

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Case No. 3:08-cv-1001-J-34JRK

LATRESE & KEVIN ENTERPRISES INC., a
Florida corporation, also doing business as
HARGRAVE & ASSOCIATES FINANCIAL
SOLUTIONS, LATRESE HARGRAVE, also
known as, LATRESE V. WILLIAMS, individually
and as an officer of LATRESE & KEVIN
ENTERPRISES INC., and KEVIN HARGRAVE,
SR., individually and as an officer of LATRESE &
KEVIN ENTERPRISES INC.,

Defendants.

**PRELIMINARY INJUNCTION WITH
ASSET FREEZE AND OTHER EQUITABLE RELIEF**

This Cause is before the Court on Plaintiff's *Ex Parte* Motion For A Temporary Restraining Order With Ancillary Equitable Relief And A Preliminary Injunction, Pending Decision on Plaintiff's Motion To Show Cause, and supporting memorandum and exhibits. Dkts. 178, 179, 184, 185, 186; Motion), filed on April 13, 2012 by Plaintiff, the Federal Trade Commission ("Commission," "FTC" or Plaintiff), and considered here as a Motion for Preliminary Injunction. Also filed on April 13, 2012 was Plaintiff's *Ex Parte* Motion and Incorporated Memorandum In Support Of Plaintiff's Motion For An Order To Show Cause why Contempt Defendants should not be held in contempt of the Permanent Injunction entered herein. (Dkt. 180; Contempt Motion). The Motion originally was filed with the Court, under seal, pursuant to the *Ex Parte In Camera* Order of the Court, dated April 6, 2012. (Dkt. 176; 04/06/12 Order). On May 15, 2012, the Court entered the *Ex Parte* Temporary Restraining Order With Asset Freeze And Other Equitable Relief And Order Setting Preliminary Injunction Hearing Pending Decision On Plaintiff's Motion For An Order To Show Cause. (Dkt. 189; TRO). In the TRO, the Court enjoined the "Contempt Defendants," as defined therein, from certain conduct, and ordered an asset freeze. Additionally, the Court appointed a Temporary Receiver, and set forth the Contempt Defendants' duty to cooperate with the Temporary Receiver, including the obligation to complete and submit accurate financial statements. The Court ordered that Plaintiffs serve the TRO and accompanying documents on Contempt Defendants by 5:00 p.m. on Thursday, May 17, 2012, and set the matter for a hearing to determine whether to convert the TRO into a Preliminary Injunction, for Tuesday, May 29, 2012 at 10:00 a.m. The Court further directed Contempt Defendants to file briefs, affidavits, declarations or any other evidentiary materials regarding Plaintiff's request for a Preliminary Injunction, no later than Monday, May 21, 2012 at 5:00 p.m., and instructed that the

Preliminary Injunction hearing would be limited to written submissions and arguments of counsel. TRO at 24.

The Temporary Receiver assumed control of the Contempt Defendant companies on May 16, 2012. (Dkt. 157; Preliminary Report of Temporary Receiver). Additionally, the Contempt Defendants were served on May 16, 2012, with a copy of the TRO, and a copy of Plaintiff's Motion and Contempt Motion, and accompanying documents. See *id.*; (Dkts. 190, 165-1). On May 21, 2012, the Court conducted a hearing on the Temporary Receiver's Motion to Employ Counsel. (Dkt. 161; 05/21/12 Minutes). At that hearing, which was attended by counsel for Plaintiff and for Contempt Defendants, the Court directed that all *ex parte* sealed documents be placed on the public record. (Dkt. 161).

On May 29, 2012, the Court conducted a hearing on Plaintiff's Motion, which was construed at this point in the proceedings to be a Motion for Preliminary Injunction. The record of that hearing is incorporated herein. Contempt Defendants and their counsel received notice of the Preliminary Injunction hearing when they were served with the TRO on May 16, 2012. Counsel for the parties and for the Temporary Receiver were in attendance at the hearing, as were the individual Defendants, Latrese Hargrave and Kevin Hargrave, and the Temporary Receiver. Having considered the Motion, Memorandum, declarations and exhibits filed in support thereof, and in accordance with Rule 65(a), Federal Rules of Civil Procedure (Rule(s)) Rule 4.06, Local Rules, United States District Court, Middle District of Florida (Local Rules(s)), as well as the applicable statute, 15 U.S.C. § 53(b), and the arguments of counsel, the Court makes the following findings for purposes of resolving this Motion:

1. On October 20, 2008, Plaintiff filed its Complaint for Injunctive and Other Equitable Relief (Dkt. No. 1) pursuant to Section 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b) and 57b, Section 410(b) of the Credit Repair Organizations Act (“CROA”), 15 U.S.C. § 1679h(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, accompanied by a Motion for Temporary Restraining Order. (Dkt. No. 4). The Court entered a Temporary Restraining Order With Asset Freeze and Other Equitable Relief on October 23, 2008 (Dkt. No. 18), followed by a Stipulated Preliminary Injunction As To Latrese & Kevin Enterprises, Inc., Latrese W. Hargrave and Kevin Hargrave, Sr. With Asset Freeze And Other Equitable Relief (Dkt. No. 26), entered on November 3, 2008.

2. On January 27, 2010, the Court entered summary judgment in favor of the FTC (Dkt. No. 145), and contemporaneously entered an Order for Permanent Injunction And Other Equitable Relief. (Dkt. No. 144; Permanent Injunction). The Permanent Injunction enjoins Defendants Kevin and Latrese Hargrave (“Hargraves”) and their corporation Latrese & Kevin Enterprises, Inc., and officers and employees, and those persons or entities in active concert with them, from misrepresenting, or assisting others in misrepresenting, material facts in connection with the advertising, marketing, promotion, offering for sale of any good or service, including but not limited to misrepresentations to induce consumers to purchase their services and charging money for credit repair service or credit related product, program or service.

3. This Court has jurisdiction over this matter for all purposes, as specifically reserved in the Section of the Permanent Injunction entitled “Retention of Jurisdiction.”

4. In its Contempt Motion, Plaintiff contends that Defendants Kevin and Latrese Hargrave, individually, and through three companies, BFS Empowerment Financial Services Inc., Help My Credit Now Credit Services Inc., and Kevtrese Enterprises Inc. (“Contempt Defendants”), acting in concert and participation with the Hargraves, are violating at least three provisions of the Permanent Injunction, specifically by misrepresenting that they can improve substantially consumers’ credit profiles and credit scores by permanently removing negative information from consumers’ credit reports even where that information is accurate and not obsolete, in violation of Section I.A and II.A of the Permanent Injunction; and by charging or receiving an up-front fee for the performance of credit repair services.

5. There is good cause to believe that Contempt Defendants have actual notice of the Final Order of Permanent Injunction and the ability to comply with that Order;

6. Based on the evidence and materials in the Record, the Court finds, for purposes of the Motion, that there is good cause to believe that Contempt Defendants have violated, and continue to violate provisions of the Permanent Injunction in the course of advertising, marketing, promoting, offering for sale, or sale of credit repair services to consumers throughout the United States by:

- a. Misrepresenting they can improve substantially consumers’ credit profiles and credit scores by permanently removing negative information from consumers’ credit reports, even where such information is accurate and not obsolete, in violation of Sections I.A and II.A of the Permanent Injunction; and

b. Charging or receiving money or other valuable consideration for the performance of credit repair services, before such services are fully performed, in violation of Section II.B of the Permanent Injunction.¹

7. Based on the verified papers of Plaintiff, which have provided specific facts, the Court finds that there is good cause to enter a Preliminary Injunction in order to preserve the Court's ability to grant effective final relief in this action and to prevent concealment by Contempt Defendants of their assets and evidence including corporate and/or business records.

8. The Court has considered Plaintiff's likelihood of ultimate success and weighed the equities, and finds that a preliminary injunction providing for an asset freeze, the continued appointment of a temporary receiver, continued access to the business premises, and other equitable relief is in the public interest. Specifically, as set forth in the record at the hearing on this Motion, the Court determines that Plaintiff has established that (1) it has a substantial likelihood of success on the merits of its Contempt Motion; (2) irreparable injury will be suffered unless the Temporary Restraining Order is transformed into a Preliminary Injunction; (3) the threatened injury to Plaintiff and consumers, as well as to the integrity of the Court's Permanent Injunction Order, outweighs whatever damage the proposed Preliminary Injunction may cause the Contempt Defendants; and (4) transforming the Temporary Restraining Order into a Preliminary Injunction would not be adverse to the public interest.

9. Pursuant to Fed. R. Civ. P. 65(c), no security of the United States or an officer or agency thereof will be required for the issuance of this Preliminary Injunction.

¹ This finding is based solely on the record as it stands at this stage of the proceedings, and is made for the purpose of resolving the Motion for Preliminary Injunction. This conclusion does not resolve the issues presented by Plaintiff's Contempt Motion.

10. Accordingly, for these reasons, it is hereby

ORDERED:

Plaintiff's *Ex Parte* Motion For A Temporary Restraining Order With Ancillary Equitable Relief And A Preliminary Injunction, Pending Decision on Plaintiff's Motion To Show Cause (Dkt. 178), considered here as a Motion for Preliminary Injunction, is **GRANTED, in part, and DENIED in part** as follows:

DEFINITIONS

For purposes of this Preliminary Injunction, the following definitions shall apply:

1. **"Asset"** or **"assets"** mean any legal or equitable interest in, right to, or claim to, any real or personal property, including, but not limited to, "goods," "instruments," "equipment," "fixtures," "general intangibles," "inventory," "checks," or "notes," (as these terms are defined in the Uniform Commercial Code), all chattels, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and cash, wherever located.
2. **"Individual Defendants"** means Latrese Hargrave and Kevin Hargrave, Sr., or any alias used by these individuals.
3. **"Corporate Defendants"** means Latrese & Kevin Enterprises Inc. doing business as Hargrave & Associates Financial Solutions, and its successors, including Kevtrese Enterprises, Inc., and assigns or any other name under which it does business.
4. **"Receivership Defendants"** means BFS Empowerment Financial Services Inc., Help My Credit Now Credit Services Inc., Kevtrese Enterprises Inc., and any successors, assigns, affiliates, or any fictitious name used by any of these entities.

5. **“Contempt Defendants”** mean all of the Individual Defendants, Corporate Defendants, and Receivership Defendants, individually, jointly, or in any combination.

6. **“Credit repair organization”** shall have the meaning ascribed to that term in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. §1679a(3).

7. **“Credit repair service”** means any service, in return for payment of money or other consideration, for the express or implied purpose of: (1) improving any consumer’s credit record, credit history, or credit rating; or (2) providing advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating.

8. **“Credit-Related products, programs, or services”** means any product, program, or service which is advertised, offered for sale, or sold to consumers as a method by which consumers may establish or obtain any extension of credit or credit device, including, but not limited to, credit cars, loans, or financing, or as a method to consolidate or liquidate debts.

9. **“Document”** is synonymous in meaning and equal in scope to the term as defined in Federal Rule of Civil Procedure 34(a), and includes both documents and electronically stored information, including, but not limited to, writings, drawings, graphs, charts, photographs, sound recordings, images, and other data or data compilations, stored in any medium from which information can be obtained either directly or, if necessary, after translation by the responding party into a reasonably usable form. A draft or non-identical copy is a separate document within the meaning of this term.

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

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

12. **“Plaintiff”** means the Federal Trade Commission (“Commission” or “FTC”).

13. The term **“and”** also means **“or,”** and the term **“or”** also means **“and.”**

14. **“Telemarketing”** means any plan, program or campaign (whether or not covered by the Telemarketing Sales Rule, 16 C.F.R. § 310, that is conducted to induce the purchase of goods or services by means of the use of one or more telephones.

15. **“Seller,” “telemarketer,”** and **“inbound telephone call”** are as defined in Section 310.2 of the Telemarketing Sales Rule, 16 C.F.R. § 310.2.

I. ASSET FREEZE

IT IS ORDERED that Contempt Defendants and all other persons or entities in active concert or participation with them who receive actual notice of this Preliminary Injunction by personal service or otherwise, are hereby **ENJOINED** from:

A. Assigning, concealing, converting, disbursing, dissipating, encumbering, liquidating, loaning, pledging, selling, spending, transferring, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any funds, real or personal property, accounts, artwork, automobiles, coins, consumer lists, contracts, precious metals, shares of stock, uncashed checks, or other assets, wherever located, that are:

1. owned or controlled by, or in the actual or constructive possession of any Contempt Defendant;

2. owned or controlled by, or held for the benefit of, directly or indirectly, any Contempt Defendant, in whole or in part;

3. held by an agent of any Contempt Defendant as a retainer for the agent's provision of services to any Contempt Defendant; or

4. owned or 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, or under common control with, any Contempt Defendant, including, but not limited to, any asset held by or for any Contempt Defendant in any account at any bank or savings and loan institution, credit card processing agent, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, merchant account processor, check processor, money broker, or other financial institution or organization of any kind;

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

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

D. Obtaining a personal or secured loan encumbering the assets of any Contempt Defendant, or subject to access to any Contempt Defendant; and

E. Incurring liens or other encumbrances on real property, personal property, or other asset held in the name, individually or jointly, of any Contempt Defendant, or any entity directly or indirectly owned, managed or controlled by any Contempt Defendant.

IT IS FURTHER ORDERED that the assets affected by this Section shall include both existing assets and assets acquired after entry of this Preliminary Injunction. Provided, however, this Section does not cover assets earned as salary or compensation from employment after entry of this Preliminary Injunction, so long as such employment is not related to the sale, offering for sale, promotion or marketing of credit repair services or credit-related products, programs or services. This Section does not prohibit transfers to the Receiver, as specifically required in the Section entitled “Delivery of Receivership Property.”

II. DUTIES OF ASSET HOLDERS

IT IS FURTHER ORDERED that, effective immediately upon being served with a copy of this Preliminary Injunction, any financial or brokerage institution or depository, escrow agent, money market or mutual fund, title company, commodity trading company, common carrier, storage company, trustee, commercial mail receiving agency, merchant account processor, mail holding or forwarding company, creditor or credit card issuer, or any other person or entity having possession, custody or control of any assets or documents of any Contempt Defendant, or of any account, safe deposit box, or other asset of any Contempt Defendant, either individually or jointly, or held on behalf of or for the benefit of any Contempt Defendant, at any time since the entry of this Court’s entry of the Permanent Injunction on January 27, 2010, shall:

A. Hold and retain within its control and prohibit the assignment, dissipation, encumbrance, pledge, removal, sale, transfer, withdrawal, conversion or other disposal of any

of the assets or other property held by, under its control, or on behalf of any Contempt Defendant in any account maintained in the name of, or for the benefit or use of, any Contempt Defendant, in whole or in part, except as directed by further order of this Court, or, for assets held in the name of the Receivership Defendants, as directed by the Temporary Receiver appointed herein;

B. Deny Contempt Defendants access to any safe deposit boxes, commercial mail boxes, or storage facilities that are titled in the name, individually or jointly, of any Contempt Defendant, or otherwise subject to access by any Contempt Defendant. Notwithstanding this subsection, the Temporary Receiver appointed herein shall be provided with access to any safe deposit box individually or jointly titled in the name of, subject to access by, or held for the benefit of any Receivership Defendant.

C. If not already accomplished, provide to the Temporary Receiver appointed herein and the Commission, within three (3) business days of notice of this Preliminary Injunction, a sworn statement setting forth:

1. The identification number of each account or asset titled in the name, individually or jointly, of any Contempt Defendant, or to which any Contempt Defendant is a signatory, or which is held on behalf of, or for the benefit or use of, any Contempt Defendant or subject to any Contempt Defendant's control, including all trust accounts on behalf of any Contempt Defendant or subject to any Contempt Defendant's control;

2. The balance of each such account, or a description and appraisal of the value of such asset, as of the close of business on the day on which notice of this Order is

received, and, if the account or asset has been closed or removed, or more than \$1,000 withdrawn or transferred from it within the last ninety (90) days, the date of the closure or removal of funds, the total funds removed or transferred, and the name and account number of the person or entity to whom such account, funds, or other asset was remitted; and

3. The identification and location of any safe deposit box, commercial mail box, or storage facility that is titled in the name, either individually or jointly, of any Contempt Defendant, or is otherwise subject to access by any Contempt Defendant.

D. Upon request by the Temporary Receiver or the Commission, provide the Temporary Receiver or Commission with copies of all records or other documents pertaining to each such account or asset, including, but not limited to, originals or copies of account applications, corporate resolutions, 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, within five (5) days of said request. The assets affected by this Section shall include both existing assets and assets acquired after the effective date of this Preliminary Injunction. For purposes of this Section, the Temporary Receiver or the Commission may properly serve this Preliminary Injunction on any financial or brokerage institution, business entity or person that holds, controls or maintains custody of any account or asset of any Contempt Defendant or has held, controlled or maintained custody of any account or asset of any Defendant at any time since the date of the Permanent Injunction entered herein on January 27, 2010.

E. Cooperate with all reasonable requests of the Temporary Receiver relating to implementation of this Preliminary Injunction, including the transferring of funds.

III. REPATRIATION OF FOREIGN ASSETS AND DOCUMENTS

IT IS FURTHER ORDERED that, if not already accomplished, within five (5) business days following service of this Preliminary Injunction, each Contempt Defendant and all other persons or entities in active concert or participation with them who receive actual notice of this Preliminary Injunction by personal service or otherwise, shall:

A. Transfer to the territory of the United States all funds and assets in foreign countries held either: (1) by any Contempt Defendant; (2) for the benefit of any Contempt Defendant; or (3) under the direct or indirect control, jointly or individually, of any Contempt Defendant;

B. The same business day as any repatriation: (1) notify the Temporary Receiver and the Commission of the name and location of the financial institution or other entity that is the recipient of such funds, documents or assets; and (2) serve this Order on any such financial institution or other entity; and

C. Provide the Temporary Receiver and the Commission with a full accounting of all funds, documents, and assets outside of the territory of the United States held either: (1) by the Contempt Defendant; (2) for the Contempt Defendant's benefit; or (3) under the Contempt Defendant's direct or indirect control, individually or jointly.

IV. INTERFERENCE WITH REPATRIATION

IT IS FURTHER ORDERED that each Contempt Defendant and any other person or entity in active concert or participation with them who receives actual notice of this Preliminary Injunction by personal service or otherwise, is hereby **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 Preliminary Injunction, including, but not limited to:

A. Sending any statement, letter, fax, e-mail 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 as all assets have been fully repatriated pursuant to the preceding Section of this Preliminary Injunction and

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

V. APPOINTMENT OF A TEMPORARY RECEIVER

IT IS FURTHER ORDERED that Dan Edelman of Dixon Hughes Goodman, LLP² remains appointed Temporary Receiver for Receivership Defendants and any affiliates or subsidiaries thereof controlled by any Receivership Defendant(s), with the full powers of an equity Receiver. The Temporary Receiver shall comply with all laws, rules, and local rules governing federal equity receivers. The Temporary Receiver shall be the agent of this Court in acting as Temporary Receiver under this Preliminary Injunction with directions and authority to:

² Mr. Edelman’s biography and the expected billing rates of Dixon Hughes Goodman, LLP are provided in Plaintiff’s *Ex Parte* Second Recommendation for a Temporary Receiver (Dkt. 188), filed on May 8, 2012.

A. Assume full control of the Receivership Defendants and all powers of the Receivership Defendants' directors, officers and managers, and remove all Individual Defendants, and any officer, independent contractor, employee, attorney or agent of the Receivership Defendants, from control and management of the Receivership Defendants;

B. Take immediate and exclusive custody, control, and possession of all the assets, funds, property, mail and documents of, or in the possession or in the custody of, or under the control of, the Receivership Defendants, wherever situated, including, but not limited to: (1) 1416 Park Ave., Suite 201, Fernandina Beach, FL 32034 and (2) 1890 S. 14th Street, Suite 235, Fernandina Beach, FL 32034. The Temporary Receiver shall have full power to sue for, collect, receive and take possession of all goods, chattels, rights, moneys, effects, land, leases, books, records, work papers, and records of accounts, and to hold and manage all assets and documents, including computer-maintained information and other papers and documents of Receivership Defendants and other persons or entities, including documents related to customers or clients, whose interests are now held by or under the direction, possession, custody or control of the Receivership Defendants. By this authorization and empowerment, this Court specifically determines that the Temporary Receiver, as an agent of this Court, shall not be barred from bringing any action due to the doctrine of *in pare delicto*;

C. Take all steps necessary to secure the business premises and any storage or other facilities of the Receivership Defendants;

D. Preserve, hold and manage all Receivership assets, and perform all acts necessary to preserve the value of those assets, in order to prevent any loss, damage or injury to customers or clients;

- E. Prevent the withdrawal or misapplication of funds entrusted to the Receivership Defendants, and otherwise protect the interest of customers or clients;
- F. Manage and administer the Receivership Defendants by performing all acts incidental thereto that the Temporary Receiver deems appropriate, including hiring or dismissing any and all personnel or suspending operations;
- G. Collect all money owed to the Receivership Defendants;
- H. Initiate, defend, compromise, adjust, intervene in, dispose of, or become a party to any actions or proceedings in state, federal or foreign court necessary to preserve or increase the assets of the Receivership Defendants or to carry out his or her duties pursuant to this Order. By authorization and empowerment, this Court specifically determines that the Temporary Receiver, as an agent of this Court, shall not be barred from bringing any action due to the doctrine of *in pari delicto*;
- I. With the specific prior approval by this Court upon application by the Temporary Receiver, choose, engage and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Temporary Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Preliminary Injunction;
- J. Open one or more bank accounts as designated depositories for funds of the Receivership Defendants. The Temporary Receiver shall deposit all funds of the Receivership Defendants in such designated accounts and shall make all payments and disbursements from the receivership estate from such accounts;

K. 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 Preliminary Injunction;³

L. Maintain accurate records of all receipts and expenditures made by the Temporary Receiver. Prepare and submit a report to this Court and to the parties not less than three (3) days prior to any scheduled Show Cause Hearing, and such report shall include but not be limited to: (1) the steps taken by the Receiver to implement the terms of the TRO and this Preliminary Injunction; (2) the value of all liquidated and unliquidated assets of the Receivership Defendants; and (3) the sum of all liabilities of the Receivership Defendants. Such report may include all information the Temporary Receiver determines is material to any Show Cause Hearing, but must include an accounting of all assets determined to exist as of the date of the report;

M. The Temporary Receiver may, at any time upon prior notice to all parties to this action, apply to this Court for further or other instructions or additional powers, whenever the Temporary Receiver deems such other instructions or additional powers to be necessary to properly and legally perform the duties of the office of Temporary Receiver, and to maintain, operate, preserve, and protect the receivership estate; and

³ The Court specifically discontinues authorization of the monthly payment of \$1,500.00 out of Receivership Assets to the Individual Defendants, for purposes of the support and maintenance of their family. The Individual Defendants may submit a request to the Court for a monthly stipend, setting forth the reasons for this need, and only after the Individual Defendants have identified and turned over records of their personal accounts and assets to the Temporary Receiver and to Plaintiff, as required by the TRO and this Preliminary Injunction.

N. Upon notice to this Court and all parties, the Temporary Receiver shall be permitted to seek authorization to obtain receiver's certificates as is reasonably required and/or necessary to carry out and fulfill the duties and obligations of the Temporary Receiver noted herein.

VI. COMPENSATION OF THE TEMPORARY RECEIVER

IT IS FURTHER ORDERED that the Temporary Receiver, and all personnel hired by the Temporary Receiver (including those hired upon receipt of the required prior approval of the Court as set forth above), shall be entitled to reasonable compensation, upon Court approval, for the services they render to the receivership estate, from the assets now held by, in the possession or control of, or which may be received from the Receivership Defendants. The Temporary Receiver shall file with the Court and serve on the parties a request for the payment, outlining the services rendered and the related fees and expenses. Payment shall be made after Court approval. The Temporary Receiver shall not receive payment from or increase his or her fee rate billed to the receivership estate without prior approval of the Court.

VII. TEMPORARY RECEIVER'S BOND

IT IS FURTHER ORDERED that, if he has not already done so, the Temporary Receiver shall file with the Clerk of this Court, immediately, a bond in the sum of \$ 100,000.00, conditioned that the Temporary Receiver will well and truly perform the duties of the office and duly account for all money and property that he or she marshals. The Temporary Receiver serves as an officer of this Court solely in a representative capacity and is not personally liable for any actions taken in conformity with the duties and responsibilities set forth herein or pursuant to any statute, regulation or other legal authority.

VIII. DELIVERY OF RECEIVERSHIP PROPERTY

IT IS FURTHER ORDERED that, if not already accomplished, Contempt Defendants and any other person or entity served with a copy of this Preliminary Injunction, shall immediately or within such time as permitted by the Temporary Receiver in writing, deliver or transfer possession, custody and control of the following to the Temporary Receiver:

- A. All assets of the Receivership Defendants;
- B. All documents of the Receivership Defendants, including, but not limited to, all books and records, 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;
- C. All keys, computer and other passwords, entry codes, combinations to locks required or necessary to gain or secure access to any of the assets or documents of the Receivership Defendants, including but not limited to, access to the Receivership Defendants' business premises, means of communication, accounts, computer systems, or other property; and
- D. Information identifying all accounts, employees, properties, or other assets or obligations of the Receivership Defendants.

IX. DUTY TO COOPERATE WITH THE TEMPORARY RECEIVER

IT IS FURTHER ORDERED that Contempt Defendants and all other persons or entities served with a copy of this Preliminary Injunction shall fully cooperate with and assist the Temporary Receiver. This cooperation and assistance shall include, but not be limited to, providing any information to the Temporary Receiver that is necessary for the Temporary Receiver to exercise his or her authority; providing any password required to access any computer or electronic files in any

medium; and advising all persons who owe money to the Receivership Defendants that all debts should be paid directly to the Temporary Receiver.

X. CONTEMPT DEFENDANTS' ACCESS TO PREMISES AND RECORDS

IT IS FURTHER ORDERED that the Temporary Receiver shall allow the Contempt Defendants and their representatives reasonable access to the premises of the Receivership Defendants. The purpose of this access shall be to inspect, inventory, and copy any and all documents and other property owned by or in the possession of the Receivership Defendants, provided that those documents and property are not removed from the premises. The Temporary Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access.

XI. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION

IT IS FURTHER ORDERED that, Contempt Defendants and their officers, agents, directors, servants, employees, attorneys, successors, assigns, and all other persons or entities in active concert or participation with them who receive actual notice of this Preliminary Injunction by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, or any of them, are hereby **ENJOINED** from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, email address, or other identifying information of any person who paid money to any of the Contempt Defendants for purchase of any good or service or who were contacted; *provided that* Contempt Defendants may disclose such identifying information to a law enforcement agency, or to the Temporary Receiver, or as required by any law, regulation, or court order.

XII. FINANCIAL REPORTS

IT IS FURTHER ORDERED that , if not already accomplished, each Contempt Defendant shall, within three (3) days of service of this Preliminary Injunction, prepare and provide to the Temporary Receiver and counsel for the Commission:

A. A completed financial statement fully disclosing that Contempt Defendant's finances and those of all corporations, partnerships, trusts or other entities that the Contempt Defendant owns, controls, or is associated with, on the form financial statements attached to the Temporary Restraining Order (Dkt. 189) as Attachments A and B. The financial statements shall be accurate as of the date of entry of this Preliminary Injunction and shall be verified under oath; and

B. A signed Consent to Release of Financial Records form, attached to the Temporary Restraining Order as Attachment C, in order to provide the Temporary Receiver and Plaintiff access to Contempt Defendants' records and documents held by financial institutions outside the territorial United States.

XIII. CREDIT REPORTS

IT IS FURTHER ORDERED that the Commission may obtain credit reports concerning Individual Contempt Defendants Latrese Hargrave and Kevin Hargrave 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 report is requested shall provide it to the Commission.

XIV. PRESERVE RECORDS AND REPORT NEW BUSINESS ACTIVITY

IT IS FURTHER ORDERED that Contempt Defendants and all other persons or entities in active concert or participation with them who receive actual notice of this Preliminary Injunction by personal service or otherwise, are hereby **ENJOINED** from:

A. Destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any books, records, tapes, discs, accounting data, checks (fronts and backs) and check registers, bank statements, correspondence, forms, advertisements, website designs and texts, telemarketing scripts or outlines, brochures, manuals, banking records, customer lists, customer files, customer payment histories, invoices, telephone records, ledgers, payroll records, copies of federal, state, or local business or personal income or property tax returns, or other documents of any kind, including electronically stored information, in their possession, custody, or control that relate to the business practices or business or personal finances of any Contempt Defendant from January 27, 2010, the date of entry of the Permanent Injunction, to the present;

B. Failing to create and maintain books, records, accounts, bank statements, accountants' reports, cash disbursement ledgers, cash receipt ledgers, general journals, general ledgers, documents indicating title to real or personal property, and any other data which, in reasonable detail, accurately, completely, and fairly reflect the Contempt Defendants' income, disbursements, transactions, and use of funds; and

C. 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 Plaintiff 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, and employees; and (4) a detailed description of the business entity's intended activities.

XV. STAY OF ACTIONS

IT IS FURTHER ORDERED that, except by leave of the Court, during the pendency of the Temporary Receivership ordered herein, the Contempt Defendants and all other persons and entities acting for or on behalf of Contempt Defendants hereby are stayed from taking any action to establish or enforce any claim, right or interest for, against, on behalf of, in, or in the name of the Receivership Defendants, the Temporary Receiver, Receivership assets, or the Temporary Receiver's duly authorized agents in their capacities as such, including, but not limited, to the following actions:

- A. Commencing, prosecuting, litigating or enforcing any suit, except that actions may be filed to toll any applicable statute of limitations;
- B. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of, property of the Receivership Defendant or any property claimed by the Receivership Defendant, or attempting to foreclose, forfeit, alter or terminate any of the Receivership Defendants' respective interests in property, whether such acts are part of a judicial proceeding or otherwise;
- C. Using any form of set-off, alleged set-off, or any form of self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wherever located, owned

by or in the possession of the Receivership Defendants, or the Temporary Receiver, or any agent of the Temporary Receiver; and

D. Doing any act or thing to interfere with the Temporary Receiver taking control, possession, or management of the property subject to the Receivership, or to in any way interfere with the Temporary Receiver or the duties of the Temporary Receiver; or to interfere with the exclusive jurisdiction of this Court over the property and assets of the Receivership Defendants.

This Section does not stay the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

IT IS FURTHER ORDERED that, in light of the appointment of the Temporary Receiver, the Receivership Defendants are hereby prohibited from filing a petition for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., without prior permission from this Court.

XVI. CORRESPONDENCE WITH AND NOTICE TO PLAINTIFF

IT IS FURTHER ORDERED that, for purposes of this Preliminary Injunction, all correspondence and pleadings to the Commission shall be addressed to:

Jessica D. Gray, Esq.
Robin L. Rock, Esq.
Federal Trade Commission
225 Peachtree Street, Suite 1500
Atlanta, Georgia 30303
(404) 656-1350 (Gray)
(404) 656-1368 (Rock)
(404) 656-1379 (facsimile)

Notice may be provided by email to jgray@ftc.gov and rock@ftc.gov.

XVII. BUSINESS ACTIVITIES

IT IS FURTHER ORDERED that, during the pendency of this Preliminary Injunction, the Contempt Defendants, which includes the Individual Defendants, and all persons or entities in active concert or participation with any of them who receive actual notice of this Preliminary Injunction, by personal service or otherwise, are **ENJOINED** from engaging in any business activities, employment, job, independent contracting, consulting, collection of monies, or any other activity in anyway related to a credit repair organization, credit repair service, or credit-related products, programs or services, while this Preliminary Injunction is in full force and effect.

XVIII. DURATION OF THE PRELIMINARY INJUNCTION

This Preliminary Injunction is reasonable and necessary to preserve the status quo and to stop Contempt Defendants from engaging in activities in violation of the Permanent Injunction. This Preliminary Injunction shall remain in full force and effect until resolution of the issues raised by Plaintiff's Contempt Motion, and further Order of this Court.

DONE AND ORDERED in Jacksonville, Florida, this 1st day of June, 2012, nunc pro tunc to May 29, 2012.


MARCIA MORALES HOWARD
United States District Judge

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Copies to:
Counsel of Record