stored or maintained.

**VIII. FINANCIAL DISCLOSURES AND ACCOUNTING**

**IT IS FURTHER ORDERED** that:

- A. Within five (5) days of service of this Order, each Defendant, shall prepare and deliver to Plaintiff's counsel:
  1. A complete and accurate financial statement on the form attached to this Order as **Attachment B** disclosing all personal Assets and providing all required attachments;
  2. A complete and accurate cryptocurrency financial statement on the form attached to this Order as **Attachment C**;
  3. A complete and accurate consent to release of financial records on the form attached to this Order as **Attachment D**; and
  4. A complete and accurate request for copy of tax return on the form attached to this Order as **Attachment E**.

B. Within five (5) business days after service of this Order, each Defendant shall prepare and provide to Plaintiff a complete, accurate, and detailed accounting of each Marketing Program advertised, marketed, promoted, offered for sale, distributed, or sold by or on behalf of Defendants since January 1, 2014, including:

1. A brief description of each Marketing Program;
2. Gross revenues (in U.S. dollars) obtained from the advertising, marketing, or sale of each identified Marketing Program;
3. For any website that Defendants used in connection with advertising, marketing, promoting, operating, offering for sale, or sale of any identified Marketing Program, provide the website address or Uniform Record Locator (URL), website host, website administrator, and the name, address, telephone number, electronic mail address, and website address, of any Person who controls or has controlled the website's content; and
4. The name, address, telephone number, electronic mail address, website address, and contact Person of each Person that: (i) supplied, developed, administered, formulated, or created each identified Marketing Program; (ii) paid Defendants, whether directly or indirectly, for promoting the Marketing Program; and or (iii) disseminated or published any promotional material on behalf of Defendants or received payment from Defendants for arranging in or assisting in such dissemination or publication.

#### **IX. FOREIGN ASSET REPATRIATION**

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

- A. Take all steps necessary to provide Plaintiff's counsel access to all Documents

and records that may be held by third parties located outside of the territorial United States of America related to Defendants' operation or promotion of Bitcoin Funding Team, My7Newtork, JetCoin, or any other money-making opportunity that Defendants promoted or in which Defendants participated;

B. Transfer to the territory of the United States all Documents and Assets located in foreign countries which: (1) belong to, are for the use or benefit of, are under the control of any Defendant, individually or jointly; or (2) are held by any Person or entity for the benefit of any Defendant or for the benefit of, any corporation, partnership, asset protection trust, or other entity that is directly or indirectly owned, managed or controlled by any Defendant, individually or jointly; and

C. Hold and retain all repatriated Assets and prevent and disposition, transfer, or dissipation of such Assets except as required by this Order.

**X. NON-INTERFERENCE WITH REPATRIATION**

**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, whether acting directly or indirectly, are hereby temporarily restrained and enjoined from taking any action that may result in the encumbrance or dissipation of foreign Assets, or in the hindrance of the repatriation required by the Section of this Order entitled "Foreign Asset Repatriation," including, but not limited to:

A. Sending any communication 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 Defendants' Assets have been fully repatriated pursuant to 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 Defendants' Assets have been fully repatriated pursuant to this Order.

**XI. CONSUMER CREDIT REPORTS**

**IT IS FURTHER ORDERED** that Plaintiff 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.

**XII. PRESERVATION OF RECORDS**

**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, whether acting directly or indirectly, are hereby temporarily restrained and enjoined from altering, concealing, destroying, erasing, falsifying, mutilating, transferring, writing over, or otherwise disposing of, in any manner, directly or indirectly, Documents that relate to: (A) the business practices, Assets, or business or personal finances of any Defendant; or (B) the business practices or finances of entities directly or indirectly under the control of any Defendant.

**XIII. REPORT OF NEW BUSINESS ACTIVITY**

**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, whether acting directly or indirectly, are hereby temporarily restrained and enjoined from creating, operating, or exercising any control over any business

entity, whether newly formed or previously inactive, including any partnership, limited partnership, joint venture, sole proprietorship, or corporation, without first providing Plaintiff's counsel with a written statement disclosing: (A) the name of the business entity; (B) the address, telephone number, and any website used by the business entity; (C) the names of the business entity's officers, directors, principals, managers, and employees; and (D) a detailed description of the business entity's intended activities.

**XIV. DISTRIBUTION OF ORDER BY DEFENDANTS**

**IT IS FURTHER ORDERED** that Defendants shall immediately provide a copy of this Order to each affiliate, telemarketer, marketer, sales entity, successor, assign, member, officer, director, employee, agent, independent contractor, client, attorney, spouse, subsidiary, division, and representative of any Defendant, and shall, within ten (10) days from the date of entry of this Order, provide Plaintiff with a sworn statement that Defendant has complied with this provision of the Order and shall list the names, addresses, telephone numbers, and electronic mail addresses of each Person or entity who received a copy of the Order.

**XV. ORDER TO SHOW CAUSE**

**IT IS FURTHER ORDERED** that, pursuant to Fed. R. Civ. P. 65(b), each Defendant shall appear before this Court on the 7<sup>th</sup> day of March, 2018, at 2:00 o'clock p.m. EST in the courtroom of United States Magistrate Judge Lurana S. Snow , Room 203D, United States District Court, Southern District of Florida, located at 299 East Broward Boulevard, Fort Lauderdale, Florida 33301, to show cause, if there is any, why this Court should not enter a preliminary injunction, pending final ruling on the Complaint against Defendants, enjoining the violations of the law alleged in the Complaint, continuing the freeze of their Assets, and imposing such additional relief as may be appropriate.

## **XVI. CONDUCT OF THE SHOW CAUSE HEARING**

**IT IS FURTHER ORDERED** that:

A. Unless an evidentiary hearing is requested, Plaintiff's motion for order to show cause why a preliminary injunction should not issue against all Defendants shall be resolved on the pleadings, declarations, exhibits, and memoranda filed by, and oral argument of the parties. A party may request an evidentiary hearing by filing a Notice of Evidentiary Hearing with the Court and providing notice to the opposing party at least five (5) days prior to the scheduled show cause hearing. The filing of such Notice shall entitle both the requesting party and its opponent to an evidentiary hearing.

B. Defendants shall file with the Court and serve on Plaintiff's counsel any answering pleadings, affidavits, motions, expert reports or declarations, or legal memoranda no later than four (4) days prior to the order to show cause hearing scheduled pursuant to this Order. Plaintiff 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) day prior to the order to show cause hearing.

C. In the event that a Notice of Evidentiary Hearing is filed, the parties shall file and serve their Witness Lists and Exhibit Lists at least three (3) days prior to the show cause hearing, and shall provide the parties with copies of all exhibits to be introduced.

## **XVII. DURATION OF THE TEMPORARY RESTRAINING ORDER**

**IT IS FURTHER ORDERED** that this Order shall expire fourteen (14) days from the date of entry noted below, unless within such time, the Order is extended for an additional period pursuant to Fed. R. Civ. P. 65(b)(2), for good cause shown.

**XVIII. RETENTION OF JURISDICTION**

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

**DONE AND SUBMITTED**, this 22 day of Feb., 2018,

  
**EURANA S. SNOW**  
**UNITED STATES MAGISTRATE JUDGE**

**Copies to: Jason C. Moon, Esq.**  
**Federal Trade Commission**  
**Southwest Region**  
**1999 Bryan Street, Suite 2150**  
**Dallas, TX 75201**

**Susan E. Arthur, Esq.**  
**Federal Trade Commission**  
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