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1 **SAFEHAVEN VENTURES, INC.**, a
2 California corporation;

3 **HERITAGE ALLIANCE GROUP,**
4 **INC.**, a California corporation, also
5 doing business as AuraVie Distribution;

6 **AMD FINANCIAL NETWORK,**
7 **INC.**, a California corporation;

8 **SBM MANAGEMENT, INC.**; a
9 California corporation;

10 **MEDIA URGE, INC.**, a California
11 corporation;

12 **ADAGEO, LLC**, a California limited
13 corporation;

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1 Media Group, Inc, Pinnacle Logistics,
Inc., and Zen Mobile Media, Inc.;

2 **OZ MIZRAHI**, individually and as an
3 officer or manager of BunZai Media
Group, Inc., and Pinnacle Logistics,
Inc.;

4 **ROI REUVENI**, individually and as an
5 officer or manager of BunZai Media
Group, Inc., and Pinnacle Logistics,
Inc.;

6 and

7 **KHRISTOPHER BOND**, also known
8 as Ray Ibbot, individually and as an
officer or manager of BunZai Media
Group, Inc.

9
10 **Defendants.**

11 Plaintiff, Federal Trade Commission (FTC), filed its Complaint for a
12 Permanent Injunction and Other Equitable Relief, seeking a temporary,
13 preliminary, and permanent injunction to stop Defendants from violating Section
14 5(a) of the Federal Trade Commission Act (FTC Act), 15 U.S.C. § 45(a), Section
15 5 of the Restore Online Shoppers' Confidence Act (ROSCA), 15 U.S.C. § 8404,
16 and Section 917(c) of the Electronic Fund Transfer Act (EFTA), 15 U.S.C.
17 § 1693o(c), while advertising, marketing, promoting, or offering for sale skincare
18 products. Simultaneous with its complaint, the FTC moved for an *ex parte*
19 temporary restraining order with an asset freeze, appointment of a temporary
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1 receiver, and an order to show cause why a preliminary injunction should not
2 issue.

3 After considering the FTC's pleading and declarations, exhibits, and
4 memoranda in support, this Court finds that:

5 FINDINGS

6 1. This Court has jurisdiction over the subject matter of this case, and
7 there is good cause to believe that it will have jurisdiction over the parties.

8 2. Venue is properly laid before this Court.

9 3. The complaint states a claim upon which relief may be granted under
10 Sections 5, 13, and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57b and
11 under 15 U.S.C. §§ 8404 and 1693o(c).

12 4. Section 13(b) of the FTC Act allows this Court to grant the FTC a
13 preliminary injunction upon a showing that, weighing the equities and considering
14 the FTC's likelihood of ultimate success, a preliminary injunction is in the public
15 interest. 15 U.S.C. § 53(b). Section 19 of the FTC Act allows this Court to grant
16 such relief as the Court finds necessary to redress injury to consumers resulting
17 from the violation of any rule enforced by the FTC. 15 U.S.C. § 57.

18 5. In deciding whether to grant preliminary relief, the Court must,
19 therefore: (a) consider the likelihood that the FTC will ultimately succeed on the
20 merits; and (b) balance the equities. *FTC v. Affordable Media, LLC*, 179 F.3d

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(ii) maintaining *status quo* over assets and business documents relating to Defendants' alleged law violations until a fair and impartial hearing may be held; and

1 and irreparable injury, loss, or damage to this Court's ability to award effective
2 final relief at trial or other disposition of this matter. In making this determination,
3 the Court relies upon the following:

4 a. In the FTC's law enforcement experience, Defendants who
5 receive notice of the filing of an action by the FTC often attempt to
6 immediately dissipate assets or destroy documents. The FTC has provided,
7 in its Rule 65(b)(1)(B) declaration, numerous examples of defendants who
8 have or have attempted to interfere with the court's ability to award full and
9 effective final relief by dissipating assets or destroying documents. Such
10 conduct is likely in cases, such as this, where defendants have generated
11 millions of dollars using business practices permeated by deception.

12 b. Defendants operate through a maze of interrelated shell
13 companies owned or managed by a handful of individuals who conceal their
14 identities or affiliation with one another from consumers and their financial
15 institutions. This Court finds that it finds that it finds that defendants use shell

1 certificates of deposit, chattels, checks, commodities, contracts, credits, currency,
2 fixtures, funds, equipment, income, intellectual property, intangible personal property, and real property.

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1 c. An audible disclosure, including by telephone or streaming
2 video, must be delivered in a volume, speed, and cadence sufficient for
3 ordinary consumers to easily hear and understand it.

4 d. In any communication using an interactive electronic medium,
5 such as the Internet or software, the disclosure must be unavoidable.

6 e. On a product label, the disclosure must be presented on the
7 principal display panel.

8 f. The disclosure must use diction and syntax understandable to
9 ordinary consumers and must appear in each language in which the
10 representation that requires the disclosure appears.

11 g. The disclosure must comply with these requirements in each
12 medium through which it is received, including all electronic devices and
13 face-to-face communications.

14 h. The disclosure must not be contradicted or mitigated by, or
15 inconsistent with, anything else in the communication.

16 i. When the representation or sales practice targets a specific
17 audience, such as children, the elderly, or the terminally ill, “ordinary
18 consumers” includes reasonable members.

1 5. “**Document**” means the complete original and any non-identical
2 copy (whether different from the original because of notations or otherwise) of
3 any **electronically stored information** or filmed, graphic, imaged, printed, 2.305 Tdc -0.0028 7

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1 instruments; an operator of a credit card system; an insurance company; a dealer
2 in precious metals, stones, or jewels; a pawnbroker; a loan or finance company; a
3 licensed sender of money or any other person who engages as a business in the
4 transmission of funds, including any person who engages as a business in an
5 informal money transfer system or any network of people who engage as a
6 business in facilitating the transfer of money domestically or internationally
7 outside of the conventional financial institutions system; a telegraph company; a
8 business engaged in vehicle sales, including automobile, airplane, and boat sales;
9 persons involved in real estate closings and settlements; the United States Postal
10 Service; a casino, gambling casino, or gaming establishment.

11 8. “**Material**” means likely to affect a person’s choice of, or conduct
12 regarding, goods or services.

13 9. “**Negative Option**” means, in an offer or agreement to sell or provide
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1 the expiration of a limited trial period;

2 2. The dates that any trial period begins and ends;

3 3. That Defendants will enroll consumers into a negative option
4 continuity plan with additional charges;

5 4. The cost of any continuity plan and the frequency and duration
6 of recurring charges;

7 5. The means consumers must use to cancel the negative option
8 program and to avoid additional charges; and

9 6. Requirements of their refund policies.

10 B. Misrepresenting, or assisting others in misrepresenting, directly or
11 indirectly, expressly or by implication, any material fact, including that:

12 1. Consumers can obtain an advertised product for “free,”
13 “risk-free,” or for only a nominal shipping and handling fee; and

14 2. Defendants are accredited by and have a rating of “A-” with
15 the Better Business Bureau; and

16 C. Charging, causing to be charged, or assisting others in charging any
17 consumer’s credit card, or debiting, causing to be debited, or assisting others in
18 debiting any consumer’s financial account, without the consumer’s express
19 informed consent for each charge or debit.
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1 **II. PROHIBITIONS AGAINST UNFAIR AND DECEPTIVE**
2 **NEGATIVE OPTION MARKETING PRACTICES ON THE**
3 **INTERNET**

4 **IT IS FURTHER ORDERED** that Defendants and Defendants’ officers,
5 agents, employees, and attorneys, and all other persons in active concert or
6 participation with any of them, who receive actual notice of this Order, whether
7 acting directly or indirectly, in connection with the sale of any good or service are
8 temporarily restrained and enjoined from charging, causing to be charged,
9 assisting others in charging , or attempting to charge any consumer in an Internet-
based sale of a good or service sold through a negative option without:

10 A. Clearly and conspicuously disclosing all material terms of the
11 negative option features before obtaining the consumer’s billing information;

12 B. Obtaining a consumer’s express informed consent to the negative
13 option features before making any charge; and

14 C. Providing a simple mechanism for a consumer to stop recurring
15 charges from being placed on the consumer’s credit card, debit card, or other
16 financial account.

17 **III. PROHIBITIONS AGAINST DEBITING CONSUMERS’ BANK**
18 **ACCOUNTS WITHOUT AUTHORIZATION**

19 **IT IS FURTHER ORDERED** that Defendants and Defendants’ officers,
20 agents, employees, and attorneys, and all other persons in active concert or
participation with any of them, who receive actual notice of this Order, whether

1 acting directly or indirectly, in connection with the sale of any good or service, are
2 temporarily restrained and enjoined from:

3 A. Failing to timely obtain written authorization signed or similarly
4 authenticated by the consumer for any Preauthorized Electronic Fund Transfer
5 from a consumer's account before initiating any Preauthorized Electronic Fund
6 Transfer; and

7 B. Failing to provide to the consumer a copy of a valid written
8 authorization signed or similarly authenticated by the consumer for any
9 Preauthorized Electronic Fund Transfer from a consumer's account.

10 **IV. ASSET FREEZE**

11 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
12 agents, employees, and attorneys, and all other persons in active concert or
13 participation with any of them, who receive actual notice of this Order, whether
14 acting directly or indirectly, are temporarily restrained and enjoined from directly
15 or indirectly:

16 A. Assigning, concealing, converting, disbursing, dissipating,
17 encumbering, liquidating, loaning, pledging, selling, spending, transferring, or
18 withdrawing any asset that is:

19 1. owned, controlled by, or held for the benefit of, any Defendant,
20 directly or indirectly;

1 asset belonging to, for the use or benefit of, under the control of or subject to
2 access by any Defendant and that is provided with a copy of this Order, or
3 otherwise has actual or constructive knowledge of this Order shall:

4 A. Hold and retain any of Defendants’ assets that are within its control
5 and prohibit Defendants from assigning, concealing, converting, disbursing,
6 dissipating, encumbering, liquidating, loaning, pledging, selling, spending,
7 transferring, or withdrawing any asset except:

- 8 1. as directed by further order of the Court;
- 9 2. as directed in writing by the Temporary Receiver (regarding an
10 asset belonging to, for the use or benefit of, under the control of, or subject
11 to access by a Receivership Defendant); or
- 12 3. by written stipulation of the Plaintiff and Defendants;

13 B. Deny Defendants access to any safe deposit box,d

1 any Defendant; and

2 2. the balance of each account, or a description of the nature and
3 value of such asset as of the close of business on the day on which this
4 Order is received, and, if the account or other asset has been closed or
5 removed, or more than \$1,000 withdrawn or transferred from it, the date of
6 the closure or removal has a

1 asset or document belonging to, for the use or benefit of, under the control of, or
2 subject to access by, any Defendant, or that may otherwise be subject to any
3 provision of this Order. Service upon any branch or office of any financial
4 institution shall effect service upon the entire financial institution.

5 **VII. FINANCIAL STATEMENTS**

6 **IT IS FURTHER ORDERED** that Defendants shall each:

7 A. Within five (5) days after service of this Order, prepare and provide
8 to Plaintiff and the Temporary Receiver complete and accurate financial
9 statements, on the forms attached as **Attachments A** and **B** of this Order,
10 disclosing all personal assets and all assets of corporations, partnerships, trusts or
11 other entities that each Defendant owns or controls, jointly or individually;

12 B. Within five (5) business days after service of this Order, prepare and
13 provide to Plaintiff and the Temporary Receiver complete and accurate copies of
14 federal and state income tax forms, including all schedules and attachments for the
15 three most recent filing years; and

16 C. Immediately upon service of this Order, provide access to documents
17 held by persons and financial institutions located outside the United States by
18 signing the Consent to Release of Financial Records, attached to this Order as
19 **Attachment C**.

1 **VIII. REPATRIATION OF ASSETS AND DOCUMENTS**

2 **IT IS FURTHER ORDERED** that immediately upon service of this
3 Order, each Defendant and Relief Defendant shall:

4 A. Take such steps as are necessary to transfer to the United States all
5 assets and documents that are located outside the United States and belong to, are
6 for the use or benefit of, are under the control of, or are subject to access by, any
7 Defendant; and

8 B. Hold and retain all repatriated assets and prevent and disposition,
9 transfer, or dissipation of such assets except as required by this Order.

10 **IX. NONINTERFERENCE WITH REPATRIATION**

11 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
12 agents, employees, and attorneys, and all other persons in active concert or
13 participation with any of them who receive actual notice of this Order, whether
14 acting directly or indirectly, are temporarily restrained and enjoined

1 occurred under the terms of a foreign trust agreement until such time as all assets
2 have been fully repatriated according to Section VIII of this Order; or

3 B. Notifying any trustee, protector, or other agent of any of the
4 Defendants of the existence of this Order, or of the fact that repatriation is
5 required under a Court Order, until such time as all assets have been fully
6 repatriated according to Section VIII of this Order.

7 **X. CONSUMER CREDIT REPORTS**

8 **IT IS FURTHER ORDERED** that the FTC may obtain credit reports
9 concerning any Defendant pursuant to Section 604(a)(1) of the Fair Credit
10 Reporting Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request, any
11 consumer reporting agency from which such reports are requested shall provide
12 them to the FTC.

13 **XI. PRESERVATION OF RECORDS AND REPORT NEW
14 BUSINESS ACTIVITY**

15 **IT IS FURTHER ORDERED** that Defendants and Defendants' officers,
16 agents, employees, and attorneys, and all other persons in active concert or
17 participation with any of them, who receive actual notice of this Order, whether
18 acting directly or indirectly, are hereby temporarily restrained and enjoined from:

19 A. Altering, concealing, destroying, erasing, mutilating, transferring, or
20 otherwise disposing of, in any manner, directly or indirectly, any documents,
including electronically stored materials, that relate in any way to the business

1 the Defendants for products or services, or who were contacted or are on a list to
2 be contacted by the Defendants; and

3 B. Benefitting from or using the name, address, birth date, telephone
4 number, email address, Social Security numbers, credit card number, bank
5 account number, or other financial or identifying personal information of any
6 person from whom or about whom any Defendant obtained such information in
7 connection with the activities alleged in the Complaint.

8 *Provided* however that the Defendants may disclose such identifying
9 information to a law enforcement agency or as required by any law, regulation, or
10 court order.

11 **XIII. APPOINTMENT OF TEMPORARY RECEIVER**

12 **IT IS FURTHER ORDERED** that **Charlene Koonce of Scheef & Stone,**
13 **LLP,** is appointed as Temporary Receiver for the Receivership Defendants, with
14 the full power of an equity receiver. The Temporary Receiver shall be the agent of
15 this Court when serving as Temporary Receiver, and shall comply with the
16 Federal Rules of Civil Procedure and the Local Rules of this Court.

17 **XIV. TEMPORARY RECEIVER'S DUTIES**

18 **IT IS FURTHER ORDERED** that the Temporary Receiver is authorized
19 and directed to accomplish the following:

20 A. Assume full control of the Receivership Defendants by removing, as

1 the Temporary Receiver deems necessary or advisable, any director, officer,
2 independent contractor, employee, or agent of any of the Receivership
3 Defendants, including any Defendant, from control of, management of, or
4 participation in, the affairs of the Receivership Defendants;

5 B. Continue and conduct the business of the Receivership Defendants in
6 such manner, to such extent, and for such duration as the Temporary Receiver
7 may in good faith deem to be necessary or appropriate to operate the business
8 profitably and lawfully, if at all; provided, however, that the continuation and
9 conduct of the business shall be conditioned upon the Temporary Receiver's good
10 faith determination that the business can be lawfully operated at a profit using the
11 assets of the receivership estate;

12 C. Take exclusive custody, control, and possession of all assets and
13 documents of, or in the possession, custody, or control of, the Receivership
14 Defendants, wherever situated. The Temporary Receiver shall have full power to
15 divert mail and to sue for, collect, receive, take in possession, hold, and manage
16 all assets and documents of the Receivership Defendants and other persons whose
17 interests are now under the direction, possession, custody, or control of, the
18 Receivership Defendants. The Temporary Receiver shall assume control over the
19 income and profits and all sums of money now or hereafter due or owing to the
20 Receivership Defendants. *Provided*, however, that the Temporary Receiver shall

1 not attempt to collect any amount from a consumer if the Temporary Receiver
2 believes the consumer was a victim of the unfair or deceptive acts or practices or
3 other violations of law alleged in the Complaint;

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

- 7 1. serving 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 Defendants, including the name, home address,
11 Social Security number, job description, user names or passwords needed to
12 access Receivership Defendants' documents, methods of compensation, and
13 all accrued and unpaid commissions and compensation of each such
14 employee or agent;
- 15 4. photographing and videotaping any or all portions of the
16 location;
- 17 5. securing the location by changing the locks and disconnecting
18 any computer modems or other means of access to the computer or other
19 records maintained at that location;

1 that the Temporary Receiver deems necessary or advisable to secure assets of the
2 Receivership Defendants, such as rental payments;

3 L. Institute, compromise, adjust, appear in, intervene in, or become
4 party to such actions or proceedings in state, federal or foreign courts or
5 arbitration proceedings as the Temporary Receiver deems necessary and advisable
6 to preserve or recover the assets of the Receivership Defendants, or that the

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1 offices and facilities at or in the vicinity of: (a) 6914 Canby Avenue, Suite
2 107, Reseda, California 91335; and (b) 6925 Canby Avenue, Suite 105,
3 Reseda, California 91335, and any offsite commercial mail boxes used by
4 any Receivership Defendant;

5 2. any premises where the Receivership Defendants conduct
6 business, sales operations or customer service operations; and

7 3. any premises where assets or documents related to the
8 Receivership Defendants' businesses are stored or maintained;

9 B. The Plaintiff and the Temporary Receiver, and their representatives,
10 agents, and assistants, are authorized to employ the assistance of law enforcement
11 as they deem necessary to effect service and to implement peacefully this Order.

12 The Temporary Receiver may exclude Receivership Defendants and their
13 employees from the business premises during the immediate access;

14 C. The purpose of the immediate access shall be to inspect and copy the
15 business and financial documents of the Receivership Defendants, including
16 forensic imaging of electronically stored information. Such business documents
17 include, but are not limited to, correspondence, contracts, sales records, and
18 financial data;

19 D. The Temporary Receiver and the FTC shall have the right to remove
20 any documents related to Defendants' business practices from the premises in

1 order that they may be inspected, inventoried, and copied. The materials so
2 removed shall be returned within five (5) business days of completing said
3 inventory and copying;

4 E. If any assets or documents relating to the Receivership Defendants'
5 finances or business practices are located in the residence of any Defendant or are
6 otherwise in the custody or control of any Defendant, then such Defendant shall
7 produce them to the Temporary Receiver within forty-eight (48) hours of service
8 of this Order;

9 F. In order to prevent the destruction of electronically stored
10 information, upon service of this Order upon Defendants, any computers used in
11 Receivership Defendants' business shall be powered down (turned off) in the
12 normal course for the operating systems used on such computers and shall not be
13 powered up or used again until produced for copying and inspection, along with
14 any codes needed for access; and

15 G. The Temporary Receiver shall have the discretion to determine
16 the time, manner, and reasonable conditions of access to the Receivership
17 Defendants' premises.

18 **XVI. TEMPORARY RECEIVER'S BOND**

19 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with
20 the Clerk of this Court a bond in the sum of \$20,000, with sureties to be approved

1 secure access to any assets or documents of the Receivership Defendants,
2 including access to their business premises, means of communication, accounts,
3 computer systems, or other property.

4 In the event that any person or entity fails to deliver or transfer any asset or
5 document or otherwise fails to comply with any provision of this Section, the
6 Temporary Receiver may file *ex parte* an Affidavit of Non-Compliance regarding
7 the failure. Upon filing of the affidavit, the Court may authorize, without
8 additional process or demand, Writs of Possession or Sequestration or other
9 equitable writs requested by the Temporary Receiver. The writs shall authorize
10 and direct the United States Marshal or any sheriff or deputy sheriff of any
11 county, or any other federal or state law enforcement officer, to seize the asset,
12 document, or other item covered by this Section and to deliver it to the Temporary
13 Receiver.

14 **XVIII. PROVISION OF INFORMATION TO TEMPORARY RECEIVER**

15 **IT IS FURTHER ORDERED** that Defendants shall provide to the
16 Temporary Receiver, immediately upon request, without need of any subpoena or
17 further order, the following:

18 A. A list of all locations where documents of the Receivership
19 Defendants are located, and the means to access such documents within five hours
20 of the Temporary Receiver's request; and

1 D. Refusing to cooperate with the Temporary Receiver or the
2 Temporary Receiver's duly authorized agents in the exercise of their duties or
3 authority under any order of this Court.

4 **XXI. TEMPORARY RECEIVER'S REPORT**

5 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to
6 this Court on or before the date set for the hearing on Plaintiff's Motion for Order
7 to Show Cause why a Preliminary Injunction Should Not Issue regarding: (1) the
8 steps taken by the Temporary Receiver to implement the terms of this Order; (2)
9 the value of all liquidated and unliquidated assets of Receivership Defendants; (3)
10 the sum of all liabilities of Receivership Defendants; (4) the steps the Temporary
11 Receiver intends to take in the future to: (a) prevent any diminution in the value of
12 assets of Receivership Defendants; (b) pursue receivership assets from third

13 **IT IS FURTHER ORDERED**

1 **XXII. STAY OF ACTIONS AGAINST DEFENDANTS**

2 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
3 the pendency of the Receivership ordered herein, Defendants and Defendants'
4 officers, agents, employees, attorneys, and all other persons in active concert or
5 participation with any of them, who receive actual notice of this Order, and any
6 person seeking to establish or enforce any right, title, interest, or claim against or
7 on behalf of any Defendant, and all others acting for or on behalf of such persons,
8 are hereby enjoined from taking action that would interfere with the exclusive
9 jurisdiction of this Court over the assets or documents of the Defendants,
10 including:

11 A. Filing or assisting in the filing of a petition for relief under the
12 Bankruptcy Code, 11 U.S.C. § 101 et seq., or of any similar insolvency
13 proceeding.

14 B. Commencing, prosecuting, continuing, entering, or enforcing any suit
15 or proceeding against the Defendants, except that such actions may be
16 commenced if necessary to toll any applicable statute of limitations;

17 C. Accelerating the due date of any obligation or claimed obligation;
18 filing or enforcing any lien; taking or attempting to take possession, custody, or
19 control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest
20 in any asset, whether such acts are part of a judicial proceeding, are acts of self-

1 help, or otherwise;

2 D. Filing or enforcing any lien on any asset of the Defendants, taking or
3 attempting to take possession, custody, or control of any asset of the Defendants;
4 or attempting to foreclose, forfeit, alter, or terminate any interest in any asset of
5 the Defendants, whether such acts are part of a judicial proceeding, are acts of
6 self-help, or otherwise; or

7 E. Initiating any other process or proceeding that would interfere with
8 the Temporary Receiver managing or taking custody, control, or possession of, the
9 assets or documents subject to this receivership.

10 *Provided* that, this Order does not stay: (1) the commencement or
11 continuation of a criminal action or proceeding; (2) the commencement or
12 continuation of an action or proceeding by a governmental unit to enforce such
13 governmental unit's police or regulatory power; or (3) the enforcement of a
14 judgment, other than a money judgment, obtained in an action or proceeding by a
15 governmental unit to enforce such governmental unit's police or regulatory power.

16 **XXIII. COMPENSATION OF TEMPORARY RECEIVER**

17 **IT IS FURTHER ORDERED** that the Temporary Receiver and all
18 personnel hired by the Temporary Receiver, including counsel to the Temporary
19 Receiver and accountants, are entitled to reasonable compensation for the
20 performance of duties pursuant to this Order and for the cost of actual out-of-

1 pocket expenses incurred by them solely, from the assets now held by, in the
2 possession or control of, or which may be received by, the Receivership
3 Defendants. The Temporary Receiver shall file with the Court and serve on the
4 parties periodic requests for the payment of such reasonable compensation, with
5 the first such request filed no more than sixty (60) days after the date of entry of
6 this Order. The Temporary Receiver shall not increase the hourly rates used as the
7 bases for such fee applications without prior approval of the Court.

8 **XXIV. EXPEDITED DISCOVERY**

9 **IT IS FURTHER ORDERED** that, in anticipation of the preliminary
10 injunction hearing in this matter, the Temporary Receiver is authorized to conduct
11 expedited discovery concerning Receivership Defendants' assets, the products and
12 services offered by Receivership Defendants, and the nature and location of the
13 Receivership Defendants' documents and business records in accordance with the
14 following provisions:

15 A. The Temporary Receiver may take the depositions of parties and
16 non-parties. Forty-eight (48) hours' notice shall be sufficient notice for such
17 depositions;

18 B. The Temporary Receiver may serve upon parties requests for
19 production of documents or inspection that require production or inspection within
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1 five (5) calendar days of service, and may serve subpoenas upon non-parties that
2 direct production or inspection within five (5) calendar days of service;

3 C. The Temporary Receiver may serve deposition notices and other
4 discovery requests upon the parties to this action by facsimile or overnight
5 courier; and

6 D. Any discovery taken pursuant to this Order is in addition to, and is
7 not subject to, the presumptive limits on discovery set forth in the Federal Rules
8 of Civil Procedure and Local Rules of this Court.

9 **XXV. DISTRIBUTION OF ORDER BY DEFENDANTS**

10 **IT IS FURTHER ORDERED** that Defendants shall immediately provide
11 a copy of this Order to each affiliate, sales entity, successor, aslesbes
12 officer, director, empln81aoyee, agespendent contractor, client, servant,
13 attorney, spouse, subsidiary, division, and representative of any Defendant, and
14 shall, within ten (10) days from the date of entry of this Order, individually
15 provide the FTC with a sworn statement that each Defendant has complied with
16 this provision of the Order, which statement shall include the names and addresses
17 of each such person or entity who received a copy of this Order.

1 **XXVI. ORDER TO SHOW CAUSE WHY A PRELIMINARY**
2 **INJUNCTION SHOULD NOT ISSUE**

3 **IT IS FURTHER ORDERED** that each Defendant shall appear before this
4 Court on June 30, 2015 at 8:30 a.m. (PDT), at the United States Courthouse, 312
5 North Spring Street, Los Angeles, California, 90012, Courtroom 10, to show
6 cause why this Court should not enter a preliminary injunction, pending final
7 ruling on the Complaint against Defendants, enjoining them from further
8 violations of the FTC Act, ROSCA, and EFTA and continuing the asset freeze and
9 receivership, and imposing such additional relief as may be appropriate. Pursuant
10 to Local Rule 7-6, factual contentions shall be presented, heard, and determined
11 upon declarations and other written evidence. Any written submission from
12 Defendants shall be filed with the District Court (and served on Plaintiff's
13 counsel) by noon on June 26, 2015.

13 **XXVII. DURATION OF TEMPORARY RESTRAINING ORDER**

14 **IT IS FURTHER ORDERED** that except as ordered by the Court, this
15 Temporary Restraining Order granted herein shall expire within fourteen (14)
16 days from the date of entry noted below, as computed by Federal Rule of Civil
17 Procedure 6, unless within such time the Order, for good cause shown, is extended
18 for an additional period not to exceed fourteen (14) days or unless it is further
19 extended pursuant to Federal Rule of Civil Procedure 65 or by stipulation of
20 counsel.

1 **XXVIII. RETENTION OF JURISDICTION**

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

4 **SO ORDERED,**

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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 being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

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 the executi[1439] eb3rs,sl ointlyh ipaghere 1 Tf-6iT["by others for the benefit of

BACKGROUND INFORMATION

Item 1. Information About You

Full Name

Social Security No.

Current Address of Primary Residence

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, and other income.

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*

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

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.

Item 24. Document Requests

Provide copies of the following documents with your completed Financial Statement.

	Federal tax returns filed during the last three years by or on behalf of you, your spouse, or your dependents.
	All applications for bank loans or other extensions of credit (other than credit cards) that you, your spouse, or your dependents have submitted within the last two years, including by obtaining copies from lenders if necessary.
Item 9	For each bank account listed in Item 9, all account statements for the past 3 years.

Item 11

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 such 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, willfully subscribes as true any material matter which he does not believe to be true” (18 U.S.C. § 1621); or
- (3) “in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration.” (18 U.S.C. § 1623)

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____

Primary Business Address _____ From (Date) _____

Telephone No. _____ Fax No. _____

E-Mail Address _____ Internet Home Page _____

All other current addresses & previous addresses for past five years, including post office boxes and mail drops:

Address _____ From/Until _____

Address _____ From/Until _____

Address _____ From/Until _____

All predecessor companies for past five years:

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Name & Address _____ From/Until _____

Item 2. Legal Information

Federal Taxpayer ID No. _____ State & Date of Incorporation _____

State Tax ID No. _____ State _____ Profit or Not For Profit _____

Corporation's Present Status: Active _____ Inactive _____ Dissolved _____

If Dissolved: Date dissolved _____ By Whom _____

Reasons _____

Fiscal Year-End (Mo./Day) _____ Corporation's Business Activities _____

Item 3. Registered Agent

Name of Registered Agent _____

Address _____ Telephone 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 ever 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, have ever 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. _____

If State Court: Court & County _____ If Federal Court: District _____

Disposition _____

Item 16. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by the corporation, or held by others for the benefit of the corporation. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name & Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FINANCIAL INFORMATION

REMINDER: When an Item asks for information about assets or liabilities “held by the corporation,” include **ALL** such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.

Item 17. Tax Returns

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

<u>Federal/ State/Both</u>	<u>Tax Year</u>	<u>Tax Due Federal</u>	<u>Tax Paid Federal</u>	<u>Tax Due State</u>	<u>Tax Paid State</u>	<u>Preparer's Name</u>
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____

Item 18. **Financial Statements**

List all financial statements that were prepared for the corporation's last three comp fin wep.5h,tatyears anr the co(f8525.000-3 T



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

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.

<u>Name of Credit Card or Store</u>	<u>Names of Authorized Users and Positions Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Item 29. Compensation of Employees

List all compensation and other benefits received from the corporation by the five most highly compensated employees, independent contractors, and consultants (other than those individuals listed in Items 5 and 6 above), for the two previous fiscal years and current fiscal year-to-date. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, 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 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>
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____

