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11  
 12 **UNITED STATES DISTRICT COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
 13 **WESTERN DIVISION**

14 FEDERAL TRADE COMMISSION,  
 15 Plaintiff,  
 16 v.

17 JORDAN MAXWELL, also known as )  
 RUSSELL PINE, individually and )  
 18 doing business as BBOA aka )  
 BBC OF AMERICA aka BETTER BOOKS AND )  
 19 CASSETTES OF AMERICA; and )  
 VIC VARJABEDIAN aka VICTOR )  
 20 VARJABEDIAN aka VAROUJ VARJABEDIAN, )  
 individually. )  
 21 )  
 22 Defendants. )

Civil Action No. 03-0128

NM(CW)

~~[PROPOSED]~~  
**TEMPORARY RESTRAINING  
 ORDER WITH ASSET FREEZE,  
 APPOINTMENT OF A TEMPORARY  
 RECEIVER, ORDER PERMITTING  
 EXPEDITED DISCOVERY, AND  
 ORDER TO SHOW CAUSE WHY A  
 PRELIMINARY INJUNCTION  
 SHOULD NOT ISSUE**

24 Plaintiff Federal Trade Commission ("FTC"), has filed a  
 25 Complaint seeking a permanent injunction and other relief, pursuant  
 26 to Section 13(b) of the Federal Trade Commission Act ("FTC Act"),  
 27 U.S.C. § 53(b), and an ex parte motion for a temporary restraining  
 28 order with an asset freeze, appointment of a temporary receiver,

1 expedited discovery, and other equitable relief, pursuant to Rule  
2 65(b) of the Federal Rules of Civil Procedure and Local Rules 7-19  
3 and 65-1, and the Court having considered the Complaint,  
4 declarations, exhibits, and memorandum of points and authorities  
5 filed in support of the Plaintiff's motion, finds that:

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

9 2. There is good cause to believe that Defendants Jordan  
10 Maxwell, also known as Russell Pine, individually and doing business  
11 as BBCOA, aka BBC of America, aka Better Books and Cassettes of  
12 America; and Vic Varjabedian, aka Victor Varjabedian, aka Varouj  
13 Varjabedian, have engaged and are likely to continue to engage in  
14 acts or practices that violate Sections 5(a) and 19 of the FTC Act,  
15 15 U.S.C. §§ 45(a), 57(b) and Sections 404(a)-(b) and Section 405(a)  
16 of the Credit Repair Organizations Act ("CROA"), 15 U.S.C. §§ 1679b  
17 and 1679c, including, but not limited to, the misrepresentations and  
18 CROA violations set forth below, and that the FTC is therefore likely  
19 to prevail on the merits of this action;

20 3. There is good cause to believe that immediate and  
21 irreparable harm will result from Defendants' ongoing violations of  
22 Sections 5(a) and 19 of the FTC Act and Sections 404(a)-(b) and  
23 Section 405(a) of CROA, 15 U.S.C. §§ 1679b and 1679c, unless  
24 Defendants are restrained and enjoined by order of this Court;

25 4. There is good cause to believe that immediate and  
26 irreparable damage to the Court's ability to grant effective final  
27 relief in the form of consumer redress and disgorgement will occur  
28 from the transfer, dissipation or concealment by Defendants of their

1 assets or business records unless Defendants are immediately  
2 restrained and enjoined by order of this Court, and that in  
3 accordance with Fed. R. Civ. P. 65(b), the interest of justice  
4 requires that the FTC's Motion be heard *ex parte* without prior notice  
5 to Defendants;

6 5. Good cause exists for ordering an asset freeze, for  
7 appointing a temporary receiver over Defendants' business, as set  
8 forth herein, and for permitting the FTC to take expedited discovery;

9 6. Weighing the equities and considering the FTC's likelihood  
10 of ultimate success, a temporary restraining order with an asset  
11 freeze, appointment of a temporary receiver, expedited discovery as  
12 to the existence and location of assets and documents, and other  
13 equitable relief, is in the public interest;

14 7. No security is required of any agency of the United States  
15 for issuance of a restraining order. Fed. R. Civ. P. 65(c); and

16 8. This temporary restraining order is in the public interest.

17 **DEFINITIONS**

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

20 1. **"Defendants"** means Jordan Maxwell, also known as Russell  
21 Pine, individually and doing business as BBCOA, aka BBC of America,  
22 aka Better Books and Cassettes of America; and Vic Varjabedian, aka  
23 Victor Varjabedian, aka Varouj Varjabedian, and each of them, by  
24 whatever names each may be known.

25 2. **"Document(s)"** or **"record(s)"** is synonymous in meaning and  
26 equal in scope to the usage of the term in Federal Rule of Civil  
27 Procedure 34(a) and means:

28 //

1 A. The original or a true copy of any written, typed,  
2 printed, electronically stored, transcribed, taped, recorded, filmed,  
3 punched, or graphic matter or other data compilations of any kind,  
4 including, but not limited to, letters, e-mail or other  
5 correspondence, messages, memoranda, interoffice communications,  
6 notes, reports, summaries, manuals, magnetic tapes or discs,  
7 tabulations, books, records, checks, invoices, work papers, journals,  
8 ledgers, statements, returns, reports, schedules, or files; and

9 B. Any information stored on any desktop personal  
10 computer ("PC") and workstations, laptops, notebooks, and other  
11 portable computers, whether assigned to individuals or in pools of  
12 computers available for shared use; and home computers used for work-  
13 related purposes; backup disks and tapes, archive disks and tapes,  
14 and other forms of offline storage, whether stored onsite with the  
15 computer used to generate them, stored offsite in another company  
16 facility or stored offsite by a third-party, such as in a disaster  
17 recovery center; and computers and related offline storage used by  
18 Defendants' participating associates, which may include persons who  
19 are not employees of the company or who do not work on company  
20 premises.

21 3. "Assets" means any legal or equitable interest in, right  
22 to, or claim to, any real and personal property, including but not  
23 limited to chattels, goods, instruments, equipment, fixtures, general  
24 intangibles, effects, leaseholds, mail or other deliveries,  
25 inventory, checks, notes, accounts, credits, receivables, funds,  
26 monies, and all cash, wherever located, and shall include both  
27 existing assets and assets acquired after the date of entry of this  
28 Order.

1           4.    **"Financial Institution"** means any bank, savings and loan  
2 institution, credit union, or any financial depository of any kind,  
3 including but not limited to any brokerage house, trustee, broker-  
4 dealer, escrow agent, title company, commodity trading company, or  
5 precious metal dealer.

6           5.    **"International Driving Permit"** means any document called an  
7 international driving permit, international driver's permit,  
8 international driver's license, or any variation thereof.

9           6.    **"Credit Repair Organization"** means any person who uses any  
10 instrumentality of interstate commerce or the mails to sell, provide,  
11 or perform (or represent that such person can or will sell, provide,  
12 or perform) any service, in return for the payment of money or other  
13 valuable consideration, for the express or implied purpose of (1)  
14 improving any consumer's credit record, credit history, or credit  
15 rating; or (2) providing advice or assistance to any consumer with  
16 regard to any activity or service the purpose of which is to improve  
17 a consumer's credit record, credit history, or credit rating. See 15  
18 U.S.C. § 1679a(3).

19           7.    **"Credit Repair Service"** means any service, in return for  
20 the payment of money or other valuable consideration, for the express  
21 or implied purpose of (1) improving any consumer's credit record,  
22 credit history, or credit rating; or (2) providing advice or  
23 assistance to any consumer with regard to any activity or service the  
24 purpose of which is to improve a consumer's credit record, credit  
25 history, or credit rating.

26           8.    **"Material"** means likely to affect a person's choice of, or  
27 conduct regarding, goods or services.

28

1 9. "Customer" means any person who is, has been, or may be  
2 required to pay for goods or services offered for sale or sold by  
3 Defendants.

4 10. "Person" means a natural person, an organization or other  
5 legal entity, including a corporation, partnership, sole  
6 proprietorship, limited liability company, association, cooperative,  
7 or any other group or combination acting as an entity.

8 11. "Plaintiff" means the Federal Trade Commission.

9 **I. PROHIBITED BUSINESS ACTIVITIES**

10 **IT IS THEREFORE ORDERED** that Defendants and their officers,  
11 agents, servants, employees, and attorneys, and those persons in  
12 active concert or participation with Defendants who receive actual  
13 notice of this Order by personal service or otherwise, and each of  
14 them, are hereby temporarily restrained and enjoined from:

15 A. Making, or assisting others in making, directly or by  
16 implication, any false or misleading oral or written statement or  
17 representation in connection with the advertising, marketing,  
18 promotion, offering for sale, distribution, or sale of any  
19 international driving permit, credit repair service, or debt  
20 termination product, program, or service, including but not limited  
21 to:

22 1. Misrepresenting, directly or by implication, that any  
23 international driving permit authorizes consumers to drive legally in  
24 the United States or any other country;

25 2. Misrepresenting, directly or by implication, that  
26 consumers who purchase any international driving permit may use it to  
27 avoid points for traffic violations;

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1           3. Misrepresenting, directly or by implication, that  
2 consumers who purchase any international driving permit may use it to  
3 avoid sanctions for driving with a suspended or revoked government-  
4 issued driver's license;

5           4. Misrepresenting, directly or by implication, that any  
6 international driving permit can be used in the United States or any  
7 other country as an identification document in the same ways a person  
8 can use a government-issued photo identification document;

9           5. Misrepresenting, directly or by implication, any other  
10 fact material to a consumer's decision to purchase any international  
11 driving permit, credit repair service, or debt termination product,  
12 program, or service;

13           6. Misrepresenting, directly or by implication, that  
14 Defendants can improve substantially consumers' credit reports or  
15 profiles by permanently removing bankruptcies, late payments,  
16 foreclosures, and other negative information from consumers' credit  
17 reports, even where such information is accurate and not obsolete;  
18 and

19           7. Misrepresenting, directly or by implication, that  
20 Defendants can legally terminate consumers' credit card or loan debt;  
21 and

22           B. Violating any provision of the Credit Repair Organizations  
23 Act, 15 U.S.C. §§ 1679, et seq., including but not limited to, the  
24 following:

25           1. Charging or receiving money or other valuable  
26 consideration for the performance of services that the credit repair  
27 organization has agreed to perform before such services are fully  
28 performed;





1 are:

2 1. in the actual or constructive possession of any  
3 Defendant; or

4 2. owned or controlled by, or held, in whole or in part  
5 for the benefit of, or subject to access by, or belonging to, any  
6 Defendant; or

7 3. in the actual or constructive possession of, or owned  
8 or controlled by, or subject to access by, or belonging to, any  
9 corporation, partnership, trust or any other entity directly or  
10 indirectly owned, managed, or controlled by, or under common control  
11 with, any Defendant, including, but not limited to, any assets held  
12 by or for any Defendant at any bank or savings and loan institution,  
13 or with any broker-dealer, escrow agent, title company, commodity  
14 trading company, precious metal dealer, or other financial  
15 institution or depository of any kind including, but not limited to,  
16 assets at the following banks or any branches thereof:

17 a. Cathay Bank.

18 B. Opening or causing to be opened any safe deposit boxes  
19 titled in the name of any Defendant, or subject to access by any  
20 Defendant.

21 C. Incurring charges on any credit card issued in the name,  
22 singly or jointly, of any Defendant.

23 D. Transferring any funds or other assets subject to this  
24 Order for attorneys' fees or living expenses, except from accounts or  
25 other assets identified by prior written notice to the FTC; provided  
26 that no attorneys' fees or living expenses, other than those set  
27 forth in Subsection E of this Section II, and only in accordance with  
28 the procedures set forth in Subsection E of this Section II, shall be

1 paid from funds or other assets subject to this Order until the  
2 financial statements required by Section IV are provided to counsel  
3 for the FTC.

4 E. Notwithstanding the above, any Defendant may pay from his  
5 personal funds reasonable, usual, ordinary, and necessary living  
6 expenses and attorney's fees, not to exceed \$1,000, prior to the  
7 submission of the financial statements required by Section IV. No  
8 such expenses, however, shall be paid from funds subject to this  
9 Order except from cash on the person of any Defendant, or from an  
10 account designated by prior written notice to counsel for the FTC.

11 F. The funds, property and assets affected by this Section  
12 shall include both existing assets and assets acquired after the  
13 effective date of this Order, including without limitation, those  
14 acquired by loan or gift. Defendants shall hold all assets,  
15 including without limitation, payments, loans, and gifts, received  
16 after service of this Order.

17 **III. RETENTION OF ASSETS AND DOCUMENTS BY THIRD PARTIES**

18 **IT IS FURTHER ORDERED** that, pending determination of the FTC's  
19 request for a preliminary injunction, any financial institution, or  
20 any person or other entity served with a copy of this Order shall:

21 A. Hold and retain within such entity's or person's control,  
22 and prohibit the withdrawal, removal, assignment, transfer, pledge,  
23 hypothecation, encumbrance, disbursement, dissipation, conversion,  
24 sale, liquidation, or other disposal of any funds, documents,  
25 property, or other assets held by or under such entity's or person's  
26 control:

27 1. on behalf of, or for the benefit of, any Defendant or  
28 other party subject to Section II above;

1           2.    in any account maintained in the name of, or subject  
2 to withdrawal by, any Defendant or other party subject to Section II  
3 above;

4           3.    that are subject to access or use by, or under the  
5 signatory power of, any Defendant or other party subject to Section  
6 II above;

7        B.    Deny access to any safe deposit boxes that are either:

8           1.    titled in the name, individually or jointly, of any  
9 Defendant or other party subject to Section II above; or

10          2.    subject to access by any Defendant or other party  
11 subject to Section II above.

12        C.    Provide to counsel for the FTC, within three (3) days, a  
13 statement setting forth:

14          1.    the identification of each account or asset titled in  
15 the name, individually or jointly, or held on behalf of, or for the  
16 benefit of, any Defendant or other party subject to Section II above,  
17 whether in whole or in part;

18          2.    the balance of each such account, or a description of  
19 the nature and value of such asset;

20          3.    the identification of any safe deposit box that is  
21 either titled in the name of, individually or jointly, or is  
22 otherwise subject to access or control by, any Defendant or other  
23 party subject to Section II above, whether in whole or in part; and

24          4.    if the account, safe deposit box, or other asset has  
25 been closed or removed, the date closed or removed and the balance on  
26 said date;

27        D.    The accounts subject to this provision include existing  
28 assets and assets deposited after the effective date of this Order.

1 This Section shall not prohibit transfers in accordance with any  
2 provision of this Order, or any further order of the Court;

3 E. The FTC is granted leave, pursuant to Fed. R. Civ. P. 45,  
4 to subpoena documents immediately from any such financial  
5 institution, account custodian, or other entity concerning the  
6 nature, location, status, and extent of Defendants' assets, and  
7 compliance with this Order, and such financial institution, account  
8 custodian or other entity shall respond to such subpoena within five  
9 (5) business days after service; and

10 F. Cooperate with all reasonable requests of the temporary  
11 receiver relating to implementation of this Order, including the  
12 transferring of funds.

13 **IV. FINANCIAL STATEMENTS**

14 **IT IS FURTHER ORDERED** that at least three (3) days prior to the  
15 preliminary injunction hearing in this matter, and in no event later  
16 than ten (10) calendar days after entry of this Order, each Defendant  
17 shall provide to counsel for the Commission:

18 A. A completed financial statement accurate as of the date of  
19 service of this Order upon such Defendant, in the form provided as  
20 **Attachment A** for individuals and **Attachment B** for businesses.  
21 Attachments A and B are the Department of Treasury - Internal Revenue  
22 Service Collection Information Statement for Individuals (Form 433-  
23 A), and the corresponding Collection Information Statement for  
24 Businesses (Form 433 - B), which can also be found at  
25 [www.taxes.com/IRS\\_Forms\\_433A\\_and\\_433B.htm](http://www.taxes.com/IRS_Forms_433A_and_433B.htm); and

26 B. A completed statement, verified under oath, of all  
27 payments, transfers, or assignments of funds, assets, or property  
28 worth \$1,000 or more since January 1, 2002. Such statement shall

1 include: (a) the amount transferred or assigned; (b) the name of each  
2 transferee or assignee; (c) the date of the assignment or transfer;  
3 (d) the type and amount of consideration paid by or to the Defendant.  
4 Each statement shall specify the name and address of each financial  
5 institution and brokerage firm at which the Defendant has accounts or  
6 safe deposit boxes. Said statements shall include assets held in  
7 foreign as well as domestic accounts.

8 **V. REPATRIATION OF FOREIGN ASSETS**

9 **IT IS FURTHER ORDERED** that, within five (5) business days  
10 following the service of this Order, Defendants shall:

11 A. Provide the FTC with a full accounting of all assets,  
12 accounts or documents outside of the territory of the United States  
13 which are held either: (1) by them; (2) for their benefit; (3) in  
14 trust by or for them, individually or jointly; or (4) under their  
15 direct or indirect control, individually or jointly;

16 B. Transfer to the territory of the United States all assets,  
17 accounts or documents in foreign countries held either: (1) by them;  
18 (2) for their benefit; (3) in trust by or for them, individually or  
19 jointly; or (4) under their direct or indirect control, individually  
20 or jointly;

21 C. Hold and retain all repatriated assets, accounts or  
22 documents and prevent any transfer, disposition, or dissipation  
23 whatsoever of any such assets or documents, except as allowed by  
24 Section II of this Order; and

25 D. Provide the FTC access to Defendants' records and documents  
26 held by financial institutions outside the territorial United States,  
27 by signing the Consent to Release of Financial Records attached to  
28 this Order as **Attachment C**.

VI. INTERFERENCE WITH REPATRIATION

1  
2 IT IS FURTHER ORDERED that Defendants are hereby temporarily  
3 restrained and enjoined from taking any action, directly or  
4 indirectly, which may result in the encumbrance or dissipation of  
5 foreign assets, or in the hindrance of the repatriation required by  
6 the preceding Section of this Order, including but not limited to:

7 A. Sending any statement, letter, fax, e-mail, or wire  
8 transmission, or telephoning or engaging in any other act, directly  
9 or indirectly, that results in a determination by a foreign trustee  
10 or other entity that a "duress" event has occurred under the terms of  
11 a foreign trust agreement until such time that all assets have been  
12 fully repatriated pursuant to the preceding Section of this Order;  
13 and

14 B. Notifying any trustee, protector or other agent of any  
15 foreign trust or other related entities of either the existence of  
16 this Order, or of the fact that repatriation is required pursuant to  
17 a Court Order, until such time as all assets have been fully  
18 repatriated pursuant to the preceding Section of this Order.

19 VII. APPOINTMENT OF A TEMPORARY RECEIVER

20 IT IS FURTHER ORDERED that Robb Evans + Associates  
21 is appointed as temporary receiver for the business activities of the  
22 Defendants and any affiliates, subsidiaries, divisions, sales,  
23 entities, successors, or assigns, and any and all dba's that any  
24 Defendant controls, with the full power of an equity receiver. The  
25 temporary receiver shall be the agent of this Court in acting as the  
26 receiver under this Order.

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1 **VIII. DUTIES AND AUTHORITY OF THE TEMPORARY RECEIVER**

2 **IT IS FURTHER ORDERED** that the temporary receiver is directed  
3 and authorized to accomplish the following acts consistent with this  
4 Order and the FTC Act:

5 A. Assume full control of the Defendant's operations by  
6 removing any Defendant, officer, independent contractor, employee, or  
7 agent of any Defendant, from control and management of the affairs of  
8 the Defendants;

9 B. Take exclusive custody, control, and possession of all the  
10 funds, property, mail and other assets of, in the possession of, or  
11 under the control of the Defendants, wherever situated. The  
12 temporary receiver shall have full power to sue for, collect,  
13 receive, manage, and take possession of all goods, chattels, rights,  
14 credits, moneys, effects, land, leases, books, records, work papers,  
15 and records of accounts, including computer-maintained information,  
16 and other papers and documents of the Defendants, including documents  
17 related to customers or clients whose interest are now held by or  
18 under the direction, possession, custody or control of the  
19 Defendants, *provided, however*, that the receiver shall not attempt to  
20 collect any amount from a consumer if the receiver believes the  
21 consumer was a victim of the deceptive acts or practices alleged in  
22 the Complaint in this matter;

23 C. Take all steps necessary to secure the business premises  
24 and any storage or other facilities relating to the business  
25 activities of the Defendants, including but not limited to the  
26 premises located at 19510 Ventura Boulevard, Suite 206, Tarzana,  
27 California 91356, and 19562 Ventura Boulevard, Suite 213, in Tarzana,  
28 California 91335; any storage box, crate, facility or other space

1 under the control of the Defendants; and any and all other premises  
2 under the control of the Defendants. Such steps may include, but are  
3 not limited to, the following, as the receiver deems necessary or  
4 advisable: (1) serving and filing this Order; (2) completing a  
5 written inventory of all receivership assets; (3) obtaining pertinent  
6 information from all employees and other agents of the Defendants,  
7 including, but not limited to, the name, home address, social  
8 security number, job description, method of compensation, and all  
9 accrued and unpaid commissions and compensation of each such employee  
10 or agent; (4) videotaping all portions of the locations; (5) securing  
11 the locations by changing the locks and disconnecting any computer  
12 modems or other means of access to the computer or other records  
13 maintained at the locations; or (6) requiring any persons present on  
14 the premises at the time this Order is served to leave the premises,  
15 to provide the receiver with proof of identification, or to  
16 demonstrate to the satisfaction of the receiver that such persons are  
17 not removing from the premises documents or assets of the Defendants;

18 D. Preserve, hold and manage all receivership assets, and  
19 perform all acts necessary to preserve the value of those assets, in  
20 order to prevent any loss, damage or injury to customers or clients;

21 E. Prevent the withdrawal or misapplication of funds entrusted  
22 to the Defendants, and otherwise protect the interests of customers  
23 or clients;

24 F. Manage and administer the business of the Defendants by  
25 performing all acts incidental thereto that the temporary receiver  
26 deems appropriate, including hiring or dismissing any and all  
27 personnel or suspending operations;

28 G. Collect all money owed to the Defendants;



1 H. Initiate, defend, compromise, adjust, intervene in, dispose  
2 of, or become a party to any actions or proceedings in state, federal  
3 or foreign court necessary to preserve or increase the assets of the  
4 Defendants or to carry out his or her duties pursuant to this Order;

5 I. Choose, engage and employ attorneys, accountants,  
6 appraisers, and other independent contractors and technical  
7 specialists, as the temporary receiver deems advisable or necessary  
8 in the performance of the duties and responsibilities under the  
9 authority granted by this Order;

10 J. Issue subpoenas to obtain documents and records pertaining  
11 to the Defendants, and conduct discovery in this action on behalf of  
12 the receivership estate at any time, including before the discovery  
13 conference. See Fed. R. Civ. P. 26(f);

14 K. Open one or more bank accounts as designated depositories  
15 for funds of the Defendants. The temporary receiver shall deposit  
16 all funds of the Defendants in such designated accounts and shall  
17 make all payments and disbursements from the receivership estate from  
18 such accounts;

19 L. Make payments and disbursements from the receivership  
20 estate that are necessary or advisable for carrying out the  
21 directions of, or exercising the authority granted by, this Order.  
22 The temporary receiver shall apply to the Court for prior approval of  
23 any payment of any debt or obligation incurred by the Defendants  
24 prior to the date of entry of this Order, except for payments that  
25 the temporary receiver deems necessary or advisable to secure assets  
26 of the Defendants;

27 M. Enter into contracts and purchase insurance as advisable or  
28 necessary;

1 N. Determine and implement the manner in which the Defendants  
2 will comply with, and prevent violations of, this Order and all other  
3 applicable laws, which might include, but is not limited to, revising  
4 sales materials and implementing monitoring procedures;

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

13 P. Cooperate with reasonable requests for information or  
14 assistance from any state or federal law enforcement agency.

15 **IX. TURNOVER OF PROPERTY TO THE RECEIVER**

16 **IT IS FURTHER ORDERED** that, immediately upon service of this  
17 Order upon them, Defendants, their officers, agents, servants,  
18 employees, attorneys, and all persons or entities directly or  
19 indirectly under the control of any of them, including any financial  
20 institution, and all other persons or entities acting in concert or  
21 participation with any of them who are served with a copy of this  
22 Order by personal service, facsimile, or otherwise, shall immediately  
23 or within such time as permitted by the temporary receiver in  
24 writing, deliver to the temporary receiver:

25 A. Possession and custody of all funds, assets, property, and  
26 all other assets, owned beneficially or otherwise, wherever situated,  
27 of the Defendants;

28 //

1 B. Possession and custody of documents relating to the  
2 business of the Defendants, including but not limited to, all books  
3 and records of accounts, all financial and accounting records,  
4 balance sheets, income statements, bank records (including monthly  
5 statements, canceled checks, records of wire transfers, and check  
6 registers), client lists, title documents and other papers;

7 C. Possession and custody of all assets being held by or on  
8 behalf of the Defendants or on behalf of the Defendants' customers;

9 D. All keys, computer passwords, entry codes, and combinations  
10 to locks necessary to gain or to secure access to any of the assets  
11 or documents of the Defendants, including but not limited to, access  
12 to the Defendants' business premises, means of communication,  
13 accounts, computer systems, or other property; and

14 E. Information identifying the accounts, employees, properties  
15 or other assets or obligations of the Defendants.

16 In the event any person or entity fails to deliver or transfer  
17 any asset or otherwise fails to comply with any provision of this  
18 Section, the receiver may file *ex parte* an Affidavit of Non-  
19 Compliance regarding the failure. Upon filing of the affidavit, the  
20 Court may authorize, without additional process or demand, Writs of  
21 Possession or Sequestration or other equitable writs requested by the  
22 receiver. The writs shall authorize and direct the United States  
23 Marshal or any sheriff or deputy sheriff of any county, or any other  
24 federal or state law enforcement officer, to seize the asset,  
25 document, or other thing and to deliver it to the receiver.

26 **X. DUTY TO COOPERATE WITH THE RECEIVER**

27 **IT IS FURTHER ORDERED** that Defendants, their officers, agents,  
28 servants, employees, attorneys, and all persons or entities directly

1 or indirectly under the control of any of them, including any  
2 financial institution, and all other persons or entities acting in  
3 concert or participation with any of them who are served with a copy  
4 of this Order by personal service, facsimile, or otherwise, shall  
5 cooperate fully with and assist the temporary receiver. This  
6 cooperation and assistance shall include, but not be limited to,  
7 providing any information to the temporary receiver that the  
8 temporary receiver deems necessary to exercise his or her authority;  
9 providing any password required to access any computer or electronic  
10 files in any medium; and discharging the responsibilities of the  
11 temporary receiver under this Order, and advising all persons who owe  
12 money to the Defendants that all debts should be paid directly to the  
13 temporary receiver. In addition, Defendants are hereby temporarily  
14 restrained and enjoined from filing, or causing to be filed, any  
15 petition on behalf of the Defendants for relief under the United  
16 States Bankruptcy Code, 11 U.S.C. §§ 101, et seq., without prior  
17 permission from this Court.

18 **XI. STAY OF ACTIONS**

19 **IT IS FURTHER ORDERED that:**

20 A. Except by leave of this Court, during pendency of the  
21 receivership ordered herein, Defendants and all other persons and  
22 entities be and hereby are stayed from taking any action to establish  
23 or enforce any claim, right, or interest for, against, on behalf of,  
24 in, or in the name of, the Defendants, any of their subsidiaries,  
25 affiliates, partnerships, assets, documents, or the receiver or the  
26 receiver's duly authorized agents acting in their capacities as such,  
27 including, but not limited to, the following actions:

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1 1. Commencing, prosecuting, continuing, entering, or  
2 enforcing any suit or proceeding, except that such actions may be  
3 filed to toll any applicable statute of limitations;

4 2. Accelerating the due date of any obligation or claimed  
5 obligation; filing or enforcing any lien; taking or attempting to  
6 take possession, custody, or control of any asset; attempting to  
7 foreclose, forfeit, alter, or terminate any interest in any asset,  
8 whether such acts are part of a judicial proceeding, are acts of  
9 self-help, or otherwise;

10 3. Executing, issuing, serving, or causing the execution,  
11 issuance or service of, any legal process, including, but not limited  
12 to, attachments, garnishments, subpoenas, writs of replevin, writs of  
13 execution, or any other form of process, whether specified in this  
14 Order or not; or

15 4. Doing any act or thing whatsoever to interfere with  
16 the receiver's custody, control, possession, or management of the  
17 assets or documents subject to this receivership, or to harass or  
18 interfere with the receiver in any way, or to interfere in any manner  
19 with the exclusive jurisdiction of this Court over the assets or  
20 documents of the Defendants.

21 B. This Section does not stay:

22 1. The commencement or continuation of a criminal action  
23 or proceeding;

24 2. The commencement or continuation of an action or  
25 proceeding by a governmental unit to enforce such governmental unit's  
26 police or regulatory power;

27 3. The enforcement of a judgment, other than a money  
28 judgment, obtained in an action or proceeding by a governmental unit

1 to enforce such governmental unit's police or regulatory power;

2           4. The commencement of any action by the Secretary of the  
3 United States Department of Housing and Urban Development to  
4 foreclose a mortgage or deed of trust in any case in which the  
5 mortgage or deed of trust held by the Secretary is insured or was  
6 formerly insured under the National Housing Act and covers property,  
7 or combinations of property, consisting of five or more living units;  
8 or

9           5. The issuance to the Defendants of a notice of tax  
10 deficiency.

11           C. Except as otherwise provided in this Order, all persons and  
12 entities in need of documentation from the temporary receiver shall,  
13 in all instances, first attempt to secure such information by  
14 submitting a formal written request to the receiver, and, if such  
15 request has not been responded to within thirty (30) days of receipt  
16 by the temporary receiver, any such person or entity may thereafter  
17 seek an Order of this Court with regard to the relief requested.

18                           **XII. COMPENSATION OF RECEIVER**

19           **IT IS FURTHER ORDERED** that the temporary receiver and all  
20 personnel hired by the temporary receiver as herein authorized,  
21 including counsel for the temporary receiver, are entitled to  
22 reasonable compensation for the performance of duties pursuant to  
23 this Order and for the cost of actual out-of-pocket expenses incurred  
24 by them, from the assets now held by, or in the possession or control  
25 of, or which may be received by the Defendants. The temporary  
26 receiver shall file with the Court and serve on the parties periodic  
27 requests for the payment of such reasonable compensation, with the  
28 first such request filed no more than sixty (60) days after the date

1 of this Order. The temporary receiver shall not increase the hourly  
2 rates used as the bases for such fee applications without prior  
3 approval of the Court.

4 **XIII. RECEIVER'S BOND**

5 **IT IS FURTHER ORDERED** that the temporary receiver shall file  
6 with the Clerk of this Court a bond in the sum of \$25,000 with  
7 sureties to be approved by the Court, conditioned that the temporary  
8 receiver will well and truly perform the duties of the office and  
9 abide by and perform all acts the Court directs.

10 **XIV. ACCESS TO RECORDS AND PREMISES**

11 **IT IS FURTHER ORDERED** that the temporary receiver and Defendants  
12 shall allow representatives of the Commission immediate access to all  
13 premises where Defendants are conducting business or have conducted  
14 business and to all premises where Defendants' business records may  
15 be located, including but not limited to all such premises at 19510  
16 Ventura Boulevard, Suite 206, Tarzana, California 91356 and 19562  
17 Ventura Boulevard, Suite 213, in Tarzana, California 91335, or any  
18 other premises where the Defendants conduct business or telephone  
19 sales operations. The purpose of this access shall be to inspect and  
20 copy any and all books, records, documents, accounts, and other  
21 property owned by or in the possession of the Defendants or their  
22 agents. The temporary receiver shall have the discretion to  
23 determine the time, manner, and reasonable conditions of such access.

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1                                    **XV. EXPEDITED DISCOVERY AS TO EXISTENCE**  
2                                    **AND LOCATION OF ASSETS AND DOCUMENTS**

3            **IT IS FURTHER ORDERED** that, in light of the need to promptly  
4 ascertain the possible consumer injury caused by Defendants'  
5 deceptive practices as alleged by the FTC, the identities and  
6 locations of Defendants and their participating associates, the need  
7 to identify assets and documents subject to this Order, and the need  
8 to monitor compliance with this Order, the FTC and the temporary  
9 receiver are granted leave to conduct certain expedited discovery,  
10 and that, commencing with the time and date of this Order, in lieu of  
11 the time periods, notice provisions, and other requirements of Rules  
12 26, 30, 34, and 45 of the Federal Rules of Civil Procedure, expedited  
13 discovery shall proceed as follows:

14            A. Pursuant to Fed. R. Civ. P. 30 and 45, the FTC and the  
15 temporary receiver may take depositions upon oral examination of any  
16 person or entity, including any Defendant or third party, regarding  
17 Defendants' identities, their whereabouts; the nature, location,  
18 status and extent of their assets; the status and location of  
19 Defendants' products; the status and location of documents reflecting  
20 Defendant's business transactions; and compliance with this Order, on  
21 two days notice of any such deposition. This Subsection shall not be  
22 construed in any manner to preclude the right of Plaintiff to take  
23 subsequent depositions of the same witnesses on the merits of this  
24 action. Any deposition taken pursuant to this Subsection is in  
25 addition to, and not subject to, the presumptive limits on  
26 depositions set forth in Fed. R. Civ. P. 30(a)(2)(A); and

27            B. Pursuant to Fed. R. Civ. P. 34(b) and 45, the Defendants,  
28 their participating associates, and any other person or entity shall



1 produce documents relating to the above subjects that are requested  
2 by the FTC or the temporary receiver, within five (5) days of service  
3 of such request, with production of documents made to such person or  
4 place as counsel for the FTC may direct in writing.

5 **XVI. RECORD KEEPING PROVISIONS**

6 **IT IS FURTHER ORDERED** that Defendants, and their participating  
7 associates, and those persons in active concert or participation with  
8 them who receive actual notice of this Order by personal service,  
9 facsimile, or otherwise, are hereby enjoined from:

10 A. Destroying, erasing, mutilating, concealing, altering,  
11 transferring or otherwise disposing of, in any manner, directly or  
12 indirectly, any international drivers permit product or credit repair  
13 or debt termination product or service advertised, marketed,  
14 promoted, offered for sale, distributed, sold or purchased by  
15 Defendants;

16 B. Destroying, erasing, mutilating, concealing, altering,  
17 transferring or otherwise disposing of, in any manner, directly or  
18 indirectly, contracts, agreements, customer files, customer lists,  
19 customer addresses and telephone numbers, correspondence,  
20 advertisements, brochures, sales material, training material, sales  
21 presentations, documents evidencing or referring to Defendants'  
22 products or services, data, computer tapes, disks, or other  
23 computerized records, books, written or printed records, handwritten  
24 notes, telephone logs, "verification" or "compliance" tapes or other  
25 audio or video tape recordings, receipt books, invoices, postal  
26 receipts, ledgers, personal and business canceled checks and check  
27 registers, bank statements, appointment books, copies of federal,  
28 state or local business or personal income or property tax returns,

1 and other documents or records of any kind, including electronically-  
2 stored materials, that relate to the business practices or business  
3 or personal finances of Defendants or other entities directly or  
4 indirectly under the control of Defendants; and

5 C. Failing to create and maintain books, records, and accounts  
6 which, in reasonable detail, accurately, fairly, and completely  
7 reflect the incomes, assets, disbursements, transactions and use of  
8 monies by Defendants or other entities directly or indirectly under  
9 the control of Defendants.

10 **XVII. NOTICE TO EMPLOYEES**

11 **IT IS FURTHER ORDERED** that Defendants shall immediately provide  
12 a copy of this Order to each of their corporations, subsidiaries,  
13 affiliates, and participating associates. Within ten (10) calendar  
14 days following service of this Order by the FTC, Defendants shall  
15 provide the FTC with an affidavit identifying the names, titles,  
16 addresses, and telephone numbers of the persons and entities that  
17 Defendants have served with a copy of this Order in compliance with  
18 this provision.

19 **XVIII. CONSUMER REPORTS**

20 **IT IS FURTHER ORDERED** that pursuant to Section 604(1) of the  
21 Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer  
22 reporting agency may furnish a consumer report concerning any  
23 Defendant to the FTC.

24 **XIX. ORDER TO SHOW CAUSE**

25 **IT IS FURTHER ORDERED**, pursuant to Fed. R. Civ. P. 65(b), and  
26 Local Rule 65-1, that Defendants shall appear on the 22<sup>d</sup> day of  
27 JANUARY, 2003, at 3:00 p.m. at the United States  
28 Courthouse, Courtroom 11, to show cause, if any there be, why this

1 Court should not enter a preliminary injunction, pending final ruling  
 2 on the Complaint, against Defendants enjoining them from further  
 3 violations of the FTC Act and the Credit Repair Organizations Act,  
 4 continuing the freeze of their assets, and imposing such additional  
 5 relief as may be appropriate.

6 **XX. SERVICE OF PLEADINGS, MEMORANDA, AND OTHER EVIDENCE**

7 **IT IS FURTHER ORDERED** that Defendants shall file any answering  
 8 affidavits, pleadings, or legal memoranda with the Court and serve  
 9 the same on counsel for the FTC no later than <sup>JANUARY 14, 2003</sup> ~~three (3) business days~~  
 10 ~~prior to the preliminary injunction hearing in this matter.~~ The FTC  
 11 may file responsive or supplemental pleadings, materials, affidavits,  
 12 or memoranda with the Court and serve the same on counsel for  
 13 Defendants no later than <sup>JANUARY 16, 2003</sup> ~~one (1) business day~~ prior to the  
 14 ~~preliminary injunction hearing in this matter,~~ provided that service  
 15 shall be performed by personal or overnight delivery or by facsimile,  
 16 and documents shall be delivered so that they shall be received by  
 17 the other parties no later than 4 p.m. (PDT) on the appropriate dates  
 18 listed in this Subsection.

19 **XXI. MOTION FOR ORAL ARGUMENT; WITNESS IDENTIFICATION**

20 **IT IS FURTHER ORDERED** that the question of whether this Court  
 21 should enter a preliminary injunction pursuant to Rule 65 of the  
 22 Federal Rules of Civil Procedure enjoining the Defendants during the  
 23 pendency of this action shall be resolved on the pleadings,  
 24 declarations, exhibits, and memoranda filed by and oral argument of  
 25 the parties. Live testimony shall be heard only on further order of  
 26 this Court or on motion filed with the Court and served on counsel  
 27 for the other parties <sup>NO LATER THAN JANUARY 14, 2003</sup> ~~at least three (3) business days~~ prior to the  
 28 ~~preliminary injunction hearing in this matter.~~ Such motion shall set

1 forth the name, address, and telephone number of each proposed  
2 witness, a detailed summary or affidavit revealing the substance of  
3 each proposed witness' expected testimony, and an explanation of why  
4 the taking of live testimony would be helpful to this Court. Any  
5 papers opposing a timely motion to present live testimony or to  
6 present live testimony in response to another party's timely motion  
7 to present live testimony shall be filed with this Court and served  
8 on the other parties <sup>no later than January 16, 2003</sup> ~~at least two (2) business days prior to the~~  
9 ~~preliminary injunction hearing in this matter~~, provided that service  
10 shall be performed by personal or overnight delivery or by facsimile,  
11 and documents shall be delivered so that they shall be received by  
12 the other parties no later than 4 p.m. (PDT) on the appropriate dates  
13 listed in this Subsection.

14 **XXII. CORRESPONDENCE WITH PLAINTIFF**

15 **IT IS FURTHER ORDERED** that for the purposes of this Order, all  
16 service on and correspondence to the FTC shall be addressed to  
17 Katherine Romano Schnack, Esq. at the following address: Federal  
18 Trade Commission, 55 East Monroe Street, Suite 1860, Chicago,  
19 Illinois 60603, (312)960-5600 (fax number). If service upon Katherine  
20 Romano Schnack is not practicable, service shall be made upon Kenneth  
21 H. Abbe, Esq. at the following address: Federal Trade Commission,  
22 10877 Wilshire Blvd., Suite 700, Los Angeles, California 90024, (310)  
23 824-4380 (fax number).

24 **XXIII. SERVICE OF THIS ORDER**

25 **IT IS FURTHER ORDERED** that copies of this Order may be served by  
26 facsimile transmission, personal or overnight delivery, or U.S. Mail,  
27 by agents and employees of the FTC or any state or federal law  
28 enforcement agency or by private process server, on: (1) Defendants;

1 (2) any financial institution, entity, or person that holds,  
2 controls, or maintains custody of any account or asset of any  
3 Defendant, or that has held, controlled or maintained custody of any  
4 account or asset of any Defendant; or (3) any other person or entity  
5 that may be subject to any provision of this Order.

6 **XXIV. EXPIRATION OF THIS ORDER**

7 **IT IS FURTHER ORDERED** that the Temporary Restraining Order  
8 granted herein shall expire on JANUARY 22, 2003, at 11:59 PM,  
9 unless within such time the Order, for good cause shown, is extended,  
10 or unless, as to any Defendant, the Defendant consents that it should  
11 be extended for a longer period of time.

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**XXV. RETENTION OF JURISDICTION**

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

**IT IS SO ORDERED**, this 8<sup>th</sup> day of January, 2003, at 12:10 p.m.

NORA M. MANELLA  
UNITED STATES DISTRICT JUDGE

Presented By:

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