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ORIGINAL

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13 FEDERAL TRADE COMMISSION

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

SACV13-919 DOC(RNBx)

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

A TO Z MARKETING, INC., a Nevada corporation, also dba Client Services;

APEX MEMBERS, LLC, a Nevada limited liability company, also dba Apex Solutions, also dba MacArthur Financial Group;

APEX SOLUTIONS, INC., a Nevada corporation;

Case No.

SEALED ORDER

~~(Proposed)~~

TEMPORARY RESTRAINING ORDER INCLUDING AN ASSET FREEZE AND LIMITS ON USING ASSETS, APPOINTMENT OF A RECEIVER, IMMEDIATE ACCESS TO BUSINESS PREMISES, LIMITED EXPEDITED DISCOVERY, AND AN ORDER TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION SHOULD NOT ISSUE

FILED UNDER SEAL

1 **BACKEND, INC.**, a California
2 corporation, formerly known as
3 Mortgage Modification Center, also dba
MMC, Inc.;

4 **EXPERT PROCESSING CENTER,
INC.**, a Nevada corporation;

5 **SMART FUNDING CORP.**, a Nevada
6 corporation;

7 **WILLIAM D. GOODRICH, ATTY,
INC.**, a California corporation, also dba
8 WDG, Attorney at Law;

9 **RATAN BAID**, individually and as an
10 Officer, Director, or Manager of
11 Defendants A to Z Marketing, Inc.,
Apex Members, LLC, and Smart
Funding Corp.;

12 **MADHULIKA BAID**, aka Madhu
13 Baid, individually and as an Officer,
14 Director, or Manager of Defendants A
to Z Marketing, Inc., Apex Members,
LLC, and Smart Funding Corp.; and

15 **WILLIAM D. GOODRICH**,
16 individually and as an Officer, Director,
or Manager of William D. Goodrich,
Atty, Inc., also dba The Apex Solution,

17 Defendants.

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21 Plaintiff, Federal Trade Commission (FTC or Commission), has filed a
22 Complaint for temporary, preliminary, and permanent injunctive relief, rescission
23 or reformation of contracts, restitution, the refund of monies paid, disgorgement of
24 ill-gotten monies, and other equitable relief. The Complaint alleges the Defendants
25 violated Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a)
26 (FTC Act), and the Mortgage Assistance Relief Services Rule (“MARS Rule”), 16
27 C.F.R. Part 322, recodified as Mortgage Assistance Relief Services (Regulation O),
28 12 C.F.R. Part 1015 (“Regulation O”), in connection with the marketing and sale

1 of mortgage assistance relief services. The Commission has applied *ex parte* for a
2 temporary restraining order (TRO) pursuant to Rule 65(b) of the Federal Rules of
3 Civil Procedure. The Court has considered the Commission's Complaint, *ex parte*
4 application, declarations, exhibits, and memorandum of law, and **GRANTS** the
5 requested TRO as set forth below.

6
7 **FINDINGS OF FACT**

8 1 This Court has jurisdiction over the subject matter of this case. There
9 is good cause to believe that it will have jurisdiction over all parties, and that venue
10 in this district is proper.

11 2 There is good cause to believe that Defendants A to Z Marketing, Inc.,
12 Apex Members, LLC, Apex Solutions, Inc., Backend, Inc., Expert Processing
13 Center, Inc., Smart Funding Corp., William D. Goodrich, Atty, Inc., Ratan Baid,
14 Madhulika Baid, and William D. Goodrich have engaged in, and are likely to
15 engage in, acts and practices that violate Section 5(a) of the FTC Act and the
16 MARS Rule.

17 3 There is good cause to believe that immediate and irreparable harm
18 will result from Defendants' continuing violations of Section 5(a) of the FTC Act
19 and of the MARS Rule.

20 4 There is good cause to believe that immediate and irreparable damage
21 to this Court's ability to grant effective final relief for consumers in the form of
22 monetary restitution and disgorgement of ill-gotten gains will occur from the
23 transfer, dissipation, or concealment by Defendants of their assets or business
24 records unless Defendants are immediately restrained and enjoined by Order of this
25 Court. As provided for in Federal Rule of Civil Procedure 65(b), the interests of
26 justice require that the FTC's motion be heard *ex parte* without prior notice to
27 Defendants. Therefore, there is good cause for relieving the FTC of the duty to
28 provide Defendants with prior notice of the FTC's motion.

1 B. **“Assisting others”** includes, but is not limited to:

2 1. Performing customer service functions, including, but not
3 limited to, receiving or responding to consumer complaints;

4 2. Formulating or providing, or arranging for the formulation or
5 provision of, any advertising or marketing material, including, but not
6 limited to, any telephone sales script, direct mail solicitation, or the design,
7 text, or use of images of any Internet website, email, or other electronic
8 communication;

9 3. Formulating or providing, or arranging for the formulation or
10 provision of, any marketing support material or service, including, but not
11 limited to, web or Internet Protocol addresses or domain name registration
12 for any Internet websites, affiliate marketing services, or media placement
13 services;

14 4. Providing names of, or assisting in the generation of, potential
15 customers;

16 5. Performing marketing, billing, or payment services of any kind;
17 and

18 6. Acting or serving as an owner, officer, director, manager, or
19 principal of any person.

20 C. **“Corporate Defendants”** means A to Z Marketing, Inc., Apex
21 Members, LLC, Apex Solutions, Inc., Backend, Inc., Expert Processing Center,
22 Inc., Smart Funding Corp., William D. Goodrich, Atty, Inc., and their successors,
23 assigns, affiliates, or subsidiaries, and each of them by whatever names each might
24 be known.

25 D. **“Defendants”** means all Individual Defendants and all Corporate
26 Defendants, individually, collectively, or in any combination, and each of them, by
27 whatever names each might be known.
28

1 E. **“Document”** and **“Electronically Stored Information”** are
2 synonymous in meaning and equal in scope to the usage of the terms in Rule 34(a)
3 of the Federal Rules of Civil Procedure and include but are not limited to:

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

11 2. Any electronically stored information stored on any computer
12 (including, but not limited to, any server, workstation, or desktop, laptop,
13 notebook, or tablet computer), mobile communications device (including,
14 but not limited to, Blackberrys, i-Phones, and Smart Phones of any type or
15 brand), flash drives, personal digital assistants, or any other electronic
16 storage media, whether assigned to individuals or in pools of computers
17 available for shared use, or personally owned but used for work-related
18 purposes; backup disks and tapes, archive disks and tapes, and other forms
19 of offline storage, whether stored onsite with the computer used to generate
20 them, stored offsite in another company facility, or stored, hosted, or
21 otherwise maintained offsite by a third-party; and computers and related
22 offline storage used by Defendants or Defendants’ participating associates,
23 which may include persons who are not employees of the company or who
24 do not work on company premises.

25 F. **“Electronic Data Host”** means any person in the business of storing,
26 hosting, or otherwise maintaining electronically stored information.

27 G. **“Financial Institution”** means any bank, savings and loan institution,
28 credit union, or any financial depository of any kind, including, but not limited to,

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

3 H. **“Individual Defendants”** means Ratan Baid, Madhulika Baid, and
4 William Goodrich, and any other names by which they are known or conduct
5 business.

6 I. **“Mortgage assistance relief product or service”** means any product,
7 service, plan, or program, offered or provided to the consumer in exchange for
8 consideration, that is represented, expressly or by implication, to assist or attempt
9 to assist the consumer with any of the following:

10 1. stopping, preventing, or postponing any mortgage or deed of
11 trust foreclosure sale for the consumer’s dwelling, any repossession of the
12 consumer’s dwelling, or otherwise saving the consumer’s dwelling from
13 foreclosure or repossession;

14 2. negotiating, obtaining, or arranging a modification of any term
15 of a dwelling loan, including a reduction in the amount of interest, principal
16 balance, monthly payments, or fees;

17 3. obtaining any forbearance or modification in the timing of
18 payments from any dwelling loan holder or servicer on any dwelling loan;

19 4. negotiating, obtaining, or arranging any extension of the period
20 of time within which the consumer may (i) cure his or her default on a
21 dwelling loan, (ii) reinstate his or her dwelling loan, (iii) redeem a dwelling,
22 or (iv) exercise any right to reinstate a dwelling loan or redeem a dwelling;

23 5. obtaining any waiver of an acceleration clause or balloon
24 payment contained in any promissory note or contract secured by any
25 dwelling; or

26 6. negotiating, obtaining, or arranging (i) a short sale of a
27 dwelling, (ii) a deed-in-lieu of foreclosure, (iii) or any other disposition of a
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1 dwelling other than a sale to a third party that is not the dwelling loan
2 holder.

3 The foregoing shall include any manner of claimed assistance, including, but not
4 limited to, auditing or examining a consumer's mortgage or home loan application,
5 offering to provide or providing legal services, or offering to sell a consumer a plan
6 or subscription to a service that provides such assistance.

7 J. "Person" means any individual and any partnership, corporation,
8 limited liability company, association, or other entity, however formed or
9 organized.

10 K. "Receivership Defendants" means A to Z Marketing, Inc., Apex
11 Members, LLC, Apex Solutions, Inc., Backend, Inc., Expert Processing Center,
12 Inc., Smart Funding Corp., and William D. Goodrich, Atty, Inc., as well as any
13 affiliates and subsidiaries that conduct any business related to the Receivership
14 Defendants' provision of MARS and that the Temporary Receiver has reason to
15 believe are owned or controlled in whole or in part by any of the Defendants.

16 I.

17 **PROHIBITED REPRESENTATIONS**

18 **IT IS ORDERED THAT** Defendants and their successors, assigns, officers,
19 agents, servants, employees, attorneys, and all other persons in active concert or
20 participation with any of them, who receive actual notice of this Order, by personal
21 service, facsimile, email, or otherwise, whether acting directly or through any trust,
22 corporation, subsidiary, division, or other device, are temporarily restrained and
23 enjoined from falsely representing, or assisting others who are falsely representing,
24 expressly or by implication, any of the following:

25 A. That any Defendant or any other person generally will obtain for
26 consumers mortgage loan modifications that will make consumers' payments
27 substantially more affordable, or will help consumers avoid foreclosure;

28

1 B. That any Defendant or any other person, as a result of various loan
2 audits, including a forensic loan audit, generally will obtain for consumers
3 mortgage loan modifications that will make consumers' payments substantially
4 more affordable, or will help consumers avoid foreclosure;

5 C. The amount of time it will take the mortgage assistance relief service
6 provider to accomplish any represented service or result.

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8 **II.**

9 **PROHIBITION AGAINST COLLECTING ADVANCE FEES**

10 **IT IS FURTHER ORDERED THAT** Defendants and their successors,
11 assigns, officers, agents, servants, employees, attorneys, and all other persons in
12 active concert or participation with any of them, who receive actual notice of this
13 Order, by personal service, facsimile, email, or otherwise, whether acting directly
14 or through any trust, corporation, subsidiary, division, or other device, in
15 connection with the telemarketing, advertising, marketing, promotion, offering for
16 sale or sale of any mortgage assistance relief product or service or any other credit-
17 or debt-related good or service, are temporarily restrained and enjoined from
18 asking for or receiving payment before the consumer has executed a written
19 agreement between the consumer and the creditor, loan holder, or servicer of
20 secured or unsecured debt that incorporates the offer obtained by Defendants on
21 the consumer's behalf.

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23 **III.**

24 **FAILURE TO DISCLOSE INFORMATION REQUIRED**

25 **BY THE MARS RULE**

26 **IT IS FURTHER ORDERED THAT** Defendants and their successors,
27 assigns, officers, agents, servants, employees, attorneys, and all other persons in
28 active concert or participation with any of them, who receive actual notice of this

1 Order, by personal service, facsimile, email, or otherwise, whether acting directly
2 or through any trust, corporation, subsidiary, division, or other device, are
3 temporarily restrained and enjoined from

4 A. Failing to make the following disclosure in all general and
5 consumer-specific commercial communications: “[Name of Company] is not
6 associated with the government, and our service is not approved by the government
7 or your lender,” in violation of 16 C.F.R. §§ 322.4(a)(1) and 322.4(b)(2),
8 recodified at 12 C.F.R. §§ 1015.4(a)(1) and 1015.4(b)(2);

9 B. Failing to make the following disclosure in all general and
10 consumer-specific commercial communications: “Even if you accept this offer and
11 use our service, your lender may not agree to change your loan,” in violation of 16
12 C.F.R. § 322.4(a)(2) and 322.4(b)(3), recodified at 12 C.F.R. § 1015.4(a)(2) and
13 1015.4(b)(3);

14 C. Failing to make the following disclosure in all consumer-specific
15 commercial communications:

16 You may stop doing business with us at any time. You may accept or
17 reject the offer of mortgage assistance we obtain from your lender [or
18 servicer]. If you reject the offer, you do not have to pay us. If you
19 accept the offer, you will have to pay us [insert amount or method for
20 calculating the amount] for our services.

21 in violation of 16 C.F.R. § 322.4(b)(1), recodified at 12 C.F.R. § 1015.4(b)(1). For
22 the purposes of this Section III, the amount “you will have to pay” shall consist of
23 the total amount the consumer must pay to purchase, receive, and use all of the
24 mortgage assistance relief products or services that are the subject of the sales
25 offer, including but not limited to, all fees and charges;

26 D. Failing, in all general commercial communications, consumer-specific
27 commercial communications, and other communications in cases where any
28 Defendant or any Defendant’s officers, agents, servants, employees, or attorneys

1 has represented, expressly or by implication, in connection with the advertising,
2 marketing, promotion, offering for sale, or performance of any mortgage assistance
3 relief product or service, that the consumer should temporarily or permanently
4 discontinue payments, in whole or in part, on a dwelling loan, to place clearly and
5 prominently, and in close proximity to any such representation the following
6 disclosure: "If you stop paying your mortgage, you could lose your home and
7 damage your credit rating," in violation of 16 C.F.R. § 322.4(c), recodified at 12
8 C.F.R. § 1015.4(c).

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10 **IV.**

11 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

12 **IT IS FURTHER ORDERED THAT** Defendants and their successors,
13 assigns, officers, agents, servants, employees, attorneys, and all other persons in
14 active concert or participation with any of them, who receive actual notice of this
15 Order, by personal service, facsimile, email, or otherwise, whether acting directly
16 or through any trust, corporation, subsidiary, division, or other device, in
17 connection with the advertising, marketing, telemarketing, promotion, offering for
18 sale or sale of any good or service, are temporarily restrained and enjoined from
19 destroying, erasing, mutilating, concealing, altering, transferring, or otherwise
20 disposing of or rendering inaccessible, in any manner, directly or indirectly, any
21 documents or records that relate to the business practices of or business or personal
22 finances of any Defendant or a person directly or indirectly under the control of a
23 Defendant.

24
25 **V.**

26 **PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

27 **IT IS FURTHER ORDERED THAT,** except as required by a law
28 enforcement agency, law, regulation or court order, Defendants and their

1 successors, assigns, officers, agents, servants, employees, attorneys, and all other
2 persons in active concert or participation with any of them, who receive actual
3 notice of this Order, by personal service, facsimile, email, or otherwise, whether
4 acting directly or through any trust, corporation, subsidiary, division, or other
5 device, are temporarily restrained and enjoined from disclosing, using, or
6 benefitting from consumer information, including the name, address, telephone
7 number, email address, social security number, other identifying information, or
8 any data that enables access to a consumer's account (including a credit card, bank,
9 or other financial account), of any person which any Defendant obtained prior to
10 entry of this Order in connection with any mortgage assistance relief product or
11 service.

12
13 **VI.**

14 **DISABLEMENT OF WEBSITES AND**
15 **PRESERVATION OF ELECTRONICALLY STORED INFORMATION**

16 **IT IS FURTHER ORDERED THAT**, immediately upon service of this
17 Order upon them, and pending determination of the FTC's request for a
18 preliminary injunction, (1) any person hosting any Internet website or server for, or
19 on behalf of, any Defendant, and (2) Defendants and their successors, assigns,
20 officers, agents, servants, employees, attorneys, and those persons or entities in
21 active concert or participation with any of them who receive actual notice of this
22 Order by personal service or otherwise, whether acting directly or through any
23 trust, corporation, subsidiary, division, or other device, shall:

24 A. Immediately take any necessary steps to render inaccessible to the
25 public any Internet website used by Defendants for the advertising, marketing,
26 promotion, offering for sale, sale, or provision of any mortgage assistance relief
27 product or service, and containing statements or representations prohibited by
28

1 Section I of this Order, including the websites www.BurkeLawCenter.com,
2 www.TopLegalAdvocates.com, and www.nationwidelawcenter.com; and

3 B. Prevent the alteration, destruction or erasure of (1) any Internet
4 websites used by Defendants for the advertising, marketing, promotion, offering
5 for sale, sale, or provision of any mortgage assistance relief product or service, by
6 preserving such websites in the format in which they are maintained currently, and
7 (2) any electronically stored information stored on behalf of Defendants or entities
8 in active concert or participation with any of them.

9
10 **VII.**

11 **SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

12 **IT IS FURTHER ORDERED THAT**, pending determination of the FTC's
13 request for a preliminary injunction, any domain name registrar or other person
14 shall suspend the registration of any Internet website used by Defendants for the
15 advertising, marketing, promotion, offering for sale, sale, or provision of any
16 mortgage assistance relief product or service, and containing statements or
17 representations prohibited by Section I of this Order, and provide immediate notice
18 to the FTC and to the Temporary Receiver of any other Internet domain names
19 registered by Defendants or their officers, agents, servants, employees, attorneys,
20 and persons or entities in active concert or participation with any of them.

21
22 **VIII.**

23 **ASSET FREEZE**

24 **IT IS FURTHER ORDERED THAT** Defendants and their officers, agents,
25 servants, employees, attorneys, and all other persons or entities in active concert or
26 participation with any of them who receive actual notice of this Order by personal
27 service, facsimile, email, or otherwise, are temporarily restrained and enjoined
28 from directly or indirectly:

- 1 A. Selling, assigning, transferring, converting, loaning, conveying,
2 encumbering, concealing, spending, withdrawing, granting a lien or security
3 interest or other interest in, or otherwise disposing of any assets that are:
- 4 1. in the possession, actual or constructive, of any Defendant;
 - 5 2. owned or controlled by, held in whole or in part for the benefit
6 of, or subject to access by, any Defendant; or
 - 7 3. in the actual or constructive possession of, owned or controlled
8 by, subject to access by, or belonging to any person who is directly or
9 indirectly owned, managed, or under the control of any Defendant;

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

12 C. Cashing any checks from consumers, clients, or customers of any
13 Individual Defendant or Receivership Defendant;

14 D. Failing to disclose to the FTC and to the Temporary Receiver,
15 immediately upon service of this Order, information that fully identifies each
16 known asset of any Defendant and the person holding such asset, including,
17 without limitation, the person's name, address, and telephone number, the number
18 of an account, and the name under which an account or other asset is held;

19 **IT IS FURTHER ORDERED THAT** the assets affected by this Section
20 VIII shall include both existing assets and assets acquired after the date of entry of
21 this Order;

22 *Provided, however,* that this Section VIII does not prohibit the repatriation
23 of foreign assets as required in Section XII of this Order;

24 *Provided further, however,* that notwithstanding anything in this Section
25 VIII, following the submission of all of the financial statements required by
26 Section X, below, any Individual Defendant may make a one-time-only payment of
27 up to \$^{1,500}~~4,000~~ from his personal funds for necessary living expenses and/or
28 attorneys' fees. No such expense, however, shall be paid from funds subject to this

1 Order except from cash on the person of any Individual Defendant or from an
2 account belonging to the Individual Defendant designated by prior written notice to
3 counsel for the FTC;

4 *Provided further, however,* that notwithstanding anything in this Section
5 VIII, Defendants Backend, Inc., and Smart Funding Corp. may make actual,
6 reasonable, and customary payments in the ordinary course of their business from
7 funds that were not obtained, directly or indirectly, from any Individual or
8 Receivership Defendant or from any consumers, clients, or customers of any
9 Individual or Receivership Defendant. For purposes of this Section VIII, “actual,
10 reasonable, and customary payments in the ordinary course of their business” do
11 not include repayments of loans; payments to any officer, director, or shareholder,
12 whether made as a dividend, stock repurchase, return of capital, wage or salary, or
13 for any other reason; and transfers of any sort, for any reason, to any Defendant.

14
15 **IX.**

16 **HANDLING OF DOCUMENTS, RECORDS, AND ASSETS**
17 **BY THIRD PARTIES**

18 **IT IS FURTHER ORDERED THAT**, pending determination of the FTC’s
19 request for a preliminary injunction, any person, including but not limited to any
20 financial institution, electronic data host, or payment processor, who receives
21 actual notice of this Order, by personal service, facsimile, email, or otherwise, who
22 has, or at any time since January 1, 2010, has had, possession, custody, or control
23 of any documents, records, or assets belonging to, in the name of, for the benefit
24 of, subject to access or use by, or under the signatory power of, any Individual
25 Defendant or Receivership Defendant shall:

26 A. Hold, preserve, and retain within such person’s control, and prohibit
27 the withdrawal, removal, alteration, transfer, encumbrance, disbursement,
28 dissipation, sale, liquidation, or other disposal of such documents, records, or

1 assets except as directed in writing by the Temporary Receiver as to any property
2 of any Receivership Defendant;

3 B. Provide the Temporary Receiver and the FTC immediate access to
4 electronically stored information, for forensic imaging, that is stored, hosted, or
5 otherwise maintained on behalf of any Individual Defendant or Receivership
6 Defendant;

7 C. Deny access to any safe deposit boxes that are either titled in the name
8 of, individually or jointly, or subject to access or control by, any Individual
9 Defendant or Receivership Defendant; and

10 D. Provide to counsel for the FTC and the Temporary Receiver, within
11 two (2) days of receipt of this Order, a sworn statement setting forth:

12 1. a description of or other identification of the documents,
13 records, or assets;

14 2. the balance of each such account and the value of each other
15 asset as of the close of business on the day on which this Order is served;

16 3. the location of any safe deposit box that is either titled in the
17 name of, individually or jointly, or is otherwise subject to access or control
18 by, any Defendant;

19 4. if any asset, including any account at any financial institution,
20 has been closed or removed, the date closed or removed, the balance on that
21 date, and the name of the person to whom the account or asset was remitted
22 or transferred;

23 E. Provide counsel for the FTC and the Temporary Receiver, within
24 seven (7) days after being served with a request, with copies of documents or
25 records and copies of documents pertaining to assets, including but not limited to:
26 account statements, account applications, signature cards, checks, deposit tickets,
27 transfers to and from the accounts, wire transfers, all other debit and credit
28 instruments or slips, 1099 forms, and safe deposit box logs; and

1 F. Cooperate with all reasonable requests of the FTC and the Temporary
2 Receiver relating to this Order's implementation, including but not limited to
3 transferring funds at the Temporary Receiver's discretion.

4 **IT IS FURTHER ORDERED THAT** this Section IX shall apply to both
5 existing documents, records and assets and to documents, records, and assets
6 acquired after the date of entry of this Order. This Section IX does not prohibit the
7 Repatriation of Foreign Assets, as required in Section XII of this Order.

8
9 **X.**

10 **FINANCIAL STATEMENTS AND ACCOUNTING**

11 **IT IS FURTHER ORDERED THAT** each Defendant, within three (3)
12 days of service of this Order, shall prepare and deliver to counsel for the FTC:

13 A. For Individual Defendants, a completed financial statement accurate
14 as of the date of service of this Order upon such Defendant in the form of
15 Attachment A to this Order captioned "Financial Statement of Individual
16 Defendant."

17 B. For Corporate Defendants, a completed financial statement accurate as
18 of the date of service of this Order upon such Defendant in the form of Attachment
19 B to this Order captioned "Financial Statement of Corporate Defendant."

20 C. For Defendants Backend, Inc., and Smart Funding Corp., a completed
21 financial statement accurate as of the date of service of this Order upon such
22 Defendant in the form of Attachment B to this Order captioned "Financial
23 Statement of Corporate Defendant," and, if not disclosed on the financial
24 statement, a written statement, verified under oath, setting forth their gross
25 revenues from all sources, their gross revenues from each Defendant, their
26 payments to each Defendant, a description of the goods or services provided to
27 each Defendant, and a description of the goods or services provided to non-
28 Defendants (if any), if different from what was provided to the Defendants.

1
2 **XI.**

3 **CONSUMER CREDIT REPORTS**

4 **IT IS FURTHER ORDERED THAT** pursuant to Section 604(1) of the
5 Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency
6 may furnish to the FTC a consumer report concerning any Defendant.
7

8 **XII.**

9 **REPATRIATION OF FOREIGN ASSETS**

10 **IT IS FURTHER ORDERED THAT**, within three (3) days following the
11 service of this Order, each Defendant shall:

12 A. Transfer to the territory of the United States and provide the FTC and
13 the Temporary Receiver with a full accounting of all assets, documents, and
14 records outside of the territory of the United States that are:

- 15 1. in the possession, actual or constructive, of any Defendant;
16 2. owned or controlled by, held in whole or in part for the benefit
17 of, or subject to access by, any Defendant; or
18 3. in the actual or constructive possession of, owned or controlled
19 by, subject to access by, or belonging to any person who is directly or
20 indirectly owned, managed, or under the control of any Defendant;

21 B. Hold all repatriated assets, documents, and records as required by
22 Section VIII of this Order; and

23 C. Provide the FTC access to all records of accounts or assets of the
24 Defendants held by any financial institution or other person located outside the
25 territorial United States by signing the Consent to Release of Financial Records
26 attached to this Order as Attachment C and by signing any other documents
27 required by any person, including any financial institution, or other person holding
28 any such asset.

1
2 **XIII.**

3 **NONINTERFERENCE WITH REPATRIATION**

4 **IT IS FURTHER ORDERED THAT** Defendants are temporarily
5 restrained and enjoined from taking any action, directly or indirectly, that may
6 result in the encumbrance or dissipation of foreign assets or in the hindrance of the
7 repatriation required by Section XII of this Order, including, but not limited to:

8 A. Sending any communication, including but not limited to any
9 statement, letter, fax, email, text message, wire transmission, or telephone call, or
10 engaging in any other act, directly or indirectly, that results in a determination by a
11 foreign trustee or other person that a “duress” event has occurred under the terms
12 of a foreign trust agreement until such time that all assets have been fully
13 repatriated pursuant to Section XII of this Order; or

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

18
19 **XIV.**

20 **APPOINTMENT OF TEMPORARY RECEIVER**

21 **IT IS FURTHER ORDERED THAT** Thomas W. McNamara is
22 appointed Temporary Receiver for the Receivership Defendants (as defined in
23 Definition K, above) with the full power of an equity receiver. The Temporary
24 Receiver shall be the agent of this Court and solely the agent of this Court when
25 acting pursuant to this Order. The Temporary Receiver shall be accountable
26 directly to this Court. The Temporary Receiver shall comply with all local rules
27 and laws governing receivers.
28

1 **XV.**

2 **DUTIES AND AUTHORITY OF TEMPORARY RECEIVER**

3 **IT IS FURTHER ORDERED THAT** the Temporary Receiver is directed
4 and authorized to accomplish the following:

5 A. Assume full control of the Receivership Defendants by removing, as
6 the Temporary Receiver deems necessary or advisable, any officer, director, agent,
7 servant, independent contractor or attorney of any of the Receivership Defendants,
8 including any Individual Defendant, from control of, management of, or
9 participation in, the affairs of the Receivership Defendants;

10 B. Take exclusive custody, control, and possession of all assets,
11 documents, and electronically stored information of, or in the possession, custody,
12 or under the control of, the Receivership Defendants, wherever situated. The
13 Temporary Receiver shall have full power to divert mail and to sue for, collect,
14 receive, take into possession, hold, and manage all assets and documents of the
15 Receivership Defendants and other persons whose interests are now held by or
16 under the direction, possession, custody, or control of the Receivership
17 Defendants; *provided, however*, that the Temporary Receiver shall not attempt to
18 collect or receive any amount from a consumer if the Temporary Receiver believes
19 the consumer was a victim of the unlawful conduct alleged in the complaint in this
20 matter;

21 C. Take all steps necessary to secure the business premises of the
22 Receivership Defendants. Such steps may include, but are not limited to, the
23 following, as the Temporary Receiver deems necessary or appropriate:

24 1. changing the locks and disconnecting any computer modems,
25 network access, or other means of access to the computer or other records
26 maintained at that location;

27 2. obtaining pertinent information from all employees and other
28 agents of the Receivership Defendants, including, but not limited to, the

1 name, home address, job description, method of compensation, and all
2 accrued and unpaid commissions and compensation of each such employee
3 or agent, and all computer hardware and software passwords, and including
4 the completion of a questionnaire presented by the Temporary Receiver;

5 3. requiring any persons present on the premises to provide proof
6 of identification, to leave the premises, and to demonstrate to the satisfaction
7 of the Temporary Receiver that such persons are not removing from the
8 premises property (including documents) or assets of the Receivership
9 Defendants

10 4. completing a written inventory of all Receivership assets;

11 5. videotaping and/or photographing all portions of any location at
12 which any Receivership Defendant conducts business or has assets; and;

13 6. serving and filing this Order;

14 D. Conserve, hold, and manage all Receivership assets, and perform all
15 acts necessary or advisable to preserve the value of those assets, in order to prevent
16 any irreparable loss, damage, or injury to consumers or to creditors of the
17 Receivership Defendants, including, but not limited to, obtaining an accounting of
18 the assets and preventing transfer, unauthorized withdrawal, or misapplication of
19 assets;

20 E. Liquidate any and all assets owned by or for the benefit of the
21 Receivership Defendants as the Temporary Receiver deems to be advisable or
22 necessary;

23 F. Enter into or break contracts and purchase insurance as the Temporary
24 Receiver deems to be advisable or necessary;

25 G. Prevent the inequitable distribution of assets and determine, adjust,
26 and protect the interests of consumers who have transacted business with the
27 Receivership Defendants;

28

1 H. Manage and administer the business of the Receivership Defendants
2 until further order of this Court by performing all incidental acts that the
3 Temporary Receiver deems to be advisable or necessary, which includes retaining,
4 hiring, or dismissing any employees, independent contractors, or agents;

5 I. Choose, engage, and employ, without prior approval of the Court,
6 attorneys, accountants, appraisers, and other independent contractors and technical
7 specialists, as the Temporary Receiver deems advisable or necessary in the
8 performance of duties and responsibilities under the authority granted by this
9 Order. The Temporary Receiver may engage the services of the law firm of which
10 the Temporary Receiver is a member;

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

18 K. Determine and implement measures to ensure that the Receivership
19 Defendants comply with, and prevent violations of, this Order and all other
20 applicable laws, including, but not limited to, revising sales materials and
21 implementing monitoring procedures;

22 L. Institute, defend, compromise, adjust, appear in, intervene in, or
23 become party to any actions or proceedings in state, federal, or foreign courts,
24 including actions or proceedings against a Receivership Defendant or against the
25 Temporary Receiver in his role as Temporary Receiver, that the Temporary
26 Receiver deems necessary or advisable to preserve or recover the assets of the
27 Receivership Defendants or to carry out the Temporary Receiver's responsibilities
28 under this Order;

1 M. Conduct the business of the Receivership Defendants in such manner,
2 to such extent, and for such duration as the Temporary Receiver may in good faith
3 deem to be necessary or appropriate; *provided, however*, that the continuation and
4 conduct of the business, if done at all, is conditioned upon the Temporary
5 Receiver's good faith determination that the businesses can be lawfully operated at
6 a profit using the assets of the receivership estate;

7 N. Take depositions, issue interrogatories, and issue subpoenas to obtain
8 information and documents and records pursuant to Section XXII, below;

9 O. Open one or more bank accounts in the Central or Southern District of
10 California as designated depositories for funds of the Receivership Defendants.
11 The Temporary Receiver shall deposit all funds of the Receivership Defendants in
12 such a designated account and shall make all payments and disbursements from the
13 receivership estate from such account(s);

14 P. Maintain accurate records of all receipts and expenditures that he
15 makes as Temporary Receiver; and

16 Q. Cooperate with reasonable requests for information or assistance from
17 any state or federal law enforcement agency.

18 **IT IS FURTHER ORDERED THAT** the Temporary Receiver will be
19 responsible for maintaining the chain of custody of all of Defendants' assets,
20 documents, property, and records in his possession.

21
22 **XVI.**

23 **TEMPORARY RECEIVER AND FTC IMMEDIATE ACCESS TO**
24 **BUSINESS PREMISES AND RECORDS**

25 **IT IS FURTHER ORDERED** that Defendants and their successors,
26 assigns, officers, agents, servants, employees, attorneys, and all other persons in
27 active concert or participation with any of them, who receive actual notice of this
28

1 Order, by personal service, facsimile, email, or otherwise, whether acting directly
2 or through any corporation, subsidiary, division, or other device, shall:

3 A. Immediately identify the following to the FTC and the Temporary
4 Receiver:

5 1. All of Receivership Defendants' premises, whether residential
6 or non-residential, including all locations from which Receivership
7 Defendants conduct business, maintain sales operations, or maintain
8 customer service operations;

9 2. All locations of documents or electronically stored information
10 related to Receivership Defendants, including but not limited to the name
11 and location of any electronic data hosts; and

12 3. All locations where assets belonging to any Receivership
13 Defendant are stored or maintained;

14 B. Allow the FTC and the Temporary Receiver, and their respective
15 representatives immediate and unimpeded access to the following:

16 1. All non-residence locations from which Receivership
17 Defendants conduct business of any sort, including but not limited to
18 locations at or near 1400 Reynolds Avenue, Irvine, California and 17632
19 Irvine Boulevard, Tustin, California.

20 2. Any non-residence locations where documents related to any
21 Receivership Defendant are stored or maintained;

22 3. Any non-residence locations where assets belonging to any
23 Receivership Defendant are stored or maintained; and

24 4. Any documents located at any of the locations described in this
25 Section XVI; and

26 C. Provide the FTC and the Temporary Receiver, and their respective
27 representatives with any necessary means of access to, copying of, and forensic
28 imaging of documents or electronically stored information, including, without

1 limitation, keys and combinations to locks, computer access codes, user names,
2 and passwords of all computers used to conduct Receivership Defendants'
3 business, access to (including but not limited to execution of any documents
4 necessary for access to and forensic imaging of) any data stored, hosted or
5 otherwise maintained by an electronic data host, and information with which to
6 access storage lockers, rooms, or other areas.

7 **IT IS FURTHER ORDERED THAT** the Temporary Receiver shall allow
8 the FTC and its representatives into the premises and facilities described in this
9 Section XVI to inspect, inventory, image, and copy documents or electronically
10 stored information. The Temporary Receiver may determine the time, manner, and
11 reasonable conditions of the FTC's access and may allow the FTC to take
12 documents off-site for copying, and the Temporary Receiver shall provide
13 reasonable access to Defendants within the Temporary Receiver's discretion.

14 **IT IS FURTHER ORDERED THAT** the Temporary Receiver may, at his
15 or her discretion, use law enforcement officers to help effect service, to implement
16 peacefully the provisions of this Order, and to keep the peace. The Temporary
17 Receiver may exclude Defendants and their agents and employees from the
18 business premises and facilities during the immediate access. The FTC and the
19 Temporary Receiver may photograph and videotape the inside and outside of the
20 premises to which they are permitted access by this Order along with all
21 documents and other items found on such premises. No one shall interfere with the
22 Temporary Receiver's performance of his or her duties, including the taking
23 control of any Receivership Defendant's non-residence premises or documents.

24 **IT IS FURTHER ORDERED THAT** if any property, records, documents,
25 or computer files relating to the Receivership Defendants are located in the
26 residence of any Defendant or otherwise in the possession, custody, or control of
27 any non-Receivership Defendant, then such Defendant shall produce them to the
28 Temporary Receiver within twenty-four (24) hours of service of this Order. In

1 order to prevent the destruction of computer data, upon service of this Order upon
2 Defendants, any such computers shall be turned off using the normal process for
3 the operating systems used on such computers and shall not be turned-on again until
4 produced for copying and inspection, along with any codes needed for access.

5 **IT IS FURTHER ORDERED THAT** the FTC's access to the Defendants'
6 documents pursuant to this provision shall not provide grounds for any Defendant
7 to object to any subsequent request for documents served by the FTC.

8
9 **XVII.**

10 **COOPERATION WITH TEMPORARY RECEIVER**

11 **IT IS FURTHER ORDERED THAT** Defendants and their successors,
12 assigns, officers, agents, servants, employees, attorneys, and all other persons in
13 active concert or participation with any of them, who receive actual notice of this
14 Order, by personal service, facsimile, email, or otherwise, whether acting directly
15 or through any trust, corporation, subsidiary, division, or other device, shall fully
16 cooperate with and assist the Temporary Receiver. Such cooperation and
17 assistance shall include, but not be limited to:

18 A. Providing any information to the Temporary Receiver that the
19 Temporary Receiver deems necessary to exercise the authority and discharge the
20 responsibilities of the Temporary Receiver under this Order;

21 B. Providing any username or password and executing any documents
22 required to access any computer or electronic files in any medium, including but
23 not limited to information stored, hosted, or otherwise maintained by an electronic
24 data host;

25 C. Providing the Temporary Receiver with access to any Documents
26 belonging to or in the custody or control of any Receivership Defendant;

1 D. Refraining from advising any person who owes money to a
2 Receivership Defendant to pay the debt to anyone other than to the Temporary
3 Receiver; and

4 E. Refraining from transacting any of the business of the Receivership
5 Defendants except under the direction of the Temporary Receiver.

6
7 **XVIII.**

8 **COMPENSATION FOR RECEIVER**

9 **IT IS FURTHER ORDERED THAT** the Temporary Receiver and all
10 personnel hired by the Temporary Receiver as authorized by this Order are entitled
11 to reasonable compensation and expenses for the performance of duties pursuant to
12 this Order from the assets of the Receivership Defendants. The Temporary
13 Receiver shall file with the Court and serve on the parties periodic requests for the
14 payment of such reasonable compensation, with the first such request filed no more
15 than sixty (60) days after the date of this Order. The Temporary Receiver shall not
16 increase the hourly rates used as the bases for such fee applications without prior
17 approval of the Court.

18
19 **XIX.**

20 **RECEIVER'S REPORTS**

21 **IT IS FURTHER ORDERED THAT** the Temporary Receiver shall report
22 to this Court, on or before the date and time set for the hearing on the Preliminary
23 Injunction Show Cause portion of this Order, Section XXVII, below, regarding:
24 (1) the steps taken by the Temporary Receiver to implement the terms of this
25 Order; (2) the value of all liquidated and unliquidated assets of the Receivership
26 Defendants; (3) the sum of all liabilities of the Receivership Defendants; (4) the
27 Temporary Receiver's assessment of whether the business can be operated
28 profitably and legally; (5) any future steps the Temporary Receiver recommends;

1 and (6) any other matters which the Temporary Receiver believes should be
2 brought to the Court's attention; *provided, however*, that if any of the required
3 information would hinder the Temporary Receiver's ability to pursue receivership
4 assets, the portions of the Temporary Receiver's report containing such
5 information may be filed under seal and not served on the parties.

6
7 **XX.**

8 **RECEIVER'S BOND**

9 **IT IS FURTHER ORDERED THAT** the Temporary Receiver shall file
10 with the Clerk of this Court a bond in the sum of \$100,000 in cash or with
11 sureties to be approved by the Court, conditioned that the Temporary Receiver will
12 well and truly perform the duties of the office and abide by and perform all acts the
13 Court directs.

14
15 **XXI.**

16 **STAY OF ACTIONS**

17 **IT IS FURTHER ORDERED THAT:**

18 A. Except by leave of this Court, during pendency of the Receivership
19 created by this Order, Defendants and all other persons and entities are stayed from
20 taking any action to establish or enforce any claim, right, or interest for, against, in,
21 on behalf of, or in the name of, any Receivership Defendant or any of their
22 subsidiaries, affiliates, partnerships, assets, or documents, or the Temporary
23 Receiver or the Temporary Receiver's duly authorized agents acting in their
24 capacities as such, including, but not limited to, the following:

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

1 2. Accelerating the due date of any obligation or claimed
2 obligation; filing or enforcing any lien; taking or attempting to take
3 possession, custody, or control of any asset; attempting to foreclose, forfeit,
4 alter, or terminate any interest in any asset, whether such acts are part of a
5 judicial proceeding, are acts of self-help, or otherwise;

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

10 4. Doing any act or thing whatsoever to interfere with the
11 Temporary Receiver taking custody, control, possession, or management of
12 the assets or documents subject to this Receivership, or to harass or interfere
13 with the Temporary Receiver in any way, or to interfere in any manner with
14 the exclusive jurisdiction of this Court over the assets or documents of the
15 Receivership Defendants;

16 B. This Section XXI does not stay:

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

19 2. The commencement or continuation of an action or proceeding
20 by a bar association to enforce its police or regulatory powers;

21 3. The commencement or continuation of an action or proceeding
22 by a governmental unit to enforce such governmental unit's police or
23 regulatory power;

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

27 5. The issuance to a Receivership Defendant of a notice of tax
28 deficiency.

1
2 **XXII.**

3 **LIMITED EXPEDITED DISCOVERY**

4 **IT IS FURTHER ORDERED** that the Temporary Receiver and the FTC
5 are granted leave to conduct certain expedited discovery and that in lieu of the time
6 periods, notice provisions, and other requirements of the applicable Local Rules for
7 this District and Rules 26, 30, 34, and 45 of the Federal Rules of Civil Procedure,
8 the Temporary Receiver and the FTC are granted leave to:

9 A. Depose, on three (3) days' notice, any party or non-party for the
10 purpose of discovering: (1) the nature, location, status, and extent of assets of
11 Defendants or their affiliates or subsidiaries; (2) the nature and location of
12 documents and business records of Defendants or their affiliates or subsidiaries;
13 and (3) compliance with this Order. Any such depositions taken pursuant to this
14 Section XXII shall not be counted toward the ten deposition limits set forth in Fed.
15 R. Civ. P. 30(a)(2)(A)(i) and 31(a)(2)(A)(i) and shall not preclude the FTC from
16 subsequently deposing the same person during discovery on the merits in this case.
17 Depositions may be taken by telephone, video conference, or other remote means.
18 Any deposition taken pursuant to this Section XXII that has not been reviewed and
19 signed by the deponent may be used by any party for purposes of the preliminary
20 injunction hearing;

21 B. Serve upon parties interrogatories or requests for production of
22 documents or inspection that require a response, production or inspection within
23 four (4) days of service, and may serve subpoenas upon non-parties that direct
24 production or inspection within seven (7) days of service, for the purpose of
25 discovering: (1) the nature, location, status, and extent of assets of Defendants or
26 their affiliates or subsidiaries; (2) the nature and location of documents and
27 business records of Defendants or their affiliates or subsidiaries; and (3)
28 compliance with this Order; *provided, however*, that forty-eight (48) hours notice

1 shall be deemed sufficient for the production of any such documents that are
2 maintained or stored as electronic data;

3 C. Serve deposition notices and other discovery requests upon the parties
4 to this action personally or by facsimile, email, certified or registered mail, or
5 private courier (including a process server) with a receipt from the courier showing
6 delivery.

7 **IT IS FURTHER ORDERED THAT** a Defendant's failure to comply with
8 discovery issued by this Section XXII shall constitute sufficient cause for
9 prohibiting that Defendant from introducing evidence at any hearing.

10
11 **XXIII.**

12 **SERVICE OF PLEADINGS, EVIDENCE, AND WITNESS LISTS**

13 **IT IS FURTHER ORDERED THAT:**

14 A. Defendants shall file any answering affidavits, pleadings, or legal
15 memoranda with the Court and serve the same on counsel for the FTC no later than
16 seven (7) days before the preliminary injunction hearing in this matter. The FTC
17 may file responsive or supplemental pleadings, materials, affidavits, or memoranda
18 with the Court and serve the same on counsel for Defendants and Relief
19 Defendants no later than two (2) days before the preliminary injunction hearing in
20 this matter;

21 B. The Court's decision on whether to issue a preliminary injunction in
22 this matter shall be based on the pleadings, declarations, exhibits, and memoranda
23 filed by, and oral argument of, the parties. ~~Live testimony shall be heard only upon~~
24 ~~further order of this Court on motion filed with the Court and served on the other~~
25 ~~parties at least five (5) days before the preliminary injunction hearing in this~~
26 ~~matter. Such motion shall set forth the name, address, and telephone number of~~
27 ~~each proposed witness, a detailed summary or affidavit disclosing the substance of~~
28 ~~each proposed witness' expected testimony, and an explanation of why the taking~~

1 ~~of live testimony would be helpful to this Court. Any papers opposing a timely~~
2 ~~motion to present live testimony or to present live testimony in response to live~~
3 ~~testimony to be presented by another party shall be filed with this Court and served~~
4 ~~on the other parties at least three (3) days prior to the preliminary injunction~~
5 ~~hearing in this matter;~~

6 C. All items referenced in this Section XXIII shall be served personally
7 or by facsimile, email, certified or registered mail, or private courier (including a
8 process server) with a receipt from the courier showing delivery, and shall be
9 served so they are received by the opposing party by 4:00 p.m. on the day they are
10 to be filed.

11 D. Pursuant to Fed. R. Civ. P. 4(f)(3), the FTC may serve the summons,
12 complaint, this Order, and all other documents filed to date in this matter on any
13 Defendant outside the fifty (50) United States.

14
15 **XXIV.**

16 **MONITORING**

17 **IT IS FURTHER ORDERED THAT:**

18 A. Agents or representatives of the FTC may contact Defendants directly
19 or anonymously for the purpose of monitoring compliance with this Order, and
20 may record any communications that occur in the course of such contacts.

21
22 **XXV.**

23 **DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

24 **IT IS FURTHER ORDERED THAT** each Defendant shall immediately
25 provide a copy of this Order to each of that Defendant's officers, directors, agents,
26 servants, employees, attorneys, salespersons, independent contractors, electronic
27 data hosts, computer technology provider, spouse, and children over age 18 years
28 and shall, within five (5) days from the date of entry of this Order, provide the FTC

1 with a sworn statement showing compliance with this Section XXV and listing the
2 name, address, and telephone number of each person to whom the Defendant
3 provided a copy and the recipient's relationship to the Defendant; *provided*,
4 *however*, that a Defendant need not give a copy of this Order to any person who
5 provided his or her name, address and relationship to the Defendant to the
6 Temporary Receiver.

7
8 **XXVI.**

9 **DURATION OF TEMPORARY RESTRAINING ORDER**

10 **IT IS FURTHER ORDERED THAT** this Order shall expire on

11 July 1, 2013, at 11:59 o'clock p.m.

12
13 **XXVII.**

14 **ORDER TO SHOW CAUSE REGARDING PRELIMINARY INJUNCTION**

15 **IT IS FURTHER ORDERED THAT**, pursuant to Federal Rule of Civil
16 Procedure 65(b), Defendants shall appear before this Court on July 1
17 , 2013, at 8:30 o'clock a.m., to show cause, if there is any, why
18 this Court should not enter a preliminary injunction enjoining the violations of law
19 alleged in the FTC's Complaint, continuing the freeze of their assets, and imposing
20 such additional relief as may be appropriate.

21
22 **XXVIII.**

23 **CORRESPONDENCE WITH PLAINTIFF**

24 **IT IS FURTHER ORDERED THAT**, for the purposes of this Order, all
25 documents required to be served on Plaintiff shall be delivered personally or by
26 facsimile, email, certified or registered mail, or private courier with a receipt from
27 the courier (including a process server) showing delivery, to one or more of the
28 following:

Steven W. Balster
Federal Trade Commission
1111 Superior Ave., Suite 200
Cleveland, OH 44114
sbalster@ftc.gov
(216) 263-3401
(216) 263-3426 (facsimile)

XXIX.

SERVICE OF THIS ORDER

IT IS FURTHER ORDERED THAT copies of this Order may be served on any person by facsimile, email, private courier, U.S. Mail, or personal service by agents and employees of the FTC, any state or federal agency, or private process server. Service upon a manager of any branch or office of any financial institution shall effect service upon the entire financial institution.

XXX.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED THAT this Court shall retain jurisdiction of this matter for all purposes of construction, modification, and enforcement of this Order.

SO ORDERED, this 19th day of June 2013.

David O. Carter

United States District Judge

DAVID O. CARTER

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

Definitions and Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") in the first field only of any item that does not apply to you. If you cannot fully answer a question, explain why.
2. "Dependents" include your spouse, live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

Penalty for False Information:

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

(1) "in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact; makes any materially false, fictitious or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);

(2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or

(3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration" (18 U.S.C. § 1623).

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

| BACKGROUND INFORMATION | | | |
|--------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------|--------------------------------------|
| Item 1. Information About You | | | |
| Full Name | | Social Security No. | |
| Current Address of Primary Residence | | Driver's License No. | State Issued |
| | | Phone Numbers Home: () | Date of Birth: / / (mm/dd/yyyy) |
| | | Fax: () | Place of Birth |
| <input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (mm/dd/yyyy) | | E-Mail Address | |
| Internet Home Page | | | |
| Previous Addresses for past five years (if required, use additional pages at end of form) | | | |
| Address | | From: / / (mm/dd/yyyy) | Until: / / (mm/dd/yyyy) |
| | | <input type="checkbox"/> Rent <input type="checkbox"/> Own | |
| Address | | From: / / | Until: / / |
| | | <input type="checkbox"/> Rent <input type="checkbox"/> Own | |
| Address | | From: / / | Until: / / |
| | | <input type="checkbox"/> Rent <input type="checkbox"/> Own | |
| Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used: | | | |
| Item 2. Information About Your Spouse or Live-In Companion | | | |
| Spouse/Companion's Name | | Social Security No. | Date of Birth / / (mm/dd/yyyy) |
| Address (if different from yours) | | Phone Number () | Place of Birth |
| | | <input type="checkbox"/> Rent <input type="checkbox"/> Own | From (Date): / / (mm/dd/yyyy) |
| | | | |
| Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used: | | | |
| Employer's Name and Address | | Job Title | |
| | | Years in Present Job | Annual Gross Salary/Wages \$ |
| | | | |
| Item 3. Information About Your Previous Spouse | | | |
| Name and Address | | Social Security No. | |
| | | Date of Birth / / (mm/dd/yyyy) | |
| Item 4. Contact Information (name and address of closest living relative other than your spouse) | | | |
| Name and Address | | Phone Number () | |

Initials: _____

Item 7. Pending Lawsuits Filed By or Against You or Your Spouse
 List all pending lawsuits that have been filed by or against you or your spouse in any court or before an administrative agency in the United States or in any foreign country or territory. *Note: At Item 12, list lawsuits that resulted in final judgments or settlements in your favor. At Item 21, list lawsuits that resulted in final judgments or settlements against you.*

| Caption of Proceeding | Court or Agency and Location | Case No. | Nature of Proceeding | Relief Requested | Status or Disposition |
|-----------------------|------------------------------|----------|----------------------|------------------|-----------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Item 8. Safe Deposit Boxes
 List all safe deposit boxes, located within the United States or in any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents.

| Name of Owner(s) | Name & Address of Depository Institution | Box No. | Contents |
|------------------|------------------------------------------|---------|----------|
| | | | |
| | | | |
| | | | |

Initials: _____

FINANCIAL INFORMATION

REMINDER: When an item asks for information regarding your "assets" and "liabilities" include ALL assets and liabilities, located within the United States or in any foreign country or territory, or institution, whether held individually or jointly, and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. In addition, provide all documents requested in Item 24 with your completed Financial Statement.

ASSETS

Item 9. Cash, Bank, and Money Market Accounts

List cash on hand (as opposed to cash in bank accounts or other financial accounts) and all bank accounts, money market accounts, or other financial accounts, including but not limited to checking accounts, savings accounts, and certificates of deposit. The term "cash on hand" includes but is not limited to cash in the form of currency, uncashed checks, and money orders.

| a. Amount of Cash on Hand \$ | | Form of Cash on Hand | |
|------------------------------|-----------------------------------------|----------------------|-----------------|
| b. Name on Account | Name & Address of Financial Institution | Account No. | Current Balance |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |

Item 10. Publicly Traded Securities

List all publicly traded securities, including but not limited to, stocks, stock options, corporate bonds, mutual funds, U.S. government securities (including but not limited to treasury bills and treasury notes), and state and municipal bonds. Also list any U.S. savings bonds.

| | | | |
|-----------------------|---------------------------|--------------------------|--------------------|
| Owner of Security | Issuer | Type of Security | No. of Units Owned |
| Broker House, Address | Broker Account No. | | |
| | Current Fair Market Value | Loan(s) Against Security | |
| | \$ | \$ | |
| Owner of Security | Issuer | Type of Security | No. of Units Owned |
| Broker House, Address | Broker Account No. | | |
| | Current Fair Market Value | Loan(s) Against Security | |
| | \$ | \$ | |
| Owner of Security | Issuer | Type of Security | No. of Units Owned |
| Broker House, Address | Broker Account No. | | |
| | Current Fair Market Value | Loan(s) Against Security | |
| | \$ | \$ | |

Initials: _____

Item 11. Non-Public Business and Financial Interests

List all non-public business and financial interests, including but not limited to any interest in a non-public corporation, subchapter-S corporation, limited liability corporation ("LLC"), general or limited partnership, joint venture, sole proprietorship, international business corporation or personal investment corporation, and oil or mineral lease.

| Entity's Name & Address | Type of Business or Financial Interest (e.g., LLC, partnership) | Owner (e.g., self, spouse) | Ownership % | If Officer, Director, Member or Partner, Exact Title |
|-------------------------|-----------------------------------------------------------------|----------------------------|-------------|------------------------------------------------------|
| | | | | |
| | | | | |
| | | | | |

Item 12. Amounts Owed to You, Your Spouse, or Your Dependents

| Debtor's Name & Address | Date Obligation Incurred (Month/Year) | Original Amount Owed \$ | Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number) |
|-------------------------|---------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Current Amount Owed \$ | Payment Schedule \$ | |
| Debtor's Telephone | Debtor's Relationship to You | | |
| | | | |
| | | | |
| | | | |

Item 13. Life Insurance Policies

List all life insurance policies (including endowment policies) with any cash surrender value.

| Insurance Company's Name, Address, & Telephone No. | Beneficiary | Policy No. | Face Value \$ |
|----------------------------------------------------|-------------|------------|-------------------------|
| | | Insured | Loans Against Policy \$ |
| | | | |
| | | | |
| | | | |

Item 14. Deferred Income Arrangements

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, other retirement accounts, and college savings plans (e.g., 529 Plans).

| Trustee or Administrator's Name, Address & Telephone No. | Name on Account | | Account No. |
|----------------------------------------------------------|-----------------------------------|--------------|-----------------------------------------------|
| | Date Established / / (mm/dd/yyyy) | Type of Plan | Surrender Value before Taxes and Penalties \$ |
| | | | |
| | | | |
| | | | |

Initials: _____

Item 15. Pending Insurance Payments or Inheritances
 List any pending insurance payments or inheritances owed to you.

| Type | Amount Expected | Date Expected (mm/dd/yyyy) |
|------|-----------------|----------------------------|
| | \$ | / / |
| | \$ | / / |
| | \$ | / / |

Item 16. Vehicles
 List all cars, trucks, motorcycles, boats, airplanes, and other vehicles.

| Vehicle Type | Year | Registered Owner's Name | Purchase Price | Original Loan Amount | Current Balance |
|--------------|------|-------------------------------|---------------------------|----------------------|-----------------|
| Make | | Registration State & No. | Account/Loan No. | Current Value | Monthly Payment |
| Model | | Address of Vehicle's Location | Lender's Name and Address | | |
| Vehicle Type | Year | Registered Owner's Name | Purchase Price | Original Loan Amount | Current Balance |
| Make | | Registration State & No. | Account/Loan No. | Current Value | Monthly Payment |
| Model | | Address of Vehicle's Location | Lender's Name and Address | | |
| Vehicle Type | Year | Registered Owner's Name | Purchase Price | Original Loan Amount | Current Balance |
| Make | | Registration State & No. | Account/Loan No. | Current Value | Monthly Payment |
| Model | | Address of Vehicle's Location | Lender's Name and Address | | |
| Vehicle Type | Year | Registered Owner's Name | Purchase Price | Original Loan Amount | Current Balance |
| Make | | Registration State & No. | Account/Loan No. | Current Value | Monthly Payment |
| Model | | Address of Vehicle's Location | Lender's Name and Address | | |

Item 17. Other Personal Property
 List all other personal property not listed in Items 9-16 by category, whether held for personal use, investment or any other reason, including but not limited to coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property.

| Property Category (e.g., artwork, jewelry) | Name of Owner | Property Location | Acquisition Cost | Current Value |
|--------------------------------------------|---------------|-------------------|------------------|---------------|
| | | | \$ | \$ |
| | | | \$ | \$ |
| | | | \$ | \$ |

Initials: _____

| Item 18. Real Property List all real property interests (including any land contract) | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|--------------------------------------------------------|
| Property's Location | | Type of Property | Name(s) on Title or Contract and Ownership Percentages |
| Acquisition Date (mm/dd/yyyy) / / | Purchase Price \$ | Current Value \$ | Basis of Valuation |
| Lender's Name and Address | | Loan or Account No. | Current Balance On First Mortgage or Contract \$ |
| | | | Monthly Payment \$ |
| Other Mortgage Loan(s) (describe) | | Monthly Payment \$ | <input type="checkbox"/> Rental Unit |
| | | Current Balance \$ | Monthly Rent Received \$ |
| Property's Location | | Type of Property | Name(s) on Title or Contract and Ownership Percentages |
| Acquisition Date (mm/dd/yyyy) / / | Purchase Price \$ | Current Value \$ | Basis of Valuation |
| Lender's Name and Address | | Loan or Account No. | Current Balance On First Mortgage or Contract \$ |
| | | | Monthly Payment \$ |
| Other Mortgage Loan(s) (describe) | | Monthly Payment \$ | <input type="checkbox"/> Rental Unit |
| | | Current Balance \$ | Monthly Rent Received \$ |
| LIABILITIES | | | |
| Item 19. Credit Cards List each credit card account held by you, your spouse, or your dependents, and any other credit cards that you, your spouse, or your dependents use, whether issued by a United States or foreign financial institution. | | | |
| Name of Credit Card (e.g., Visa, MasterCard, Department Store) | Account No. | Name(s) on Account | Current Balance |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| Item 20. Taxes Payable List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependents. | | | |
| Type of Tax | Amount Owed | Year Incurred | |
| | \$ | | |
| | \$ | | |
| | \$ | | |

Initials: _____

Item 21. Other Amounts Owed by You, Your Spouse, or Your Dependents

List all other amounts, not listed elsewhere in this financial statement, owed by you, your spouse, or your dependents.

| | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Lender/Creditor's Name, Address, and Telephone No. | Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number) |
| | Lender/Creditor's Relationship to You |

| | | | |
|----------------------------------------------------|----------------------------|---------------------------|------------------|
| Date Liability Was Incurred / / (mm/dd/yyyy) | Original Amount Owed \$ | Current Amount Owed \$ | Payment Schedule |
|----------------------------------------------------|----------------------------|---------------------------|------------------|

| | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Lender/Creditor's Name, Address, and Telephone No. | Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number) |
| | Lender/Creditor's Relationship to You |

| | | | |
|----------------------------------------------------|----------------------------|---------------------------|------------------|
| Date Liability Was Incurred / / (mm/dd/yyyy) | Original Amount Owed \$ | Current Amount Owed \$ | Payment Schedule |
|----------------------------------------------------|----------------------------|---------------------------|------------------|

OTHER FINANCIAL INFORMATION

Item 22. Trusts and Escrows

List all funds and other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Include any legal retainers being held on your behalf by legal counsel. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity.

| Trustee or Escrow Agent's Name & Address | Date Established (mm/dd/yyyy) | Grantor | Beneficiaries | Present Market Value of Assets* |
|------------------------------------------|----------------------------------|---------|---------------|---------------------------------|
| | / / | | | \$ |
| | / / | | | \$ |
| | / / | | | \$ |

*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

Item 23. Transfers of Assets

List each person or entity to whom you have transferred, in the aggregate, more than \$5,000 in funds or other assets during the previous five years by loan, gift, sale, or other transfer (exclude ordinary and necessary living and business expenses paid to unrelated third parties). For each such person or entity, state the total amount transferred during that period.

| Transferee's Name, Address, & Relationship | Property Transferred | Aggregate Value* | Transfer Date (mm/dd/yyyy) | Type of Transfer (e.g., Loan, Gift) |
|--------------------------------------------|----------------------|------------------|-------------------------------|----------------------------------------|
| | | \$ | / / | |
| | | \$ | / / | |
| | | \$ | / / | |

*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

Initials: _____

| Item 24. Document Requests | |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provide copies of the following documents with your completed Financial Statement. | |
| | Federal tax returns filed during the last three years by or on behalf of you, your spouse, or your dependents. |
| | All applications for bank loans or other extensions of credit (other than credit cards) that you, your spouse, or your dependents have submitted within the last two years, including by obtaining copies from lenders if necessary. |
| Item 9 | For each bank account listed in Item 9, all account statements for the past 3 years. |
| Item 11 | For each business entity listed in Item 11, provide (including by causing to be generated from accounting records) the most recent balance sheet, tax return, annual income statement, the most recent year-to-date income statement, and all general ledger files from account records. |
| Item 17 | All appraisals that have been prepared for any property listed in Item 17, including appraisals done for insurance purposes. You may exclude any category of property where the total appraised value of all property in that category is less than \$2,000. |
| Item 18 | All appraisals that have been prepared for real property listed in Item 18. |
| Item 21 | Documentation for all debts listed in Item 21. |
| Item 24 | All executed documents for any trust or escrow listed in Item 22. Also provide any appraisals, including insurance appraisals that have been done for any assets held by any such trust or in any such escrow. |

SUMMARY FINANCIAL SCHEDULES

| Item 25. Combined Balance Sheet for You, Your Spouse, and Your Dependents | | | |
|----------------------------------------------------------------------------------|-----------|----------------------------------------------------|-----------|
| Assets | | Liabilities | |
| Cash on Hand (Item 9) | \$ | Loans Against Publicly Traded Securities (Item 10) | \$ |
| Funds Held in Financial Institutions (Item 9) | \$ | Vehicles - Liens (Item 16) | \$ |
| U.S. Government Securities (Item 10) | \$ | Real Property - Encumbrances (Item 18) | \$ |
| Publicly Traded Securities (Item 10) | \$ | Credit Cards (Item 19) | \$ |
| Non-Public Business and Financial Interests (Item 11) | \$ | Taxes Payable (Item 20) | \$ |
| Amounts Owed to You (Item 12) | \$ | Amounts Owed by You (Item 21) | \$ |
| Life Insurance Policies (Item 13) | \$ | Other Liabilities (Itemize) | |
| Deferred Income Arrangements (Item 14) | \$ | | \$ |
| Vehicles (Item 16) | \$ | | \$ |
| Other Personal Property (Item 17) | \$ | | \$ |
| Real Property (Item 18) | \$ | | \$ |
| Other Assets (Itemize) | | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| Total Assets | \$ | Total Liabilities | \$ |

| Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------------------------------------------------------------------------|----|
| Provide the current monthly income and expenses for you, your spouse, and your dependents. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories. | | | |
| Income (State source of each item) | | Expenses | |
| Salary - After Taxes | \$ | Mortgage or Rental Payments for Residence(s) | \$ |
| Source: | | | |
| Fees, Commissions, and Royalties | \$ | Property Taxes for Residence(s) | \$ |
| Source: | | | |
| Interest | \$ | Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance | \$ |
| Source: | | | |
| Dividends and Capital Gains | \$ | Car or Other Vehicle Lease or Loan Payments | \$ |
| Source: | | | |
| Gross Rental Income | \$ | Food Expenses | \$ |
| Source: | | | |
| Profits from Sole Proprietorships | \$ | Clothing Expenses | \$ |
| Source: | | | |
| Distributions from Partnerships, S-Corporations, and LLCs | \$ | Utilities | \$ |
| Source: | | | |

Initials: _____

| Item 27. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents (cont.) | | | |
|----------------------------------------------------------------------------------------------------------------|----|---------------------------------------|----|
| Distributions from Trusts and Estates | \$ | Medical Expenses, Including Insurance | \$ |
| Source: | | | |
| Distributions from Deferred Income Arrangements | \$ | Other Insurance Premiums | \$ |
| Source: | | | |
| Social Security Payments | \$ | Other Transportation Expenses | \$ |
| Alimony/Child Support Received | \$ | Other Expenses (Itemize) | |
| Gambling Income | \$ | | \$ |
| Other Income (Itemize) | | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| Total Income | \$ | Total Expenses | \$ |

| ATTACHMENTS | |
|----------------------------------------------------------------------------|-------------------------|
| Item 28. Documents Attached to this Financial Statement | |
| List all documents that are being submitted with this financial statement. | |
| Item No. Document Relates To | Description of Document |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. The font size within each field will adjust automatically as you type to accommodate longer responses.
3. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action.
4. When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.
5. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
6. Type or print legibly.
7. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

Penalty for False Information:

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration." (18 U.S.C. § 1623)

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

All other current addresses & previous addresses for past five years, including post office boxes and mail drops:

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

Federal Taxpayer ID No. _____ State & Date of Incorporation _____

State Tax ID No. _____ State _____ Profit or Not For Profit _____

Corporation's Present Status: Active _____ Inactive _____ Dissolved _____

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

Fiscal Year-End (Mo./Day) _____ Corporation's Business Activities _____

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone No. _____

Item 4. Principal Stockholders

List all persons and entities that own at least 5% of the corporation's stock.

| <u>Name & Address</u> | <u>% Owned</u> |
|---------------------------|----------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Item 5. Board Members

List all members of the corporation's Board of Directors.

| <u>Name & Address</u> | <u>% Owned</u> | <u>Term (From/Until)</u> |
|---------------------------|----------------|--------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Item 6. Officers

List all of the corporation's officers, including *de facto* officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

| <u>Name & Address</u> | <u>% Owned</u> |
|---------------------------|----------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Item 7. Businesses Related to the Corporation

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

| <u>Name & Address</u> | <u>Business Activities</u> | <u>% Owned</u> |
|---------------------------|----------------------------|----------------|
| | | |
| | | |
| | | |

State which of these businesses, if any, has ever transacted business with the corporation _____

Item 8. Businesses Related to Individuals

List all corporations, partnerships, and other business entities in which the corporation's principal stockholders, board members, or officers (i.e., the individuals listed in Items 4 - 6 above) have an ownership interest.

| <u>Individual's Name</u> | <u>Business Name & Address</u> | <u>Business Activities</u> | <u>% Owned</u> |
|--------------------------|------------------------------------|----------------------------|----------------|
| | | | |
| | | | |
| | | | |

State which of these businesses, if any, have ever transacted business with the corporation _____

Item 9. Related Individuals

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A "related individual" is a spouse, sibling, parent, or child of the principal stockholders, board members, and officers (i.e., the individuals listed in Items 4 - 6 above).

| <u>Name and Address</u> | <u>Relationship</u> | <u>Business Activities</u> |
|-------------------------|---------------------|----------------------------|
| | | |
| | | |
| | | |

Item 10. Outside Accountants

List all outside accountants retained by the corporation during the last three years.

| <u>Name</u> | <u>Firm Name</u> | <u>Address</u> | <u>CPA/PA?</u> |
|-------------|------------------|----------------|----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Item 11. Corporation's Recordkeeping

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years.

| <u>Name, Address, & Telephone Number</u> | <u>Position(s) Held</u> |
|----------------------------------------------|-------------------------|
| | |
| | |
| | |
| | |

Item 12. Attorneys

List all attorneys retained by the corporation during the last three years.

| <u>Name</u> | <u>Firm Name</u> | <u>Address</u> |
|-------------|------------------|----------------|
| | | |
| | | |
| | | |
| | | |
| | | |

Item 13. Pending Lawsuits Filed by the Corporation

List all pending lawsuits that have been filed by the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in favor of the corporation in Item 25).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 14. Current Lawsuits Filed Against the Corporation

List all pending lawsuits that have been filed against the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments, settlements, or orders in Items 26 - 27).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 15. Bankruptcy Information

List all state insolvency and federal bankruptcy proceedings involving the corporation.

Commencement Date _____ Termination Date _____ Docket No. _____
 If State Court: Court & County _____ If Federal Court: District _____
 Disposition _____

Item 16. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by the corporation, or held by others for the benefit of the corporation. *On a separate page, describe the contents of each box.*

| <u>Owner's Name</u> | <u>Name & Address of Depository Institution</u> | <u>Box No.</u> |
|---------------------|-----------------------------------------------------|----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

FINANCIAL INFORMATION

REMINDER: When an Item asks for information about assets or liabilities "held by the corporation," include **ALL** such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.

Item 17. Tax Returns

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

| <u>Federal/ State/Both</u> | <u>Tax Year</u> | <u>Tax Due Federal</u> | <u>Tax Paid Federal</u> | <u>Tax Due State</u> | <u>Tax Paid State</u> | <u>Preparer's Name</u> |
|--------------------------------|-----------------|----------------------------|-----------------------------|--------------------------|---------------------------|------------------------|
| | | \$ _____ | \$ _____ | \$ _____ | \$ _____ | |
| | | \$ _____ | \$ _____ | \$ _____ | \$ _____ | |
| | | \$ _____ | \$ _____ | \$ _____ | \$ _____ | |

Item 18. Financial Statements

List all financial statements that were prepared for the corporation's last three complete fiscal years and for the current fiscal year-to-date. *Attach copies of all statements, providing audited statements if available.*

| <u>Year</u> | <u>Balance Sheet</u> | <u>Profit & Loss Statement</u> | <u>Cash Flow Statement</u> | <u>Changes in Owner's Equity</u> | <u>Audited?</u> |
|-------------|----------------------|------------------------------------|----------------------------|----------------------------------|-----------------|
| | | | | | |
| | | | | | |
| | | | | | |

Item 19. Financial Summary

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 18 above, provide the following summary financial information.

| | <u>Current Year-to-Date</u> | <u>1 Year Ago</u> | <u>2 Years Ago</u> | <u>3 Years Ago</u> |
|-------------------------------|-----------------------------|-------------------|--------------------|--------------------|
| <u>Gross Revenue</u> | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| <u>Expenses</u> | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| <u>Net Profit After Taxes</u> | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| <u>Payables</u> | \$ _____ | | | |
| <u>Receivables</u> | \$ _____ | | | |

Item 20. Cash, Bank, and Money Market Accounts

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by the corporation. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ _____ Cash Held for the Corporation's Benefit \$ _____

| <u>Name & Address of Financial Institution</u> | <u>Signator(s) on Account</u> | <u>Account No.</u> | <u>Current Balance</u> |
|----------------------------------------------------|-------------------------------|--------------------|------------------------|
| | | | \$ _____ |
| | | | \$ _____ |
| | | | \$ _____ |
| | | | \$ _____ |

Item 21. Government Obligations and Publicly Traded Securities

List all U.S. Government obligations, including but not limited to, savings bonds, treasury bills, or treasury notes, held by the corporation. Also list all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by the corporation.

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Item 22. Real Estate

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 23. Other Assets

List all other property, by category, with an estimated value of \$2,500 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

| <u>Property Category</u> | <u>Property Location</u> | <u>Acquisition Cost</u> | <u>Current Value</u> |
|--------------------------|--------------------------|-------------------------|----------------------|
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |
| | | \$ | \$ |

Item 24. Trusts and Escrows

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation.

| <u>Trustee or Escrow Agent's Name & Address</u> | <u>Description and Location of Assets</u> | <u>Present Market Value of Assets</u> |
|-----------------------------------------------------|-------------------------------------------|---------------------------------------|
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |

Item 25. Monetary Judgments and Settlements Owed To the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed to the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 26. Monetary Judgments and Settlements Owed By the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed by the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 27. Government Orders and Settlements

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency _____ Contact Person _____
 Address _____ Telephone No. _____
 Agreement Date _____ Nature of Agreement _____

Item 28. Credit Cards

List all of the corporation's credit cards and store charge accounts and the individuals authorized to use them.

| <u>Name of Credit Card or Store</u> | <u>Names of Authorized Users and Positions Held</u> |
|-------------------------------------|-----------------------------------------------------|
| | |
| | |
| | |
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| | |

Item 29. Compensation of Employees

List all compensation and other benefits received from the corporation by the five most highly compensated employees, independent contractors, and consultants (other than those individuals listed in Items 5 and 6 above), for the two previous fiscal years and current fiscal year-to-date. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

| <u>Name/Position</u> | <u>Current Fiscal Year-to-Date</u> | <u>1 Year Ago</u> | <u>2 Years Ago</u> | <u>Compensation or Type of Benefits</u> |
|----------------------|------------------------------------|-------------------|--------------------|-----------------------------------------|
| | \$ _____ | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | \$ _____ | |

Item 30. Compensation of Board Members and Officers

List all compensation and other benefits received from the corporation by each person listed in Items 5 and 6, for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

| <u>Name/Position</u> | <u>Current Fiscal Year-to-Date</u> | <u>1 Year Ago</u> | <u>2 Years Ago</u> | <u>Compensation or Type of Benefits</u> |
|----------------------|------------------------------------|-------------------|--------------------|-----------------------------------------|
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |
| | \$ | \$ | \$ | |

Item 31. Transfers of Assets Including Cash and Property

List all transfers of assets over \$2,500 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

| <u>Transferee's Name, Address, & Relationship</u> | <u>Property Transferred</u> | <u>Aggregate Value</u> | <u>Transfer Date</u> | <u>Type of Transfer (e.g., Loan, Gift)</u> |
|-------------------------------------------------------|-----------------------------|------------------------|----------------------|--------------------------------------------|
| | | \$ | | |
| | | \$ | | |
| | | \$ | | |
| | | \$ | | |
| | | \$ | | |

