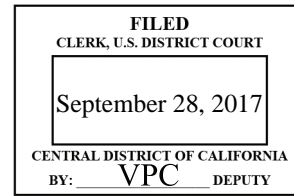


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12
13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 FEDERAL TRADE COMMISSION,

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17 Plaintiff,

18 vs.
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Civ. No. cv-17-07048 SJO (KS)

**(Proposed) EX PARTE ORDER
FOR TEMPORARY
RESTRAINING ORDER, ASSET
FREEZE, AND OTHER
EQUITABLE RELIEF, AND FOR
ORDER TO SHOW CAUSE WHY
PRELIMINARY INJUNCTION
SHOULD NOT ISSUE**

LODGED UNDER SEAL

1 ALLIANCE DOCUMENT
2 PREPARATION LLC, also dba EZ Doc
3 Preps, Grads Aid, and First Document
4 Aid; SBS CAPITAL GROUP, INC.,
5 also dba Grads United Discharge; SBB
6 HOLDINGS, LLC, also dba EZ Doc
7 Preps, Allied Doc Prep, and Post Grad
8 Services; FIRST STUDENT AID, LLC;
9 UNITED LEGAL CENTER, LLC, also
10 dba Post Grad Aid, Alumni Aid
11 Assistance, and United Legal Discharge;
12 UNITED LEGAL CENTER, INC.;
13 ELITE CONSULTING SERVICE,
14 LLC, fka FIRST GRAD AID, LLC, also
15 dba First Grad Aid and; GRADS DOC
16 PREP, LLC, also dba Academic Aid
17 Center, Academic Protection, Academy
18 Doc Prep, and Academic Discharge;
19 ELITE DOC PREP LLC, also dba
20 Premier Student Aid; BENJAMIN
21 NADERI aka Benjamin Pournaderi and
22 Benjamin Brooks; SHAWN GABBAIE
23 aka Shawn Goodman; AVINADAV
24 RUBENI aka Avi Rubeni; MICHAEL
25 RATLIFF; RAMIAR REUVENI aka
26 Rami Reuveni; and FARZAN
27 AZINKHAN,

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DIRECT CONSULTING SERVICE
LLC; and CAPITAL DOC PREP, INC.,

Relief Defendants.

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), has
filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant
to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C.

1 § 53(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act
2 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and has moved, pursuant to Fed.
3 R. Civ. P. 65(b), for a temporary restraining order, asset freeze, other equitable
4 relief, and an order to show cause why a preliminary injunction should not issue
5 against Defendants and Relief Defendants.

6 **FINDINGS OF FACT**

7 The Court, having considered the FTC’s Complaint, *ex parte* application for
8 temporary restraining order, declarations, exhibits, and the memorandum filed in
9 support of the FTC’s application and the evidence presented, now finds that:

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

13 2. There is good cause to believe that Defendants have engaged in and
14 are likely to engage in acts or practices that violate Section 5(a) of the FTC Act, 15
15 U.S.C. § 45(a), and the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part
16 310, and that Plaintiff is therefore likely to prevail on the merits of this action.

17 3. There is good cause to believe that immediate and continuing harm to
18 consumers will result from Defendants’ ongoing violations of the FTC Act and the
19 TSR unless Defendants are restrained and enjoined by order of this Court.

20 4. There is good cause to believe that Relief Defendants have received
21 funds that can be traced directly to Defendants’ unlawful acts or practices and that
22 Relief Defendants have no legitimate claim to those funds.

23 5. There is good cause to believe that immediate and irreparable damage
24 to the Court’s ability to grant effective final relief for consumers in the form of
25 monetary restitution, rescission, disgorgement, or refunds will occur from the sale,
26 transfer, destruction, or other disposition or concealment by Defendants or Relief
27 Defendants of their assets or records, unless Defendants and Relief Defendants are
28 immediately restrained and enjoined by order of this Court. In accordance with

1 Fed. R. Civ. P. 65(b) and Local Rule 7-19.2, the interests of justice require that this
2 *ex parte* application be heard without prior notice to Defendants and Relief
3 Defendants, and the notice requirement of Local Rule 7-19.2 is hereby waived.

4 6. Good cause exists for appointing a Temporary Receiver over the
5 Corporate Defendants and temporarily freezing Defendants' and Relief
6 Defendants' assets; permitting the Temporary Receiver and FTC immediate access
7 to the Receivership Defendants' business premises; and permitting the Temporary
8 Receiver and FTC to take expedited discovery, including requiring full financial
9 accountings by the Defendants and Relief Defendants.

10 7. Weighing the equities and considering FTC's likelihood of ultimate
11 success on the merits, a temporary restraining order with an asset freeze, the
12 appointment of a temporary receiver, immediate access to business premises,
13 expedited discovery, and other equitable relief is in the public interest.

14 8. No security is required of any agency of the United States for issuance
15 of a temporary restraining order. Fed. R. Civ. P. 65(c).

16 **DEFINITIONS**

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

18 A. "**Asset**" means any legal or equitable interest in, right to, or claim to,
19 any real or personal property, including, without limitation, chattels, goods,
20 instruments, equipment, fixtures, general intangibles, leaseholds, mail or other
21 deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares
22 of stock, and all cash, wherever located and by whomever held.

23 B. "**Debt Relief Service**" means any program or service represented,
24 directly or by implication, to renegotiate, settle, or in any way alter the terms of
25 payment or other terms of the debt between a person and one or more unsecured
26 creditors or debt collectors, including, but not limited to, a reduction in the balance,
27 interest rate, or fees owed by a person to an unsecured creditor or debt collector.

1 C. **“Defendants”** means Corporate Defendants and Individual
2 Defendants, individually, collectively, or in any combination.

3 D. **“Corporate Defendants”** means Alliance Document Preparation,
4 LLC, also dba EZ Doc Preps. Grads Aid, and First Document Aid; SBS Capital
5 Group, Inc., also dba Grads United Discharge; SBB Holdings, LLC, also dba
6 Allied Doc Prep and Post Grad Services; First Student Aid, LLC; United Legal
7 Center, LLC, also dba Alumni Aid Assistance, Post Grad Aid, and United Legal
8 Discharge; Elite Consulting Service, LLC, fka First Grad Aid, LLC, also dba First
9 Grad Aid; Grads Doc Prep, LLC; Elite Doc Prep, LLC, also dba Premier Student
10 Aid.

11 E. **“Individual Defendants”** means Benjamin Naderi, aka Benjamin
12 Pournaderi and Benjamin Brooks; Shawn Gabbaie aka Shawn Goodman; Avinadav
13 Rubeni aka Avid Rubeni; Michael Ratliff; Ramiar Reuveni aka Rami Reuveni; and
14 Farzan Azinkhan and any other names by which they might be known.

15 F. **“Document”** is synonymous in meaning and equal in scope to the
16 usage of the terms **“document”** and **“electronically stored information”** in Fed.
17 R. Civ. P. 34(a), and includes but is not limited to writings, drawings, graphs,
18 charts, photographs, sound and video recordings, images, Internet sites, web pages,
19 websites, electronic correspondence, including e-mail and instant messages,
20 contracts, accounting data, advertisements, FTP Logs, Server Access Logs, books,
21 written or printed records, handwritten notes, telephone logs, telephone scripts,
22 receipt books, ledgers, personal and business canceled checks and check registers,
23 bank statements, appointment books, computer records, customer or sales
24 databases and any other electronically stored information, including Documents
25 located on remote servers or cloud computing systems, and other data or data
26 compilations from which information can be obtained directly or, if necessary,
27 after translation into a reasonably usable form. A draft or non-identical copy is a
28 separate document within the meaning of the term.

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

5 H. **“Person”** means any individual, group, unincorporated association,
6 limited or general partnership, corporation or other business entity.

7 I. **“Receivership Defendants”** means all Corporate Defendants and
8 Relief Defendants, individually, collectively, or in any combination and their
9 respective subsidiaries and affiliates, together with any company or entity owned
10 or controlled by any named Defendant in this action that is engaged in conduct
11 prohibited by Section I of this Order, *infra*.

12 J. **“Relief Defendants”** means Direct Consulting Service, LLC, and
13 Capital Doc Prep, Inc., and each of its subsidiaries, affiliates, successors, and
14 assigns.

15 K. **“Seller”** means any person who, in connection with a telemarketing
16 transaction, provides, offers to provide, or arranges for others to provide goods or
17 services to a customer in exchange for consideration.

18 L. **“Telemarketer”** means any person who, in connection with
19 telemarketing, initiates or receives telephone calls to or from a customer or donor.
20 16 C.F.R. § 310.2(ff).

21 M. **“Telemarketing”** means a plan, program, or campaign (whether or
22 not covered by the TSR, 16 C.F.R. Part 310) that is conducted to induce the
23 purchase of goods or services or a charitable contribution by use of one or more
24 telephones.

25 N. **“Temporary Receiver”** means the Temporary Receiver appointed in
26 Section XI of this Order. The term “Temporary Receiver” also includes any
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1 deputy receivers as may be named by the Temporary Receiver.

2 **ORDER**

3 **I. REPRESENTATIONS PROHIBITED BY SECTION 5 OF THE FTC**
4 **ACT**

5 **IT IS FURTHER ORDERED** that Defendants, their officers, agents,
6 employees, and attorneys, and all other persons in active concert or participation
7 with any of them, who receive actual notice of this Order, by personal service or
8 otherwise, whether acting directly or indirectly, in connection with the advertising,
9 marketing, promoting, or offering for sale, sale, or provision of any Debt Relief
10 Service, are hereby temporarily restrained and enjoined from:

11 A. Misrepresenting or assisting others in misrepresenting, expressly or by
12 implication, that:

13 1. Defendants are part of, affiliated with, or work directly with the
14 government, government loan programs, the Department of Education
15 (“ED”), or consumers’ loan servicers;

16 2. Consumers who purchase Defendants’ Debt Relief Services
17 generally will have their monthly payments reduced or their loan
18 balances forgiven in whole or in part;

19 3. Consumers are qualified for, or are approved to receive loan
20 forgiveness or other programs that will permanently lower or
21 eliminate their loan payments or balances; and

22 4. Any other fact material to consumers concerning any debt relief
23 service, such as: the total costs; any material restrictions, limitations,
24 or conditions; or any material aspect of its performance, efficacy,
25 nature, or central characteristics; and

26 B. Making or assisting others in making, any representation, expressly or
27 by implication, about the benefits, performance, or efficacy of any Debt Relief
28 Service, unless the representation is non-misleading and, at the time such

1 representation is made, Defendants possess and rely upon competent and reliable
2 evidence that is sufficient in quality and quantity based on standards generally
3 accepted in the relevant fields, when considered in light of the entire body of
4 relevant and reliable evidence, to substantiate that the representation is true.

5 **II. REPRESENTATIONS PROHIBITED BY THE TSR**

6 **IT IS FURTHER ORDERED** that the Defendants, their officers, agents,
7 employees, and attorneys, and all other persons in active concert or participation
8 with any of them who receive actual notice of this Order, whether acting directly or
9 indirectly, in connection with providing, offering to provide, or arranging for
10 others to provide any Debt Relief Service, are hereby temporarily restrained and
11 enjoined from:

12 A. Providing, offering to provide, or arranging for others to provide any
13 Debt Relief Service and requesting or receiving payment of any fees or
14 consideration for any Debt Relief Service until and unless:

15 1. The Seller or Telemarketer has renegotiated, settled, reduced, or
16 otherwise altered the terms of at least one debt pursuant to a
17 settlement agreement, debt management plan, or other such valid
18 contractual agreement executed by the customer;

19 2. The customer has made at least one payment pursuant to that
20 settlement agreement, debt management plan, or other valid
21 contractual agreement between the customer and the creditor or debt
22 collector; and

23 3. To the extent that debts enrolled in a service are renegotiated,
24 settled, reduced, or otherwise altered individually, the fee or
25 consideration either:

26 a. Bears the same proportional relationship to the total fee
27 for renegotiating, settling, reducing, or altering the terms of the
28 entire debt balance as the individual debt amount bears to the

1 entire debt amount. The individual debt amount and the entire
2 debt amount are those owed at the time the debt was enrolled in
3 the service; or

4 b. Is a percentage of the amount saved as a result of the
5 renegotiation, settlement, reduction, or alteration. The
6 percentage charged cannot change from one individual debt to
7 another. The amount saved is the difference between the
8 amount owed at the time the debt was enrolled in the service
9 and the amount actually paid to satisfy the debt requesting or
10 receiving payment of any fees or consideration for any debt
11 relief service;

12 B. Misrepresenting directly or indirectly, expressly or by implication,
13 that Defendants are affiliated with, or endorsed or sponsored by, the government,
14 government loan programs, the ED, or consumers' loan servicers;

15 C. Misrepresenting, directly or indirectly, expressly or by implication,
16 any material aspect of their Debt Relief Services, including, but not limited to, that:

- 17 1. Consumers who purchase Defendants' Debt Relief Services
18 generally will have their monthly payments reduced or their loan
19 balances forgiven in whole or in part; and
20 2. Consumers are qualified for, or are approved to receive loan
21 forgiveness or other programs that will permanently lower or
22 eliminate their loan payments or balances.

23 **III. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION**

24 **IT IS FURTHER ORDERED** that Defendants, their officers, agents,
25 employees, attorneys, and all other persons in active concert or participation with
26 any of them, who receive actual notice of this Order, whether acting directly or
27 indirectly, are hereby temporarily restrained and enjoined from:

- 1 2. held, in part or in whole, for the benefit of any Defendant or Relief
2 Defendant;
- 3 3. In the actual or constructive possession of any Defendant or Relief
4 Defendant; or
- 5 4. Owned or controlled by, in the actual or constructive possession of,
6 or otherwise held for the benefit of, any corporation, partnership, asset
7 protection trust, or other entity that is directly or indirectly owned,
8 managed or controlled by any Defendant or Relief Defendant.

9 B. Opening or causing to be opened any safe deposit boxes, commercial
10 mail boxes, or storage facilities titled in the name of any Defendant or Relief
11 Defendant or subject to access by any Defendant or Relief Defendant, except as
12 necessary to comply with written requests from the Temporary Receiver acting
13 pursuant to its authority under this Order;

14 C. Incurring charges or cash advances on any credit or bank card issued
15 in the name, individually or jointly, of any Defendant or Relief Defendant, or any
16 corporation, partnership, or other entity directly or indirectly owned, managed, or
17 controlled by any Defendant or Relief Defendant, or of which any Defendant or
18 Relief Defendant is an officer, director, member, or manager; or

19 D. Cashing any checks or depositing any money orders or cash received
20 from consumers, clients, or customers of any Defendant or Relief Defendant.

21 The Assets affected by this Section shall include: (1) all Assets of
22 Defendants and Relief Defendants as of the time this Order is entered; (2) Assets
23 obtained by Defendants and Relief Defendants after this Order is entered if those
24 Assets are derived from any activity that is the subject of the Complaint in this
25 matter or that is prohibited by this Order. This Section does not prohibit any
26 transfers to the Temporary Receiver or repatriation of foreign Assets specifically
27 required by this Order.

1 **V. RETENTION OF ASSETS AND DOCUMENTS BY THIRD PARTIES**

2 **IT IS FURTHER ORDERED** that, pending determination of the FTC's
3 request for preliminary injunction, any financial or brokerage institution,
4 Electronic Data Host, credit card processor, payment processor, merchant bank,
5 acquiring bank, independent sales organization, third party processor, payment
6 gateway, insurance company, business entity, or person who receives actual notice
7 of this Order (by service or otherwise) and that (a) holds, controls, or maintains
8 custody, through an account or otherwise, of any Document or Asset that is:
9 owned or controlled, directly or indirectly, by any Defendant or Relief Defendant;
10 held, in part or in whole, for the benefit of any Defendant or Relief Defendant; in
11 the actual or constructive possession of any Defendant or Relief Defendant; or
12 owned or controlled by, in the actual or constructive possession of, or otherwise
13 held for the benefit of, any corporation, partnership, asset protection trust, or other
14 entity that is directly or indirectly owned, managed, or controlled by any
15 Defendant or Relief Defendant; (b) holds, controls, or maintains custody of any
16 Document or Asset associated with credits, debits or charges made on behalf of
17 any Defendant or Relief Defendants, including reserve funds held by payment
18 processors, credit card processors, merchant banks, acquiring banks, independent
19 sales organizations, third party processors, payment gateways, insurance
20 companies, or other entities; or (c) has held, controlled, or maintained custody of
21 any such Document, Asset, or account at any time since the date of entry of this
22 Order shall:

23 A. Hold, preserve, and retain within its control and prohibit the
24 withdrawal, removal, alteration, assignment, transfer, pledge, encumbrance,
25 disbursement, dissipation, relinquishment, conversion, sale, or other disposal of
26 any such Document or Asset, as well as all Documents or other property related to
27 such Assets, except by further order of this Court;

1 B. Deny any Person, except the Temporary Receiver with respect to the
2 Receivership Defendants, access to any safe deposit box, commercial mail box, or
3 storage facility that is titled in the name of any Defendant or Relief Defendant,
4 either individually or jointly, or otherwise subject to access by any Defendant or
5 Relief Defendant;

6 C. Provide FTC counsel with respect to Defendants and the Relief
7 Defendants, and the Temporary Receiver with respect to the Receivership
8 Defendants, within three (3) business days of receiving a copy of this Order, a
9 sworn statement setting forth:

- 10 1. The identification number of each such account or Asset;
- 11 2. The balance of each such account, or a description of the nature
12 and value of each such Asset as of the close of business on the
13 day on which this Order is served, and, if the account or other
14 Asset has been closed or removed, the date closed or removed,
15 the total funds removed in order to close the account, and the
16 name of the person or entity to whom such account or other
17 Asset was remitted and all user names, passwords or other
18 information necessary to have full and complete access to all
19 accounts; and
- 20 3. The identification of any safe deposit box, commercial mail
21 box, or storage facility that is either titled in the name,
22 individually or jointly, of any Defendant and Relief Defendant,
23 or is otherwise subject to access by any Defendant or Relief
24 Defendant; and

25 D. Upon the request of FTC counsel or the Temporary Receiver,
26 promptly provide FTC counsel and the Temporary Receiver with copies of all
27 records or other Documents pertaining to such account or Asset, including
28 originals or copies of account applications, account statements, signature cards,

1 checks, drafts, deposit tickets, transfers to and from the accounts, including wire
2 transfers and wire transfer instructions, all other debit and credit instruments or
3 slips, currency transaction reports, 1099 forms, and all logs and records pertaining
4 to safe deposit boxes, commercial mail boxes, and storage facilities.

5 **VI. FINANCIAL STATEMENTS AND ACCOUNTING**

6 **IT IS FURTHER ORDERED** that each Defendant and Relief Defendant,
7 within five (5) days of service of this Order upon them, shall prepare and deliver to
8 Plaintiff's counsel and the Temporary Receiver: (1) completed financial statements
9 on the forms attached to this Order as **Attachment A** (Financial Statement of
10 Individual Defendant) for the Individual Defendants, and **Attachment B** (Financial
11 Statement of Corporate Defendant) for each Receivership Defendant; and (2) a
12 completed statement, verified under oath, of all payments, transfers or assignments
13 of funds, property worth \$5,000 or more, and other assets, since January 1, 2015.
14 Such statement shall include: (a) the amount transferred or assigned; (b) the name
15 of each transferee or assignee; (c) the date of the transfer or assignment; and (d) the
16 type and amount of consideration paid by the Defendant or Relief Defendant.
17 Each statement shall specify the name and address of each financial institution and
18 brokerage firm at which the Defendant or Relief Defendant has in accounts or safe
19 deposit boxes. Said statements shall include assets held in foreign as well as
20 domestic accounts.

21 **VII. FOREIGN ASSET REPATRIATION**

22 **IT IS FURTHER ORDERED** that within five (5) days following the
23 service of this Order, each Defendant and Relief Defendant shall:

24 A. Provide Plaintiff's counsel and the Temporary Receiver with a full
25 accounting, verified under oath and accurate as of the date of this Order, of all
26 Assets, Documents, and accounts outside of the United States which are: (1) titled
27 in the name, individually or jointly, of any Defendant or Relief Defendant; (2) held
28 by any person or entity for the benefit of any Defendant or Relief Defendant or for

1 the benefit of, any corporation, partnership, asset protection trust, or other entity
2 that is directly or indirectly owned, managed, or controlled by any Defendant or
3 Relief Defendant; or (3) under the direct or indirect control, whether jointly or
4 singly, of any Defendant or Relief Defendant;

5 B. Take all steps necessary to provide Plaintiff's counsel and the
6 Temporary Receiver access to all Documents and records that may be held by third
7 parties located outside of the territorial United States of America, including signing
8 the Consent to Release of Financial Records appended to this Order as
9 **Attachment C.**

10 C. Transfer to the territory of the United States and deliver to the
11 Temporary Receiver all Documents and Assets located in foreign countries which
12 are: (1) titled in the name, individually or jointly, of any Receivership Defendant;
13 (2) held by any person or entity for the benefit of any Receivership Defendant, or
14 for the benefit of, any corporation, partnership, asset protection trust, or other
15 entity that is directly or indirectly owned, managed, or controlled by any
16 Receivership Defendant; or (3) under the direct or indirect control, whether jointly
17 or singly, of any Receivership Defendant; and

18 D. The same business day as any repatriation, (1) notify the Temporary
19 Receiver and counsel for Plaintiff of the name and location of the financial
20 institution or other entity that is the recipient of such Documents or Assets; and (2)
21 serve this Order on any such financial institution or other entity.

22 **VIII. NON-INTERFERENCE WITH REPATRIATION**

23 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants, their
24 officers, agents, employees, and attorneys, and all other Persons in active concert
25 or participation with any of them, who receive actual notice of this Order, whether
26 acting directly or indirectly, are hereby temporarily restrained and enjoined from
27 taking any action, directly or indirectly, which may result in the encumbrance or
28

1 dissipation of foreign Assets, or in the hindrance of the repatriation required by this
2 Order, including, but not limited to:

3 A. Sending any communication or engaging in any other act, directly or
4 indirectly, that results in a determination by a foreign trustee or other entity that a
5 “duress” event has occurred under the terms of a foreign trust agreement until such
6 time that all Defendants’ and Relief Defendants Assets have been fully repatriated
7 pursuant to this Order; or

8 B. Notifying any trustee, protector or other agent of any foreign trust or
9 other related entities of either the existence of this Order, or of the fact that
10 repatriation is required pursuant to a court order, until such time that all
11 Defendants’ and Relief Defendants’ Assets have been fully repatriated pursuant to
12 this Order.

13 IX. CONSUMER CREDIT REPORTS

14 **IT IS FURTHER ORDERED** that Plaintiff may obtain credit reports
15 concerning any Defendant or Relief Defendant pursuant to Section 604(a)(1) of the
16 Fair Credit Reporting Act, 15 U.S.C. 1681b(a)(1), and that, upon written request,
17 any credit reporting agency from which such reports are requested shall provide
18 them to Plaintiff.

19 X. PRESERVATION OF RECORDS

20 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants, and
21 their officers, agents, employees, and attorneys, and all other Persons in active
22 concert or participation with any of them, who receive actual notice of this Order,
23 whether acting directly or indirectly, are hereby temporarily restrained and
24 enjoined from:

25 A. Destroying, erasing, falsifying, writing over, mutilating, concealing,
26 altering, transferring, or otherwise disposing of, in any manner, directly or
27 indirectly, Documents that relate to: (1) the business, business practices, Assets, or
28 business or personal finances of any Defendant or Relief Defendant; (2) the

1 business practices or finances of entities directly or indirectly under the control of
2 any Defendant or Relief Defendant; or (3) the business practices or finances of
3 entities directly or indirectly under common control with any other Defendant or
4 Relief Defendant; and

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

9 **XI. TEMPORARY RECEIVER**

10 **IT IS FURTHER ORDERED** that Thomas W. McNamara is appointed as
11 Temporary Receiver of the Receivership Defendants with full powers of an equity
12 receiver. The Temporary Receiver shall be solely the agent of this Court in acting
13 as Temporary Receiver under this Order.

14 **XII. DUTIES AND AUTHORITY OF TEMPORARY RECEIVER**

15 **IT IS FURTHER ORDERED** that the Temporary Receiver is directed and
16 authorized to accomplish the following:

17 A. Assume full control of Receivership Defendants by removing, as the
18 Temporary Receiver deems necessary or advisable, any director, officer,
19 independent contractor, employee, attorney, or agent of any Receivership
20 Defendant from control of, management of, or participation in, the affairs of the
21 Receivership Defendants;

22 B. Take exclusive custody, control, and possession of all Assets and
23 Documents of, or in the possession, custody, or under the control of, any
24 Receivership Defendant, wherever situated;

25 C. Obtain, conserve, hold, manage, and prevent the loss of all Assets of
26 the Receivership Defendants, and perform all acts necessary or advisable to
27 preserve the value of those Assets. The Temporary Receiver shall assume control
28 over the income and profits therefrom and all sums of money now or hereafter due

1 or owing to the Receivership Defendants. The Temporary Receiver shall have full
2 power to sue for, collect, and receive, all Assets of the Receivership Defendants
3 and of other persons or entities whose interests are now under the direction,
4 possession, custody, or control of, the Receivership Defendants. *Provided,*
5 *however,* that the Temporary Receiver shall not attempt to collect any amount from
6 a consumer if the Temporary Receiver believes the consumer's debt to the
7 Receivership Defendants has resulted from the deceptive acts or practices or other
8 violations of law alleged in the Complaint in this matter, without prior Court
9 approval;

10 D. Obtain, conserve, hold, manage, and prevent the loss of all Documents
11 of the Receivership Defendants, and perform all acts necessary or advisable to
12 preserve such Documents, including imaging Receivership Defendants' servers,
13 computers, and electronic devices, as well as imaging smart phones mobile devices
14 of the Individual Defendants to the extent the Temporary Receiver believes there is
15 data of or concerning the Receivership Defendants on these items. The Temporary
16 Receiver shall: divert mail; preserve all Documents of the Receivership
17 Defendants that are accessible via electronic means such as online access to
18 financial accounts and access to electronic documents held onsite or by Electronic
19 Data Hosts, by changing usernames, passwords or other log-in credentials; take
20 possession of all electronic Documents of the Receivership Defendants stored
21 onsite or remotely; take whatever steps necessary to preserve all such Documents;
22 and obtain the assistance of the FTC's Digital Forensic Unit for the purpose of
23 obtaining electronic documents stored onsite or remotely;

24 E. Choose, engage, and employ attorneys, accountants, appraisers, and
25 other independent contractors and technical specialists, as the Temporary Receiver
26 deems advisable or necessary in the performance of duties and responsibilities
27 under the authority granted by this Order, including, but not limited to, the law
28 firm in which the Temporary Receiver is a partner;

1 F. Make payments and disbursements from the receivership estate that
2 are necessary or advisable for carrying out the directions of, or exercising the
3 authority granted by, this Order, and to incur, or authorize the making of, such
4 agreements as may be necessary and advisable in discharging his or her duties as
5 Temporary Receiver. The Temporary Receiver shall apply to the Court for prior
6 approval of any payment of any debt or obligation incurred by the Receivership
7 Defendants prior to the date of entry of this Order, except payments that the
8 Receiver deems necessary or advisable to secure Assets of the Receivership
9 Defendants, such as rental payments;

10 G. Take all steps necessary to secure and take exclusive custody of each
11 location from which the Receivership Defendants operate their businesses. Such
12 steps may include, but are not limited to, any of the following, as the Temporary
13 Receiver deems necessary or advisable: (1) securing the location by changing the
14 locks and alarm codes and disconnecting any Internet access or other means of
15 access to the computers, servers, internal networks, or other records maintained at
16 that location; and (2) requiring any persons present at the location to leave the
17 premises, to provide the Temporary Receiver with proof of identification, and/or to
18 demonstrate to the satisfaction of the Temporary Receiver that such persons are not
19 removing from the premises Documents or Assets of the Receivership Defendants.
20 Law enforcement personnel, including, but not limited to, police or sheriffs, may
21 assist the Temporary Receiver in implementing these provisions in order to keep
22 the peace and maintain security. If requested by the Temporary Receiver, the
23 United States Marshal will provide appropriate and necessary assistance to the
24 Temporary Receiver to implement this Order and is authorized to use any
25 necessary and reasonable force to do so;

26 H. Take all steps necessary to prevent the modification, destruction, or
27 erasure of any web page or website registered to and operated, in whole or in part,
28 by any Receivership Defendant, and to provide access to all such web page or

1 websites to Plaintiff's representatives, agents, and assistants, as well as
2 Receivership Defendants, and their representatives;

3 I. Enter into and cancel contracts and purchase insurance as advisable or
4 necessary;

5 J. Prevent the inequitable distribution of Assets and determine, adjust,
6 and protect the interests of consumers who have transacted business with the
7 Receivership Defendants;

8 K. Make an accounting, as soon as practicable, of the Assets and
9 financial condition of the receivership and file the accounting with the Court and
10 deliver copies thereof to all parties;

11 L. Institute, compromise, adjust, appear in, intervene in, defend, dispose
12 of, or otherwise become party to any legal action in state, federal or foreign courts
13 or arbitration proceedings as the Temporary Receiver deems necessary and
14 advisable to preserve or recover the Assets of the Receivership Defendants, or to
15 carry out the Temporary Receiver's mandate under this Order, including but not
16 limited to, actions challenging fraudulent or voidable transfers;

17 M. Issue subpoenas to obtain Documents and records pertaining to the
18 Temporary Receivership, and conduct discovery in this action on behalf of the
19 receivership estate;

20 N. Open one or more bank accounts at designated depositories for funds
21 of the Receivership Defendants. The Temporary Receiver shall deposit all funds
22 of the Receivership Defendants in such designated accounts and shall make all
23 payments and disbursements from the receivership estate from such accounts. The
24 Temporary Receiver shall serve copies of monthly account statements on all
25 parties;

26 O. Maintain accurate records of all receipts and expenditures incurred as
27 Temporary Receiver;

28 P. Allow the Plaintiff's representatives, agents, and assistants, as well as

1 the Defendants' and Relief Defendants' representatives and the Defendants' and
2 Relief Defendants themselves, reasonable access to the premises of the
3 Receivership Defendants, or any other premises where the Receivership
4 Defendants conduct business. The purpose of this access shall be to inspect and
5 copy any and all books, records, Documents, accounts, and other property owned
6 by, or in the possession of, the Receivership Defendants, or their agents. The
7 Temporary Receiver shall have the discretion to determine the time, manner, and
8 reasonable conditions of such access;

9 Q. Allow the Plaintiff's representatives, agents, and assistants, as well as
10 Defendants and the Relief Defendants and their representatives reasonable access
11 to all Documents in the possession, custody, or control of the Receivership
12 Defendants;

13 R. Cooperate with reasonable requests for information or assistance from
14 any state or federal civil or criminal law enforcement agency;

15 S. Suspend business operations of the Receivership Defendants if, in the
16 judgment of the Temporary Receiver, such operations cannot be continued legally
17 and profitably;

18 T. Take all steps necessary to ensure that any of the Receivership
19 Defendants' web pages or websites relating to Debt Relief Services cannot be
20 accessed by the public, or are modified for consumer education and/or
21 informational purposes, if the Temporary Receiver deems it necessary or
22 advisable;

23 U. Take all steps necessary to ensure that any telephone numbers
24 associated with the Receivership Defendants cannot be accessed by the public, or
25 are answered solely to provide consumer education or information regarding the
26 status of operations, if the Temporary Receiver deems it necessary or advisable;
27 and
28

1 V. File timely reports with the Court at reasonable intervals, or as
2 otherwise directed by the Court.

3 **XIII. TRANSFER OF RECEIVERSHIP PROPERTY TO TEMPORARY**
4 **RECEIVER**

5 **IT IS FURTHER ORDERED** that Defendants, Relief Defendants, and any
6 other person with possession, custody, or control of property of, or records relating
7 to the Receivership Defendants shall, upon notice of this Order by personal service
8 or otherwise, fully cooperate with and assist the Temporary Receiver in taking and
9 maintaining possession, custody, or control of the Assets and Documents of the
10 Receivership Defendants and immediately transfer or deliver to the Temporary
11 Receiver possession, custody, and control of the following:

12 A. All Assets held by, or for the benefit of, the Receivership Defendants;

13 B. All Documents of or pertaining to, the Receivership Defendants;

14 C. All computers, electronic devices, mobile devices and machines used
15 to conduct the business of the Receivership Defendants;

16 D. All Assets and Documents belonging to other persons or entities
17 whose interests are under the direction, possession, custody, or control of the
18 Receivership Defendants; and

19 E. All keys, codes, user names and passwords necessary to gain access or
20 to secure access to any Assets or Documents of, or pertaining to, the Receivership
21 Defendants, including access to their business premises, means of communication,
22 accounts, computer systems (onsite and remote), Electronic Data Hosts, or other
23 property.

24 In the event that any person or entity fails to deliver or transfer any Asset or
25 Document, or otherwise fails to comply with any provision of this Section, the
26 Temporary Receiver may file an Affidavit of Non-Compliance regarding the
27 failure and a motion seeking compliance or a contempt citation.

1 **XIV. PROVISION OF INFORMATION TO TEMPORARY RECEIVER**

2 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants shall
3 immediately provide to the Temporary Receiver:

4 A. A list of all Assets and accounts of the Receivership Defendants that
5 are held in any name other than the name of a Receivership Defendant, or by any
6 person or entity other than a Receivership Defendant; and

7 B. A list of all agents, employees, officers, attorneys, and servants of the
8 Receivership Defendants, and those persons in active concert and participation
9 with the Receivership Defendants, or who have been associated with or done
10 business with the Receivership Defendants.

11 **XV. COOPERATION WITH THE TEMPORARY RECEIVER**

12 **IT IS FURTHER ORDERED** that the Defendants and Relief Defendants,
13 their officers, agents, employees, attorneys, all other persons in active concert or
14 participation with any of them, and any other person with possession, custody, or
15 control of property or of records relating to the Receivership Defendants who
16 receive actual notice of this Order shall fully cooperate with and assist the
17 Temporary Receiver. This cooperation and assistance shall include, but is not
18 limited to, providing information to the Temporary Receiver that the Temporary
19 Receiver deems necessary to exercise the authority and discharge the
20 responsibilities of the Temporary Receiver under this Order; providing any keys,
21 codes, user names and passwords required to access any computers, electronic
22 devices, mobile devices, or machines (onsite or remotely) or any cloud account
23 (including the specific method used to access the account) or electronic file in any
24 medium and completing a questionnaire provided by the Temporary Receiver;
25 advising all persons who owe money to any Receivership Defendant that all debts
26 should be paid directly to the Temporary Receiver; and transferring funds at the
27 Temporary Receiver's direction and producing records related to the Assets and
28 sales of the Receivership Defendants.

1 jurisdiction of this Court over the Assets or Documents of the Defendants or Relief
2 Defendants, including, but not limited to:

3 A. Filing or assisting in the filing of a petition for relief under the
4 Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, or of any similar insolvency proceeding
5 on behalf of the Defendants or Relief Defendants;

6 B. Commencing, prosecuting, or continuing a judicial, administrative, or
7 other action or proceeding against the Defendants or Relief Defendants, including
8 the issuance or employment of process against the Defendants or Relief
9 Defendants, except that such actions may be commenced if necessary to toll any
10 applicable statute of limitations; or

11 C. Filing or enforcing any lien on any Asset of the Defendants or Relief
12 Defendants, taking or attempting to take possession, custody, or control of any
13 Asset of the Defendants or Relief Defendants, attempting to foreclose, forfeit, alter,
14 or terminate any interest in any Asset of the Defendants or Relief Defendants,
15 whether such acts are part of a judicial proceeding, are acts of self-help, or
16 otherwise.

17 *Provided, however,* that this Order does not stay: (1) the commencement or
18 continuation of a criminal action or proceeding; (2) the commencement or
19 continuation of an action or proceeding by a governmental unit to enforce such
20 governmental unit's police or regulatory power; or (3) the enforcement of a
21 judgment, other than a money judgment, obtained in an action or proceeding by a
22 governmental unit to enforce such governmental unit's police or regulatory power.

23 **XVIII. COMPENSATION OF TEMPORARY RECEIVER**

24 **IT IS FURTHER ORDERED** that the Temporary Receiver and all
25 personnel hired by the Temporary Receiver as herein authorized, including counsel
26 to the Temporary Receiver and accountants, are entitled to reasonable
27 compensation for the performance of duties pursuant to this Order and for the cost
28 of actual out-of-pocket expenses incurred by them, from the Assets now held by, in

1 the possession or control of, or which may be received by, the Receivership
2 Defendants. The Temporary Receiver shall file with the Court and serve on the
3 parties periodic requests for the payment of such reasonable compensation, with
4 the first such request filed no more than sixty (60) days after the date of entry of
5 this Order. The Temporary Receiver shall not increase the hourly rates used as the
6 bases for such fee applications without prior approval of the Court.

7 **XIX. TEMPORARY RECEIVER’S BOND**

8 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with
9 the Clerk of this Court a bond in the sum of \$15,000 with sureties to be approved
10 by the Court, conditioned that the Temporary Receiver will well and truly perform
11 the duties of the office and abide by and perform all acts the Court directs. 28
12 U.S.C. § 754.

13 **XX. WITHDRAWAL OF TEMPORARY RECEIVER**

14 **IT IS FURTHER ORDERED** that the Temporary Receiver and professionals
15 retained by the Temporary Receiver, including but not limited to, his attorneys and
16 accountants, are hereby authorized to withdraw from his or her respective
17 appointments or representations and apply for payment of their professional fees
18 and costs at any time after the date of this Order, for any reason in their sole
19 discretion, by sending written notice seven (7) days prior to the date of the
20 intended withdrawal to the Court and to the parties along with a written report
21 reflecting the Temporary Receiver’s work, findings, and recommendations, as well
22 as an accounting for all funds and assets in the possession or control of the
23 Temporary Receiver. The Temporary Receiver shall be relieved of all liabilities
24 and responsibilities, and the Temporary Receiver shall be exonerated and the
25 receivership deemed closed seven (7) days from the date of mailing of such notice
26 of withdrawal. The Court will retain jurisdiction to consider the fee applications,
27 report, and accounting submitted by the Temporary Receiver.

1 E. If any Documents, computers, or electronic storage devices containing
2 information related to the business practices or finances of the Receivership
3 Defendants are at a location other than those listed herein, including personal
4 residence(s) of any Individual Defendant, then, immediately upon receiving notice
5 of this order, Defendants and Relief Defendants shall produce to the Temporary
6 Receiver all such Documents, computers, and electronic storage devices, along
7 with any codes or passwords needed for access. In order to prevent the destruction
8 of computer data, upon service of this Order, any such computers or electronic
9 storage devices shall be powered down in the normal course of the operating
10 system used on such devices and shall not be powered up or used until produced
11 for copying and inspection; and

12 F. If any communications or records of any Receivership Defendant are
13 stored with an Electronic Data Host, such Entity shall, immediately upon receiving
14 notice of this order, provide the Temporary Receiver with the user name,
15 passwords, and any other login credential needed to access the communications
16 and records, and shall not attempt to access, or cause a third-party to attempt to
17 access, the communications or records.

18 G. The Temporary Receiver shall allow the Defendants and Relief
19 Defendants reasonable access to the premises and business records of the
20 Receivership Defendants within his or her possession for the purpose of inspecting
21 and copying materials relevant to this action. The Temporary Receiver shall have
22 the discretion to determine the time, manner, and reasonable conditions of such
23 access.

24 **XXII. DISTRIBUTION OF ORDER BY DEFENDANTS AND RELIEF**
25 **DEFENDANTS**

26 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants shall
27 immediately provide a copy of this Order to each affiliate, telemarketer, marketer,
28 sales entity, successor, assign, member, officer, director, employee, agent,

1 independent contractor, attorney, spouse, former spouse, subsidiary, division, and
2 representative of any Defendant, Relief Defendant, and any company owned or
3 controlled by any Defendant and Relief Defendant, and shall, within three (3)
4 calendar days from the date of entry of this Order provide Plaintiff and the
5 Temporary Receiver with a sworn statement that this provision of the Order has
6 been satisfied, which statement shall include the names, physical addresses, phone
7 number, and email addresses of each such person or entity who received a copy of
8 the Order. Furthermore, Defendants and Relief Defendants shall not take any
9 action that would encourage officers, agents, members, directors, employees,
10 salespersons, independent contractors, attorneys, subsidiaries, affiliates,
11 successors, assigns or other persons or entities in active concert or participation
12 with them to disregard this Order or believe that they are not bound by its
13 provisions.

14 **XXIII. EXPEDITED DISCOVERY**

15 **IT IS FURTHER ORDERED** that, notwithstanding the provisions of the
16 Fed. R. Civ. P. 26(d) and (f) and 30(a)(2)(c), and pursuant to Fed. R. Civ. P. 30(a),
17 34, and 45, Plaintiff and the Temporary Receiver are granted leave, at any time
18 after service of this Order, to conduct limited expedited discovery for the purpose
19 of discovering: (1) the nature, location, status, and extent of Defendants' and
20 Relief Defendants' Assets; (2) the nature, location, and extent of Defendants' and
21 Relief Defendants' business transactions and operations; (3) Documents reflecting
22 Defendants' and Relief Defendants' business transactions and operations; or (4)
23 compliance with this Order. The limited expedited discovery set forth in this
24 Section shall proceed as follows:

25 A. Plaintiff and the Temporary Receiver may take the deposition of
26 parties and non-parties. Forty-eight (48) hours' notice shall be sufficient notice for
27 such depositions. The limitations and conditions set forth in Fed. R. Civ. P.
28 30(a)(2)(B) and 31(a)(2)(B) regarding subsequent depositions of an individual

1 shall not apply to depositions taken pursuant to this Section. Any such deposition
2 taken pursuant to this Section shall not be counted towards the deposition limit set
3 forth in Rules 30(a)(2)(A) and 31(a)(2)(A) and depositions may be taken by
4 telephone or other remote electronic means;

5 B. Plaintiff and the Temporary Receiver may serve upon parties requests
6 for production of Documents or inspection that require production or inspection
7 within five (5) days of service; *provided, however*, that three (3) days of notice
8 shall be deemed sufficient for the production of any such Documents that are
9 maintained or stored only in an electronic format.

10 C. Plaintiff and the Temporary Receiver may serve upon parties
11 interrogatories that require response within five (5) days after Plaintiff serves such
12 interrogatories;

13 D. Plaintiff and the Temporary Receiver may serve subpoenas upon non-
14 parties that direct production or inspection within five (5) days of service.

15 E. Service of discovery upon a party to this action, taken pursuant to this
16 Section, shall be sufficient if made by facsimile, email, or by overnight delivery.

17 F. Any expedited discovery taken pursuant to this Section is in addition
18 to, and is not subject to, the limits on discovery set forth in the Federal Rules of
19 Civil Procedure and the Local Rules of this Court. The expedited discovery
20 permitted by this Section does not require a meeting or conference of the parties,
21 pursuant to Fed. R. Civ. P. 26(d) & (f).

22 G. The Parties are exempted from making initial disclosures under Fed.
23 R. Civ. P. 26(a)(1) until further order of this Court.

24 **XXIV. SERVICE OF THIS ORDER**

25 **IT IS FURTHER ORDERED** that copies of this Order as well as the
26 application for Temporary Restraining Order and all other pleadings, Documents,
27 and exhibits filed contemporaneously with that application (other than the
28 complaint and summons), may be served by any means, including facsimile

1 transmission, electronic mail or other electronic messaging, personal or overnight
2 delivery, U.S. Mail or FedEx, by agents and employees of Plaintiff, by any law
3 enforcement agency, or by private process server, upon any Defendant, Relief
4 Defendant, or any Person (including any financial institution) that may have
5 possession, custody, or control of any Asset or Document of any Defendant and
6 Relief Defendant, or that may be subject to any provision of this Order pursuant to
7 Fed. R. Civ. P. 65(d)(2). For purposes of this Section, service upon any branch,
8 subsidiary, affiliate or office of any entity shall effect service upon the entire
9 entity.

10 **XXV. CORRESPONDENCE AND SERVICE ON PLAINTIFF**

11 **IT IS FURTHER ORDERED** that, for the purpose of this Order, all
12 correspondence and service of pleadings on Plaintiff shall be addressed to:

13 Eleanor Durham
14 Federal Trade Commission
15 915 2nd Ave., Suite 2896
16 Seattle, WA 98174
17 Phone: (206) 220-4476
18 Fax: (206) 220-6366
19 edurham@ftc.gov

20 **XXVI. PRELIMINARY INJUNCTION HEARING**

21 **IT IS FURTHER ORDERED** that, pursuant to Fed. R. Civ. P. 65(b),
22 Defendants and Relief Defendants shall appear before this Court on the 4th day of
23 October 2017, at 3:00 pm, to show cause, if there is any, why this Court should not
24 enter a preliminary injunction, pending final ruling on the Complaint against
25 Defendants and Relief Defendants, enjoining the violations of the law alleged in
26 the Complaint, continuing the freeze of Assets, continuing the receivership, and
27 imposing such additional relief as may be appropriate.

28 **XXVII. BRIEFS AND AFFIDAVITS**

IT IS FURTHER ORDERED that:

1 A. Defendants and Relief Defendants shall file with the Court and serve
2 on FTC counsel any answering pleadings, affidavits, motions, expert reports or
3 declarations, or legal memoranda no later than October 3, 2017. Plaintiff may
4 simultaneously file supplemental pleadings, materials, affidavits, or memoranda
5 with the Court and serve the same on counsel for Defendants and Relief
6 Defendant. *Provided that* such affidavits, pleadings, motions, expert reports,
7 declarations, legal memoranda, or oppositions must be served by personal or
8 overnight delivery, facsimile, or email, and be received by the other party or
9 parties no later than 4:00 p.m. (Pacific Time) on October 3, 2017.

10 **XXIII. LIVE TESTIMONY; WITNESS IDENTIFICATION**

11 **IT IS FURTHER ORDERED** that the question of whether this Court
12 should enter a preliminary injunction pursuant to Rule 65 of the Federal Rules of
13 Civil Procedure enjoining the Defendants and Relief Defendants during the
14 pendency of this action shall be resolved on the pleadings, declarations, exhibits,
15 and memoranda filed by, and oral argument of, the parties. Live testimony shall be
16 heard only on further order of this Court on motion filed with the Court and served
17 on counsel for the other parties by at least October 2, 2017. Such motion shall set
18 forth the name, address, and telephone number of each proposed witness, a detailed
19 summary or affidavit disclosing the substance of each proposed witness' expected
20 testimony, and an explanation of why the taking of live testimony would be helpful
21 to this Court. Any papers opposing a timely motion to present live testimony or to
22 present live testimony in response to live testimony to be presented by another
23 party shall be filed with this Court and served on the other parties by at least
24 October 3, 2017. *Provided that*, service shall be performed by personal or
25 overnight delivery, facsimile, or email, and documents shall be delivered so that
26 they shall be received by the other parties no later than 4 p.m. (Pacific Time) on
27 the appropriate dates listed in this Section. *Provided further*, however, that an
28 evidentiary hearing on the FTC's request for a preliminary injunction is not

1 necessary unless Defendants and Relief Defendants demonstrate that they have,
2 and intend to introduce, evidence that raises a genuine material factual issue.

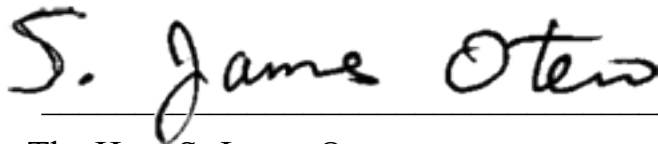
3 **XXIV. DURATION OF THE ORDER**

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

7 **XXV. RETENTION OF JURISDICTION**

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

10 **SO ORDERED**, this 28th day of October 2017, at 4:00 p.m.

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14 The Hon. S. James Otero

15 UNITED STATES DISTRICT JUDGE
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