

1 Jennifer Larabee, CA Bar No. 163989  
Amy Brothers, CA Bar No. 206283  
2 Kenneth H. Abbe, CA Bar No. 172416  
Federal Trade Commission  
3 10877 Wilshire Blvd., Ste. 700  
Los Angeles, CA 90024  
4 (310) 824-4343 (ph.)  
(310) 824-4380 (fax)

5 Attorneys for Plaintiff  
6 Federal Trade Commission

7  
8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 WESTERN DIVISION  
11

12 \_\_\_\_\_ ) CV-  
FEDERAL TRADE COMMISSION, )  
13 )  
Plaintiff, )  
14 )  
v. ) [PROPOSED]  
15 ) **EX PARTE TEMPORARY RESTRAINING**  
WESTERN UNITED SERVICE ) **ORDER FREEZING ASSETS,**  
16 CORPORATION d/b/a ) **PROHIBITING DESTRUCTION OR**  
TITAN BUSINESS SOLUTIONS, ) **ALTERATION OF BOOKS AND**  
17 ) **RECORDS, GRANTING ACCESS AND**  
and ) **INSPECTION, AND ORDERS**  
18 ) **APPOINTING A TEMPORARY**  
SCOTT FORD, ) **RECEIVER, PERMITTING EXPEDITED**  
19 ) **DISCOVERY AND TO SHOW CAUSE**  
Defendants. ) **WHY A PRELIMINARY INJUNCTION**  
20 ) **SHOULD NOT ISSUE AND WHY A**  
21 ) **PERMANENT RECEIVER SHOULD NOT**  
\_\_\_\_\_ ) **BE APPOINTED**  
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1 Plaintiff Federal Trade Commission ("Commission"), pursuant  
2 to Sections 13(b) and 19 of the Federal Trade Commission Act  
3 ("FTC Act"), 15 U.S.C. §§ 53(b), 57b, filed a complaint for  
4 permanent injunction and other relief, including consumer  
5 redress, and applied ex parte for a temporary restraining order  
6 with asset freeze and order appointing a temporary receiver, and  
7 for an order to show cause why a preliminary injunction should  
8 not be granted pursuant to Rule 65 of the Federal Rules of Civil  
9 Procedure, and why a permanent receiver should not be appointed.

### 10 11 **FINDINGS OF FACT**

12 The Court has considered the Complaint for Permanent  
13 Injunction, Application for ex parte Restraining Order and  
14 appointment of Temporary Receiver, Memorandum of Points and  
15 Authorities with supporting Exhibits and attachments, and all  
16 other papers filed herein, and it appears to the satisfaction of  
17 the Court that:

- 18 1. This Court has jurisdiction over the subject matter of the  
19 case and there is good cause to believe it will have  
20 jurisdiction over all parties.
- 21 2. The June 22, 1999, bankruptcy petition filed by WESTERN  
22 UNITED SERVICE CORPORATION does not impact this Court's  
23 power to exercise jurisdiction in this case.
- 24 3. There is good cause to believe Defendants WESTERN UNITED  
25 BUSINESS CORPORATION d/b/a TITAN BUSINESS SOLUTIONS and  
26 SCOTT FORD [hereinafter referred to collectively as  
27 "Defendants"] have engaged in and are likely to engage in  
28 acts and practices that violate Section 5(a) of the FTC Act,

1 15 U.S.C. § 45(a) and that the Commission is likely to  
2 prevail on the merits of this action.

3 4. There is good cause to believe that immediate and  
4 irreparable harm will result from Defendants' ongoing  
5 violations of Section 5(a) of the Federal Trade Commission  
6 Act, 15 U.S.C. § 45(a) unless Defendants are restrained and  
7 enjoined by Order of this Court.

8 5. There is good cause to believe that immediate and  
9 irreparable damage to the Court's ability to grant effective  
10 final relief for consumers in the form of monetary redress  
11 will occur from the dissipation or concealment of assets or  
12 the disposition, destruction, alteration or concealment by  
13 Defendants of their records unless the Defendants are  
14 immediately restrained and enjoined by Order of this Court.

15 6. There is thus good cause for issuing this Order without  
16 prior notice to the Defendants of the Commission's  
17 application, pursuant to Federal Rule of Civil Procedure  
18 65(b) and Local Rule 7.18.2.

19 7. Good cause exists for the appointment of a Temporary  
20 Receiver for TITAN BUSINESS SOLUTIONS.

21 8. Weighing the equities and considering the Commission's  
22 likelihood of success in its causes of action, this  
23 Temporary Restraining Order is in the public interest.

24 9. The Commission is an independent agency of the United States  
25 of America and no security is required of any agency of the  
26 United States of America for issuance of a restraining order  
27 under Fed. R. Civ. P. 65(c).

28

# ORDER

## Definitions

1. **"Assets"** means any legal or equitable interest in, right to, or claim to, any real and personal property, including but not limited to chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, receivables, and all cash, wherever located.
2. **"Document"** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.
3. **"Named Defendants"** means WESTERN UNITED SERVICE CORPORATION d/b/a TITAN BUSINESS SOLUTIONS and SCOTT FORD.
4. **"Defendants"** means the Named Defendants and their officers, agents, servants, employees, attorneys, and all persons or entities directly or indirectly under their control or under common control with them, and all other persons or entities in active concert or participation with them.
5. **"Receivership Defendant"** means WESTERN UNITED SERVICE CORPORATION d/b/a TITAN BUSINESS SOLUTIONS.
6. **"Business Venture"** means any written or oral business arrangement, however denominated, which consists of the

1 payment of any consideration for: (a) the right or means to  
2 offer, sell or distribute goods or services (whether or not  
3 identified by a trademark, service mark, trade name,  
4 advertising, or other commercial symbol); and (b) assistance  
5 to any person or entity in connection with or incident to  
6 the establishment, maintenance, or operation of a new  
7 business or the entry by an existing business into a new  
8 line or type of business.

9  
10 **I.**

11 **PROHIBITED BUSINESS ACTIVITIES**

12 **IT IS THEREFORE ORDERED** that Defendants, who receive actual  
13 notice of this order by personal service or otherwise, in  
14 connection with the advertising, promotion, offering for sale or  
15 sale of any employment opportunity, business venture, or any  
16 work-at-home product or service, are hereby restrained and  
17 enjoined from:

18 A. Making, or assisting in the making of, expressly or by  
19 implication, orally or in writing, any statement or  
20 representation of material fact that is false or  
21 misleading, including but not limited to, any  
22 misrepresentation that:

- 23 1. that consumers who purchase the medical billing  
24 employment opportunity from Defendants will  
25 receive a complete package suitable for a consumer  
26 to start his or her own medical billing business;  
27 2. that Defendants will furnish consumers with the  
28 names and addresses of pre-screened physicians who

1 are likely to use the consumers to process their  
2 medical claims; or

3 3. that consumers, by use of Defendants' medical  
4 billing employment opportunity, will earn specific  
5 high levels of earnings; or

6 B. Making, or assisting in the making of, expressly or by  
7 implication, orally or in writing, any statement or  
8 representation of material fact that is false or  
9 misleading, including but not limited to, any  
10 misrepresentation about any other fact material to a  
11 consumer's decision to purchase any business venture,  
12 employment opportunity or any work-at-home product or  
13 service.

14  
15 **II.**

16 **ASSET FREEZE**

17 **IT IS FURTHER ORDERED** that Named Defendants are hereby  
18 temporarily restrained and enjoined from:

19 A. Transferring, converting, encumbering, selling,  
20 concealing, dissipating, disbursing, assigning,  
21 spending, withdrawing, or otherwise disposing of any  
22 funds, property, accounts, contracts, shares of stock  
23 or other assets, wherever located, that are:

- 24 1. Owned or controlled by Named Defendants, or their  
25 affiliates or subsidiaries (without limitation),  
26 in whole or in part;
- 27 2. In the actual or constructive possession of Named  
28 Defendants, or their affiliates or subsidiaries

1 (without limitation); or

- 2 3. Owned, controlled by, or in the actual or  
3 constructive possession of any corporation,  
4 partnership, or other entity directly or  
5 indirectly owned, managed, or controlled by, or  
6 under common control with any Named Defendant,  
7 including but not limited to, Scomark, Inc. and  
8 Affordable Merchant Services, Inc.

9 This paragraph shall include, but not be limited to, any  
10 assets held for, on behalf of, for the benefit of, or by  
11 Named Defendants, or their affiliates or subsidiaries, at  
12 any bank or savings and loan institution, or with any  
13 broker, dealer, escrow agent, title company, commodity  
14 trading company, precious metal dealer, or other financial  
15 institution or depository of any kind, including without  
16 limitation any assets set forth in Attachment 1.

17 B. Opening or causing to be opened any safe deposit boxes  
18 titled in the name of any Named Defendant, or their  
19 companies, affiliates or subsidiaries, or subject to  
20 access by any of these defendants.

21 C. Notwithstanding the provisions of this Paragraph, Named  
22 Defendants may make transfers as directed by any  
23 Temporary Receiver appointed by this Court, or as  
24 otherwise ordered by this Court upon proper showing and  
25 after notice to the Commission.

26 D. Provided further that this Section shall be construed  
27 to apply to assets that Named Defendants acquire  
28 following entry of this Order only if such assets are

1 derived from the operation of any activity prohibited  
2 by this Order or derived from any other violation of  
3 Section 5(a) of the Federal Trade Commission Act, 15  
4 U.S.C. § 45(a).

5  
6 **III.**

7 **FINANCIAL REPORTS**

8 **IT IS FURTHER ORDERED** that Named Defendants shall each,  
9 within forty-eight hours after entry of this Order, prepare and  
10 deliver a Financial Statement to this Court, counsel for the  
11 Commission and the Temporary Receiver. A Financial Statement  
12 shall be completed for each Named Defendant and for each business  
13 entity under which they conduct business, or of which they are an  
14 officer, and of each trust for which they are a trustee. The  
15 Financial Statements shall be accurate as of the date of the  
16 entry of this Order and shall be verified under oath.

17 A. Any corporate Defendant shall complete and deliver the  
18 "Financial Statement of Corporate Defendant" that is  
19 attached to this Order as Attachment 2, provided that  
20 any corporate Defendant need not separately complete  
21 this form if it is provided by an individual Defendant  
22 pursuant to Part B of this Paragraph; and

23 B. Any individual Defendant shall, for himself,

24 1. Complete and deliver the "Financial Statement of  
25 Individual Defendant" that is attached to this  
26 Order as Attachment 3; and

27 2. for each business entity he owns, controls,  
28 operates, or of which he is any officer, and for



1 each trust of which he or she is a trustee,  
2 complete and deliver the "Financial Statement of  
3 Corporate Defendant" that is attached to this  
4 Order as Attachment 2.

5  
6 **IV.**

7 **REPATRIATION OF ASSETS**

8 **IT IS FURTHER ORDERED** that within 48 hours of the service of this  
9 Order, the Defendants shall:

- 10 A. Provide Commission and the Temporary Receiver access to  
11 the Named Defendants' records and documents held by  
12 financial institutions outside the territory of the  
13 United States by signing the Consent to Release of  
14 Financial Records attached to this Order as Attachment  
15 4;
- 16 B. Transfer to the territory of the United States all  
17 funds, documents and assets in foreign countries held  
18 either: (a) by them, (b) for their benefit, or (c)  
19 under their direct or indirect control, jointly or  
20 singly;
- 21 C. Hold and retain all such repatriated funds and prevent  
22 any transfer, disposition, or dissipation whatsoever of  
23 any such assets or funds in full compliance with  
24 Section II of this Order until further Order of this  
25 Court;
- 26 D. Provide Commission and the Temporary Receiver with a  
27 full accounting of all funds, documents and assets  
28 outside of the territory of the United States which are

1 held either (1) by them, (2)for their benefit, or (3)  
2 under their direct or indirect control, jointly or  
3 singly; and

4 E. Specifically notify the Court, the Commission and the  
5 Temporary Receiver of the location of the transferred  
6 funds within the United States.

7  
8 **V.**

9 **PRESERVATION OF RECORDS**

10 **IT IS FURTHER ORDERED** that Defendants are hereby temporarily  
11 restrained and enjoined from destroying, erasing, mutilating,  
12 concealing, altering, transferring or otherwise disposing of, in  
13 any manner, directly or indirectly, any documents that relate to  
14 the business practices or business or personal finances of any  
15 Named Defendant and to the business practices of entities  
16 directly or indirectly under control of a Named Defendant,  
17 including but not limited to Scomark, Inc. or Affordable Merchant  
18 Services, Inc., or under common control with a Named Defendant  
19 and all other persons in active concert or participation with  
20 them.

21  
22 **VI.**

23 **RECORD KEEPING/BUSINESS OPERATIONS**

24 **IT IS FURTHER ORDERED** that the Named Defendants are hereby  
25 temporarily restrained and enjoined from:

26 A. Failing to make, keep, and provide to the Commission  
27 and the Temporary Receiver, an accurate accounting for  
28 themselves and any business or entity owned or

1 controlled, in whole or in part, directly or  
2 indirectly, by them, including but not limited to  
3 Scomark, Inc. and Affordable Merchant Services, Inc.,  
4 which accounting shall included the creation and  
5 retention of documents that, in reasonable detail,  
6 accurately, fairly, and completely reflect all assets  
7 received (including, but not limited to, loans, gifts  
8 and revenue), disbursements, transfers, transactions,  
9 and expenditures, beginning immediately upon service or  
10 actual notice of this Order; and

11 B. Creating, operating, or exercising any control over any  
12 business entity, including but not limited to any  
13 partnership, limited partnership, joint venture, sole  
14 proprietorship or corporation, without first providing  
15 the Commission and Temporary Receiver with a written  
16 statement disclosing:

- 17 1. the name of the business entity;
- 18 2. the address and telephone number of the business  
19 entity;
- 20 3. the names of the business entity's officers,  
21 directors, principals, managers and employees; and
- 22 4. a detailed description of the business entity's  
23 intended activities.

24  
25 **VII.**

26 **REQUIRED DISTRIBUTION OF ORDER BY DEFENDANTS**

27 **IT IS FURTHER ORDERED** that the Named Defendants shall immediately  
28 provide a copy of this Order to each affiliate, subsidiary,

1 division, sales entity, successor, assign, officer, director,  
2 employee, independent contractor, agent, attorney, and  
3 representative of the Named Defendants, and shall, within five  
4 calendar days from the date from service of this Order, provide  
5 the Commission and the Temporary Receiver with a sworn statement  
6 that the Named Defendants have complied with this provision of  
7 the Order. The statement shall include the names and addresses  
8 of each such person or entity who received a copy of the Order.  
9 No obligation is imposed on the Temporary Receiver under this  
10 section.

11  
12 **VIII.**

13 **APPOINTMENT OF TEMPORARY RECEIVER**

14 **IT IS HEREBY ORDERED** that \_\_\_\_\_ is appointed  
15 Temporary Receiver for Defendant **WESTERN UNITED SERVICE**  
16 **CORPORATION d/b/a TITAN BUSINESS SOLUTIONS.**

17 **IT IS FURTHER ORDERED THAT:**

18 A. The Temporary Receiver shall have the full power,  
19 without limitation, of an equity receiver, that he  
20 shall act as the agent of this Court and solely the  
21 agent of this Court, that he shall be accountable  
22 directly to this Court and that he shall comply with  
23 all Local Rules of this Court governing receivers;

24 B. The Temporary Receiver shall assume all the powers of  
25 the Receivership Defendant's officers, directors and  
26 managers, whose powers and authority are hereby  
27 suspended;

28 C. The Temporary Receiver shall have full power to divert

1 mail and to sue for, collect, receive, take in  
2 possession, hold, and manage all assets and documents  
3 of the Receivership Defendant and other persons or  
4 entities whose interests are now held by or under the  
5 direction, possession, custody, or control of the  
6 Receivership Defendant. The Temporary Receiver is  
7 fully authorized to effect a change in the rights to  
8 use any and all post office boxes or private mail  
9 facilities in use by the Receivership Defendant; and

10 D. The Temporary Receiver shall allow representatives of  
11 the Commission and the Named Defendants' attorneys  
12 access to inspect the premises of the Receivership  
13 Defendant, and to copy books, records, accounts and  
14 other property of the Receivership Defendant, wherever  
15 located, at such times and in such manner as determined  
16 solely at the discretion of the Temporary Receiver.

17 **IT IS FURTHER ORDERED** that the Temporary Receiver shall not  
18 attempt to collect any amount from a consumer if the Temporary  
19 Receiver believes the consumer was a victim of the deceptive acts  
20 or practices alleged in the Complaint in this matter, without  
21 prior court approval.

## 22 **IX.**

### 23 **RECEIVERSHIP AUTHORITY AND DUTIES**

24 **IT IS FURTHER ORDERED** that the Temporary Receiver is directed and  
25 authorized as follows:

26 A. To assume full control of the Receivership Defendant by  
27 removing, as the Temporary Receiver deems necessary or  
28

1           advisable, Defendants and any officer, director,  
2           independent contractor, employee, or agent of any of  
3           the Receivership Defendant, including any Named  
4           Defendant, from control of, management of, or  
5           participation in, the affairs of the Receivership  
6           Defendant;

7           B.    To take exclusive custody, control and possession of  
8           all assets and documents of, or in the possession,  
9           custody, or under the control of, the Receivership  
10          Defendant, wherever situated;

11          C.    To immediately return to consumers without further  
12          court order any funds that are identifiable as received  
13          from specific consumers following the Temporary  
14          Receiver's appointment or that are received at the  
15          Receivership Defendant's premises or mailboxes or  
16          forwarded to the Temporary Receiver after entry of this  
17          Order and that were, based upon the Temporary  
18          Receiver's good faith determination, procured by use of  
19          the unfair or deceptive acts or practices alleged in  
20          the Complaint in this matter. Likewise, upon the  
21          Temporary Receiver's appointment, the Temporary  
22          Receiver shall take all reasonable steps to halt  
23          immediately the debit of consumer bank accounts or  
24          charges to consumer credit cards that in the Temporary  
25          Receiver's good faith determination were procured by  
26          use of the unfair or deceptive acts or practices  
27          alleged in the Complaint in this matter;

28          D.    Conserve, hold, and manage all receivership assets, and

1 perform all acts necessary or advisable to preserve the  
2 value of those assets, in order to prevent any  
3 irreparable loss, damage, or injury to consumers or to  
4 creditors of the Receivership Defendant, including, but  
5 not limited to, obtaining an accounting of the assets  
6 and preventing transfer, withdrawal, or misapplication  
7 of assets;

8 E. Enter into contracts and purchase insurance as  
9 advisable or necessary;

10 F. Prevent the inequitable distribution of assets and  
11 determine, adjust, and protect the interests of  
12 consumers and creditors who have transacted business  
13 with the Receivership Defendant;

14 G. Manage and administer the business of the Receivership  
15 Defendant until further order of this Court by  
16 performing all incidental acts that the Temporary  
17 Receiver deems to be advisable or necessary, which  
18 includes retaining, hiring, or dismissing any  
19 attorneys, employees, independent contractors, or  
20 agents;

21 H. Choose, engage, and employ attorneys, accountants,  
22 appraisers, and other independent contractors and  
23 technical specialists, as the Temporary Receiver deems  
24 advisable or necessary in the performance of duties and  
25 responsibilities under the authority granted by this  
26 Order;

27 I. Request the assistance of Federal and State officers in  
28 the execution of this Order;

- 1 J. Make payments and disbursements from the receivership  
2 estate that are necessary or advisable for carrying out  
3 the directions of, or exercising the authority granted  
4 by, this Order. The Temporary Receiver shall apply to  
5 the Court for prior approval of any payment of any debt  
6 or obligation incurred by the Receivership Defendant  
7 prior to the date of entry of this Order, except  
8 payments that the Temporary Receiver deems necessary or  
9 advisable to secure assets of the Receivership  
10 Defendant, such as rental payments;
- 11 K. Determine and implement the manner in which the  
12 Receivership Defendant will comply with, and prevent  
13 violations of, this Order and all other applicable  
14 laws, including but not limited to, revising sales  
15 materials and implementing monitoring procedures;
- 16 L. Institute, compromise, adjust, appear in, intervene in,  
17 or become party to such actions or proceedings in  
18 state, federal or foreign courts that the Temporary  
19 Receiver deems necessary and advisable to preserve or  
20 recover the assets of the Receivership Defendant or  
21 that the Temporary Receiver deems necessary and  
22 advisable to carry out the Temporary Receiver's mandate  
23 under this Order;
- 24 M. Defend, compromise, adjust, or otherwise dispose of any  
25 or all actions or proceedings instituted in the past or  
26 in the future against the Temporary Receiver in his  
27 role as Temporary Receiver, or against the Receivership  
28 Defendant that the Temporary Receiver deems necessary



1 and advisable to preserve the assets of the  
2 Receivership Defendant or that the Temporary Receiver  
3 deems necessary and advisable to carry out the  
4 Temporary Receiver's mandate under this Order;

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

15 O. Issue subpoenas to obtain documents and records  
16 pertaining to the receivership, and conduct discovery  
17 in this action on behalf of the receivership estate;

18 P. Open one or more bank accounts in Los Angeles County as  
19 designated depositories for funds of the Receivership  
20 Defendant. The Temporary Receiver shall deposit all  
21 funds of the Receivership Defendant in such a  
22 designated account and shall make all payments and  
23 disbursements from the receivership estate from such an  
24 account; and

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

27 **IT IS FURTHER ORDERED THAT** the Temporary Receiver will be  
28 responsible for maintaining the chain of custody of all of

1 Defendants' records in his possession, pursuant to procedures to  
2 be established in writing with the approval of the Commission.  
3 In the event that the Temporary Receiver is made custodian of  
4 records obtained pursuant to a criminal warrant, then the  
5 Temporary Receiver will comply with the procedures of the  
6 criminal agency.

7  
8 **X.**

9 **AUTHORITY OF TEMPORARY RECEIVER**

10 **TO SECURE BUSINESS PREMISES**

11 **IT IS FURTHER ORDERED THAT** the Commission's representatives,  
12 agents, and assistants, as well as Named Defendants and their  
13 representatives shall have reasonable access to any premises  
14 operating on behalf of or for the benefit of the Receivership  
15 Defendant, including without limitation, 4410 W. Victory Blvd.,  
16 Burbank, CA. The purpose of this access shall be to inspect and  
17 copy any and all material that may be relevant to this action,  
18 including without limitation, documents, books, records,  
19 accounts, computer data, tapes, and any materials relating to any  
20 of the Named Defendant's assets.

21 **IT IS FURTHER ORDERED THAT** the Temporary Receiver is  
22 authorized to take all steps necessary to secure the business  
23 premises of the Receivership Defendant, including but not limited  
24 to the premises located at 4410 W. Victory Blvd., Burbank, CA.  
25 Such steps may include, but are not limited to, any of the  
26 following as the Temporary Receiver deems necessary or advisable:

- 27 A. serving and filing this Order,  
28 B. completing a written inventory of all receivership

1 assets,

2 C. obtaining pertinent information from all employees and  
3 other agents of the Receivership Defendant, including,  
4 but not limited to, the name, home address, social  
5 security number, job description, method of  
6 compensation, and all accrued and unpaid commissions  
7 and compensation of each such employee or agent,

8 D. video taping all portions of the location including  
9 persons present at the location,

10 E. securing the location by changing the locks and  
11 disconnecting any computer modems or other means of  
12 access to the computer or other records maintained at  
13 that location, or

14 F. requiring any persons present on the premises at the  
15 time this Order is served to leave the premises, to  
16 provide the Temporary Receiver with proof of  
17 identification, or to demonstrate to the satisfaction  
18 of the Temporary Receiver that such persons are not  
19 removing from the premises documents or assets of the  
20 Receivership Defendant.

21  
22 **XI.**

23 **CONSUMER CREDIT REPORTS**

24 **IT IS FURTHER ORDERED** that pursuant to Section 604(a)(1) of  
25 the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any  
26 consumer reporting agency served with this Order shall promptly  
27 furnish consumer reports as requested concerning Defendant Scott  
28 Ford to counsel for the Commission and to the Temporary Receiver.

**XII.**

**COOPERATION WITH THE TEMPORARY RECEIVER**

**IT IS HEREBY ORDERED** that Named Defendants shall fully cooperate with and assist the Temporary Receiver in the exercise of his duties.

A. The Named Defendants' cooperation and assistance shall include, but not be limited to:

1. providing any information to the Temporary Receiver that the Temporary Receiver deems necessary to exercising the authority and discharging the responsibilities of the Temporary Receiver under this Order;
2. providing any password required to access any computer or electronic files in any medium; and
3. advising all persons who owe money to the Receivership Defendant that all debts should be paid directly to the Temporary Receiver.

B. The Named Defendants are hereby restrained and enjoined from directly or indirectly:

1. Transacting any of the business of the Receivership Defendant;
2. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of the Receivership Defendant, including, but not limited to, books, records, accounts, or any other papers of any kind or nature;
3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or

1 otherwise disposing of any assets owned,  
2 controlled, or in the possession or custody of, or  
3 in which an interest is held or claimed by, the  
4 Receivership Defendant, or the Temporary Receiver;

5 4. Excusing debts owed to the Receivership Defendant;

6 5. Failing to notify the Temporary Receiver of any  
7 asset, including accounts of the Receivership  
8 Defendant held in any name other than the name of  
9 the Receivership Defendant, or by any person or  
10 entity other than the Receivership Defendant, or  
11 failing to provide any assistance or information  
12 requested by the Temporary Receiver in connection  
13 with obtaining possession, custody, or control of  
14 such assets;

15 6. Doing any act or refraining from any act  
16 whatsoever to interfere with the Temporary  
17 Receiver's taking custody, control, possession, or  
18 managing of the assets or documents subject to  
19 this receivership; or to harass or interfere with  
20 the Temporary Receiver in any way; or to interfere  
21 in any manner with the exclusive jurisdiction of  
22 this Court over the assets or documents of the  
23 Receivership Defendant; or

24 7. Refusing to cooperate with the Temporary Receiver  
25 or the Temporary Receiver's duly authorized agents  
26 in the exercise of their duties or authority under  
27 any Order of this Court.

1 XIII.

2 DELIVERY OF RECEIVERSHIP PROPERTY

3 IT IS FURTHER ORDERED THAT:

4 A. Immediately upon service of this Order upon them, or  
5 within a period permitted by the Temporary Receiver,  
6 Defendants or any other person or entity, including but  
7 not limited to banks and brokerages, shall transfer or  
8 deliver possession, custody, and control of the  
9 following to the Temporary Receiver:

- 10 1. All assets of the Receivership Defendant;  
11 2. All documents of the Receivership Defendant,  
12 including, but not limited to, books and records  
13 of accounts, all financial and accounting records,  
14 balance sheets, income statements, bank records  
15 (including monthly statements, canceled checks,  
16 records of wire transfers, and check registers),  
17 client lists, title documents and other papers;  
18 3. All assets belonging to members of the public now  
19 held by the Receivership Defendant; and  
20 4. All keys and codes necessary to gain or to secure  
21 access to any assets or documents of the  
22 Receivership Defendant, including, but not limited  
23 to, access to their business premises, means of  
24 communication, accounts, computer systems, or  
25 other property.

26 B. In the event any person or entity fails to deliver or  
27 transfer any asset or otherwise fails to comply with  
28 any provision of this Paragraph, the Temporary Receiver

1 may file ex parte an Affidavit of Non-Compliance  
2 regarding the failure. Upon filing of the affidavit,  
3 the Court may authorize, without additional process or  
4 demand, Writs of Possession or Sequestration or other  
5 equitable writs requested by the Temporary Receiver.  
6 The writs shall authorize and direct the United States  
7 Marshal or any sheriff or deputy sheriff of any county  
8 (pursuant to Fed. R. Civ. P. 4(c)(1) and Local Rule  
9 4.1) to seize the asset, document, or other thing and  
10 to deliver it to the Temporary Receiver.

#### 11 12 **XIV.**

#### 13 **BANKRUPTCY PETITIONS**

14 **IT IS FURTHER ORDERED** that, in light of the appointment of the  
15 Temporary Receiver, the Named Defendants are hereby prohibited  
16 from filing, or causing to be filed, a petition for relief under  
17 the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.,  
18 without prior permission from this Court.

#### 19 20 **XV.**

#### 21 **TRANSFER OF FUNDS TO THE RECEIVER**

22 **IT IS FURTHER ORDERED** that, upon service of a copy of this Order,  
23 all banks, broker-dealers, savings and loans, escrow agents,  
24 title companies, commodity trading companies, or other financial  
25 institutions shall cooperate with all reasonable requests of the  
26 Temporary Receiver relating to implementation of this Order,  
27 including transferring funds at his direction and producing  
28 records related to the assets of the Receivership Defendant.

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**XVI.**

**STAY OF ACTIONS**

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

- 13           A.     Commencing, prosecuting, continuing, entering, or  
14                     enforcing any suit or proceeding, except that such  
15                     actions may be filed to toll any applicable statute of  
16                     limitations;
- 17           B.     Accelerating the due date of any obligation or claimed  
18                     obligation; filing or enforcing any lien; taking or  
19                     attempting to take possession, custody, or control of  
20                     any asset; attempting to foreclose, forfeit, alter, or  
21                     terminate any interest in any asset, whether such acts  
22                     are part of a judicial proceeding, are acts of self-  
23                     help, or otherwise;
- 24           C.     Executing, issuing, serving, or causing the execution,  
25                     issuance or service of, any legal process, including,  
26                     but not limited to, attachments, garnishments,  
27                     subpoenas, writs of replevin, writs of execution, or  
28                     any other form of process whether specified in this



1 Order or not; or

2 D. Doing any act or thing whatsoever to interfere with the  
3 Temporary Receiver taking custody, control, possession,  
4 or management of the assets or documents subject to  
5 this receivership, or to harass or interfere with the  
6 Temporary Receiver in any way, or to interfere in any  
7 manner with the exclusive jurisdiction of this Court  
8 over the assets or documents of the Receivership  
9 Defendant;

10 E. Except that this paragraph shall not stay:

- 11 1. The commencement or continuation of a criminal  
12 action or proceeding;
- 13 2. The commencement or continuation of an action or  
14 proceeding by a governmental unit to enforce such  
15 governmental unit's police or regulatory power;
- 16 3. The enforcement of a judgment, other than a money  
17 judgment, obtained in an action or proceeding by a  
18 governmental unit to enforce such governmental  
19 unit's police or regulatory power;
- 20 4. The commencement of any action by the Secretary of  
21 the United States Department of Housing and Urban  
22 Development to foreclose a mortgage or deed of  
23 trust in any case in which the mortgage or deed of  
24 trust held by the Secretary is insured or was  
25 formerly insured under the National Housing Act  
26 and covers property, or combinations of property,  
27 consisting of five or more living units; or
- 28 5. The issuance to a Receivership Defendant of a

1 notice of tax deficiency.

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

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11 **XVII.**

12 **COMPENSATION OF TEMPORARY RECEIVER**

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

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1 **XVIII.**

2 **RECEIVER'S BOND**

3 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with  
4 the Clerk of this Court a bond in the sum of \_\_\_\_\_ with  
5 sureties to be approved by the Court, conditioned that the  
6 Temporary Receiver will well and truly perform the duties of the  
7 office and abide by and perform all acts the Court directs.

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9 **XIX.**

10 **SERVICE OF ORDER**

11 **IT IS FURTHER ORDERED** that the Commission shall serve a copy of  
12 this Order upon the Named Defendants in accordance with Rule 4 of  
13 the Federal Rules of Civil Procedure, or in any manner provided  
14 by law on or before \_\_\_\_\_, to be deemed good  
15 and sufficient service and notice of the hearing on the Order to  
16 Show Cause Re Preliminary Injunction. The Commission shall  
17 notify the Court seventy-two hours prior to the Hearing on the  
18 Preliminary Injunction as to which, if any, of the Named  
19 Defendants have not been served.

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21 **XX.**

22 **SERVICE ON FINANCIAL INSTITUTIONS**

23 **IT IS FURTHER ORDERED** that copies of this Order may be served by  
24 any means, including facsimile transmission, upon any financial  
25 institution or other entity or person that may have possession,  
26 custody, or control of any documents or assets of any of the  
27 Named Defendants, or that may otherwise be subject to any  
28 provision of this Order. Service upon any branch or office of

1 any financial institution shall effect service upon the entire  
2 financial institution. For purposes of service on anyone in  
3 possession of records, assets, property, or property rights,  
4 actual notice of this Order shall be deemed complete upon service  
5 of pages 1-36 of this Order (with Attachment 1 only).  
6

7 **XXI.**

8 **RETENTION OF ASSETS AND RECORDS**

9 **IT IS FURTHER ORDERED** that, pending determination of the  
10 Commission's request for a preliminary injunction, any bank,  
11 savings and loan institution, credit union, financial  
12 institution, brokerage house, escrow agent, money market or  
13 mutual fund, title company, commodity trading company, common  
14 carrier, storage company, trustee, commercial mail receiving  
15 agency, mail holding or forwarding company, or any other  
16 partnership, corporation, or legal entity, business entity, or  
17 person, including but not limited to, Union Bank, Charter Pacific  
18 Bank, Humboldt Bank, First Regional Bank, American Express, and  
19 Novus (Discover), that holds, controls or maintains custody of  
20 any account or asset belonging to or titled in the name of any  
21 Named Defendant, or to which they are a signatory, or which is  
22 held on behalf of, or for the benefit of, any Named Defendant,  
23 individually or jointly, or that has held, controlled or  
24 maintained custody of any such account or asset at any time since  
25 September 1, 1999, shall:

- 26 A. Prohibit the Named Defendants and their agents,  
27 servants, employees, attorneys, and all persons or  
28 entities directly or indirectly under their control, or

1 in common control with them, from withdrawing,  
2 removing, assigning, transferring, pledging,  
3 encumbering, disbursing, dissipating, converting,  
4 selling, or otherwise disposing of any such account or  
5 asset except:

- 6 1. as directed by further order of the Court;
- 7 2. for specific transfers authorized in writing by  
8 counsel for the Commission; or
- 9 3. as directed by the Temporary Receiver (regarding  
10 assets held in the name or for the benefit of the  
11 Receivership Defendant);

12 B. Deny Defendants, unless accompanied by counsel for the  
13 Federal Trade Commission, access to any safe deposit  
14 box that is:

- 15 1. titled in the name of Named Defendants, or their  
16 affiliates or subsidiaries, either individually or  
17 jointly; or
- 18 2. otherwise subject to access by Named Defendants,  
19 or their affiliates or subsidiaries;

20 C. Provide counsel for the Commission and the Temporary  
21 Receiver within three (3) business days of receiving a  
22 copy of this Order, a sworn statement setting forth:

- 23 1. the identification number of each such account or  
24 asset titled in the name, individually or jointly,  
25 of Named Defendants, or their corporations,  
26 affiliates or subsidiaries, or held on behalf of,  
27 or for the benefit of, any such Named Defendant,  
28 including but not limited to accounts or assets

- 1 held in the names Scott Ford, Western United  
2 Service Corporation, or Titan Business Solutions;  
3 2. the balance of each such account, or a description  
4 of the nature and value of such asset as of the  
5 time this Order is served, and, if the account or  
6 other asset has been closed or removed, the date  
7 closed or removed, the total funds removed in  
8 order to close the account, and the name of the  
9 person or entity to whom such account or other  
10 asset was remitted; and  
11 3. the identification of any safe deposit box that is  
12 either titled in the name, individually or  
13 jointly, of, Named Defendants, or their  
14 corporations, affiliates or subsidiaries,  
15 including but not limited to Scott Ford, Western  
16 United Service Corporation, or Titan Business  
17 Solutions, or is otherwise subject to access by  
18 any such Defendant;

19 D. Upon the request by the Temporary Receiver or the  
20 Commission, promptly provide the Temporary Receiver and  
21 the Commission with copies of all records or other  
22 documentation pertaining to such account or asset,  
23 including but not limited to originals or copies of  
24 account applications, account statements, signature  
25 cards, checks, drafts, deposit tickets, transfers to  
26 and from the accounts, all other debit and credit  
27 instruments or slips, currency transaction reports,  
28 1099 forms, and safe deposit box logs; and

1 E. Cooperate with all reasonable requests of the Temporary  
2 Receiver relating to implementation of this Order,  
3 including transferring funds at the Temporary  
4 Receiver's direction and producing records related to  
5 the accounts of the Receivership Defendant.  
6

7 **XXII.**

8 **EXPEDITED DISCOVERY**

9 **IT IS FURTHER ORDERED** that the Commission and the Temporary  
10 Receiver are granted leave at any time after service of this  
11 Order to:

- 12 A. take the deposition of any person or entity, including  
13 without limitation for the purpose of discovering the  
14 nature, location, status, and extent of assets of the  
15 Named Defendants, or their affiliates or subsidiaries  
16 and the nature and location of documents reflecting the  
17 business transactions of these Defendants,  
18 B. demand the production of documents from any person or  
19 entity relating to the nature, status, and extent of  
20 these Defendants' assets, and the location of documents  
21 reflecting the business transactions of these  
22 Defendants.

23 Thirty-six (36) hours notice shall be deemed sufficient for any  
24 such deposition and forty-eight (48) hours notice shall be deemed  
25 sufficient for the production of any such documents. The  
26 limitations and conditions set forth in Fed. R. Civ. P.  
27 30(a)(2)(B) and 31(a)(2)(B) regarding subsequent depositions of  
28 an individual shall not apply to depositions taken pursuant to

1 this paragraph. Any such depositions taken pursuant to this  
2 paragraph shall not be counted toward the ten deposition limit  
3 set forth in Fed. R. Civ. P. 30(a)(2)(A) and 31(a)(2)(A). Service  
4 of discovery upon a party, taken pursuant to this paragraph,  
5 shall be sufficient if made by facsimile or by overnight  
6 delivery.

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8 **XXIII.**

9 **SERVICE OF PLEADINGS**

10 **IT IS FURTHER ORDERED** that the Commission may serve and file a  
11 supplemental memorandum of points and authorities based on  
12 evidence discovered subsequent to the filing of its Complaint by  
13 no later than 5:00 p.m. (PT) of the third business day prior to  
14 the preliminary injunction hearing. Named Defendants shall serve  
15 all memoranda, affidavits and other evidence on which they intend  
16 to rely at the preliminary injunction hearing set in this matter  
17 not later than 5:00 p.m. (PT) of the third business day prior to  
18 the hearing date. Service on the Commission shall be performed  
19 by personal delivery to counsel for the Federal Trade Commission,  
20 10877 Wilshire Blvd., Suite 700, Los Angeles, California 90024,  
21 or by facsimile transmission to (310) 824-4380. The Commission  
22 shall serve any reply memoranda, affidavits and other evidence on  
23 all Named Defendants who have been served, or their counsel, by  
24 personal delivery or by facsimile, no later than 5:00 p.m. of the  
25 second business day prior to the hearing date.

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