

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

SEP 12 2003
D. Schaffer

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Civil No. 1:03-CV-2648-JTC

STEWART FINANCE COMPANY
HOLDINGS, INC., STEWART
FINANCE COMPANY, STEWART
NATIONAL FINANCE COMPANY, INC.,
STEWART FINANCE COMPANY OF
LOUISIANA, INC., STEWART
FINANCE COMPANY OF MISSOURI,
INC., STEWART FINANCE COMPANY
OF ILLINOIS, INC., STEWART
FINANCE COMPANY OF TENNESSEE,
INC., D & E ACQUISITIONS, INC.,
PREFERRED CHOICE AUTO CLUB,
INC., STEWART INSURANCE, LTD.,
and J & J INSURANCE, LTD.,
corporations, and

JOHN BEN STEWART, JR.,
individually and as an officer
of the corporations,

Defendants.

TEMPORARY RESTRAINING ORDER WITH A FREEZE OF NON-
DEBTOR DEFENDANTS' ASSETS, EXPEDITED DISCOVERY, AND EQUITABLE
RELIEF AND ORDER FOR DEFENDANTS TO SHOW CAUSE WHY PRELIMINARY
INJUNCTION SHOULD NOT BE ENTERED

Plaintiff Federal Trade Commission ("FTC"), has filed a
Complaint seeking a 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 Section 108(c) of the Truth in Lending Act ("TILA"), 15 U.S.C. § 1607(c), and Section 621(a) of the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. § 1681s(a), against defendants for engaging in unfair or deceptive acts or practices in violation of Section 5(a)(1) of the FTC Act, 15 U.S.C. § 45(a)(1), acts and practices in violation of the FTC's Trade Regulation Rule Concerning Credit Practices ("Credit Practices Rule"), 16 C.F.R Part 444, acts or practices in violation of the TILA, 15 U.S.C. §§ 1601-1666j, as amended, and the TILA's implementing Regulation Z, 12 C.F.R. § 226, as amended, and acts or practices in violation of the FCRA, 15 U.S.C. § 1681-1681u, as amended. The FTC also filed a motion for temporary restraining order with an asset freeze, expedited discovery, and other equitable relief, and for an order to show cause why a preliminary injunction should not be granted pursuant to Rule 65 of the Federal Rules of Civil Procedure and Local Rule 65.1. This Court has considered the pleadings and exhibits filed by the parties, and now being advised in the premises, finds that:

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

Company Holdings, Inc.; Stewart Finance Company, Inc. ("SFC"); Stewart National Finance Company, Inc. ("SNFC"); Stewart Finance Company of Louisiana, Inc. ("SFC LA"); Stewart Finance Company of Missouri, Inc. ("SFC MO"); Stewart Finance Company of Illinois, Inc. ("SFC IL"); Stewart Finance Company of Tennessee, Inc. ("SFC TN"); John Ben Stewart, Jr. ("Ben Stewart"); D & E Acquisitions, Inc. ("D & E"); Preferred Choice Auto Club, Inc. ("Preferred Choice Auto Club"); Stewart Insurance Ltd. ("Stewart Insurance"); and J & J Insurance, Ltd. ("J & J Insurance") 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); Section 108(c) of the TILA, 15 U.S.C. § 1607(c); the TILA, 15 U.S.C. §§ 1601-1666j, as amended; and the TILA's implementing Regulation Z, 12 C.F.R. § 226, as amended, and that the FTC is therefore likely to prevail on the merits of this action;

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

4. Weighing the equities and considering the FTC's likelihood of ultimate success and the possibility of asset dissipation, a temporary restraining order with a freeze of non-debtor defendants' assets, expedited discovery, and other equitable relief, is in the public interest;

5. On February 10, 2003, SFC and SNFC filed voluntary petitions for relief under the reorganization provisions of Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Middle District of Georgia, Case Nos. 03-30277 (RFH) and 03-30278 (RFH), respectively. On February 27, 2003, D & E filed a voluntary petition for relief under the reorganization provisions of Chapter 11 of the Bankruptcy Code in the same court, Case No. 03-30398 (RFH). On September 9, 2003, the Bankruptcy Court appointed S. Gregory Hays as Chapter 11 Trustee (the "Trustee") for the debtor defendants in the three bankruptcy cases named above. Pursuant to 11 U.S.C. § 362(b)(4), the commencement and continuation of this action by the FTC against SFC, SNFC, and D & E, including the enforcement of a judgment other than a money judgment, is not stayed by 11 U.S.C. § 362(a).

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

7. This temporary restraining order is in the public interest.

IT IS THEREFORE ORDERED AS FOLLOWS:

DEFINITIONS

I. For the purposes of this Order, the following definitions shall apply:

A. "Defendants" means Stewart Finance Company Holdings,

Inc. ("SFC Holdings"); Stewart Finance Company, Inc. ("SFC"); Stewart National Finance Company, Inc. ("SNFC"); Stewart Finance Company of Louisiana, Inc. ("SFC LA"); Stewart Finance Company of Missouri, Inc. ("SFC MO"); Stewart Finance Company of Illinois, Inc. ("SFC IL"); Stewart Finance Company of Tennessee, Inc. ("SFC TN"); John Ben Stewart, Jr. ("Ben Stewart"); D & E Acquisitions, Inc. ("D & E"); Preferred Choice Auto Club, Inc. ("Preferred Choice Auto Club"); Stewart Insurance Ltd. ("Stewart Insurance"); and J & J Insurance, Ltd. ("J & J Insurance").

1. "Debtor defendants" means SFC, SNFC, and D & E, by and through the Trustee.

2. "Non-debtor defendants" means any other defendant not designated as a debtor defendant, including Ben Stewart, SFC Holdings, SFC LA, SFC MO, SFC IL, SFC TN, Preferred Choice Auto Club, Stewart Insurance, and J & J Insurance.

B. "Document(s)" or "record(s)" means

1. The original or a true copy of any written, typed, printed, electronically stored, transcribed, taped, recorded, filmed, punched, or graphic matter or other data compilations of any kind, including, but not limited to, letters, e-mail or other correspondence, messages, memoranda, interoffice communications, notes, reports, summaries, manuals, magnetic tapes or discs, tabulations, books, records, checks, invoices, work papers, journals, ledgers, statements, returns, reports, schedules, or

files; and

2. Any information stored on any desktop personal computer ("PC") and workstations, laptops, notebooks, and other portable computers, whether assigned to individuals or in pools of computers available for shared use; and home computers used for work-related purposes; backup disks and tapes, archive disks and tapes, and other forms of offline storage, whether stored onsite with the computer used to generate them, stored offsite in another company facility or stored offsite by a third-party, such as in a disaster recovery center; and computers and related offline storage used by Defendants' participating associates, which may include persons who are not employees of the company or who do not work on company premises.

C. "Assets" means any legal or equitable interest in, right to, or claim to, any real and personal property, including but not limited to chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, receivables, funds, monies, and all cash, wherever located.

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 brokerage house, trustee, broker-dealer, escrow agent, title company, commodity trading company, or precious metal dealer.

E. The "Greene County order" shall mean the order entered on September 10, 2003 in the Superior Court of Greene County in the State of Georgia in the case Georgia ex rel. Cox v. Stewart, et al., Civil Action 03-CV-448, styled "Consent Order Granting Preliminary Injunction with Asset Freeze, Order for Expedited Discovery, Order Appointing Auditor and Granting Further Equitable Relief."

F. The "Greene County case defendants" are John Benjamin Stewart, Jr., Union Hosiery, Inc., Stewart Cash Advance, Inc., Pinewood Hunting, Inc., Stewart & Lawrence Insurance Agency of Georgia, Inc., Preferred Choice Auto Club, Inc., The Point Rental Purchase, Inc., Stewart Family Investments, LP, Stewart Insurance, Ltd., J & J Reinsurance, Ltd., and Stewart Mortgage Company, Inc.

ORDER PROHIBITING CERTAIN BUSINESS ACTIVITIES

II. IT IS HEREBY ORDERED that Defendants and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with Defendants who receive actual notice of this Order by personal service or otherwise, and each of them, are hereby restrained and enjoined from:

A. Violating Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), including but not limited to:

1. failing to disclose or to disclose adequately :
additional terms pertaining to the extension of credit, such as:

(a) that the quoted monthly payment amount includes premiums for AD & D and/or Car Club at a cost that is added to the loan amount, and the amount of those costs; (b) that the entire cost of the premiums for AD & D and Car Club is to be paid up front and financed with the loan, and the consumer will pay additional interest charges as a result; and (c) that the purchase of AD & D and Car Club is optional on the part of the consumer and not required to obtain the loan;

2. failing to disclose or to disclose adequately that:

(a) a new Car Club membership will provide no additional benefit to consumers who have already purchased a Car Club membership from defendants that is in effect at the same time as the new Car Club membership; (b) AD & D will provide no benefit to consumers who are ineligible for the product because of age restrictions under the terms of the applicable insurance policy; and (c) a new AD & D policy will provide no additional benefit to consumers who have already purchased from defendants the maximum amount of coverage allowable under the terms of the applicable insurance policy;

3. soliciting consumers to borrow a specific amount of money (i.e. through "cash available" solicitations) without providing consumers with the option to borrow only the amount stated in the solicitation (plus mandatory credit costs) or without first presenting the consumer with a document comparing

the cost of a new loan in the amount of the solicitation versus the cost of a renewal loan; and

4. representing to consumers, in connection with extensions of credit, expressly or by implication, that the direct deposit program is a free service when, in truth and in fact, the consumers who participate in Stewart Finance's direct deposit program must pay a monthly fee and often must pay the cost of using an ATM to withdraw funds from the account into which their income payments have been deposited.

B. Violating Sections 106, 107, and 128 of the TILA, 15 U.S.C. §§ 1605, 1606, and 1638, and Sections 226.4, 226.18(b), (d), and (e), and 226.22 of Regulation Z, 12 C.F.R. §§ 226.4, 226.18(b), (d), and (e), and 226.22, including but not limited to:

1. requiring consumers to purchase AD & D and/or Car Club in connection with an extension of closed-end consumer credit, while also failing to include the cost of such ancillary products in the finance charge and annual percentage rate disclosed to those consumers; and

2. wrongfully including the cost of such ancillary products in the amount financed disclosed to those consumers.

C. Misrepresenting, directly or by implication, any person's eligibility for credit insurance and/or ancillary products including, but not limited to, AD&D and Car Club;

D. Misrepresenting, directly or by implication, that any person will benefit from concurrent AD&D coverages and/or multiple Car Club memberships; and

E. Denying any person the extension of credit based solely upon their election not to purchase ancillary products or insurance, such as AD & D and Car Club.

F. This Order shall not be deemed violated if this Court finds that the Trustee has used best efforts to effect the debtor defendants' compliance with the restrictions set forth in Subparagraphs A through E of Paragraph II.

ASSET FREEZE

III. IT IS FURTHER ORDERED that, except as identified in Subparagraphs E and F of this Paragraph III, non-debtor Defendants and their officers, agents, servants, employees, attorneys, and all persons or entities directly or indirectly under the control of any of them, including any financial institution, and all other persons or entities acting in concert or participation with any of them who are served with a copy of this Order by personal service, facsimile, or otherwise, are hereby temporarily restrained and enjoined from directly or indirectly:

A. Selling, liquidating, assigning, transferring, converting, loaning, encumbering, pledging, concealing, dissipating, spending, withdrawing, or otherwise disposing of any

funds, real or personal property, or other assets or any interest therein, wherever located, including any assets outside the territorial United States, which are:

- 1. in the actual or constructive possession of any non-debtor Defendant; or
- 2. owned or controlled by, or held, in whole or in part for the benefit of, or subject to access by, or belong to, any non-debtor Defendant; or
- 3. in the actual or constructive possession of, or owned or controlled by, or subject to access by, or belong to, any corporation, partnership, trust or other entity directly or indirectly under the control of non-debtor Defendants, excluding the debtor Defendants.

B. Opening or causing to be opened any existing or new safe deposit boxes titled in the name of any non-debtor Defendant, or subject to access by any non-debtor Defendant.

C. Incurring charges on any credit card issued in the name, singly or jointly, of any non-debtor Defendant.

D. Transferring any funds or other assets subject to this Order for attorneys' fees, ordinary and reasonable expenses necessary to preserve the non-debtor Defendants' assets (i.e. making mortgage payments) except from accounts or other assets identified by prior written notice to the FTC and prior approval by the Court; provided that no such expenditures shall be paid

from funds or other assets subject to this Order until the financial statements required by Paragraph V are provided to counsel for the FTC.

E. Notwithstanding the above, non-debtor Defendant John Benjamin Stewart, Jr. may pay from Farmers & Merchants Bank account number [REDACTED], in the name of Ben and Janice Stewart, reasonable, usual, ordinary, and necessary living expenses and attorney's fees, not to exceed \$10,000, prior to the submission of the financial statements required by Paragraph V.

F. The following bank accounts shall remain free of the asset freeze provisions of this Order but subject to all the limitations specified in the Greene County order, attached hereto as Attachment D, and shall only be used for reasonable and ordinary business expenses:

1. At Farmers & Merchants Bank:

- Preferred Choice Auto Club, Inc. [REDACTED]
- Pinewood Hunting, Inc. [REDACTED]
- Stewart Insurance Ltd. [REDACTED]
- J & J Reinsurance, Ltd. [REDACTED]
- JBS Management, Inc. [REDACTED]
- Stewart & Lawrence Ins. Agency of GA [REDACTED] & [REDACTED]

2. At Bank of America:

- Stewart Cash Advance, Inc. [REDACTED]

Stewart Cash Advance-Aiken

[REDACTED]

Stewart Cash Advance-Orangeburg

[REDACTED]

Stewart Cash Advance-West Columbia

[REDACTED]

Stewart Cash Advance-Camden

[REDACTED]

3. At Farmers Bank:

Stewart Insurance & Realty

[REDACTED]

Union Hosiery, Inc.

[REDACTED]

4. At Citizens Union Bank:

Stewart Insurance & Realty

[REDACTED]

Sibley Avenue Enterprises

[REDACTED]

5. At Branch Banking & Trust (BB&T):

Sibley Avenue Enterprises

[REDACTED]

The Point Rental

[REDACTED]

6. At SunTrust Bank:

The Point Rental

[REDACTED]

Pinewood Hunting, Inc.

[REDACTED]

G. The funds, property and assets affected by this Paragraph III shall include both existing assets and assets acquired after the effective date of this Order, including without limitation, those acquired by loan or gift. Non-debtor Defendants shall hold all assets, including without limitation, payments, loans, and gifts, received after service of this Order.

H. The financial account numbers enumerated above shall be

redacted from any copies of this Order filed publicly with the Clerk of this Court. Furthermore, the parties shall not distribute a copy of the non-redacted version of this Order except to financial institutions.

I. The auditor, Russel J. Lipford, Jr., CPA of the firm Clifton, Lipford, Hardison & Parker, LLP, CPA's of 1020 Riverside Drive, Macon, Georgia, 31202, who was appointed in the Greene County order, shall submit to the FTC all reports prepared in connection with the Greene County order, including but not limited to, all reports of the assets, liabilities, income and expenses of the Greene County Defendants.

J. The relief specified in this Order is supplementary to the relief set forth in the Greene County order. This Order does not conflict with or supersede the Greene County order. If the Greene County order should be vacated, voided, or otherwise rendered ineffectual, this Order shall remain in full force and effect, subject to the provisions of Paragraph XIII.

K. Notwithstanding anything herein to the contrary, the funds, property and assets affected by this Paragraph III shall exclude the property of the debtor Defendants' respective bankruptcy estates as defined by 11 U.S.C. § 541(a).

RETENTION OF ASSETS AND DOCUMENTS BY THIRD PARTIES

IV. IT IS FURTHER ORDERED that, pending determination of the

FTC's request for a preliminary injunction, any financial institution, or any person or other entity served with a copy of this Order, including but not limited to, Smith Filing; Stewart Family Investments, LLC; JBS Properties, LLC; Pinewood Hunting, Inc.; Pinewood, LLC; Union Hosiery, Inc.; Sibley Avenue Enterprises, Inc.; Stewart & Lawrence Insurance Agency of Georgia; The Point Rental shall:

A. Hold and retain within such entity's or person's control, and prohibit the withdrawal, removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other disposal of any funds, documents, property, or other assets held by or under such entity's or person's control:

1. on behalf of, or for the benefit of, any non-debtor Defendant or other party subject to Paragraph III above;
2. in any account maintained in the name of, or subject to withdrawal by, any non-debtor Defendant or other party subject to Paragraph III above;
3. that are subject to access or use by, or under the signatory power of, any non-debtor Defendant or other party subject to Paragraph III above;

B. Deny access to any safe deposit boxes that are either:

1. titled in the name, individually or jointly, of any non-debtor Defendant or other party subject to Paragraph III

above; or

2. subject to access by non-debtor Defendant or other party subject to Paragraph III above.

C. Provide to counsel for the FTC, within three (3) days, a statement setting forth,

1. the identification of each account or asset titled in the name, individually or jointly, or held on behalf of, or for the benefit of, any non-debtor Defendant or other party subject to Paragraph III above, whether in whole or in part;

2. the balance of each such account, or a description of the nature and value of such asset;

3. the identification of any safe deposit box that is either titled in the name of, individually or jointly, or is otherwise subject to access or control by, any non-debtor Defendant or other party subject to Paragraph III above, whether in whole or in part; and

4. if the account, safe deposit box, or other asset has been closed or removed, the date closed or removed and the balance on said date.

D. The accounts subject to this Paragraph IV include existing assets and assets deposited after the effective date of this Order. This Paragraph IV shall not prohibit transfers in accordance with any provision of this Order, or any further order of the Court.

E. Notwithstanding anything herein to the contrary, the accounts subject to this Paragraph IV shall exclude the property of the debtor Defendants' respective bankruptcy estates as defined by 11 U.S.C. § 541(a).

F. The FTC is granted leave, pursuant to Fed. R. Civ. P. 45, to subpoena documents immediately from any such financial institution, account custodian, or other entity concerning the nature, location, status, and extent of non-debtor Defendants' assets, and compliance with this Order, and such financial institution, account custodian or other entity shall respond to such subpoena within five business days after service.

FINANCIAL STATEMENTS

V. IT IS FURTHER ORDERED that at least (3) three days prior to the preliminary injunction hearing in this matter, and in no event later than ten calendar days after entry of this order, each non-debtor Defendant shall provide counsel for the FTC:

A. A completed financial statement accurate as of the date of service of this Order upon such Defendant (individual Defendants shall include all financial information as requested in the Department of Treasury - Internal Revenue Service Collection Information Statement for Individuals (Form 433-A) attached to this Order as Attachment A and also located at <http://www.irs.gov/pub/irs-pdf/f433a.pdf>); corporate Defendants shall include all financial information as requested in the

corresponding Collection Information Statement for Businesses (Form 433 - B) attached to this Order as Attachment B and also located at <http://www.irs.gov/pub/irs-pdf/f433b.pdf>);

B. A completed statement, verified under oath, of all payments, transfers, or assignment of funds, assets, or property worth \$1,000 or more since January 1, 2003. Such statement shall include (a) the amount transferred or assigned; (b) the name of each transferee or assignee; (c) the date of the assignment or transfer; (d) the type and amount of consideration paid the Defendant. Each statement shall specify the name and address of each financial institution and brokerage firm at which the Defendant has accounts or safe deposit boxes. Said statements shall include assets held in foreign as well as domestic accounts; and

C. A full accounting of all assets, accounts or documents outside of the territory of the United States which are held either: (1) by Defendants; (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.

REPATRIATION OF FOREIGN ASSETS

VI. IT IS FURTHER ORDERED that, within five business days following the service of this Order, non-debtor Defendants shall:

A. Transfer to the territory of the United States all assets, accounts or documents in foreign countries held either:

(1) by non-debtor Defendants; (2) for the benefit of non-debtor Defendants; (3) in trust by or for non-debtor Defendants, individually or jointly; or (4) under non-debtor Defendants' direct or indirect control, individually or jointly;

B. Hold and retain all repatriated assets, accounts or documents and prevent any transfer, disposition, or dissipation whatsoever of any such assets or documents except as allowed by Paragraph III of this Order; and

C. Provide the FTC access to non-debtor Defendants' records and documents held by financial institutions outside the territorial United States, by signing the Consent to Release of Financial Records attached to this Order as Attachment C.

D. Notwithstanding anything herein to the contrary, the repatriated assets, accounts and documents subject to this Paragraph VI shall exclude the property of the debtor Defendants' respective bankruptcy estates as defined by 11 U.S.C. § 541(a).

NONINTERFERENCE WITH REPATRIATION

VII. IT IS FURTHER ORDERED that Defendants 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 the preceding Section of this Order, including, but not limited to:

A. Sending any statement, letter, fax, email or wire

transmission, or 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 Paragraph VI of this Order;

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 Paragraph VI of this Order.

C. Provisions of Paragraph VII do not apply to the Trustee in the exercise of his duties under the Bankruptcy Code.

EXPEDITED DISCOVERY

VIII. IT IS FURTHER ORDERED that, notwithstanding the provisions of Federal Rules of Civil Procedure 26(d) and (f) and 30(a)(2)(C), and Local Rule 26.1, and pursuant to Federal Rules of Civil Procedure 30(a), 34, and 45:

A. Plaintiff and non-debtor Defendants are granted leave, at any time after service of this Order, to take the deposition, on three (3) days' notice, of any person, whether or not a party, for the purpose of discovering (1) the nature, location, status, and extent of assets of Defendants, or of their affiliates or subsidiaries; (2) the nature and location of documents reflecting

the business transactions of Defendants, or their affiliates or subsidiaries; (3) the applicability of any evidentiary privileges to this action; or (4) any other matter that is relevant to the issue of whether a preliminary injunction should issue in this action. The limitations and conditions set forth in Fed. R. Civ. P. 30(a)(2)(B) and 31(a)(2)(B) regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this Section. Any such depositions taken pursuant to this Section shall not be counted toward the ten-deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A) and 31(a)(2)(A). Service of discovery upon a party, taken pursuant to this Section VI, shall be sufficient if made by facsimile or by overnight delivery; and

B. Plaintiff and non-debtor Defendants are granted leave, at any time after service of this Order, to demand the production of documents, on five (5) days' notice, from any person, whether or not a party, relating to (1) the nature, status, or extent of Defendants' assets, or of their affiliates or subsidiaries; (2) the location of documents reflecting the business transactions of Defendants, or of their affiliates or subsidiaries; (3) the applicability of any evidentiary privileges to this action; or (4) any other matter that is relevant to the issue of whether a preliminary injunction should issue in this action, provided that forty-eight (48) hours' notice shall be deemed sufficient for the production of any such documents that are maintained or stored

only as electronic data.

C. The debtor Defendants shall provide the following to the FTC within five days of the FTC's request,

1. A complete update to the electronic data the debtor Defendant previously submitted, for the time period December 1, 2002 to the present, in the same form as was provided previously in December of 2002;

2. The chart of accounts (identified as Davis Exhibit 2 in the Rule 2004 deposition of Alan Davis) and any updates to such exhibit.

D. In addition, the Trustee shall use best efforts to comply with the FTC's reasonable request for further information within five days of such request.

RECORD KEEPING PROVISIONS

IX. IT IS FURTHER ORDERED that Defendants, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, or otherwise, are hereby enjoined from:

A. Destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly, contracts, agreements, customer files, customer lists, customer addresses and telephone numbers, correspondence, advertisements, brochures, sales material, training material, sales presentations, documents evidencing or referring to

Defendants' products, 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, and other documents or records of any kind, including electronically-stored materials, that relate to the business practices or business or personal finances of Defendants or other entity directly or indirectly under the control of Defendants; and

B. 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 Defendants or other entity directly or indirectly under the control of Defendants.

NOTICE TO EMPLOYEES

X. IT IS FURTHER ORDERED that non-debtor Defendants shall immediately provide a copy of this Order to each of their corporations, subsidiaries, affiliates, and participating associates. Within ten (10) calendar days following service of this Order by the FTC, the non-debtor Defendants shall provide the FTC with an affidavit identifying the names, titles,

addresses, and telephone numbers of the persons and entities that Defendants have served with a copy of this Order in compliance with this provision. Also, within ten (10) calendar days, the Trustee shall (1) mail a summary of Paragraph II of this Order, which will be provided by the FTC, to all employees of the debtor Defendants, (2) provide to the FTC a list of employees to whom the summary was mailed, and (3) personally certify to the FTC the date such notice was mailed.

CONSUMER REPORTS

XI. IT IS FURTHER ORDERED that pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may furnish a consumer report concerning any Defendant to the FTC.

ORDER TO SHOW CAUSE

XII. IT IS FURTHER ORDERED, pursuant to Fed. R. Civ. P. 65(b), that Defendants shall appear on the 22 day of September 2003, at 10:00 a.m. at the United States Courthouse, 75 Spring Street, SW, Atlanta, GA 30303, 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 TILA, FDCPA, Credit Practices Rule, continuing the freeze of non-debtor Defendants' assets, and imposing such additional relief as may be

appropriate.

EXPIRATION OF THIS ORDER

XIII. IT IS FURTHER ORDERED that the Temporary Restraining Order granted herein shall expire *until further order of this Court* September 17, 2003, at 11:59 p.m., unless within such time the Order, for good cause shown, is extended, or unless, as to any Defendant, the Defendant consents that it should be extended for a longer period of time.

SERVICE OF PLEADINGS; EVIDENCE, WITNESS LISTS

XIV. 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 FTC no later than September 17, 2003.

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 no later than September 16, 2003. Such motion shall set forth the name, address, and telephone number of each proposed witness, a detailed summary or affidavit revealing 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 no later than September 18 2003. Provided that service shall be performed by personal or overnight delivery or by facsimile, and documents shall be delivered so that they shall be received by the other parties no later than 4 p.m. (EDT) on the appropriate dates listed in this sub-section.

CORRESPONDENCE WITH PLAINTIFF

XV. For the purposes of this Order, all service on and correspondence to the FTC shall be addressed to: Monica E. Vaca, Esq., Federal Trade Commission, 601 New Jersey Avenue, NW, NJ-3158, Washington, DC 20580. Telephone: (202) 326-2245; Facsimile: (202) 326-3768.

SERVICE OF THIS ORDER

XVI. IT IS FURTHER ORDERED that copies of this Order may be served by facsimile transmission, personal or overnight delivery, or U.S. Mail, by agents and employees of the FTC or any state or federal law enforcement agency or by private process server, on (1) Defendants, (2) any financial institution, entity or person that holds, controls, or maintains custody of any account or asset of any Defendant, or has held, controlled or maintained custody of any account or asset of any Defendant, or (3) any

