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20 UNITED STATES DISTRICT COURT
21 CENTRAL DISTRICT OF CALIFORNIA

22 **FEDERAL TRADE COMMISSION,**)
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25 **Plaintiff,**)
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27)
28 **vs.**)
29)
30 **TELESTAR CONSULTING, INC.,**)
31 **also d/b/a Kleritec and United**)
32 **Business Supply; and KARL**)
33 **WESLEY ANGEL, individually and**)
34 **as a principal of Telestar Consulting,**)
35 **Inc.,**)
36)
37 **Defendants.**)

1 Plaintiff Federal Trade Commission (“FTC” or “Commission”), pursuant to
2 Sections 13(b) and 19 of the Federal Trade Commission Act (FTC Act), 15 U.S.C.
3 §§ 53(b) and 57b; the Telemarketing and Consumer Fraud and Abuse Prevention
4 Act (Telemarketing Act), 15 U.S.C. §§ 6101-6108; and the Unordered
5 Merchandise Statute, 39 U.S.C. § 3009; has filed a Complaint for preliminary and
6 permanent injunctive relief, rescission or reformation of contracts, restitution, the
7 refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief
8 for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act,
9 15 U.S.C. § 45(a); the Telemarketing Sales Rule (TSR), 16 C.F.R. Part 310; and
10 the Unordered Merchandise Statute, 39 U.S.C. § 3009.

11 This Court, having considered the FTC’s Complaint, *ex parte* application,
12 declarations, exhibits, and memoranda filed in support of the FTC’s application,
13 finds that:

14 **FINDINGS OF FACT**

15 1. This Court has jurisdiction over the subject matter of this case and
16 there is a good cause to believe it will have jurisdiction over the parties.

17 2. Venue lies properly with this Court.

18 3. There is good cause to believe that Defendants have engaged in, and
19 are likely to continue to engage in, acts and practices that violate Section 5(a) of
20 the FTC Act, 15 U.S.C. § 45(a); the TSR, 16 C.F.R. Part 310; and the Unordered
21 Merchandise Statute, 39 U.S.C. § 3009, and that the Commission is therefore likely
22 to prevail on the merits of this action.

23 4. There is good cause to believe that consumers will suffer immediate
24 and continuing harm from Defendants’ ongoing violations of Section 5(a) of the
25 FTC Act, 15 U.S.C. § 45(a); the TSR, 16 C.F.R. Part 310; and the Unordered
26 Merchandise Statute, 39 U.S.C. § 3009; unless Defendants are restrained and
27 enjoined by Order of this Court.

1 5. There is good cause to believe, from the declarations and other
2 evidence submitted by the FTC, that immediate and irreparable damage to the
3 Court's ability to grant effective final relief for consumers in the form of monetary
4 restitution and/or disgorgement of ill-gotten gains will occur from the transfer,
5 dissipation, or concealment by Defendants of their assets or business records
6 unless Defendants are immediately restrained and enjoined by Order of this Court;
7 and that in accordance with Fed. R. Civ. P. 65(b) and Local Rule 7-19.2, the
8 interest of justice requires that the FTC's Motion be heard *ex parte* without prior
9 notice to Defendants. Therefore, there is good cause for relieving the FTC of the
10 duty to provide Defendants with prior notice of the FTC's Motion.

11 6. Good cause exists for appointing a receiver over the Corporate
12 Defendants, permitting the FTC immediate access to Defendants' business
13 premises, and permitting the FTC to take expedited discovery.

14 7. Weighing the equities and considering the FTC's likelihood of
15 ultimate success, a temporary restraining order with appointment of a receiver,
16 asset freeze and accounting, expedited discovery, and order to show cause why a
17 preliminary injunction should not issue is in the public interest.

18 8. In light of the declarations and other evidence submitted on behalf of
19 the FTC, a temporary freeze of each of the named Defendants' assets is warranted
20 in order to prevent the dissipation of assets and destruction of documents. The
21 duration and scope of the asset freeze, including whether to permit the Individual
22 Defendant to incur charges for reasonable living expenses and required payments,
23 will be addressed at the Order to Show Cause and Preliminary Injunction Hearing.

24 9. This Court has authority to issue this Order pursuant to Section 13(b)
25 of the FTC Act, 15 U.S.C. § 53(b); Rule 65 of the Federal Rules of Civil
26 Procedure; and the All Writs Act, 28 U.S.C. § 1651.

27 10. Fed. R. Civ. P. 65(c) does not require security of the United States or
28 an officer of an agency thereof for the issuance of a restraining order.

1 **DEFINITIONS**

2 For purposes of this Temporary Restraining Order (“Order”), the following
3 definitions shall apply:

4 1. “**Asset**” or “**Assets**” means any legal or equitable interest in, right to,
5 or claim to, any real or personal property, including, but not limited to, “goods,”
6 “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,”
7 “checks,” or “notes,” (as these terms are defined in the Uniform Commercial
8 Code), lines of credit, chattels, leaseholds, contracts, mail or other deliveries,
9 shares of stock, lists of consumer names, accounts, credits, premises, receivables,
10 funds, and all cash, wherever located.

11 2. “**Assisting others**” includes, but is not limited to:

12 a. performing customer service functions, including, but not
13 limited to, receiving or responding to funds, and assisting others in performing
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1 f. acting as an owner, officer, director, manager, or principal of
2 any entity.

3 3. “**Consumer**” and “**Customer**” means any Person to whom any
4 Defendant has sent merchandise for use in the Person’s business, or from whom
5 any Defendant has attempted to collect payment for merchandise which has been
6 or will be sent, whether or not a sale is actually consummated.

7 4. “**Corporate Defendant**” means Telestar Consulting, Inc. (“Telestar”),
8 also doing business as Kleritec and United Business Supply.

9 5. “**Defendants**” means the Individual and Corporate Defendants,
10 individually, collectively, or in any combination.

11 6. “**Document**” and “**Electronically Stored Information**” are
12 synonymous in meaning and equal in scope to the usage of the term in Federal
13 Rule of Civil Procedure 34(a), and include but are not limited to:

14 a. The original or a true copy of any written, typed, printed,
15 electronically stored, transcribed, taped, recorded, filmed, punched, or
16 graphic matter or other data compilations of any kind, including, but not
17 limited to, letters, 0.0aail.0011 Tw (t)6(p)-1pl Tw g, b6ination.n.98174 20.0aailpl Tw 2. 0

1 generate them, stored offsite in another company facility, or stored, hosted,
2 or otherwise maintained offsite by a third-party; and computers and related
3 offline storage used by Defendants or Defendants' participating associates,
4 which may include persons who are not employees of the company or who
5 do not work on company premises.

6 7. **“Electronic Data Host”** means any person or entity in the business of
7 storing, hosting, or otherwise maintaining electronically stored information.

8 8. **“Financial Institution”** means any bank, savings and loan institution,
9 credit union, or any financial depository of any kind, including, but not limited to,
10 any brokerage house, trustee, broker-dealer, escrow agent, title company,
11 commodity trading company, precious metal dealer, credit or bank debit
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1 B. Prohibited Representations: Misrepresenting, expressly or by
2 implication, any of the following:

- 3 1. That consumers have ordered, agreed to pay for, or are
4 otherwise obligated to pay for goods shipped and/or billed to
5 consumers by Defendants;
- 6 2. That Defendants were shipping, or have shipped, a “backorder”
7 that is part of any consumer’s prior order;
- 8 3. That consumers have agreed to accept or pay for multiple
9 shipments of goods from Defendants; or
- 10 4. Any other fact material to a consumer’s decision whether to
11 purchase or pay for Defendants’ goods;

12 C. Required Disclosures: Failing to disclose truthfully, in a clear and
13 conspicuous manner, when Defendants offer a package of goods for use in
14 connection with the consumer’s business at a particular price:

- 15 1. The total amount Defendants will charge consumers;
- 16 2. The quantity of materials consumers will receive; and
- 17 3. All material restrictions, limitations, or conditions to purchase,
18 receive, or use the goods that are the subject of Defendants’
19 sales offer; and

20 D. Prohibited TSR Violations: Violating, or assisting others in violating,
21 any provision of the TSR, in connection with telephone calls to induce the retail
22 sale of nondurable office or cleaning supplies, including, but not limited to:

- 23 1. Section 310.3(a)(4) of the TSR, 16 C.F.R. § 310.3(a)(4), by
24 making false and misleading statements in order to induce a
25 consumer to pay for goods, including, but not limited to,
26 misrepresenting that the consumer ordered or agreed to
27 purchase goods that were to be, or had been, shipped and/or
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billed to the consumer by Defendants, or otherwise
misrepresenting that consumers were obligated to pay; and
2. Section 310.3(a)(1)(i)-(ii) of the TSR, 16 C.F.R.
§ 310.3(a)(1)(i)-(ii), by failing to disclose truthfully, in a clear
and conspicuous manner, before a customer consents to pay, the
total costs to purchase, receive, or use, or the quantity of, the

1 any Defendant(s), or subject to access by any Defendant without providing the
2 Commission prior notice and an opportunity to inspect the contents in order to
3 determine that they contain no assets covered by this Section;

4 C. Incurring charges or cash advances on any credit card, debit card, or
5 checking card issued in the name, singly or jointly, of any Defendant;

6 D. Obtaining a personal or secured loan; and

7 E. Cashing any checks from consumers, clients, or customers of any
8 Defendant.

9 The funds, property and assets affected by this Section shall include: (a) all
10 assets of each Defendant as of the time this order is entered, and (b) those assets

1 disbursing, dissipating, converting, selling, gifting, or otherwise disposing of any
2 of the assets, funds, or other property held by or on behalf of any Defendant in any
3 account maintained in the name of or for the benefit of any Defendant, in whole or
4 in part, except as directed by further order of the Court or as directed in writing by
5 the Receiver regarding accounts, documents, or assets held in the name of or for
6 the benefit of any Receivership Defendant;

7 B. Provide the Receiver, the Receiver's agents, Plaintiff, and Plaintiff's
8 agents immediate access to electronically stored information stored, hosted, or
9 otherwise maintained on behalf of any Defendant for forensic imaging;

10 C. Deny the Defendants access to any safe deposit box titled in the name
11 of any Defendant, individually or jointly, or subject to access by any Defendant,
12 whether directly or indirectly;

13 D. Provide counsel for Plaintiff and the Receiver, within **three (3)**
14 business days after being served with a copy of this Order, a certified statement
15 setting forth:

- 16 1. The identification number of each such account or asset titled:
 - 17 a. In the name, individually or jointly, of any Defendant;
 - 18 b. Held on behalf of, or for the benefit of, any Defendant;
 - 19 c. Owned or controlled by any Defendant; or
 - 20 d. Otherwise subject to access by any Defendant, directly or
21 indirectly;
- 22 2. The balance of each such account, or a description of the nature
23 and value of such asset as of the close of business on the day on
24 which this Order is served, and, if the account or other asset has
25 been closed or removed, the date closed or removed, the total
26 funds removed in order to close the account, and the name of
27 the person or entity to whom such account or other asset was
28 remitted;

- 1 3. The identification of any safe deposit box that is either titled in
2 the name of any Defendant, or is otherwise subject to access by
3 any Defendant; and
- 4 4. If an account, safe deposit box, or other asset has been closed or
5 removed, the date closed or removed, the balance on such date,
6 and the manner in which such account or asset was closed or
7 removed.

8 E. Provide counsel for Plaintiff and the Receiver, within **three (3)**
9 business days after being served with a request, copies of all documents pertaining
10 to such account or asset, including but not limited to originals or copies of account
11 applications, account statements, underwriting files, chargeback records, customer
12 complaints, signature cards, checks, drafts, deposit tickets, transfers to and from
13 the accounts, all other debit and credit instruments or slips, currency transaction
14 reports, 1099 forms, and safe deposit box logs; *provided that* such institution or
15 custodian may charge a reasonable fee.

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17 **VI. FINANCIAL REPORTS AND ACCOUNTING**

18 **IT IS FURTHER ORDERED** that each Defendant, within **seven (7)**
19 business days of service of this Order, shall prepare and deliver to counsel for the
20 FTC and to the Receiver:

- 21 A. For the Individual Defendant, a completed financial statement
22 accurate as of the date of service of this Order upon him (unless
23 otherwise agreed upon with FTC counsel) on the form of
24 **Attachment A** to this Order captioned, “Financial Statement for
25 Individual Defendant.”
- 26 B. For the Corporate Defendant, a completed financial statement
27 accurate as of the date of service of this Order upon such Defendant
28 (unless otherwise agreed upon with FTC counsel) in the form of

1 collect or receive any amount from a consumer if the Receiver
2 believes the consumer was a victim of the unlawful conduct alleged in
3 the complaint in this matter;

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

- 7 1. serving and filing this Order;
- 8 2. completing a written inventory of all Receivership assets;
- 9 3. obtaining pertinent information from all employees and other
10 agents of the Receivership Defendant, including, but not limited
11 to, the name, home address, social security number, job
12 description, method of compensation, and all accrued and
13 unpaid commissions and compensation of each such employee
14 or agent, and all computer hardware and software passwords;
- 15 4. videotaping all portions of the location;
- 16 5. securing the location by changing the locks and disconnecting
17 any computer modems or other means of access to the computer
18 or other records maintained at that location;
- 19 6. requiring any persons present on the premises at the time this
20 Order is served to leave the premises, to provide the Receiver
21 with proof of identification, or to demonstrate to the satisfaction
22 of the Receiver that such persons are not removing from the
23 premises documents or assets of the Receivership Defendant;
24 and
- 25 7. requiring all employees, independent contractors, and
26 consultants of the Receivership Defendant to complete a
27 questionnaire submitted by the Receiver;
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- 1 D. Conserve, hold, and manage all Receivership assets, and perform all
2 acts necessary or advisable to preserve the value of those assets, in
3 order to prevent any irreparable loss, damage, or injury to consumers
4 or to creditors of the Receivership Defendant, including, but not
5 limited to, obtaining an accounting of the assets and preventing
6 transfer, withdrawal, or misapplication of assets;
- 7 E. Liquidate any and all securities or commodities owned by or for the
8 benefit of the Receivership Defendant that the Receiver deems to be
9 advisable or necessary;
- 10 F. Enter into contracts and purchase insurance as the Receiver deems to
11 be advisable or necessary;
- 12 G. Prevent the inequitable distribution of assets and determine, adjust,
13 and protect the interests of consumers and creditors who have
14 transacted business with the Receivership Defendant;
- 15 H. Manage and administer the business of the Receivership Defendant
16 until further order of this Court by performing all incidental acts that
17 the Receiver deems to be advisable or necessary, which includes
18 retaining, hiring, or dismissing any employees, independent
19 contractors, or agents;
- 20 I. Choose, engage, and employ attorneys, accountants, appraisers, and
21 other independent contractors and technical specialists as the Receiver
22 deems advisable or necessary in the performance of duties and
23 responsibilities under the authority granted by this Order, including
24 but not limited to the law firm in which the Receiver is a partner;
- 25 J. Make payments and disbursements from the Receivership estate that
26 are necessary or advisable for carrying out the directions of, or
27 exercising the authority granted by, this Order. The Receiver shall
28 apply to the Court for prior approval of any payment of any debt or

1 obligation incurred by the Receivership Defendant prior to the date of
2 entry of this Order, except payments that the Receiver deems
3 necessary or advisable to secure assets of the Receivership Defendant,
4 such as rental payments;

5 K. Determine and implement the manner in which the Receivership
6 Defendant will comply with, and prevent violations of, this Order and
7 all other applicable laws, including, but not limited to, revising
8 collection materials and implementing monitoring procedures;

9 L. Institute, compromise, adjust, appear in, intervene in, or become party
10 to such actions or proceedings in state, federal, or foreign courts that
11 the Receiver deems necessary and advisable to preserve or recover the
12 assets of the Receivership Defendant, or that the Receiver deems
13 necessary and advisable to carry out the Receiver's mandate under
14 this Order, *provided that*, before taking any of the action contemplated
15 under this subsection, the Receiver shall provide Plaintiff with notice
16 of its intent to take such action at least **five (5)** business days before
17 taking the action;

18 M. Defend, compromise, adjust, or otherwise dispose of any or all actions
19 or proceedings instituted in the past or in the future against the
20 Receiver in his role as Receiver, or against the Receivership
21 Defendant, that the Receiver deems necessary and advisable to
22 preserve the assets of the Receivership Defendant or that the Receiver
23 deems necessary and advisable to carry out the Receiver's mandate
24 under this Order;

25 N. Continue and conduct the business of the Receivership Defendant in
26 such manner, to such extent, and for such duration as the Receiver
27 may in good faith deem to be necessary or appropriate to operate the
28 business profitably and lawfully, if at all; *provided, however*, that the

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1 actual notice of this Order by personal service, facsimile, email, or
2 otherwise, whether acting directly or through any trust, corporation,
3 subsidiary, division, or other device, or any of them, shall:

- 4 1. Immediately identify to FTC's counsel and the Receiver:
- 5 a. All of Defendants' business premises;
 - 6 b. Any premises where any Defendant conducts business,
7 debt collection operations, or customer service
8 operations;
 - 9 c. Any premises where documents or electronically stored
10 information related to the business, debt collection
11 operations, or customer service operations of any
12 Defendant are hosted, stored, or otherwise maintained,
13 including but not limited to the name and location of any
14 electronic data hosts; and
 - 15 d. Any premises where assets belonging to any Defendant
16 are stored or maintained;

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- 1 c. Any non-residence premises where documents related to
2 the Defendants' businesses are stored or maintained;
3 d. Any non-residence premises where assets belonging to
4 any Defendant are stored or maintained; and
5 e. Any documents and electronically stored information
6 located at any of the locations described in this Section
7 XII; and

8 3. Provide the FTC and the Receiver, and their respective
9 representatives, agents, attorneys, investigators, paralegals,
10 contractors, or assistants with any necessary means of access to
11 copy, and forensically image documents or electronically stored
12 information, including, without limitation, the locations of
13 Receivership Defendants' business premises, keys and
14 combinations to business premises locks, computer access
15 codes of all computers used to conduct Receivership
16 Defendant' business, access to (including but not limited to
17 execution of any documents necessary for access to and
18 forensic imaging of) any data stored, hosted or otherwise
19 maintained by an electronic data host, and storage area access
20 information.

21 4. If the Receiver has cause to believe that any Individual
22 Defendant with a smartphone or tablet has used that device in
23 part for business purposes related to any Receivership
24 Defendant, and the device is located on receivership premises,
25 the Individual Defendant will turn over the device to the
26 Receiver for imaging. Within **two (2)** business days, the
27 Receiver will return the device to the Individual Defendant,
28 provide the Individual Defendant with a copy, provide the FTC

1 with a copy, and retain a copy. The Receiver may request that
2 the FTC conduct the imaging, but only under the Receiver's
3 supervision.

4 B. The FTC and the Receiver are authorized to employ the assistance of
5 law enforcement officers, including but not limited to, the United
6 States Postal Inspection Service, the Federal Bureau of Investigation,
7 and the Los Angeles Police Department to effect service, to
8 implement the provisions of this Order, and to keep the peace. The
9 Receiver shall allow the FTC and its representatives, agents,
10 contractors, or assistants into the premises and facilities described in
11 this Section to inspect, inventory, image, and copy documents or
12 electronically stored information relevant to any matter contained in
13 this Order. Counsel for the FTC and the Receiver may exclude
14 Defendants and their agents and employees from the business
15 premises and facilities during the immediate access. No one shall
16 interfere with the FTC's or Receiver's inspection of the Defendants'
17 premises or documents.

18 C. The Receiver and the FTC shall have the right to remove any
19 documents related to Defendants' business practices from the
20 premises in order that they may be inspected, inventoried, and copied.
21 The materials so removed shall be returned within **five (5)** business
22 days of completing said inventory and copying. If any property,
23 records, documents, or computer files relating to the Receivership
24 Defendant' finances or business practices are located in the residence
25 of any Individual Defendant or are otherwise in the custody or control
26 of any Individual Defendant, then such Defendant shall produce them
27 to the Receiver within twenty-four (24) hours of service of this Order.
28 In order to prevent the destruction of computer data, upon service of

1 but not be limited to:

- 2 1. Providing any information to the Receiver that the Receiver
3 deems necessary to exercising the authority and discharging the
4 responsibilities of the Receiver under this Order, including but
5 not limited to allowing the Receiver to inspect documents and
6 assets and to partition office space;
- 7 2. Providing any password and executing any documents required
8 to access any computer or electronic files in any medium,
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1 Defendants' services, collection practices, training materials,
2 scripts, data, computer tapes, disks, or other computerized
3 records, books, written or printed records, handwritten notes,
4 telephone logs, "verification" or "compliance" tapes or other
5 audio or video tape recordings, receipt books, invoices, postal
6 receipts, ledgers, personal and business canceled checks and
7 check registers, bank statements, appointment books, copies of
8 federal, state or local business or personal income or property
9 tax returns, photographs, mobile devices, electronic storage
10 media, accessories, and any other documents, records or
11 equipment of any kind that relate to the business practices or
12 business or personal finances of the Defendants or any other
13 entity directly or indirectly under the control of the Defendants;

- 14 3. Transferring, receiving, altering, selling, encumbering,
15 pledging, assigning, liquidating, or otherwise disposing of any
16 assets owned, controlled, or in3. Trde.0012.3ii51 0nT.e1 0 en.0012.3ii0.0003

1 reflect the incomes, assets, disbursements, transactions and use
2 of monies by the Defendants or any other entity directly or
3 indirectly under the control of the Defendants;

- 4 7. Doing any act or refraining from any act whatsoever to interfere
5 with the Receiver's taking custody, control, possession, or
6 managing of the assets or documents subject to this
7 Receivership; or to harass or to interfere with the Receiver in
8 any way; or to interfere in any manner with the exclusive
9 jurisdiction of this Court over the assets or documents of the
10 Receivership Defendant; or to refuse to cooperate with the
11 Receiver or the Receiver's duly authorized agents in the
12 exercise of their duties or authority under any Order of this
13 Court; and
- 14 8. Filing, or causing to be filed, any petition on behalf of the
15 Receivership Defendant for relief under the United States
16 Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, without prior
17 permission from this Court.

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19 **XIV. DELIVERY OF RECEIVERSHIP PROPERTY**

20 **IT IS FURTHER ORDERED** that:

21 A. Immediately upon service of this Order upon them or upon their
22 otherwise obtaining actual knowledge of this Order, or within a period
23 permitted by the Receiver, Defendants or any other person or entity,
24 including but not limited to financial institutions and electronic data
25 hosts, shall transfer or deliver access to, possession, custody, and
26 control of the following to the Receiver:

- 27 1. All assets of the Receivership Defendant;
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1 **XV. COMPENSATION FOR RECEIVER**

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

12
13 **XVI. RECEIVER’S REPORTS**

14 **IT IS FURTHER ORDERED** that the Receiver shall report to this Court
15 on or before the date set for the hearing to Show Cause regarding the Preliminary
16 Injunction, regarding:

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any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;

2. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to

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- 3. 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
- 4. The issuance to a Receivership Defendant of a notice of tax deficiency.

C. Except as otherwise provided in this Order, all persons and entities in

1 the presumptive limits on depositions set forth in Federal Rule of Civil Procedure
2 30(a)(2)(A).

3 B. The FTC and the Receiver may serve interrogatories for the purpose
4 of discovering: (1) the assets of Defendants; (2) location of documents; and (3)
5 compliance with this Order. Defendants shall respond within **seven (7)** calendar
6 days after the FTC serves such interrogatories. *Provided that*, notwithstanding
7 Federal Rule of Civil Procedure 33(a)(1), this subsection shall not preclude any
8 future interrogatories by the FTC.

9 C. The FTC and the Receiver may, upon **seven (7)** calendar days' notice,
10 including through the use of a Rule 45 Subpoena, demand the production of
11 documents from any person or entity, whether or not a Defendant, relating to: (1)
12 the assets of Defendants; (2) the location of documents; and (3) compliance with
13 this Order. *Provided that* **two (2)** calendar days' notice shall be deemed sufficient
14 for the production of any such documents that are maintained or stored only as
15 electronic data.

16 D. The FTC and the Receiver are granted leave to subpoena documents
17 immediately from any financial institution, account custodian, or other entity or
18 person that holds, controls, or maintains custody of any account or asset of any
19 Defendant(s), or has held, controlled or maintained custody of any account or asset
20 of any Defendant(s). The subject of such Subpoena may include the nature,
21 location, status, and extent of Defendants' assets, and compliance with this Order,
22 and such financial institution, account custodian or other entity shall respond to
23 such subpoena within **five (5)** business days after service.

24 E. For purposes of discovery pursuant to this Section, service shall be
25 sufficient if made by facsimile or by overnight courier to any branch or location.
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1 listed in this subsection;

2 B. The question of whether this Court should enter a preliminary
3 injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure enjoining
4 the Defendants during the pendency of this action shall be resolved on the
5 pleadings, declarations, exhibits, and memoranda filed by, and oral argument of,
6 the parties. Live testimony shall be heard only on further order of this Court on
7 motion filed with the Court and served on counsel for the other parties at least **five**
8 **(5)** business days prior to the preliminary injunction hearing in this matter. Such
9 motion shall set forth the name, address, and telephone number of each proposed
10 witness, a detailed summary or affidavit disclosing the substance of each proposed
11 witness' expected testimony, and an explanation of why the taking of live
12 testimony would be helpful to this Court. Any papers opposing a timely motion to
13 present live testimony or to present live testimony in response to live testimony to
14 be presented by another party shall be filed with this Court and served on the other
15 parties at least **three (3)** business days prior to the preliminary injunction hearing
16 in this matter. *Provided that* service shall be performed by personal or overnight
17 delivery or by facsimile or email, and documents shall be delivered so that they
18 shall be received by the other parties no later than 4 p.m. (PST) on the appropriate
19 dates listed in this subsection.

20
21 **XXVI. DURATION OF ORDER**

22 **IT IS FURTHER ORDERED** that the Temporary Restraining Order
23 granted herein shall expire on the 15th day of February, 2016, at 3:30 o'clock p.m.,
24 unless within such time, the Order, for good cause shown, is extended for an
25 additional period not to exceed **ten (10)** calendar days, or unless it is further
26 extended pursuant to Federal Rule of Civil Procedure 65.

XXVII. JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of

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ATTACHMENT A

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

Definitions and Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") in the first field only of any item that does not apply to you. If you cannot fully answer a question, explain why.
2. "Dependents" include your spouse, live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is

BACKGROUND INFORMATION

Item 1. Information About You

Full Name

Social Security No.

Current Address of Primary Residence

Driver's License No.

State Issued

Phone Numbers
Home:

Item 5. Information About Dependents (whether or not they reside with you)

Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	

Item 6. Employment Information/Employment Income
 Provide the following information for this year-to-date and for each of the previous five full years, for each business entity of which you were a director, officer, member, partner, employee (including self-employment), agent, owner, shareholder, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, distributions, draws, consulting fees, loans, loan payments, dividends, royalties, and benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) / /	To (Month/Year) / /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year)	To (Month/Year)		\$
	/ /	/ /		\$
	/ /	/ /		\$
	/ /	/ /		\$
Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) / /	To (Month/Year) / /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year)	To (Month/Year)		\$
	/ /	/ /		\$
	/ /	/ /		\$
	/ /	/ /		\$
Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) / /	To (Month/Year) / /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes			20	\$

Item 7. Pending Lawsuits Filed By or Against You or Your Spouse

List all pending lawsuits that have been filed by or against you or your spouse in any court or before an administrative agency in the United States or in any foreign country or territory. Note: At Item 12, list lawsuits that resulted in final judgments or settlements in your favor. At Item 21, list lawsuits that resulted in final judgments or settlements against you.

Caption of Proceeding	Court or Agency and Location	Case No.	Nature of Proceeding	Relief Requested	Status or Disposition

Item 8. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or in any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents.

Name of Owner(s)

FINANCIAL INFORMATION

REMINDER: When an item asks for information regarding your "assets" and "liabilities" include ALL assets and liabilities, located within the United States or in any foreign country or territory, or institution, whether held individually or jointly, and whether held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. In addition, provide all documents requested in Item 24 with your completed Financial Statement.

ASSETS

Item 9. Cash, Bank, and Money Market Accounts

List cash on hand (as opposed to cash in bank accounts or other financial accounts) and all bank accounts, money market accounts, or other financial accounts, including but not limited to checking accounts, savings accounts, and certificates of deposit. The term "cash on hand" includes but is not limited to cash in the form of currency, uncashed checks, and money orders.

a. Amount of Cash on Hand \$	Form of Cash on Hand		
b. Name on Account	Name & Address of Financial Institution	Account No.	Current Balance
			\$
			\$
			\$

Item 11. Non-Public Business and Financial Interests

List all non-public business and financial interests, including but not limited to any interest in a non-public corporation, subchapter-S corporation, limited liability corporation ("LLC"), general or limited partnership, joint venture, sole proprietorship, international business corporation or personal investment corporation, and oil or mineral lease.

Entity's Name & Address	Type of Business or Financial Interest (e.g., LLC, partnership)	Owner (e.g., self, spouse)	Ownership %	If Officer, Director, Member or Partner, Exact Title
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Item 15. Pending Insurance Payments or Inheritances

List any pending insurance payments or inheritances owed to you.

Type	Amount Expected	Date Expected (mm/dd/yyyy)
	\$	/ /
	\$	/ /
	\$	/ /

Item 16. Vehicles

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles.

Vehicle Type	Year	Registered Owner's Name	Purchase Price \$	Original Loan Amount \$	Current Balance \$
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Item 18. Real Property

List all real property interests (including any land contract)

Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$	
			Monthly Payment \$	
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit Monthly Rent Received \$	
		Current Balance \$		
Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address				

ATTACHMENT B

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. The font size within each field will adjust automatically as you type to accommodate longer responses.
3. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action.
4. When an Item asks for information about assets or liabilities "held by the corporation," include all assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.
5. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
6. Type or print legibly.
7. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

Penalty for False Information:

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

(1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);

(2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

Item 4. Principal Stockholders

List all persons and entities that own at least 5% of the corporation's stock.

<u>Name & Address</u>	<u>% Owned</u>

Item 5. Board Members

List all members of the corporation's Board of Directors.

<u>Name & Address</u>	<u>% Owned</u>	<u>Term (From/Until)</u>

Item 6. Officers

List all of the corporation's officers, including de facto officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

<u>Name & Address</u>	<u>% Owned</u>

Item 7. Businesses Related to the Corporation

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

<u>Name & Address</u>	<u>Business Activities</u>	<u>% Owned</u>

State which of these businesses, if any, ~~has~~ transacted business with the corporation _____

Item 8. Businesses Related to Individuals

List all corporations, partnerships, and other business entities in which the corporation's principal stockholders, board members, or officers (i.e., the individuals listed in Items 4 - 6 above) have an ownership interest.

<u>Individual's Name</u>	<u>Business Name & Address</u>	<u>Business Activities</u>	<u>% Owned</u>

State which of these businesses, if any, ~~has~~ transacted business with the corporation _____

Item 9. Related Individuals

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A "related individual" is a spouse, sibling, parent, or child of the principal stockholders, board members, and officers (i.e., the individuals listed in Items 4 - 6 above).

<u>Name and Address</u>	<u>Relationship</u>	<u>Business Activities</u>

Item 10. Outside Accountants

List all outside accountants retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>	<u>CPA/PA?</u>

Item 11. Corporation's Recordkeeping

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years.

<u>Name, Address, & Telephone Number</u>	<u>Position(s) Held</u>

Item 12. Attorneys

List all attorneys retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>

Item 13. Pending Lawsuits Filed by the Corporation

List all pending lawsuits that have been filed by the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in favor of the corporation in Item 25).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 14. Current Lawsuits Filed Against the Corporation

List all pending lawsuits that have been filed against the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments, settlements, or orders in Items 26 - 27).

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

Item 15. Bankruptcy Information

List all state insolvency and federal bankruptcy proceedings involving the corporation.

Commencement Date _____ Termination Date _____ Docket No. _____

Item 18. Financial Statements

List all financial statements that were prepared for the corporation's last three complete fiscal years and for the current fiscal year-to-date. Attach copies of all statements, e Tm (Page 4v)6t tiding audithe ts,e Tm (P iatevailable.2 1 Tf 06.557



Item 21. Government Obligations and Publicly Traded Securities

List all U.S. Government obligations, including but not limited to, savings bonds, treasury bills, or treasury notes, held by the corporation. Also list all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by the corporation.

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Issuer _____ Type of Security/Obligation _____

No. of Units Owned _____ Current Fair Market Value \$ _____ Maturity Date _____

Item 22. Real Estate

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

Current Value \$ _____ Loan or Account No. _____

Lender's Name and Address _____

Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____

Other Loan(s) (describe) _____ Current Balance \$ _____

Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 23. Other Assets

List all other property, by category, with an estimated value of \$2,500 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

<u>Property Category</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$

Item 24. Trusts and Escrows

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation.

<u>Trustee or Escrow Agent's Name & Address</u>	<u>Description and Location of Assets</u>	<u>Present Market Value of Assets</u>
		\$
		\$
		\$
		\$
		\$
		\$
		\$

Item 25. Monetary Judgments and Settlements Owed To the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed to the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 26. Monetary Judgments and Settlements Owed By the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed by the corporation.

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 27. Government Orders and Settlements

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency _____ Contact Person _____

Address _____ Telephone No. _____

Agreement Date _____ Nature of Agreement _____

Item 28. Credit Cards

List all of the corporation's credit cards and store charge accounts and the individuals authorized to use them.

Item 30. Compensation of Board Members and Officers

List all compensation and other benefits received from the corporation by each person listed in Items 5 and 6, for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	

Item 31. Transfers of Assets Including Cash and Property

List all transfers of assets over \$2,500 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

<u>Transferee's Name, Address, & Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$		
		\$		
		\$		
		\$		
		\$		

Item 32. Documents Attached to the Financial Statement

List all documents that are being submitted with the financial statement.

<u>Item No.</u>	<u>Document</u>	<u>Description of Document</u>
	<u>Relates To</u>	

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

Corporate Position

ATTACHMENT C

CONSENT TO RELEASE OF FINANCIAL RECORDS

I, _____, do hereby direct any bank or trust company at which I have a bank account of any kind or at which a corporation has a bank account of any kind upon which I am authorized to draw, and its officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control which relate to the said bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter ~~FTC~~ v. Telestar Consulting, Inc., now pending in the United States District Court for the Central District of California, and this shall be irrevocable authority for so doing. This direction is intended to apply to the laws of countries other than the United States which restrict or prohibit the disclosure of bank information without the consent of the .3(u)8.3