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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION, Plaintiff, v. ASSET & CAPITAL MANAGEMENT GROUP, et al., Defendants.	Case No. CV 13-5267 DSF (JCx) EX PARTE TEMPORARY RESTRAINING ORDER WITH AN ASSET FREEZE AND OTHER EQUITABLE RELIEF, AND ORDER TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION SHOULD NOT ISSUE
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Plaintiff Federal Trade Commission (“FTC”) has filed a complaint seeking a permanent injunction and other equitable relief, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b) , and Section 814(a) of the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692

1 This Court, having considered the complaint, the TRO motion, and all
2 attached declarations, exhibits, and memorandum of law filed in support, finds
3 that:

- 4
5 1. This Court has jurisdiction over the subject matter of this case, there is good
6 cause to believe it will have jurisdiction over all the parties hereto, and
7 venue in this district is proper;
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- 9 2. There is good cause to believe that Defendants Asset and Capital
10 Management Group, Crown Funding Company, LLC, One FC, LLC, Credit
11 MP, LLC, Western Capital Group, Inc., SJ Capital, LLC, Green Fidelity
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1 the transfer, dissipation, or concealment by Defendants of their assets or
2 business records unless Defendants are immediately restrained and enjoined
3 by Order of this Court; and that in accordance with Fed. R. Civ. P. 65(b) and
4 Local Rule 7-19.2, the interest of justice requires that the FTC's Motion be
5 heard ex parte without prior notice to Defendants. Therefore, there is good
6 cause for relieving the FTC of the duty to provide Defendants with prior
7 notice of the FTC's Motion;
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10 5. Good cause exists for appointing a receiver over the Corporate Defendants,
11 permitting the FTC immediate access to Defendants' business premises, and
12 permitting the FTC to take expedited discovery;
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15 6. Weighing the equities and considering the FTC's likelihood of ultimate
16 success, a temporary restraining order with an asset freeze, appointment of a
17 receiver, immediate access to business premises, expedited discovery as to
18 the existence and location of assets and documents, and other equitable relief
19 is in the public interest; and
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22 7. No security is required of any agency of the United States for issuance of a
23 TRO, Fed. R. Civ. P. 65(c).
24

25 **DEFINITIONS**

26 A. "Assets" means any legal or equitable interest in, right to, or claim to, any
27 real or personal property, including, without limitation, chattels, goods,
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1 instruments, equipment, fixtures, general intangibles, leaseholds, mail or
2 other deliveries, inventory, checks, notes, accounts, credits, contracts,
3 receivables, shares of stock, and all cash, wherever located.
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5 B. **“Consumer”** means any person.

6 C. **“Corporate Defendants”** means Asset and Capital Management Group,
7 Crown Funding Company, LLC, One FC, LLC, Credit MP, LLC, Western
8 Capital Group, Inc., SJ Capital, LLC, Green Fidelity Allegiance, Inc., and
9 their successors, assigns, affiliates, or subsidiaries, and each of them by
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1 reasonably usable form. A draft or non-identical copy is a separate
2 document within the meaning of the term.

3 G. **“Financial Institution”** means any bank, savings and loan institution, credit
4 union, or any financial depository of any kind, including, but not limited to,
5 any brokerage house, trustee, broker-dealer, escrow agent, title company,
6 commodity trading company, or precious metal dealer.
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9 H. **“Individual Defendants”** means Thai Han, Jim Tran Phelps, Keith Hua, and
10 James Novella.
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12 I. **“Person”** means a natural person, an organization or other legal entity,
13 including a corporation, partnership, sole proprietorship, limited liability
14 company, association, c
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1 Franklin Holdings, Inc., Individual Security & Holdings, Inc., JTIG, Inc.,
2 and Web Audict, LLC.

3 K. **“Receivership Defendants”** means Asset and Capital Management Group,
4 Crown Funding Company, LLC, One FC, LLC, Credit MP, LLC, Western
5 Capital Group, Inc., SJ Capital, LLC, and Green Fidelity Allegiance, Inc., as
6 well as any successors, assigns, affiliates, and subsidiaries that conduct any
7 business related to the Defendants’ debt collection business and which the
8 Receiver has reason to believe are owned or controlled in whole or in part by
9 any of the Defendants.
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13 L. The terms **“and”** and **“or”** shall be construed conjunctively or disjunctively
14 as necessary to make the applicable phrase or sentence inclusive rather than
15 exclusive.
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17 **ORDER**

18 **PROHIBITED REPRESENTATIONS**

19
20 I. **IT IS THEREFORE ORDERED** that in connection with the collection or
21 the attempted collection of any debt, Defendants and their successors,
22 assigns, officers, agents, servants, employees, and attorneys, and those
23 persons or entities in active concert or participation with any of them who
24 receive actual notice of this Order by personal service or otherwise, whether
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1 acting directly or through any corporation, subsidiary, division, or other
2 device, are hereby temporarily restrained and enjoined from:

3 A. Misrepresenting, or assisting others who are misrepresenting,
4 expressly or by implication, orally or in writing, any of the following:

- 5 1. that any Defendant or any other person is a process server, or
6 working with a process server, and seeking to serve a consumer
7 with legal papers pertaining to a lawsuit against such consumer;
8
- 9 2. that any Defendant or any other person is employed by, or
10 working with, a lawyer who has reviewed a consumer's case
11 and is preparing a lawsuit against the consumer;
12
- 13 3. that non-payment of a purported debt will result in a
14 consumer's arrest, or in seizure, garnishment, or attachment of a
15 consumer's property or wages;
16
- 17 4. that Defendants or any other person has filed, or intends to file
18 imminently, a lawsuit against a consumer; or
19
- 20 5. the character, amount, or legal status of a debt;
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23 B. Communicating with third parties for purposes other than acquiring
24 location information about a consumer, without having obtained
25 directly the prior consent of the consumer or the express permission of
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1 a court of competent jurisdiction, and when not reasonably necessary
2 to effectuate a postjudgment judicial remedy;

3 C. Placing telephone calls without meaningfully disclosing the caller's
4 identity;

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6 D. Failing to disclose or disclose adequately in the initial communication
7 with a consumer that any Defendant or any other person is a debt
8 collector attempting to collect a debt and that any information
9 obtained will be used for that purpose;

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12 E. Threatening to take action that is not lawful or that any Defendant or
13 any other person does not intend to take;

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15 F. Using any false representation or deceptive means to collect or
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1 within the thirty-day period that the debt, or any portion thereof, is
2 disputed, Defendants will obtain verification of the debt or a copy of a
3 judgment against the consumer and a copy of such verification or
4 judgment will be mailed to the consumer by Defendants; and (5) a
5 statement that, upon the consumer's written request within the thirty-
6 day period, Defendants will provide the consumer with the name and
7 address of the original creditor, if different from the current creditor.
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10 **ASSET FREEZE**

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12 **II. IT IS FURTHER ORDERED** that Defendants are hereby temporarily
13 restrained and enjoined from directly or indirectly:

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15 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
16 selling, concealing, dissipating, disbursing, assigning, spending,
17 withdrawing, granting a lien or security interest or other interest in, or
18 otherwise disposing of any funds, real or personal property, accounts,
19 contracts, consumer lists, or any other assets, or any interest therein,
20 wherever located, including outside the United States, that are:

21
22 (1) owned or controlled, directly or indirectly, by any Defendant(s), in
23 whole or in part, or held, in whole or in part for the benefit of any
24 Defendant(s); (2) in the actual or constructive possession of any
25 Defendant(s); (2) in the actual or constructive possession of any
26 Defendant(s); or (3) owned, controlled by, or in the actual or
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1 constructive possession of any corporation, partnership, or other entity
2 directly or indirectly owned, managed, or controlled by, or under
3 common control with any Defendant(s), including but not limited to,
4 any assets of the Related Entities, and any assets held by, for, or under
5 the name of any Defendant(s) at any bank, savings and loan
6 institution, or bank of any Defendant(s), or with any broker-dealer,
7 escrow agent, title company, commodity trading company, precious
8 metal dealer, or other financial institution or depository of any kind;

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12 B. Opening or causing to be opened any safe deposit boxes titled in the
13 name of any Defendant(s), or subject to access by any Defendant(s);

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15 C. Incurring charges or cash advances on any credit card, debit card, or
16 checking card issued in the name, singly or jointly, of any
17 Defendant(s);

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19 D. Obtaining a personal or secured loan;

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21 E. Incurring liens or encumbrances on real property, personal property or
22 other assets in the name, singly or jointly, of any Defendant(s); and

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24 F. Cashing any checks from consumers, clients, or customers of any
25 Defendant(s).

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27 G. The funds, property, and assets affected by this Section shall include:

28 (a) all assets of each Defendant as of the time this Order is entered,

1 and (b) those assets obtained after entry of this Order that are obtained
2 from any debt collection activities that predate the entry of this Order.

3 **RETENTION OF ASSETS AND RECORDS BY FINANCIAL**
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1 B. Deny the Defendants access to any safe deposit box titled in the name
2 of any Defendant(s), individually or jointly, or subject to access by
3 any Defendant(s), whether directly or indirectly.
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5 C. Provide counsel for Plaintiff and the Receiver, within three (3)
6 business days after being served with a copy of this Order, a certified
7 statement setting forth:
8

- 9 1. the identification number of each such account or asset titled
10 (1) in the name, individually or jointly, of any Defendant(s);
11 (2) held on behalf of, or for the benefit of, any Defendant(s);
12 (3) owned or controlled by any Defendant(s); or (4) otherwise
13 subject to access by any Defendant(s), directly or indirectly;
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- 15 2. the balance of each such account, or a description of the nature
16 and value of such asset as of the close of business on the day on
17 which this Order is served, and, if the account or other asset has
18 been closed or removed, the date closed or removed, the total
19 funds removed in order to close the account, and the name of
20 the person or entity to whom such account or other asset was
21 remitted;
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- 23 3. the identification of any safe deposit box that is either titled in
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by any Defendant(s); and

- 4. if an account, safe deposit box, or other asset has been closed or removed, the date closed or removed, the balance on such date, 11

1 (unless otherwise agreed upon with FTC counsel) in the form of
2 **Attachment A** to this Order captioned, “Form Re: Financial
3 Statement for Individual Defendant.”
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5 B. For Corporate Defendants, a completed financial statement accurate
6 as of the date of service of this Order upon such Defendant (unless
7 otherwise agreed upon with FTC counsel) in the form of
8 **Attachment B** to this Order captioned, “Form Re: Financial
9 Statement for Business Entity Defendant.”
10

11 C. For each Defendant, a completed statement, verified under oath, of all
12 payments, transfers or assignments of funds, assets, or property worth
13 \$1,000 or more since January 1, 2009. Such statement shall include:
14 (a) the amount transferred or assigned; (b) the name of each transferee
15 or assignee; (c) the date of the transfer or assignment; and (d) the type
16 and amount of consideration paid the Defendant. Each statement shall
17 specify the name and address of each financial institution and
18 brokerage firm at which the Defendant has accounts or safe deposit
19 boxes. Said statements shall include assets held in foreign as well as
20 domestic accounts.
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26 **CONSUMER CREDIT REPORTS**

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1 **V. IT IS FURTHER ORDERED** that Plaintiff may obtain credit reports
2 concerning any Defendants pursuant to Section 604(a)(1) of the Fair Credit
3 Reporting Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request, any
4 credit reporting agency from which such reports are requested shall provide
5 them to Plaintiff.
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8 **REPATRIATION OF FOREIGN ASSETS**

9 **VI. IT IS FURTHER ORDERED** that, within five (5) business days following
10 the service of this Order, each Defendant shall:
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- 12 A. Provide counsel for the FTC with a full accounting of all assets,
13 accounts, funds, and documents outside of the territory of the United
14 States that are held either: (1) by them; (2) for their benefit; (3) in
15 trust by or for them, individually or jointly; or (4) under their direct or
16 indirect control, individually or jointly;
17
18 B. Transfer to the territory of the United States all assets, accounts,
19 funds, and documents in foreign countries held either: (1) by them;
20 (2) for their benefit; (3) in trust by or for them, individually or jointly;
21 or (4) under their direct or indirect control, individually or jointly;
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23 C. Hold and retain all repatriated assets, accounts, funds, and documents,
24 and prevent any transfer, disposition, or dissipation whatsoever of any
25 such assets, accounts, funds, or documents; and
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1 D. Provide the FTC access to all records of accounts or assets of the
2 Corporate Defendants and Individual Defendants held by financial
3 institutions located outside the territorial United States by signing the
4 Consent to Release of Financial Records attached to this Order as
5 **Attachment C.**

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8 **NON-INTERFERENCE WITH REPATRIATION**

9 **VII. IT IS FURTHER ORDERED** that Defendants, and each of their
10 successors, assigns, members, officers, agents, servants, employees, and
11 attorneys, and those persons in active concert or participation with them who
12 receive actual notice of this Order by personal service or otherwise, whether
13 acting directly or through any entity, corporation, subsidiary, division,
14 affiliate or other device, are hereby temporarily restrained and enjoined from
15 taking any action, directly or indirectly, which may result in the
16 encumbrance or dissipation of foreign assets, or in the hindrance of the
17 repatriation required by Section VI of this Order, including but not limited
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23 A. Sending any statement, letter, fax, e-mail or wire transmission,
24 telephoning or engaging in any other act, directly or indirectly, that
25 results in a determination by a foreign trustee or other entity that a
26 “duress” event has occurred under the terms of a foreign trust
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1 agreement, until such time that all assets have been fully repatriated
2 pursuant to Section VI of this Order; and

3 B. Notifying any trustee, protector or other agent of any foreign trust or
4 other related entities of either the existence of this Order, or of the fact
5 that repatriation is required pursuant
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independent contractor, employee, or agent of any of the Receivership
Defendants, including any named Defendant, from control of,

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questionnaire submitted by the Receiver;

- D. Conserve, hold, and manage all Receivership assets, and perform all acts necessary or advisable to preserve the value of those assets, in order to prevent any irreparable loss, damage, or injury to consumers or to creditors of the Receivership Defendants, including, but not limited to, obtaining an accounting of the assets and preventing transfer, withdrawal, or misapplication of assets;
- E. Liquidate any and all securities or commodities owned by or for the benefit of the Receivership Defendants that the Receiver deems to be advisable or necessary;

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- I. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;

- J. 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 apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Defendants prior to the date of entry of this Order, except payments that the Receiver deems

1 necessary and advisable to carry out the Receiver's mandate under
2 this Order;

3 M. Defend, compromise, adjust, or otherwise dispose of any or all actions
4 or proceedings instituted in the past or in the future against the
5 Receiver in his role as Receiver, or against the Receivership
6 Defendants, that the Receiver deems necessary and advisable to
7 preserve the assets of the Receivership Defendants or that the
8 Receiver deems necessary and advisable to carry out the Receiver's
9 mandate under this Order;

10 N. Continue and conduct the business of the Receivership Defendants in
11 such manner, to such extent, and for such duration as the Receiver
12 may in good faith deem to be necessary or appropriate to operate the
13 business profitably and lawfully, if at all; *provided, however*, that the
14 continuation and conduct of the business shall be conditioned upon
15 the Receiver's good faith determination that the businesses can be
16 lawfully operated at a profit using the assets of the receivership estate;

17 O. Take depositions and issue subpoenas to obtain documents and
18 records pertaining to the receivership estate and compliance with this
19 Order. Subpoenas may be served by agents or attorneys of the
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Receiver and by agents of any process server retained by the

Receiver;

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

Q. Maintain accurate records of all receipts and expenditures that the Receiver makes as Receiver;

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

S. Be responsible for maintaining the chain of custody of all of Defendants' records in his possession, pursuant to procedures to be established in writing with the approval of the FTC.

RECEIVER AND FTC IMMEDIATE ACCESS TO BUSINESS PREMISES AND RECORDS

X. IT IS FURTHER ORDERED that:

A. Defendants and their officers, directors, agents, servants, employees, attorneys, successors, assigns, and all other persons or entities directly or indirectly, in whole or in part, under their control, and all other persons in active concert or participation with them who receive

1 actual notice of this Order by personal service, facsimile, email, or
2 otherwise, whether acting directly or through any corporation,
3 subsidiary, division, or other entity, shall:
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5 1. Immediately identify to FTC’s counsel and the Receiver:

- 6 a. All of Defendants’ business premises;
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- 8 b. Any non-residence premises where any Defendant
9 conducts business, debt collection operations, or
10 customer service operations;
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- 12 c. Any non-residence premises where documents or
13 electronically stored information related to the business,
14 debt collection operations, or customer service operations
15 of any Defendant are hosted, stored, or otherwise
16 maintained, including but not limited to the name and
17 location of any electronic data hosts; and
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- 19 d. Any non-residence premises where assets belonging to
20 any Defendant are stored or maintained;
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1 2. Allow the FTC and the Receiver, and their respective
2 representatives, agents, attorneys, investigators, paralegals,
3 contractors, or assistants immediate access to:

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5 a. All of the Defendants’ business premises, including but
6 not limited to those located at 21478 Harvill Avenue,
7 Suite 1, Perris, California, 1520 Brookhollow Drive,
8 Suite 41, Santa Ana, California, and 6700 Indiana
9 Avenue, Suites 225 and 230, Riverside, California, and
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1 3. Provide the FTC and the Receiver, and their respective
2 representatives, agents, attorneys, investigators, paralegals,
3 contractors, or assistants with any necessary means of access to,
4 copying of, and forensic imaging of documents or electronically
5 stored information, including, without limitation, the locations
6 of Receivership Defendants' business premises, keys and
7 combinations to business premises locks, computer access
8 codes of all computers used to conduct Receivership
9 Defendants' business, access to (including but not limited to
10 execution of any documents necessary for access to and
11 forensic imaging of) any data stored, hosted or otherwise
12 maintained by an electronic data host, and storage area access
13 information.
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19 B. The FTC and the Receiver are authorized to employ the assistance of
20 law enforcement officers, including, but not limited to, the United
21 States Postal Inspection Service, Internal Revenue Service, and
22 Federal Bureau of Investigation, to effect service, to implement
23 peacefully the provisions of this Order, and to keep the peace. The
24 Receiver shall allow the FTC and its representatives, agents,
25 contractors, or assistants into the premises and facilities described in
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1 this Section to inspect, inventory, image, and copy documents or
2 electronically stored information relevant to any matter contained in
3 this Order. Counsel for the FTC and the Receiver may exclude
4 Defendants and their agents and employees from the business
5 premises and facilities during the immediate access. No one shall
6 interfere with the FTC's or Receiver's inspection of the Defendants'
7 premises or documents.
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10 C. The Receiver and the FTC shall have the right to remove any
11 documents related to Defendants' business practices from the
12 premises in order that they may be inspected, inventoried, and copied.
13 The materials so removed shall be returned within five (5) business
14 days of completing said inventory and copying. If any property,
15 records, documents, or computer files relating to the Receivership
16 Defendants' finances or business practices are located in the residence
17 of any Individual Defendant or are otherwise in the custody or control
18 of any Individual Defendant, then such Defendant shall produce them
19 to the Receiver within twenty-four (24) hours of service of this Order.
20 In order to prevent the destruction of computer data, upon service of
21 this Order upon Defendants, any such computers shall be powered
22 down (turned off) in the normal course for the operating systems used
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1 on such computers and shall not be powered up or used again until
2 produced for copying and inspection, along with any codes needed for
3 access. The FTC's and the Receiver's representatives may also
4 photograph or videotape the inside and outside of all premises to
5 which they are permitted access by this Order, and all documents and
6 other items found on such premises.
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1 the Receiver unless the Receiver's request is subject to the assertion
2 of a valid privilege held by an individual. Defendants' cooperation
3 and assistance shall include, but not be limited to:

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5 1. Providing any information to the Receiver that the Receiver
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- 13 1. Providing any information to the Receiver that the Receiver
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1 actual notice of this Order by personal service or otherwise, are
2 hereby temporarily restrained and enjoined from directly or indirectly:

- 3 1. Transacting any of the business of the Receivership
4 Defendants;
- 5 2. Destroying, secreting, erasing, mutilating, defacing, concealing,
6 altering, transferring or otherwise disposing of, in any manner,
7 directly or indirectly, any documents, electronically stored
8 information, or equipment of the Receivership Defendants,
9 including but not limited to contracts, agreements, consumer
10 files, consumer lists, consumer addresses and telephone
11 numbers, correspondence, advertisements, brochures, sales
12 material, sales presentations, documents evidencing or referring
13 to Defendants' services, debt collection training materials, debt
14 collection scripts, data, computer tapes, disks, or other
15 computerized records, books, written or printed records,
16 handwritten notes, telephone logs, "verification" or
17 "compliance" tapes or other audio or video tape recordings,
18 receipt books, invoices, postal receipts, ledgers, personal and
19 business canceled checks and check registers, bank statements,
20 appointment books, copies of federal, state or local business or
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1 which, in reasonable detail, accurately, fairly, and completely
2 reflect the incomes, assets, disbursements, transactions and use
3 of monies by the Defendants or any other entity directly or
4 indirectly under the control of the Defendants;
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6 7. Doing any act or refraining from any act whatsoever to interfere
7 with the Receiver's taking custody, control, possession, or
8 managing of the assets or documents subject to this
9 Receivership; or to harass or to interfere with the Receiver in
10 any way; or to interfere in any manner with the exclusive
11 jurisdiction of this Court over the assets or documents of the
12 Receivership Defendants; or to refuse to cooperate with the
13 Receiver or the Receiver's duly authorized agents in the
14 exercise of their duties or authority under any Order of this
15 Court;
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17 8. Filing, or causing to be filed, any petition on behalf of the
18 Receivership Defendants for relief under the United States
19 Bankruptcy Code, 11 U.S.C. § 101 et seq., without prior
20 permission from this Court; and
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22 9. Creating, operating, exercising any control over, becoming
23 employed by or affiliated with, or performing any work for any
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control of the following to the Receiver:

1. All assets of the Receivership Defendants;
2. All documents and electronically stored information 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, records of ACH transactions, and check registers), client or customer lists, title documents and other papers;
3. All assets belonging to members of the public now held by the Receivership Defendants;
4. All keys, computer and other passwords, entry codes, combinations to locks required to open or gain or secure access to any assets or documents of the Receivership Defendants, wherever located, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property; and
5. Information identifying the accounts, employees, properties, or other assets or obligations of the Receivership Defendants.

1 B. In the event any person or entity fails to deliver or transfer
2 immediately any asset or otherwise fails to comply with any provision
3 of this Section XII, the Receiver may file ex parte with the Court an
4 Affidavit of Non-Compliance regarding the failure. Upon filing of the
5 affidavit, the Court may authorize, without additional process or
6 demand, Writs of Possession or Sequestration or other equitable writs
7 requested by the Receiver. The writs shall authorize and direct the
8 United States Marshal or any sheriff or deputy sheriff of any county
9 (pursuant to Fed. R. Civ. P. 4(c)(1)) to seize the asset, document, or
10 other thing and to deliver it to the Receiver.
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14 **COMPENSATION FOR RECEIVER**

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

3 **RECEIVER'S REPORTS**

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5 **XIV. IT IS FURTHER ORDERED** that the Receiver shall report to this Court
6 on or before the date set for the hearing to Show Cause regarding the
7 Preliminary Injunction, regarding: (1) the steps taken by the Receiver to
8 implement the terms of this Order; (2) the value of all liquidated and
9 unliquidated assets of the Receivership Defendants; (3) the sum of all
10 liabilities of the Receivership Defendants; (4) the steps the Receiver intends
11 to take in the future to: (a) prevent any diminution in the value of assets of
12 the Receivership Defendants, (b) pursue receivership assets from third
13 parties, and (c) adjust the liabilities of the Receivership Defendants, if
14 appropriate; (5) whether the business of the Receivership Defendants can be
15 operated lawfully and profitably; and (6) any other matters which the
16 Receiver believes should be brought to the Court's attention. *Provided,*
17 *however,* if any of the required information would hinder the Receiver's
18 ability to pursue receivership assets, the portions of the Receiver's report
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1 **XV. IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of
2 this Court a bond in the sum of \$5,000 with sureties to be approved by the
3 Court, conditioned that the Receiver will well and truly perform the duties of
4 the office and abide by and perform all acts the Court directs.
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6 **PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

7 **XVI. IT IS FURTHER ORDERED** that, except as required by a law
8 enforcement agency, law, regulation or court order, Defendants, and their
9 officers, agents, servants, employees, and attorneys, and all other persons in
10 active concert or participation with any of them who receive actual notice of
11 this Order by personal service or otherwise, are temporarily restrained and
12 enjoined from disclosing, using, or benefitting from consumer information,
13 including the name, address, telephone number, email address, social
14 security number, other identifying information, or any data that enables
15 access to a consumer's account (including a credit card, bank account, or
16 other financial account), of any person which any Defendant obtained prior
17 to entry of this Order in connection with any debt collection service.
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23 **STAY OF ACTIONS**

24 **XVII. IT IS FURTHER ORDERED** that:

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26 A. Except by leave of this Court, during pendency of the Receivership
27 ordered herein, Defendants and all other persons and entities be and
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1 request to the Receiver, and, if such request has not been responded to
2 within thirty (30) days of receipt by the Receiver, any such person or
3 entity may thereafter seek an Order of this Court with regard to the
4 relief requested.
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6 **LIMITED EXPEDITED DISCOVERY**

7 **XVIII. IT IS FURTHER ORDERED** that the FTC is granted leave to
8 conduct certain expedited discovery, and that, commencing with the time
9 and date of this Order, in lieu of the time periods, notice provisions, and
10 other requirements of Rules 26, 30, 34, and 45 of the Federal Rules of Civil
11 Procedure, expedited discovery as to parties and non-parties shall proceed as
12 follows:
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16 A. The FTC may, upon three (3) calendar days' notice, take the
17 deposition of any person or entity, whether or not a party, in any
18 judicial district, for the purpose of discovering: (1) the assets of
19 Defendants; (2) location of documents; and (3) compliance with this
20 Order. Depositions may be conducted telephonically or in person.
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account or asset of any Defendant(s) concerning the nature, location,
status, and extent of Defendants' assets, and compliance with this

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1 persons in active concert or participation with Defendants. Within five (5)
2 calendar days following this Order, Defendants shall provide the FTC with
3 an affidavit identifying the names, titles, addresses, and telephone numbers
4 of the persons that Defendants have served with a copy of this Order in
5 compliance with this provision.
6

7 **CORRESPONDENCE WITH PLAINTIFF**

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9 **XXII. IT IS FURTHER ORDERED** that, for the purposes of this Order, because
10 mail addressed to the FTC is subject to delay due to heightened security
11 screening, all correspondence and service of pleadings on Plaintiff shall be
12 sent either via electronic transmission or via Federal Express to: Gregory A.
13 Ashe, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Room
14 NJ-3158, Washington, DC 20580. Email: gashe@ftc.gov; Telephone: (202)
15 326-3719; Facsimile: (202) 326-3768.
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19 **ORDER TO SHOW CAUSE AND PRELIMINARY INJUNCTION** 20 **HEARING**

21 **XXIII. IT IS FURTHER ORDERED**, pursuant to Federal Rule of Civil
22 Procedure 65(b), that Defendants shall appear on the 6th day of August,
23 2013, at 1:30 p.m. at the Roybal Federal Building and Courthouse,
24 Courtroom 840, Los Angeles, California, to show cause, if any there be, why
25 this Court should not enter a preliminary injunction, pending final ruling on
26 the complaint, against Defendants, enjoining them from further violations of
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1 the FTC Act and the FDCPA, and imposing such additional relief as may be
2 appropriate.

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4 **SERVICE OF PLEADINGS, EVIDENCE, WITNESS LISTS**

5 **XXIV. IT IS FURTHER ORDERED** that:

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7 A. Defendants shall file any answering affidavits, pleadings, or legal
8 memoranda with the Court and serve the same on counsel for the FTC
9 no later than July 30, 2013 at 10:00 a.m. The FTC may file
10 responsive or supplemental pleadings, materials, affidavits, or
11 memoranda with the Court and serve the same on counsel for
12 Defendants no later than August 2, 2013 at 10:00 a.m. *Provided that*
13 service shall be performed by personal or overnight delivery,
14 facsimile, or email, and documents shall be delivered so that they
15 shall be received by the other parties no later than the date and time
16 stated above;

17
18 B. The question of whether this Court should enter a preliminary
19 injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure
20 enjoining the Defendants during the pendency of this action shall be
21 resolved on the pleadings, declarations, exhibits, and memoranda filed
22 by, and oral argument of, the parties. Live testimony shall be heard
23 only on further order of this Court on motion filed with the Court and
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1 served on counsel for the other parties at least five (5) business days
2 prior to the preliminary injunction hearing in this matter. Such motion
3 shall set forth the name, address, and telephone number of each
4 proposed witness, a detailed summary or affidavit disclosing the
5 substance of each proposed witness' expected testimony, and an
6 explanation of why the taking of live testimony would be helpful to
7 this Court. Any papers opposing a timely motion to present live
8 testimony or to present live testimony in response to live testimony to
9 be presented by another party shall be filed with this Court and served
10 on the other parties at least three (3) business days prior to the
11 preliminary injunction hearing in this matter. *Provided that* service
12 shall be performed by personal or overnight delivery or by facsimile
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1 for an additional period not to exceed ten (10) calendar days, or unless it is
2 further extended pursuant to Federal Rule of Civil Procedure 65.

3 **JURISDICTION**

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

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9 **IT IS SO ORDERED**