

**UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

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FEDERAL TRADE COMMISSION,	)
	)
Plaintiff,	)
	)
v.	)
	)
MISTY STAFFORD, individually and d/b/a	)
National Home Assemblers;	)
and	)
	)
WILLIAM R. STAFFORD,	)
	)
Defendants.	)

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**STIPULATED PRELIMINARY INJUNCTION WITH ASSET FREEZE,  
ACCOUNTING AND  
APPOINTMENT OF PERMANENT RECEIVER**

On February 1, 2005, Plaintiff Federal Trade Commission (“Commission”) having filed its complaint for a permanent injunction and other relief, including consumer redress, pursuant to Section 13(b) of the Federal Trade Commission Act

(“FTC Act”), 15 U.S.C. § 53(b). That same day the Court entered an *ex parte* temporary restraining order pursuant to Rule 65 of the Federal Rules of Civil Procedure. The matter is now before the Court pursuant to the Order to Show Cause provision of the temporary restraining order. The parties having met and discussed the terms of this Stipulated Preliminary Injunction With Asset Freeze, Accounting and Appointment of Permanent Receiver, hereby agree to the following terms and conditions:

1. This Court has jurisdiction of the subject matter of this case and there is good cause to believe it will have jurisdiction of all parties hereto.

2. All parties, represented by counsel, have agreed to the terms of this Stipulated Preliminary Injunction.

3. The Defendants are entering into this Stipulated Preliminary Injunction without in any way admitting liability for any allegations in the Complaint.

4. The Plaintiff is entering into this Stipulated Preliminary Injunction without in any way admitting any of the defenses raised by the Defendants are valid.

## DEFINITIONS

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

1. **“Defendants”** means Misty Stafford individually and doing business as National Home Assemblers, and William R. Stafford, and each of them, by whatever names each may be known.

2. **“Receivership Defendant”** means the following: 1) the offices of National Home Assemblers at 38A Coryland Road, and all related documents, records, fixtures, and equipment; 2) the house, property and all fixtures and furnishings owned by Misty Stafford at RR 4, Box 121, Gillett, PA; 3) and all accounts held by the following financial institutions: Merrill Lynch, First Citizens National Bank, and Elmira Savings Bank. The following assets are expressly excluded from the Receivership Defendant but are subject to the asset freeze contained in this preliminary injunction: the property at RR2, Box 1340, Gillett, PA; the duplex at 22-24 Cherry Street, Lawrenceville, PA; and the 2001 Itasca Sun cruiser recreational vehicle.

3. **“Person”** means a natural person, organization or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity.

3. The terms “**and**” and “**or**” shall be construed conjunctively or disjunctively as necessary, and to make the applicable phrase or sentence inclusive rather than exclusive.

**I.**

**PROHIBITED MISREPRESENTATIONS**

**IT IS THEREFORE ORDERED** that, in connection with the advertising, marketing, offering for sale, or sale of any good or service, defendants and their successors, assigns, officers, agents, servants, employees, attorneys and those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division or other device, are hereby temporarily restrained and enjoined from making, expressly or by implication, any representation that is false or misleading, including but not limited to misrepresenting in any manner that:

A. Persons who perform at-home assembly work for defendants are likely to earn substantial sums of money, including up to \$800 per week or \$3200 per month;

B. Assembling products to defendants’ standards is simple and requires no special skills.

## II.

### ASSET FREEZE

**IT IS FURTHER ORDERED** that defendants, their agents, employees, officers, independent contractors, attorneys, successors and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and persons or entities directly or indirectly under the control of any defendant or under common control with any defendant, are hereby restrained and enjoined, until further order of this Court, from:

A. Transferring, encumbering, concealing, removing, selling, incurring charges or cash advances on any credit card, or otherwise disposing of any funds, property, contracts, shares of stock or other assets of any kind, wherever located, that are:

1. Owned or controlled, in whole or in part, by any defendant;
2. In the actual or constructive possession of any defendant;
3. Held by an agent of any defendant as a retainer for the agent's provision of services to any defendant; or
4. Owned by, controlled by or in the actual or constructive possession of, or otherwise held for the benefit of, any entity or business directly or indirectly owned, managed or controlled by any defendant, including, but not

limited to, National Home Assemblers; these assets shall also include, but are not limited to, any assets held by, for or under the name of any defendant or in the name National Home Assemblers at any bank, broker, dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution of any kind.

B. Opening or causing to be opened any safe deposit box titled in the name of any defendant or in the name National Home Assemblers, or subject to access by any defendant;

C. *Provided* that this Paragraph shall be construed to apply to assets that defendants acquire following entry of this Order only if such assets are derived from the marketing or sale of work-at-home jobs or business opportunities or from any activity prohibited by this Order.

### **III.**

#### **FINANCIAL REPORTING**

**IT IS FURTHER ORDERED** that, if defendants have not already done so, within three (3) days of receiving service of this Order, each defendant shall prepare and deliver to the Court, counsel for the Commission, and the Permanent Receiver a completed financial statement on the forms attached to this Order for themselves individually and for each business entity (whether or not incorporated)

under which they conduct business, or of which they are an officer.

#### IV.

#### FINANCIAL INSTITUTIONS

**IT IS FURTHER ORDERED** that any financial or brokerage institution, business entity, or any person having possession, custody or control of any records of any defendant, or of any account, safe deposit box or other asset titled in the name of any defendant, either individually or jointly, held for the benefit of any defendant, or that has maintained any such account, safe deposit box or other asset or record at any time since January 1, 2003, shall:

A. Hold and retain within its control and prohibit the transfer, encumbrance, pledge, assignment, removal, withdrawal, dissipation, sale or other disposal of any such account or other asset, except for transfers or withdrawals directed by the Permanent Receiver or by further Court order;

B. Deny access to any safe deposit box titled individually or jointly in the name of any defendant or otherwise subject to access by any defendant;

C. Provide to counsel for the Commission and the Permanent Receiver, within three (3) business days of notice of this Order, a sworn statement setting forth:

1. The identification of each account, asset or record;

2. The balance of each account or a description of the nature and value of each asset as of the close of business on the day this Order is served and, if the account or asset has been closed or moved, the balance or value removed and the person or entity to whom it was remitted; and

3. The identification of any safe deposit box subject to access by any defendant;

D. Allow Commission representatives immediate access to inspect and copy all records of any defendant and all documents relating to any account, safe deposit box or other asset of any defendant. Alternatively, any financial institution, other entity or person may arrange to deliver to the Commission copies of any records it seeks for a charge not to exceed fifteen cents (15¢) per page copied; and

E. Cooperate with all reasonable requests by the Permanent Receiver relating to implementation of this Order, including transferring funds at the Permanent Receiver's direction and producing records related to the accounts of the Receivership Defendant.



V.

**FOREIGN ASSETS**

**IT IS FURTHER ORDERED** that, if defendants have not already done so, within three (3) business days following service of this Order, defendants and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division or other device, shall:

A. Take such steps as are necessary to repatriate to the territory of the United States of America all assets held by or for the benefit of any defendant, or under the direct or indirect control of any defendant, jointly or singly, which were transferred outside of the territory of the United States; and

B. Thereafter hold and retain any such assets within their control and otherwise prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds.

## VI.

### RECORD KEEPING

**IT IS FURTHER ORDERED** that defendants, their successors, assigns, officers, agents, servants, employees and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division or other device, are hereby temporarily restrained and enjoined from:

A. Failing to create and maintain books, records, accounts and data which in reasonable detail, accurately, fairly and completely reflect their incomes, disbursements, transactions and use of monies; and

B. Destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of in any manner, directly or indirectly, any contracts, accounting data, correspondence, advertisements, computer tapes, discs or other computerized records, books, written or printed records, handwritten notes, telephone logs, telephone scripts, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, copies of federal, state or local business or personal income or property tax returns and other documents or records of any kind which relate to defendants' business practices or business or personal finances from January 1, 2003, forward.

## VII.

### NOTICE

**IT IS FURTHER ORDERED** that each defendant shall immediately provide a copy of this Order to each of his/her affiliates, franchises, subsidiaries, divisions, successors, assigns, directors, officers, managing agents, employees, representatives and independent contractors and shall, within three (3) business days from the date of service of this Order, serve on plaintiff affidavits identifying the names, titles, addresses and telephone numbers of the persons and entities whom they have served pursuant to this provision. The Permanent Receiver has no obligation under this provision.

**IT IS FURTHER ORDERED** that each defendant shall notify the Commission at least seven (7) days prior to any discontinuance of his/her present business or employment and of his/her affiliation with any new or previously inactive business or employment. Each notice shall include said defendant's new business address and a statement of the nature of the new business or employment and of his/her duties and responsibilities in connection with that business or employment.

## VIII.

### APPOINTMENT OF PERMANENT RECEIVER

**IT IS FURTHER ORDERED** that Edward G. Phillips of the firm  
Paente Randolph LLC  
is appointed Permanent Receiver for the business activities and assets of defendant Misty Stafford doing business as National Home Assemblers (“Receivership Defendant”) with the full power of an equity receiver. The Permanent Receiver shall be the agent of this Court and solely the agent of this Court in acting as receiver under this Order. The Permanent Receiver shall be accountable directly to this Court. The Permanent Receiver shall comply with all Local Rules of this Court governing receivers.

## IX.

### DUTIES OF PERMANENT RECEIVER

**IT IS FURTHER ORDERED** that the Permanent Receiver is directed and authorized to do the following:

A. Assume full control of the business activities of the Receivership Defendant by removing, as the Permanent Receiver deems necessary or advisable, any defendant, manager, independent contractor, employee, or agent of any defendant from control of, management of, or participation in, the affairs of the Receivership Defendant.

B. Take exclusive custody, control and possession of all assets and documents of, or in the possession, custody, or under the control of, the Receivership Defendant. The Permanent Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold, and manage all assets and documents of the Receivership Defendant and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of the Receivership Defendant. *Provided, however,* the Permanent Receiver shall not attempt to collect any amount from a consumer if the Permanent Receiver believes the consumer was a victim of the unfair or deceptive acts or practices alleged in the Complaint in this matter;

C. Take control of all premises of the Receivership Defendant, including but not limited to all such premises located on Coryland Road, Columbia Cross Roads, Pennsylvania; *provided, however,* that the Permanent Receiver shall not take custody of the premises of the primary abode of defendant Misty Stafford;

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

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

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

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

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

I. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order;

J. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that the Permanent Receiver deems necessary and advisable to preserve or recover the assets of the Receivership Defendant or that the Permanent Receiver deems necessary and

advisable to carry out the Permanent Receiver's mandate under this Order;

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

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

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

N. Open one or more bank accounts as designated depositories for funds of the Receivership Defendant. The Permanent Receiver shall deposit all funds of

the Receivership Defendant in such a designated account and shall make all payments and disbursements from the receivership estate from such an account; and

P. Maintain accurate records of all receipts and expenditures that he makes as Permanent Receiver.

**IT IS FURTHER ORDERED** that the Permanent Receiver shall be compensated for services rendered to the receivership estate from the receivership estate during the pendency of the case. Prior to paying any compensation, the Permanent Receiver shall file and serve upon all parties a request with the Court, outlining the services rendered and the related fees and expenses. Defendants shall have no right to object to such request. The Permanent Receiver shall not pay any compensation except upon order of the Court.

**X.**

**DELIVERY OF RECEIVERSHIP PROPERTY**

**IT IS FURTHER ORDERED** that, immediately upon service of this Order upon her, or within a period permitted by the Permanent Receiver, defendant Misty Stafford or any other person or entity shall transfer or deliver possession, custody, and control of the following to the Permanent Receiver:

A. All of the Receivership Defendant's funds, assets, property owned



beneficially or otherwise, and all other assets, wherever situated;

B. All of the Receivership Defendant's books and records of accounts, financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers and check registers), consumer lists, title documents and other papers; and

C. All funds and other assets belonging to members of the public that are now held by the Receivership Defendant; and

D. All keys and codes necessary to gain or to secure access to any assets or documents of the Receivership Defendant, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

*Provided, however,* that this Paragraph shall not be construed to require anyone to transfer or deliver possession, custody, and control of assets or documents not used for business operations conducted under the name of National Home Assemblers.

**IT IS FURTHER ORDERED** that defendants and their officers, directors, employees, and agents shall fully cooperate with and assist the Permanent Receiver, and are hereby restrained and enjoined from directly or indirectly hindering or obstructing the Permanent Receiver in any manner.

**XI.**

**CREDIT REPORTS**

**IT IS FURTHER ORDERED**, pursuant to Section 604 of the Fair Credit Reporting Act, 15 U.S.C. § 1681b, that any credit reporting agency may furnish the Commission with a credit report concerning any defendant.

**XII.**

**MONITORING**

**IT IS FURTHER ORDERED** that agents or representatives of the Commission may contact defendants or their agents or representatives directly and anonymously for the purpose of monitoring compliance with Paragraph I of this Order, and may tape record any oral communications that occur in the course of such contacts.

**XIII.**

**CORRESPONDENCE**

For the purposes of this Order, all correspondence and service of pleadings on plaintiff shall be addressed to:

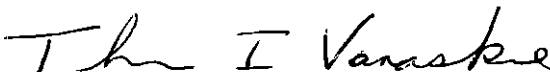
**JONATHAN L. KESSLER, Esq.**  
Federal Trade Commission  
East Central Region  
Eaton Center, Suite 200  
1111 Superior Avenue  
Cleveland, Ohio 44114-2507  
Phone (216) 263-3455 / Fax (216) 263-3426

**XIV.**


**JURISDICTION**

**IT IS FURTHER ORDERED** that this Court retains jurisdiction of this matter for all purposes.

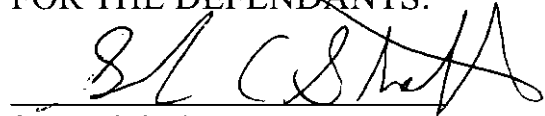
**SO ORDERED**, this 14<sup>th</sup> day of February, 2005.

  
\_\_\_\_\_  
United States District Judge


FOR THE PLAINTIFF:

  
Jonathan L. Kessler, Esq.  
Federal Trade Commission  
1111 Superior Avenue, Suite 200  
Cleveland, Ohio 44114-2507

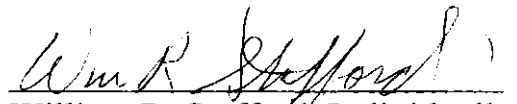
FOR THE DEFENDANTS:



Samuel C. Stretton, Esq.  
Attorney for Defendants  
301 S. High Street, P.O. Box 3231  
West Chester, PA 19381

 2/10/05

Misty Stafford, Individually and  
doing business as National Home Assemblers

  
William R. Stafford, Individually