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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**FREEDOM FORECLOSURE PREVENTION
SERVICES, LLC, et al.,**

Defendants.

Case No. CV-09-1167-PHX-FJM

**STIPULATED
PRELIMINARY INJUNCTION
ORDER AS TO ALL
DEFENDANTS**

Pursuant to the parties' stipulation (doc. 25), the court enters the following order.

Plaintiff Federal Trade Commission ("Commission" or "FTC"), pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), having filed its complaint for injunctive and other equitable relief, including consumer redress, and the Court having issued an *ex parte*

1 3. There is good cause to believe that Freedom Foreclosure Prevention Services,
2 LLC, Loss Mitigation Training Center of America, LLC, Jeffrey Segal and Michael Workman
3 (hereinafter referred to as “Defendants”) have engaged in and are likely to engage in acts and
4 practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and that the Commission
5 has therefore demonstrated a substantial likelihood of prevailing on the merits of this action.

6 4. Unless the Court continues the asset freeze (as to all Defendants except Michael
7 Workman), there is a substantial likelihood that Defendants will conceal, dissipate, or otherwise
8 divert their assets, and defeat the Court’s ability to grant effective final relief in the form of
9 equitable monetary relief for consumers. Defendants have likely retained ill-gotten gains
10 derived from their deceptive practices, including misrepresenting to consumers that: the
11 Defendants will stop foreclosure in virtually all circumstances; they will provide refunds of up-
12 front fees paid if the Defendants fail to obtain a loan modification; and consumers who purchase
13 loss mitigation consultant opportunities are likely to earn \$6,000-\$10,000 per month. An asset
14 freeze is reasonably necessary in order to preserve the possibility of complete and meaningful
15 relief at the conclusion of this litigation.

16 9. Weighing the equities and considering the Commission’s likelihood of ultimate
17 success, a preliminary injunction with an asset freeze as to Defendants’ assets and other
18 equitable relief is in the publicis eanDchmitigat12 Tc -C /Lries and cirin and a3f.0008 Tc -0.0008 2w 3
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receivables, funds, and cash, wherever located, whether in the United States or abroad.

2. “Assisting others” means knowingly providing any of the following goods or services to another person or entity:

- (a) Performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; or
- (b) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material; or
- (c) providing names of, or assisting in the generation of, potential customers; or
- (d) performing marketing services of any kind.

3. “Business venture” means any written or oral business arrangement, however denominated, regardless of whether covered by the Franchise Rule or Business

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Fed. R. Civ. P. 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

- 7. “Investment opportunity” means anything, tangible or intangible, that is offered, offered for sale, sold, or traded based wholly or in part on representations, either express or implied, about past, present, or future income, profit, or appreciation;
- 8. “Mortgage loan modification or foreclosure relief service” means any service, product, or program that is represented, expressly or by implication, to assist a homeowner in any manner to (A) obtain or arrange a modification of any term of a home loan, deed of trust, or mortgage; (B) obtain or arrange a refinancing, recapitalization, or reinstatement of a home loan, deed of trust, or mortgage; (C) obtain or arrange a pre-foreclosure sale, short sale, or deed-in-lieu of foreclosure; (D) stop, prevent, or postpone any home mortgage or deed of trust foreclosure sale; (E) obtain any forbearance from any beneficiary or mortgagee, (F) obtain a loan or advance of funds that is connected to the consumer's home ownership, (G) avoid or ameliorate the impairment of the owner’s credit standing, credit rating or credit profile that is connected to the consumer’s home ownership, or (H) save the owner’s residence from foreclosure.
- 9. “Person” means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, associatio/AttachMd [Bottom]ciatio/AttachMd [Bottom]

1 **PROHIBITED REPRESENTATIONS**

2 **I. IT IS THEREFORE ORDERED** that:

3 A. In connection with the offering for sale or selling of any mortgage loan modification or
4 foreclosure relief service, Defendants, and their officers, agents, servants, employees, and
5 attorneys, and persons in active concert or participation with him who receive actual
6 notice of this Order by personal service or otherwise, are hereby preliminarily restrained
7 and enjoined from making, or assisting in the making of, directly or by implication, orally
8 or in writing, any false or misleading statement or representation of material fact
including, but not limited to:

- 9 1. that any Defendant or any other person will
- 10 a. obtain or arrange a modification of any term of a consumer’s home loan,
11 deed of trust, or mortgage, including any recapitalization or reinstatement
12 agreement;
 - 13 b. obtain or arrange a pre-foreclosure sale, short sale, or deed-in-lieu of
14 foreclosure;
 - 15 c. stop, prevent, or postpone any home mortgage foreclosure sale;
 - 16 d. save any consumer’s residence from foreclosure;
 - 17 e. obtain or arrange lower or affordable monthly mortgage payments for any
18 consumer;
 - 19 f. give a full or partial refund of any fees paid if the Defendant or any other
20 person fails to provide a mortgage loan modification or foreclosure relief
21 service;
- 22 2. the terms that any beneficiary, mortgagee, or other home-loan holder will or is
23 likely to offer or accept to cure any delinquency or default on, or to re-instate, any
24 mortgage, deed of trust, or other home loan;
- 25 3. the refund policy of any Defendant or any other person, including but not limited
26 to the likelihood of a consumer obtaining a full or partial refund, or the
27 circumstances in which a full or partial refund will be granted to the consumer;
- 28 4. any other material fact.

B. In connection with the offering for sale or selling of any business venture or investment
opportunity, Defendants, and their officers, agents, servants, employees, and attorneys,

1 mortgage loan modification or foreclosure relief service, the amount and date(s) of payments,
2 and the amount and date of any refund;

3 C. the name, address, telephone numbers, and addresses of every person with whom
4 Defendants or their employees, agents, representatives, independent contractors, or franchisees,
5 have communicated in connection with the provision of the mortgage loan modification or
6 foreclosure relief service; the date of each such communication; and a summary of the nature of
7 the communication;

8 D. the name, address, telephone numbers, and email addresses of each person, including
9 attorneys, who have provided any services in connection with the provision of mortgage loan
10 modification or foreclosure relief service, and the amount paid to such person for such service
11 (in the event that the homeowner(s) paid another person for the mortgage loan modification or
12 foreclosure relief service and that person paid Defendants for their services, provide the amount
13 paid to Defendants by such person);

14 E. a description of the homeowner's circumstances that required the mortgage loan
15 modification or foreclosure relief service; and

16 F. the status, resolution, and results obtained by Defendants of the mortgage loan
17 modification or foreclosure relief service.
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19 **ASSET FREEZE**

20 **III. IT IS FURTHER ORDERED** that each of the Defendants (excluding Defendant
21 Michael Workman) is hereby preliminarily restrained and enjoined, until further order of this
22 Court, from:

23 A. transferring, encumbering, selling, concealing, pledging, hypothecating, assigning,
24 spending, withdrawing, disbursing, conveying, gifting, dissipating, or otherwise disposing of any
25 funds, property, coins, lists of consumer names, shares of stock, or other assets, wherever
26 located, that are (1) owned or controlled by any of the Defendants, in whole or in part; (2) in the
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1 hereto as Attachment 2. The Individual Defendants shall be jointly and severally liable for this
2 obligation; and

3 C. Defendants shall provide the FTC access to records and documents pertaining to assets of
4 any of the Defendants that are held by financial institutions outside the territory of the United
5 States by signing a Consent to Release of Financial Records if requested by the FTC.

6 **FINANCIAL INSTITUTIONS**

7 **V. IT IS FURTHER ORDERED** that any financial or brokerage institution, any business
8 entity, or any other person having possession, custody, or control of any records of any of the
9 Defendants (excluding Defendant Michael Work
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1 3. the identification of any safe deposit box titled in the name of or subject to access
2 by any of the Defendants;

3 D. upon request by counsel for the FTC, promptly provide the FTC with copies of all
4 records or other documentation pertaining to such account or asset, including but not limited to
5 originals or copies of account applications, account statements, signature cards, checks, drafts,
6 deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips,
7 currency transaction reports, 1099 forms, and safe deposit box logs.

8
9 **REPATRIATION OF ASSETS**

10 **VI. IT IS FURTHER ORDERED** that, to the extent not already complied with, within five
11 (5) business days following service of this Order, each of the Defendants shall:

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

15 B. the same business day as any repatriation under sub-section A above,
16 1. notify the FTC of the name and location of the financial institution or other entity
17 that is the recipient of such funds, documents, or assets; and
18 2. serve this Order on any such financial institution or other entity;

19 C. provide the FTC with a full accounting of all funds, documents, and assets outside of the
20 territory of the United States held either: (1) by them; (2) for their benefit; or (3) under their
21 direct or indirect control, jointly or singly; and
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23 D. hold and retain all repatriated funds, documents, and assets and prevent any transfer,
24 disposition, or dissipation whatsoever of any such assets or funds.

25 **NONINTERFERENCE WITH REPATRIATION**

26 **VII. IT IS FURTHER ORDERED** that Defendants are hereby preliminarily restrained and
27 enjoined from taking any action, directly or indirectly, which may result in the encumbrance or
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1 dissipation of foreign assets, or in the hindrance of the repatriation required by Section VI of this
2 Order, including, but not limited to:

3 A. sending any statement, letter, fax, email or wire transmission, or telephoning or engaging
4 in any other act, directly or indirectly, that results in a determination by a foreign trustee or other
5 entity that a “duress” event has occurred under the terms of a foreign trust agreement until such
6 time that all assets have been fully repatriated pursuant to Section VI of this Order;

7 B. notifying any trustee, protector or other agent of any foreign trust or other related entities
8 of either the existence of this Order, or of the fact that repatriation is required pursuant to a court
9 order, until such time that all assets have been fully repatriated pursuant to Section VI of this
10 Order.
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12 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

13 **VIII. IT IS ORDERED** that Defendants and their successors, assigns, officers, agents,
14 servants, employees, and attorneys, and those persons or entities in active concert or
15 participation with any of them who receive actual notice of this Order by personal service,
16 facsimile transmission, email, or otherwise, whether acting directly or through any corporation,
17 subsidiary, division, or other device, are hereby enjoined from:

18 A. destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing
19 of, in any manner, directly or indirectly, any documents or records that relate to the business
20 practices, or business or personal finances, of Defendants, or other entity directly or indirectly
21 under the control of Defendants;

22 B. failing to create and maintain books, records, and accounts which, in reasonable detail,
23 accurately, fairly, and completely reflect the incomes, assets, disbursements, transactions and use
24 of monies by any Defendant or other entity directly or indirectly under the control of any
25 Defendants.
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1 including any partnership, limited partnership, joint venture, sole proprietorship or corporation,
2 without first serving on counsel for the Commission a written statement disclosing the following:
3 (1) the name of the business entity; (2) the address and telephone number of the business entity;
4 (3) the names of the business entity's officers, directors, principals, managers and employees;
5 and (4) a detailed description of the business entity's intended or actual activities.

6 B. each of the Individual Defendants shall notify the Commission at least seven (7) days
7 prior to affiliating with, becoming employed by, or performing any work for any business that is
8 not a named Defendant in this action. Each notice shall include the Defendant's new business
9 address and a statement of the nature of the business or employment and the nature of his or her
10 duties and responsibilities in connection with that business or employment.
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12 **NOTICE TO EMPLOYEES AND AGENTS**

13 **XIII. IT IS FURTHER ORDERED** that within three (3) calendar days following this Order,
14 Defendants shall provide a copy of this Order to each of their employees, directors, officers,
15 subsidiaries, affiliates, attorneys, independent contractors, representatives, franchisees, all
16 persons in active concert or participation with Defendants, and any person who has solicited
17 customers for Defendants' mortgage loan modification or foreclosure relief service or provide
18 any aspect of that service. Within five (5) calendar days following this Order, Defendants shall
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CORRESPONDENCE WITH PLAINTIFF

XV. IT IS FURTHER ORDERED that for the purposes of this Order, all service on and correspondence to the FTC shall sent via U.S. Express Mail or Federal Express and be addressed to: Lisa W. Schifferle, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Room H-286, Washington, DC 20580. Telephone: (202) 326-3377; Facsimile: (202) 326-3395.

SERVICE OF THIS ORDER

XVI.

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