

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF CONNECTICUT**

FEDERAL TRADE COMMISSION,	)	
	)	
	)	
Plaintiff	)	
v.	)	CIVIL ACTION NO.
	)	
INTERNATIONAL DIRECT, INC.	)	
	)	
- and -	)	
	)	
AMERICAN SECURITY PRODUCTS, INC.	)	
	)	
- and -	)	
	)	
DANIEL T. CONNOLLY	)	
	)	
- and -	)	
	)	
DEBRA A. CONNOLLY	)	
a/k/a Debra Levine Connolly	)	
and/or Debra Levine	)	
	)	
- and -	)	
	)	
MAIER S. LEVINE	)	
a/k/a Mike Levine	)	
	)	
- and -	)	
	)	
VIVIAN D. LEVINE,	)	
	)	
Defendants.	)	

**TEMPORARY RESTRAINING ORDER WITH ASSET FREEZE,  
APPOINTMENT OF RECEIVER, IMMEDIATE ACCESS, EXPEDITED  
DISCOVERY, AND ORDER TO SHOW CAUSE WHY A  
PRELIMINARY INJUNCTION SHOULD NOT ISSUE**

Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57(b), and having moved *ex parte* for a temporary restraining order pursuant to Rule 65 of the Federal Rules of Civil Procedure, and the Court having considered the complaint, memorandum of law, affidavits and other materials filed in support thereof, and now being advised in the premises, finds as follows:

1. This Court has jurisdiction of the subject matter of this case and there is good cause to believe it will have jurisdiction of all parties hereto.

- 2.

**I. CEASE MISREPRESENTATIONS AND MAIL ORDER RULE VIOLATIONS**

**IT IS THEREFORE ORDERED** that defendants and their officers, agents, directors, servants, employees, salespersons, independent contractors, attorneys, corporations, subsidiaries, affiliates, successors, assigns and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether

without prior demand, an option either to consent to a delay in shipping or to cancel the order and receive a prompt refund when required to do so under Section 435.1(b) of the Rule, 16 C.F.R. § 435.1 (b).

3. failing, when notifying the buyer of a definite revised shipping date of thirty days or less after the applicable time, to notify the buyer that unless the seller received, prior to shipment and prior to the expiration of the definite revised shipping date, a response from the buyer rejecting the delay and canceling the order, the buyer would be deemed to have consented to the revised shipping date, thereby violating 16 C.F.R. § 435.1(b)(1)(ii);

4. failing, when notifying the buyer of a definite revised shipping date of more than thirty days after the applicable time, to advise the buyer that unless the seller received, prior to shipment and prior to the expiration of the definite revised shipping date, a response from the buyer rejecting the delay and canceling the order, the buyer's order will automatically be deemed to have been canceled, thereby violating 16 C.F.R. § 435.1(b)(1)(iii);

5. failing to offer the buyer a prepaid means of exercising the buyer's options as described in 16 C.F.R. § 435.1(b)(1), thereby violating 16 C.F.R. § 435.1(b)(3); and from

6. failing to make prompt refunds as defined in 16 C.F.R. § 435.1(d) when required by Section 435.1(c) of the Rule, 16 C.F.R. § 435.1 (c).

## **II. IMMEDIATE ACCESS TO DEFENDANTS' RECORDS**

**IT IS FURTHER ORDERED** that defendants and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device and the receiver appointed herein

shall allow the Commission's representatives immediate access to any business premises, mail drops, storage facilities and all other locations used by defendants' business for five (5) business days from service of this order on the corporate defendants, during reasonable hours as the receiver shall deem appropriate. The purpose of this access shall be for the Commission to inspect and copy materials relevant to this action and to inventory the defendants' assets. The Commission and receiver may be accompanied by other law enforcement agents for the purpose of securing the premises. The Commission may exclude defendants and their officers, directors,

order of this Court, from:

A. transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, coins, precious metals, artwork, shares of stock, or other assets, wherever located, that are (1) owned, controlled by, in whole or in part; or (2) in the actual or constructive possession of any defendant, including but not limited to any assets held by or for said defendants in any account at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution of any kind, except by order of this Court upon a showing of good cause;

B. transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing or otherwise disposing of any funds, property, artwork, coins, precious metals, jewelry, contracts, shares of stock, or other assets, wherever located, that are owned, controlled, or in the actual or constructive possession of or by any defendant in whole or in part, or by any other corporation, partnership, or entity directly or indirectly owned, managed, or controlled by, or under common control with any defendant, including but not limited to any assets held by or for any defendant in any account at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution of any kind;

C. opening or causing to be opened any safe deposit boxes or storage facilities titled in the name of any defendant, or subject to access or control by any of them, without providing plaintiff prior notice and opportunity to inspect the contents in order to determine that they contain no assets covered by this section.

D. The assets so affected shall include both existing assets and assets acquired after the date of this Order. Defendants shall hold and account for all such assets and payments received by any of them, including without limitation, borrowed funds or property and gifts.

#### **IV. DEFENDANTS TO REPATRIATE ALL ASSETS**

**IT IS FURTHER ORDERED** that within five (5) business days following service of this Order, defendants shall:

A. repatriate to the United States all funds, documents and assets in foreign countries held either: (1) by them; (2) for their benefit; or (3) under their direct or indirect control, jointly or singly;

B. provide the Commission with a full accounting of all funds, documents and assets outside the territory of the United States held either: (1) by them; (2) for their benefit; or (3) under their direct or indirect control, jointly or singly;

C. prevent any transfer, disposition, or dissipation whatsoever of any such documents, assets or funds; and

D. provide the Commission access to defendants' records and documents held by financial institutions outside the territorial United States.

#### **V. FILE FINANCIAL STATEMENTS**

**IT IS FURTHER ORDERED** that each defendant shall provide this Court and serve upon counsel for the Commission at least seventy-two (72) hours prior to the hearing on a preliminary injunction in this matter, but in no event later than one week after entry of this Order, a completed financial statement on the forms attached to this Order, accurate as of the date of service of this Order upon such defendant. Said financial statement shall include assets held

outside the territory of the United States.

**VI. DUTIES OF THIRD PARTIES HOLDING DEFENDANTS' ASSETS**

**IT IS FURTHER ORDERED** that any financial or brokerage institution, escrow agent, title company, storage facility, commodity trading company, business entity or person maintaining or having custody or control of any account or other asset of International Direct, Inc., American Security Products, Inc., Daniel Connolly and/or Debra Connolly, Maier Levine, Vivian Levine or of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any of them, or that at any time since January 1, 1995 has maintained or had custody of any such account or other asset, and which is served with a copy of this Order, shall:

A. hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation, conversion, sale, or other disposal of any of the assets, funds, or other property held by, or under its control, on behalf of any defendant(s) in any account maintained in the name of or for the benefit of any defendant(s), in whole or in part, except in accordance with any further order of the Court; and

B. deny access to any safe deposit boxes or storage facilities that are either:

1. titled in the name, individually or jointly, of any defendant, or
2. otherwise subject to access by any defendant;

C. within five (5) business days of the date of service of this Order, provide to counsel for the plaintiff and the account holder a certified statement setting forth:

1. the identification of each account or asset titled in the name, individually or jointly, of any defendant, or held on behalf of, or for the benefit of, any defendant;



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

indirectly under their control or under common control with them, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby enjoined from:

A. failing to make and keep books, records, accounts, bank statements, current accountants' reports, general ledgers, general journals, cash receipt ledgers and source documents, documents indicating title to real or personal property, and any other data which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of defendants; and

B. destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any books, records, tapes, discs, accounting data, checks (fronts and backs), correspondence, forms, advertisements, brochures, manuals, electronically stored data, banking records, customer lists, customer files, invoices, telephone records, ledgers, payroll records, or other documents of any kind, including information stored in computer-maintained form (such as electronic mail), in their possession

## **VIII. RECEIVER**

**IT IS FURTHER ORDERED** that \_\_\_\_\_ is appointed Receiver for Defendants International Direct, Inc. and American Security Products, Inc. (the "Receivership Defendants"), their affiliates, subsidiaries, divisions, sales entities, successors, or assigns, with the full power of an equity receiver, until further order of this Court. The Receiver shall be the agent solely of this Court in acting under this Order and shall be accountable directly to this Court. The Receiver shall file with the Clerk of this court a cash bond in the sum of \$ 5,000.00, conditioned

that he will well and truly perform the duties of his office, fully account for all monies and properties which may come into his hands and perform all things which he shall be directed to do.

A. The Receiver is directed and authorized to:

1. assume full control of the Receivership Defendants by removing any director, officer, independent contractor, employee, or agent of any of the Receivership Defendants, including any named defendant, from control, management or participation in the affairs of the Receivership Defendants;

2. allow the Commission access to documents in the possession, custody, or control of the Receivership Defendants, or on their behalf, including but not limited to books, records, tapes, discs, accounting data, checks, correspondence, forms, advertisements, brochures, manuals, electronically stored data, banking records, customer lists, customer files, invoices, telephone records, ledgers and payroll records, including information stored in computer maintained form (such as electronic mail);

3. take exclusive custody, control and possession of all assets and documents of, or in the possession, custody, or under the control of, the Receivership Defendants, wherever situated. The Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold, and manage all assets and documents of the Receivership Defendants and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of the Receivership Defendants;

**PROVIDED, HOWEVER,** that the Receiver shall not attempt to collect any amount from a consumer if he believes the consumer was a victim of the deceptive acts or practices alleged in the Complaint in this matter;

4. take all steps necessary to secure the business premises including (1) serving and filing this Order, (2) completing a written inventory of all receivership assets, (3) obtaining pertinent information from all employees and other agents of the Receivership Defendants, including but not limited to the name, home address, Social Security number, job description, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent, (4) changing the locks and disconnecting any computer modems or other means of access to the computer or other records maintained at that location, or (5) requiring any persons present on the premises at the time this Order is served to leave the

9. engage attorneys, accountants, appraisers, and other independent contractors and technical specialists;

10. make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall not pay any debt or obligation incurred prior to entry of this Order, except for payments made to secure assets of the Receivership Defendants such as rent;

11. institute, compromise, adjust, appear in, intervene in, or become party to actions or proceedings in state, federal, or foreign courts to preserve or recover assets or to carry out the Receiver's mandate under this Order;

12. issue subpoenas to obtain records pertaining to the receivership and conduct discovery in this action on behalf of the receivership estate;

13. open one or more bank accounts as designated depositories for funds of the Receivership Defendants. The Receiver shall deposit all funds of the Receivership Defendants in such a designated account, make all payments and disbursements from such account(s), and maintain accurate records of all receipts and expenditures.

B. Defendants shall fully cooperate with and assist the Receiver, and are hereby enjoined from doing any act or thing whatsoever to harass or interfere with the Temporary Receiver's custody, control, possession, or management of the assets or documents subject to this receivership, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendants.

C. Immediately upon service of this Order, defendants shall transfer or deliver possession, custody, and control of the following to the Receiver:

1. all assets of the Receivership Defendants;
2. all documents of the Receivership Defendants, including but not limited to books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;
3. all assets belonging to members of the public now held by the Receivership Defendants; and
4. all keys and codes necessary to gain or to secure access to any assets or documents of the Receivership Defendants, including, but not limited to, access to their business premises, means of communication, accounts, computer systems including passwords, or other property.

In the event any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Paragraph, the Receiver is instructed to file *ex parte* an affidavit regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, writs of possession or sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset, document, or other thing and deliver it to the Receiver.

D. Upon service of a copy of this Order, all banks, broker-dealers, savings and loans, escrow agents, title companies, commodity trading companies, futures commission merchants, or other financial institutions shall cooperate with all reasonable requests of the Receiver relating to implementation of this Order, including transferring funds at his direction and producing records

related to the assets of the Receivership Defendants.

E. Stay Of Actions

Except by leave of this Court, during pendency of the receivership ordered herein, defendants and all other persons and entities are stayed from taking any action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, any of the Receivership Defendants, any of their subsidiaries, affiliates, partnerships, assets, documents, or the Receiver or his agents without prior permission of the Court, including but not limited to:

1. filing any petition for relief under the United States Bankruptcy Code;
2. commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;
3. accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any asset, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;
4. executing, issuing, serving, or causing the institution of any legal process, including but not limited to attachments, garnishments, subpoenas, writs of replevin, writs of execution, or any other form of process whether or not specified in this Order; or

F. Compensation Of Receiver

The Receiver is entitled to reasonable compensation for the performance of duties pursuant to this Order, and for the cost of actual out-of-pocket expenses, from the assets now held by or in the possession or control of or which may be received by the Receivership Defendants. The Receiver shall file and serve periodic requests for the payment of such

reasonable compensation. The Receiver shall not increase his hourly rate without Court approval.

**IX. EXPEDITED DISCOVERY**

**IT IS FURTHER ORDERED** that the Commission is granted leave pursuant of Federal Rules of Civil Procedure 30(a), 34, and 45 to take depositions and to demand the production of documents of any party or nonparty regarding the subject matter of this case or the nature, location, status or extent of defendants' assets. Three (3) days notice shall be sufficient for depositions, five (5) days for production of documents.

**X. COPIES TO BE SERVED ON OFFICERS, EMPLOYEES, ET AL.**

**IT IS FURTHER ORDERED** that defendants shall immediately provide a copy of this Order to each of their corporations and corporations' employees, subsidiaries, affiliates, directors, officers, employees, agents, and independent contractors. Within twenty-one (21) calendar days following service of this Order by the Commission, defendants shall file and serve an affidavit identifying the names, titles, addresses, and telephone numbers of the persons and entities defendants have served with a copy of this Order in compliance with this provision.

**XI. EXPIRATION DATE OF TEMPORARY RESTRAINING ORDER**

**IT IS FURTHER ORDERED** that this Order shall expire on \_\_\_\_\_, 1997, unless within such time it is extended for good cause shown or unless, as to any defendant, the defendant consents that it should be extended for a longer period of time.

**XII. DATE OF NEXT COURT PROCEEDING**

**IT IS FURTHER ORDERED** that each of the defendants shall appear before this Court on the \_\_\_\_\_ day of \_\_\_\_\_, 1997, at \_\_\_\_\_ .m. at the United States



Courthouse, Courtroom \_\_\_\_\_, \_\_\_\_\_, Connecticut, to show cause, if any there be, why this Court should not enter a preliminary injunction, pending final ruling on the complaint, against defendants enjoining them from further violations of the law, continuing the applicable terms of this Order and imposing any other appropriate relief.

### **XIII. ANSWERING EVIDENCE, MEMORANDA, WITNESS LISTS**

**IT IS FURTHER ORDERED** that defendants shall serve any answering affidavits, pleadings and memoranda on plaintiff's counsel no less than four (4) business days prior to the preliminary injunction hearing via actual delivery or facsimile to Virginia A. Davidson, Esq., Federal Trade Commission, 668 Euclid Avenue, Suite 520A, Cleveland, Ohio 44114, facsimile (216 ) 522-7239.

If any party intends to present the testimony of any witness at the hearing on a preliminary injunction in this matter, that party shall, at least seventy-two (72) hours prior to the scheduled date and time of hearing, file with this Court and serve on counsel for the other party a statement of the name, address, and telephone number of any such witness, and a summary of the witness' expected testimony or the witness's affidavit revealing the substance of the expected testimony. After the timely service of such statement, the served party shall have forty-eight (48) hours to provide information to the Court and to the serving party for any witness whose testimony the served party intends to present.

### **XIV. SERVICE**

**IT IS FURTHER ORDERED** that the Commission shall serve upon defendants copies of this Order and of the summons, complaint and other initial pleadings and papers filed in this matter. Pursuant to Fed. R. Civ. P. 4(c)(2), the documents may be served by employees of the

Commission, employees of any other law enforcement agency, or by agents of any process servers retained by the Commission. Copies of this Order may be served by the Commission or the Receiver upon any person or entity that may be in possession of any assets, property, or property rights of defendants or that may be otherwise subject to any provision of this Order.

**XV. CONSUMER REPORTING AGENCIES**

**IT IS FURTHER ORDERED**, pursuant to Section 604 of the Fair Credit Reporting Act, 15 U.S.C. § 1681(b), that any consumer reporting agency may furnish a consumer or credit report to the Commission concerning any defendant

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

Issued at \_\_\_\_\_, \_\_\_\_\_.m., \_\_\_\_\_, 1997

\_\_\_\_\_  
United States District Judge