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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission
Plaintiff,
v.
Sameer Lakhany,
an individual;
The Credit Shop, LLC,
a limited liability company;
Fidelity Legal Services LLC,
a limited liability company;
Titanium Realty, Inc.;
a corporation,
Precision Law Center, Inc,
a corporation; and
Precision Law Center LLC,
a limited liability company;
Defendants.

Case No.: SACV 12-00337-CJC(JPR)
EX PARTE TEMPORARY
RESTRAINING ORDER
WITH ASSET FREEZE,
APPOINTMENT OF
TEMPORARY RECEIVER,
EXPEDITED DISCOVERY, AND
OTHER EQUITABLE RELIEF,
AND ORDER TO SHOW CAUSE
WHY PRELIMINARY
INJUNCTION SHOULD NOT
ISSUE
(LODGED UNDER SEAL)

Plaintiff Federal Trade Commission ("FTC"), pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) ("Omnibus Act"), as clarified by the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) ("Credit Card Act"), and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act,

1 Public Law 111-203, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-
2 Frank Act”), has filed a Complaint for preliminary and permanent injunctive relief,
3 rescission or reformation of contracts, restitution, the refund of monies paid,
4 disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or
5 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the
6 Mortgage Assistance Relief Services, 16 C.F.R. Part 322 (“MARS Rule”)
7 (effective December 29, 2010, except for Section 322.5, which became effective on
8 January 31, 2011), recodified as Mortgage Assistance Relief Services (Regulation
9 O), 12 C.F.R. Part 1015 (“Regulation O”) (effective December 30, 2011), in
10 connection with the marketing and sale of Mortgage Assistance Relief Services
11 (“MARS”), and applied for a temporary restraining order pursuant to Rule 65(b) of
12 the Federal Rules of Civil Procedure

13 FINDINGS OF FACT

14 This Court, having considered the FTC’s Complaint, *in parte* application,
15 declarations, exhibits, and memoranda filed in support of the FTC’s application, and
16 the evidence presented by all parties, finds that:

17 1. This Court has jurisdiction over the subject matter of this case, there is
18 good cause to believe it will have jurisdiction over all the parties hereto, and venue in
19 this district is proper;

20 2. There is good cause to believe that Defendants Sameer Lakhany, an
21 individual; The Credit Shop, LLC, a limited liability company; Fidelity Legal
22 Services, a limited liability company; Titan Realty, Inc., a corporation; Precision
23 Law Center, Inc., a corporation; and Precision Law Center, LLC, a limited liability
24 company have engaged and are likely to engage in acts or practices that
25 violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the MARS Rule, 16
26 C.F.R. Part 322, recodified as Regulation O, 12 C.F.R. Part 1015 (effective
27 December 30, 2011), and that the FTC is more likely to prevail on the merits of
28 this action;

1 3. There is good cause to believe that immediate and irreparable harm will
2 result from Defendants' ongoing violations of Section 5(a) of the FTC Act and the
3 MARS Rule unless Defendants are restrained and enjoined by Order of this Court;

4 4. There is good cause to believe that immediate and irreparable damage to
5 the Court's ability to grant effective final relief for consumers in the form of
6 monetary restitution and disgorgement of ill-gotten gains will occur from the
7 transfer, dissipation, or concealment by Defendants of their assets or business
8 records unless Defendants continue to be restrained and enjoined by Order of this
9 Court; and that in accordance with Fed. R. P. 65(b), the interest of justice
10 requires that the FTC's application be heard *ex parte* without prior notice to
11 Defendants. Therefore, there is good cause for relieving the FTC of the duty to
12 provide Defendants with prior notice of the FTC's application;

13 5. Good cause exists for appointing a temporary receiver over Defendants
14 The Credit Shop, LLC, Fidelity Legal Services LLC, Precision Law Center, Inc.,
15 Precision Law Center LLC, and Titanium Realty, Inc.; permitting the FTC
16 immediate access to Defendants' business premises; and permitting the FTC to take
17 expedited discovery;

18 6. Weighing the equities and considering the FTC's likelihood of ultimate
19 success, a temporary restraining order with an asset freeze, expedited discovery as to
20 the existence and location of assets and documents, and other equitable relief is in
21 the public interest; and

22 7. No security is required of any agent of the United States for issuance
23 of a restraining order. Fed. R. Civ. P. 65.

24 ORDER

25 DEFINITIONS

26 For the purposes of this Order, the following definitions shall apply:

27 A. "Assets" means any legal or equitable interest in, right to, or claim to, any real,
28 personal, or intellectual property of a Defendant, or held for the benefit of

1 any Defendants, wherever located, ~~where~~ in the United States or abroad,
2 including, but not limited to, chattel, goods, instruments, equipment, fixtures,
3 general intangibles, effects, leaseholds, contracts, mail or other deliveries,
4 shares of stock, commodities, futures, inventory, checks, notes, accounts,
5 credits, receivables (as those terms ~~are~~ defined in the Uniform Commercial
6 Code), cash, and trusts, including ~~but~~ limited to any trust held for the
7 benefit of any Defendant, any of the ~~individual~~ Defendant's minor children, or
8 any of the Individual Defendant's ~~spouses~~, and shall include both existing
9 assets and assets acquired ~~after~~ the date of entry of this Order.

10 B. "Corporate Defendants" means The CrB. "Corporate Defendants" means The C

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2. Any electronically stored information stored on any Blackberries, flash drives, personal digital assistants (“PDAs”), desktop personal computer and workstations, laptops, notebooks, and other portable computers, or other electronic storage media, whether assigned to individuals or in pools of computers available for shared use, or personally owned but used for work-related purposes; hard disks and tapes, archive disks and tapes, and other forms of offsite storage, whether stored onsite with the computer used to generate them or stored offsite in another company

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1. stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the consumer's dwelling, any repossession of the consumer's dwelling, or otherwise saving the consumer's dwelling from foreclosure or repossession;
2. negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a reduction in the amount of interest, principal balance, monthly payments, or fees;

1 K. "Receivership Defendants" means The Credit Shop, LLC, Fidelity Legal
2 Services, LLC, Precision Law Center, Inc., Precision Law Center LLC, and
3 Titanium Realty, Inc.; and their successors, assigns, affiliates, or subsidiaries,
4 and each of them by whatever names each might be known, provided that the
5 Temporary Receiver has reason to believe they are owned or controlled in
6 whole or in part by any of the Defendants.

7 L. The words "and" and "or" shall be understood to have both conjunctive and
8 disjunctive meanings as necessary to make the applicable phrase or sentence
9 inclusive rather than exclusive.

10 I.

11 PROHIBITED REPRESENTATIONS

12 IT IS THEREFORE ORDERED that Defendants and their successors,
13 assigns, officers, agents, servants, employees and attorneys, and those persons or
14 entities in active concert or participation with any of them who receive actual notice
15 of this Order by personal service, facsimile transmission, email, or otherwise,
16 whether acting directly or through any corporation, subsidiary, division, or other
17 device, in connection with the advertising, marketing, promotion, offering for sale or
18 sale of any mortgage assistance product or service, are hereby temporarily
19 restrained and enjoined from falsely representing, or from assisting others who are
20 falsely representing, expressly or by implication, any of the following:

- 21 A. that any Defendant or any other person:
 - 22 1. generally will obtain for consumers mortgage loan modifications
 - 23 that will make consumers' payments substantially more
 - 24 affordable, or will help consumers avoid foreclosure;
 - 25 2. as a result of a loan audit, generally will obtain for consumers
 - 26 mortgage loan modifications that will make consumers' payments
 - 27 substantially more affordable or help consumers avoid
 - 28 foreclosure;

- 1 3. are accredited non-profit organizations with superior techniques
- 2 and qualifications for obtaining mortgage loan modifications that
- 3 will make consumers' payments substantially more affordable;
- 4 4. generally will give refunds to consumers if the defendant fails to
- 5 obtain a mortgage loan modification;
- 6 5. generally will obtain favorable mortgage concessions from
- 7 consumers' lenders or stop foreclosure if consumers join mass
- 8 joinder lawsuits initiated by the defendant or person;

9 B. The degree of success that any Defendant or any other person has had in
10 performing any mortgage assistance relief service;

11 C. The nature of any Defendant's or any other person's relationship with
12 any mortgage loan holder or servicer, other secured or unsecured lender;

13 D. The amount of time it will take or is likely to take to obtain or arrange a
14 renegotiation, settlement, modification, or other alteration of the terms of any
15 secured or unsecured debt, including but not limited to the modification of any term
16 of a consumer's home loan, deed of trust, mortgage, including any recapitalization
17 or reinstatement agreement;

18 E. That any Defendant or any other person is affiliated with, endorsed or
19 approved by the government;

20 F. The refund policy of any Defendant or any other person, including but
21 not limited to the likelihood of a consumer obtaining a full or partial refund, or the
22 circumstances in which a full or partial refund will be granted to the consumer; or

23 G. The cost of any Defendants' service including that there will be no
24 charge for all or a portion of such service.

1 II.

2 DISCLOSURES REQUIRED BY AND REPRESENTATIONS PROHIBITED
3 BY MARS RULE (REGULATION O)

4 IT IS FURTHER ORDERED that Defendants and their successors, assigns,
5 officers, agents, servants, employees, and 19
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1 the offer, you will have to pay us [insert amount or method for calculating the
2 amount] for our services.” For the purposes of this paragraph, the amount “you will
3 have to pay” shall consist of the total amount the consumer must pay to purchase,
4 receive, and use all of the mortgage assistance relief services that are the subject of
5 the sales offer, including but not limited to, fees and charges, in violation of 12
6 C.F.R. § 1015.4(b)(1) (Dec. 30, 2011),

7 E. failing, in all general commercial communications, consumer-specific
8 commercial communications, and other communications in cases where any
9 defendant or person has represented, expressly or by implication, in connection with
10 the advertising, marketing, promotion, offering for sale, sale, or performance of any
11 mortgage assistance relief service, that the consumer should temporarily or
12 permanently discontinue payments, in whole or in part, on a dwelling loan, to place
13 clearly and prominently, and in close proximity to any such representation the
14 following disclosure: “If you stop paying your mortgage, you could lose your home
15 and damage your credit rating,” in violation of 12 C.F.R. § 1015.4(c) (Dec. 30,

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1 statements or representations prohibited by Section I of this Order cannot be
2 accessed by the public; and

3 B. Prevent the destruction or erasure of any Internet website used by Defendants
4 for the advertising, marketing, promotion, offering for sale, sale, or provision
5 of any mortgage assistance relief service, including but not limited to
6 FreeFedLoanMod.org, HouseHoldRelief.org and MyHomeSupport.org, by
7 preserving such website in the format in which they are maintained currently.

8 VI.

9 SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS

10 IT IS FURTHER ORDERED that, pending determination of the FTC's request for
11 a preliminary injunction, any domain name registrar shall suspend the registration of
12 any Internet website used by Defendants for the advertising, marketing, promotion,
13 offering for sale, sale, or provision of any mortgage assistance relief service, and
14 containing statements or representations prohibited by Section I of this Order,
15 including, but not limited to FreeFedLoanMod.org, HouseHoldRelief.org and
16 MyHomeSupport.org, and provide immediate notice to counsel for the FTC of any
17 other Internet domain names registered by Defendants or their officers, agents,
18 servants, employees, and attorneys, and those persons in active concert or
19 participation with Defendants who receive actual notice of this Order by personal
20 service or otherwise.

21 VII.

22 ASSET FREEZE

23 IT IS FURTHER ORDERED that Corporate Defendants, and their officers,
24 agents, servants, employees, and attorneys, all persons or entities directly or
25 indirectly under the control of any of them, including any financial institution, and
26 all other persons or entities in active concert or participation with any of them who
27 receive actual notice of this Order by personal service, facsimile, email, or otherwise,
28 each are hereby temporarily restrained and enjoined from directly or indirectly:

1 A. Selling, liquidating, assigning, transferring, converting, loaning,
2 hypothecating, disbursing, gifting, conveying, encumbering, pledging,
3 concealing, dissipating, spending, withdrawing, or otherwise disposing of any
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1 Temporary Receiver believes the consumer was a victim of the unlawful
2 conduct alleged in the complaint in this matter;

3 C. Take all steps necessary to secure the business premises of the Receivership
4 Defendants. Such steps may include, but are not limited to, the following, as
5 the Temporary Receiver deems necessary or advisable:

- 6 1. serving and filing this Order;
- 7 2. completing a written inventory of all Receivership assets;
- 8 3. obtaining pertinent information from all employees and other agents of
9 the Receivership Defendants, including, but not limited to, the name,
10 home address, social security number, job description, method of
11 compensation, and all accrued and unpaid commissions and
12 compensation of each such employee or agent, and all computer
13 hardware and software passwords;
- 14 4. videotaping and/or photographing all portions of the location;
- 15 5. securing the location by changing the locks and disconnecting any
16 computer modems or other means of access to the computer or other
17 records maintained at that location; and
- 18 6. requiring any persons present on the premises at the time this Order is
19 served to leave the premises to provide the Temporary Receiver with
20 proof of identification, or to demonstrate to the satisfaction of the
21 Temporary Receiver that such persons are not removing from the
22 premises documents or assets of the Receivership Defendants;

23 D. Conserve, hold, and manage all Receivership assets, and perform all acts
24 necessary or advisable to preserve the value of those assets, in order to prevent
25 any irreparable loss, damage, or injury to consumers or to creditors of the
26 Receivership Defendants, including, but not limited to, obtaining an
27 accounting of the assets and preventing any transfer, withdrawal, or misapplication
28 of assets;

- 1 E. Liquidate any and all securities and commodities owned by or for the benefit of
2 the Receivership Defendants as the Temporary Receiver deems to be advisable
3 or necessary;
- 4 F. Enter into contracts and purchase insurance as the Temporary Receiver deems
5 to be advisable or necessary;
- 6 G. Prevent the inequitable distribution of assets and determine, adjust, and protect
7 the interests of consumers and creditors who have transacted business with the
8 Receivership Defendants;
- 9 H. Manage and administer the business of the Receivership Defendants until
10 further order of this Court by performing all incidental acts that the Temporary
11 Receiver deems to be advisable or necessary, which includes retaining, hiring,
12 or dismissing any employees, independent contractors, or agents;
- 13 I. Choose, engage, and employ, without approval of the Court, attorneys,
14 accountants, appraisers, and other independent contractors and technical
15 specialists, as the Temporary Receiver deems advisable or necessary in the
16 performance of duties and responsibilities under the authority granted by this
17 Order. The Temporary Receiver may engage the services of the law firm of
18 which the Temporary Receiver is a member;
- 19 J. Make payments and disbursements from the Receivership estate that are
20 necessary or advisable for carrying out the directions of, or exercising the
21 authority granted by, this Order. The Temporary Receiver shall apply to the
22 Court for prior approval of any payment of any debt or obligation incurred by
23 the Receivership Defendants prior to the entry of this Order, except
24 payments that the Temporary Receiver deems necessary or advisable to secure
25 assets of the Receivership Defendants, such as rental payments;
- 26 K. Determine and implement measures to ensure that the Receivership
27 Defendants comply with, and prevent violations of, this Order and all other
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1 applicable laws, including, but not limited to, revising sales materials and
2 implementing monitoring procedures;

3 L. Institute, compromise, adjust, appear, intervene in, or become party to such
4 actions or proceedings in state, federal, or foreign courts that the Temporary
5 Receiver deems necessary and advisable to preserve or recover the assets of
6 the Receivership Defendants, or that the Temporary Receiver deems necessary
7 and advisable to carry out the Temporary Receiver's mandate under this
8 Order;

9 M. Defend, compromise, adjust, or otherwise dispose of any or all actions or
10 proceedings instituted in the past or the future against the Temporary
11 Receiver in his role as Temporary Receiver, or against the Receivership
12 Defendants, that the Temporary Receiver deems necessary and advisable to
13 preserve the assets of the Receivership Defendants or that the Temporary
14 Receiver deems necessary and advisable to carry out the Temporary
15 Receiver's mandate under this Order;

16 N. Continue and conduct the business of the Receivership Defendants in such
17 manner, to such extent, and for such duration as the Temporary Receiver may
18 in good faith deem to be necessary and appropriate to operate the business
19 profitably and lawfully, if at all *provided, however*, that the continuation and
20 conduct of the business shall be conditioned upon the Temporary Receiver's
21 good faith determination that the business can be lawfully operated at a
22 profit using the assets of the receivership estate;

23 O. Take depositions and issue subpoenas to obtain documents and records
24 pertaining to the receivership estate and compliance with this Order.
25 Subpoenas may be served by agents or attorneys of the Temporary Receiver
26 and by agents of any process served and retained by the Temporary Receiver;

27 P. Open one or more bank accounts in the Central or Southern District of
28 California as designated depositories for funds of the Receivership

1 Defendants. The Temporary Receiver shall deposit all funds of the
2 Receivership Defendants in such designated account and shall make all
3 payments and disbursements from the receivership estate from such
4 account(s);

5 Q. Maintain accurate records of all receipts and expenditures that he makes as
6 Temporary Receiver; and

7 R. Cooperate with reasonable requests for information or assistance from any
8 state or federal law enforcement agency.

9 IT IS FURTHER ORDERED that the Temporary Receiver will be
10 responsible for maintaining the chain of custody of all of Defendants' records in his
11 possession, pursuant to procedures to be established in writing with the approval of
12 the FTC.

13 X.

14 IMMEDIATE ACCESS TO
BUSINESS PREMISES AND RECORDS

15 IT IS FURTHER ORDERED that Defendants and their officers, directors,
16 agents, servants, employees, attorneys, successors, assigns, and all other persons or
17 entities directly or indirectly, in whole or in part, under their control, including
18 Electronic Data Hosts, and all other persons in active concert or participation with
19 them who receive actual notice of this Order by personal service, facsimile, email, or
20 otherwise, whether acting directly or through any corporation, subsidiary, division,
21 or other entity, shall:

22 A. Allow the Temporary Receiver, and its respective representatives, agents,
23 attorneys, investigators, paralegals, contractors, or assistants immediate access
24 to:

- 25 1. All of the Receivership Defendants' business premises, including but
26 not limited to 1801 E. Edinger Ave., Suites 105 and 225, Santa Ana, CA
27 92705; 3240 El Camino Real, Suites 100 and 200, Irvine, CA 92602;
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1 655 S. Main Street, Suite 200-127, Orange, CA 92868; 655 S. Main
2 Street, Suite 200-161, Orange, CA 92868; 2300 E. Katella Avenue,
3 Suite 450, Anaheim, CA 92806; 4000 MacArthur Blvd., Suite 900,
4 Newport Beach, CA 92660, and 6 Hutton Center Drive, Suite 600,
5 South Coast Metro, CA 92707, and such other business locations that
6 are wholly or partially owned, rented, leased, or under the temporary or
7 permanent control of any Receivership Defendant;

- 8 2. Any other premises where the Receivership Defendants conduct
9 business, sales operations or customer service operations;
- 10 3. Any premises where documents related to the Receivership Defendants'
11 businesses are stored or maintained;
- 12 4. Any premises where assets belonging to any Receivership Defendant
13 are stored or maintained; and
- 14 5. Any documents located at any of the locations described in this
15 Paragraph; and

16 B. Provide the Temporary Receiver, and his respective representatives, agents,
17 attorneys, investigators, paralegals, contractors, or assistants with any
18 necessary means of access to, copying of, and forensic imaging of documents
19 or electronically stored information, including, without limitation, the
20 locations of Receivership Defendants' business premises, keys and
21 combinations to business premises locks, computer access codes of all
22 computers used to conduct Receivership Defendants' business, access to
23 (including but not limited to execution of any documents necessary for access
24 to and forensic imaging of) any data stored, hosted or otherwise maintained by
25 an Electronic Data Host, and storage area access information.

26 IT IS FURTHER ORDERED that the Temporary Receiver is authorized to
27 employ the assistance of law enforcement officers, including, but not limited to, the
28 United States Postal Inspection Service, Internal Revenue Service, and Federal

1 Bureau of Investigation, to effect ~~serve~~ to implement peacefully the provisions of
2 this Order, and to keep the peace. ~~The~~ Temporary Receiver shall allow the FTC and
3 its representatives, agents, contractors, ~~assistants~~ assistants into the premises and facilities
4 described in this Section to inspect, inventory, image, and copy documents or
5 electronically stored information relevant ~~to~~ to any matter contained in this Order. The
6 Temporary Receiver may exclude Defendants ~~and~~ their agents and employees from
7 the business premises and facilities ~~and~~ the immediate access. No one shall
8 interfere with the Temporary Receiver's ~~inspection~~ inspection of the Defendants' premises or
9 documents.

10 IT IS FURTHER ORDERED that the Temporary Receiver shall have the
11 right to remove any documents related ~~to~~ Defendants' business practices from the
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XI.

COOPERATION WITH TEMPORARY RECEIVER

IT IS FURTHER ORDERED that:

A. Defendants, and their officers, agents, directors, servants, employees, salespersons, independent contractors, attorneys, corporations, subsidiaries, affiliates, successors, and assigns, and all persons or entities in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, whether acting individually or through any trust, corporation, subsidiary, division, or other device, any of them, shall fully cooperate with and assist the Temporary Receiver. Such cooperation and assistance shall include, but not be limited to:

1. Providing any information to the Temporary Receiver that the Temporary Receiver deems necessary for exercising the authority and discharging the responsibilities of the Temporary Receiver under this Order, including but not limited to allowing the Temporary Receiver to inspect documents and assets, and to partition office space;
2. Providing any username or password and executing any documents required to access any computer or electronic files in any medium, including but not limited to electronically stored information stored, hosted or otherwise maintained by an electronic data host; and
3. Advising all persons who owe money to the Receivership Defendants

1 Order by personal service or otherwise, are hereby temporarily restrained and
2 enjoined from directly or indirectly:

- 3 1. Transacting any of the business of the Receivership Defendants;
- 4 2. Destroying, secreting, erasing, mutilating, defacing, concealing,
5 altering, transferring or otherwise exposing of, in any manner, directly
6 or indirectly, any documents, electronically stored information, or
7 equipment of the Receivership Defendants, including but not limited to
8 contracts, agreements, consumer files, consumer lists, consumer
9 addresses and telephone numbers, correspondence, advertisements,
10 brochures, sales material, sales presentations, documents evidencing or
11 referring to Defendants' services, training materials, scripts, data,
12 computer tapes, disks, or other computerized records, books, written or
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- 1 5. Doing any act or refraining from any act whatsoever to interfere with
2 the Temporary Receiver's taking custody, control, possession, or
3 managing of the assets or documents subject to this Receivership; or to
4 harass or to interfere with the Temporary Receiver in any way; or to
5 interfere in any manner with the exclusive jurisdiction of this Court over
6 the assets or documents of the Receivership Defendants; or to refuse to
7 cooperate with the Temporary Receiver or the Temporary Receiver's
8 duly authorized agents in the exercise of their duties or authority under
9 any Order of this Court; and
- 10 6. Filing, or causing to be filed, a petition on behalf of the Receivership
11 Defendants for relief under the United States Bankruptcy Code, 11
12 U.S.C. § 101 *et seq.*, without prior permission from this Court.

13 XII.

14 COMPENSATION FOR RECEIVER

15 IT IS FURTHER ORDERED that the Temporary Receiver and all personnel
16 hired by the Temporary Receiver as herein authorized, including counsel to the
17 Temporary Receiver and accountants, are entitled to reasonable compensation for the
18 performance of duties pursuant to this Order and for the cost of actual out-of-pocket
19 expenses incurred by them, from the assets now held by or in the possession or
20 control of, or which may be received by, the Receivership Defendants. The
21 Temporary Receiver shall file with the Court and serve on the parties periodic
22 requests for the payment of such reasonable compensation, with the first such request
23 filed no more than sixty (60) days after the date of this Order. The Temporary
24 Receiver shall not increase the hourly rates as the bases for such fee
25 applications without prior approval of the Court.

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1 IT IS FURTHER ORDERED that the Temporary Receiver shall report to
 2 this Court on or before the date set for hearing to Show Cause regarding the
 3 Preliminary Injunction, regarding: (1) the steps taken by the Temporary Receiver to
 4 implement the terms of this Order; (2) the value of all liquidated and unliquidated
 5 assets of the Receivership Defendants; (3) the sum of all liabilities of the
 6 Receivership Defendants; (4) the steps the Temporary Receiver intends to take in the
 7 future to: (a) prevent any diminution in the value of assets of the Receivership
 8 Defendants, (b) pursue receivership assets from third parties, and (c) adjust the
 9 liabilities of the Receivership Defendants, if appropriate; (5) the Temporary
 10 Receiver's assessment of whether the business can be operated in compliance with
 11 this Order; and (6) any other matters which the Temporary Receiver believes should
 12 be brought to the Court's attention. *Provided, however,* if any of the required
 13 information would hinder the Temporary Receiver's ability to pursue receivership
 14 assets, the portions of the Temporary Receiver's report containing such information
 15 may be filed under seal and not served on the parties.

16 XIV.

17 PROHIBITION ON RELEASE OF CONSUMER INFORMATION

18 IT IS FURTHER ORDERED that, except as required by a law enforcement
 19 agency, law, regulation or court order, Defendants, and their officers, agents,
 20 servants, employees, and attorneys, and other persons in active concert or
 21 participation with any of them who receive actual notice of this Order by personal
 22 service or otherwise, are temporarily restrained and enjoined from disclosing, using,
 23 or benefitting from consumer information, including the name, address, telephone
 24 number, email address, social security number, other identifying information, or any
 25 data that enables access to a consumer's account (including a credit card, bank
 26 account, or other financial account), or any person which any Defendant obtained
 27 prior to entry of this Order in connection with any mortgage assistance relief product
 28 or service.

XV.

STAY OF ACTIONS

IT IS FURTHER ORDERED that:

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6 A. Except by leave of this Court, during pendency of the Receivership ordered
7 herein, Defendants and all other persons and entities be and hereby are stayed
8 from taking any action to establish or enforce any claim, right, or interest for,
9 against, on behalf of, in, or in the name of, the Receivership Defendants, any
10 of their subsidiaries, affiliates, partnerships, assets, documents, or the
11 Temporary Receiver or the Temporary Receiver's duly authorized agents
12 acting in their capacities as such, including, but not limited to, the following
13 actions:

- 14 1. Commencing, prosecuting, continuing, or enforcing any suit or
15 proceeding, except that such actions may be filed to toll any applicable
16 statute of limitations;
- 17 2. Accelerating the due date of any liability or claimed obligation; filing
18 or enforcing any lien; taking or attempting to take possession, custody,
19 or control of any asset; attempting to foreclose, forfeit, alter, or
20 terminate any interest in any asset, whether such acts are part of a
21 judicial proceeding, are acts of self-help, or otherwise;
- 22 3. Executing, issuing, serving, or causing the execution, issuance or
23 service of, any legal process, including, but not limited to, attachments,
24 garnishments, subpoenas, writs of sequestration, writs of execution, or any
25 other form of process whether specified in this Order or not; or
- 26 4. Doing any act or thing whatsoever to interfere with the Temporary
27 Receiver taking custody, control, possession, or management of the
28 assets or documents subject to this Receivership, or to harass or

interfere with the Temporary Receiver any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendants;

B. This Paragraph XV does not stay:

1. The commencement or continuation of a criminal action or proceeding;
2. The commencement or continuation of an action or proceeding by the State Bar of California to enforce its police or regulatory power;
3. The commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power;
4. The enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power; or
5. The issuance to a Receivership Defendant of a notice of tax deficiency; and

C. Except as otherwise provided in this Order, all persons and entities in need of documentation from the Temporary Receiver shall in all instances first attempt to secure such information by submitting a formal written request to the Receiver, and, if such request has not been responded to within thirty (30) days of receipt by the Temporary Receiver, any such person or entity may thereafter seek an Order of this Court with regard to the relief requested.

XVII.

DURATION OF TEMPORARY RESTRAINING ORDER;
SCHEDULING OTHER MATTERS

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XIII.

CORRESPONDENCE WITH PLAINTIFF

IT IS FURTHER ORDERED that, for the purposes of this Order, because mail addressed to the FTC is subject to delay due to heightened security screening, all correspondence and service of pleadings on Plaintiff shall be sent either via electronic submission or via Federal Express to:

Mark L. Glassman
Federal Trade Commission
601 New Jersey Ave., N.W., Mail Drop NJ-3158
Washington, DC 20580
Mglassman@ftc.gov

with a copy to:

John D. Jacobs
Federal Trade Commission
10877 Wilshire Blvd., Ste. 700
Los Angeles, CA 90024
Jjacobs@ftc.gov2

John D. JTj -2yS7s,S2-.00090sdsp2 Ste. 7sdsp2 Ste. 7sd5001i0o2i[o01i03 -1. t56al8 u7

