

JOSEPH T. CARLSON,)
 individually, and as an officer of)
 TELCO BILLING, INC., and)
 JOSEPH T. CARLSON and KARINA)
 CARLSON, as Husband and Wife,)
)
 WILLIAM D. O'NEAL,)
 individually, and as an officer of)
 YP.NET, and WILLIAM D. O'NEAL)
 and ELIZABETH O'NEAL, as)
 Husband and Wife,)
)
 GREGORY B. CRANE,)
 individually, and as an officer of)
 YP.NET, and GREGORY B. CRANE)
 and LAURA CRANE, as Husband and)
 Wife,)
)
 Defendants.)
 _____)

Plaintiff Federal Trade Commission, (“Commission”), pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), filed a complaint for permanent injunction and other relief, including consumer redress, and applied ex parte for a temporary restraining order, including an order with asset freeze, appointment of a temporary receiver, and permitting immediate access to the Defendants’ business premises and records, and an order to show cause why a preliminary injunction should not issue pursuant to Rule 65 of the Federal Rules of Civil Procedure.

FINDINGS OF FACT

This Court has considered the Complaint for Permanent Injunction, Motion for ex

parte Temporary Restraining Order and Other Equitable Relief, Memorandum of Law filed in support thereof, Supporting Exhibits and Attachments, and all other papers filed herein, and finds that:

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

2. There is good cause to believe that Michael K. Bloomquist, Joseph T. Carlson, William D. O'Neal, Gregory B. Crane, YP.Net, Telco Billing, Inc. d/b/a Yellow-Page.Net, and Publication Management, Inc. have engaged in and are likely to engage in acts that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and that the Commission is likely to prevail on the merits of this action.

3. There is good cause to believe that immediate and irreparable harm will result from Defendants' ongoing violations of Section 5(a) of the FTC Act, unless Defendants are restrained and enjoined by Order of this Court.

4. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by Defendants of assets or records unless Defendants are immediately restrained and enjoined by Order of this Court, and that in accordance with Fed. R. Civ. P. 65(b), the interest of justice therefore requires that this Order be granted without prior notice to Defendants. There is thus good cause for relieving the Commission of the duty to

provide Defendants with prior notice of the Commission's motion.

5. There is good cause to appoint a temporary receiver for the corporate defendants YP.Net, Telco Billing Inc. d/b/a Yellow-Page.Net, and Publication Management, Inc.

6. Weighing the equities and considering the Commission's likelihood of ultimate success, a Temporary Restraining Order with asset freeze, appointment of a temporary receiver, and other equitable relief is in the public interest.

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

ORDER

Definitions

1. **"Defendants"** means Michael K. Bloomquist, Joseph T. Carlson, William D. O'Neal, Gregory B. Crane, YP.Net, Telco Billing, Inc., d/b/a Yellow-Page.Net, and Publication Management, Inc., and each of them, by whatever names each might be known by, as well as their successors, assigns, officers, agents, directors, servants, employees, salespersons, independent contractors, attorneys, corporations, subsidiaries, affiliates, all other 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 who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or

other device, including, but not limited to, fictitious business names.

2. **“Relief Defendants”** means Rebecca Bloomquist, Karina Carlson, Elizabeth O’Neal, and Laura Crane and each of them, by whatever names each might be known by, as well as their successors, assigns, officers, agents, directors, servants, employees, salespersons, independent contractors, attorneys, corporations, subsidiaries, affiliates, all other 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 who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, including, but not limited to, fictitious business names.

3. **“Receivership Defendants”** means YP.Net, Telco Billing, Inc., d/b/a Yellow-Page.Net, and Publication Management, Inc., and each of them, by whatever names each might be known by.

4. **“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 (as those terms are defined in the Uniform Commercial Code), and all cash, wherever located.

5. **“Document”** is equal in scope and synonymous in meaning 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 any other data compilations from which information can be obtained.

6. **“Internet”** means a worldwide system of linked computer networks that use a common protocol (TCP/IP) to deliver and receive information. The “Internet” includes, but is not limited to, the following forms of electronic communication: file transfers, electronic mail, the World Wide Web, newsgroups, Internet Relay Chat, audio, and video.

7. **“Domain name”** is used in Universal Resource Locators (“URL”)to identify particular web pages. The URL is the global address of documents or other resources on the World Wide Web. For example, in the URL “http://www.bluered.com/index.html,” the domain name is “bluered.com.”

8. **“Web site”** is a set of electronic documents, usually a home page and subordinate pages, readily viewable on computer by anyone with access to the Internet, standard software, and knowledge of the website's location or address.

9. **“Web page”** is a single electronic file or document displayed on the World Wide Web that includes at least the following elements: copy, graphics, layout, and internal technical design.

10. **“Internet-related Services”** means any product or service that assists persons to access, use, browse, advertise on, communicate through, or do business on the Internet, including, but not limited to: design, hosting and maintenance of web pages and

web sites, providing Internet access or e-mail accounts, and establishing domain names and virtual domain names.

PROHIBITED CONDUCT

I.

IT IS THEREFORE ORDERED that, in connection with the advertising, promotion, offering for sale, sale or provision of any goods or service, Defendants are hereby temporarily restrained and enjoined from making or assisting in the making of, expressly or by implication, orally or in writing, any false or misleading statement or representation of material fact, including, but not limited to, representations that:

A. Consumers can obtain a cash rebate from Defendants without incurring any obligations to Defendants; and

B. Defendants have a prior or ongoing business relationship with consumers; and

C. Consumers are legally obligated to pay for any Internet-related services that they or their agents did not authorize.

II.

IT IS THEREFORE ORDERED that, in connection with the advertising, promotion, offering for sale, sale or provision of any goods or service, Defendants are hereby temporarily restrained and enjoined from charging consumers for goods and services that they did not order without express verifiable authorization from a named

individual having authority to order goods and services for the consumer.

III.

ASSET FREEZE

IT IS FURTHER ORDERED that Defendants, and Relief Defendants, are hereby temporarily restrained and enjoined from:

A. Except as otherwise provided herein, transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, artwork, coins, precious metals, jewelry, contracts, shares of stock, or other assets, wherever located, that are (1) owned or controlled by Defendants or Relief Defendants, in whole or in part; or (2) in the actual or constructive possession of Defendants or Relief Defendants; (3) owned, controlled by, or in the actual or constructive possession of any entity that is directly or indirectly owned, managed, controlled by, or under common control with Defendants or Relief Defendants, including, but not limited to, any assets held by or for Defendants or Relief Defendants in any account at any bank or savings and loan institution, or with any 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 boxes or storage facilities titled in the name of Defendants or Relief Defendants, or subject to access by Defendants or Relief Defendants, or under their control, without providing the

Commission prior notice and an opportunity to inspect the contents in order to determine that they contain no assets covered by this Section; and

C. The assets affected by this Section shall include both existing assets and assets acquired after the effective date of this Order, and Defendants and Relief Defendants shall hold and account for such property and assets and payments received by them, including, but not limited to, borrowed property and gifts.

IV.

FINANCIAL REPORTS

IT IS FURTHER ORDERED that Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, Rebecca Bloomquist, Karina Carlson, Elizabeth O'Neal, Laura Crane, YP.NET, Telco Billing, Inc., d/b/a Yellow-Page.Net, and Publication Management, Inc. shall each, within ^{SEVENTY TWO (72)} ~~forty-eight (48)~~ hours after entry of this Order, prepare and deliver ^{BY FACSIMILE OR ONE DAY DELIVERY} to counsel for the Commission a Financial Statement in the form served on them with this Order. ^{THE RECEIVER SHALL COOPERATE WITH DEFENDANTS IN THIS REGARD} A Financial Statement shall be completed for each Defendant and Relief Defendant identified above, and for each business entity under which they conduct business, or of which they are officers, and of each trust for which they are trustees. The Financial Statements shall be accurate as of the date of the entry of this Order and shall be verified under oath. The Financial Statements shall contain the following information:

A. The nature, location, source, dollar value reasonably estimated if the actual

value is unknown, and any encumbrances, of each asset or piece of property that is owned or held directly or indirectly, of record or beneficially, by Defendants or Relief Defendants;

B. All transfers or assignments of assets or property worth \$2,500 or more since January 1, 1998, including the name of each transferee or assignee, the nature and value of the asset or property involved, the date of the assignment or transfer, and the nature and amount of any consideration provided to the Defendants or Relief Defendants; and

C. The name and address of each bank, savings and loan institution, credit union, financial institution, brokerage house, escrow agent, money market or mutual fund, title company, commodity trading company, common carrier, storage company, trustee, commercial mail receiving agency, mail holding or forwarding company, or any other person, partnership, corporation, or legal entity at which Defendants or Relief Defendants have accounts or safe deposit boxes, or have had such accounts since January 1, 1998, including any assets held in foreign countries, and the amounts within those accounts.

IT IS FURTHER ORDERED that named Defendants and Relief Defendants shall each, within forty-eight (48) hours after entry of this Order, provide the Commission access to records and documents pertaining to named defendants that are held by financial institutions outside the territory of the United States by signing the

Consent to Release of Financial Records attached to this Order as **Attachment A**.

V.

APPOINTMENT OF TEMPORARY RECEIVER

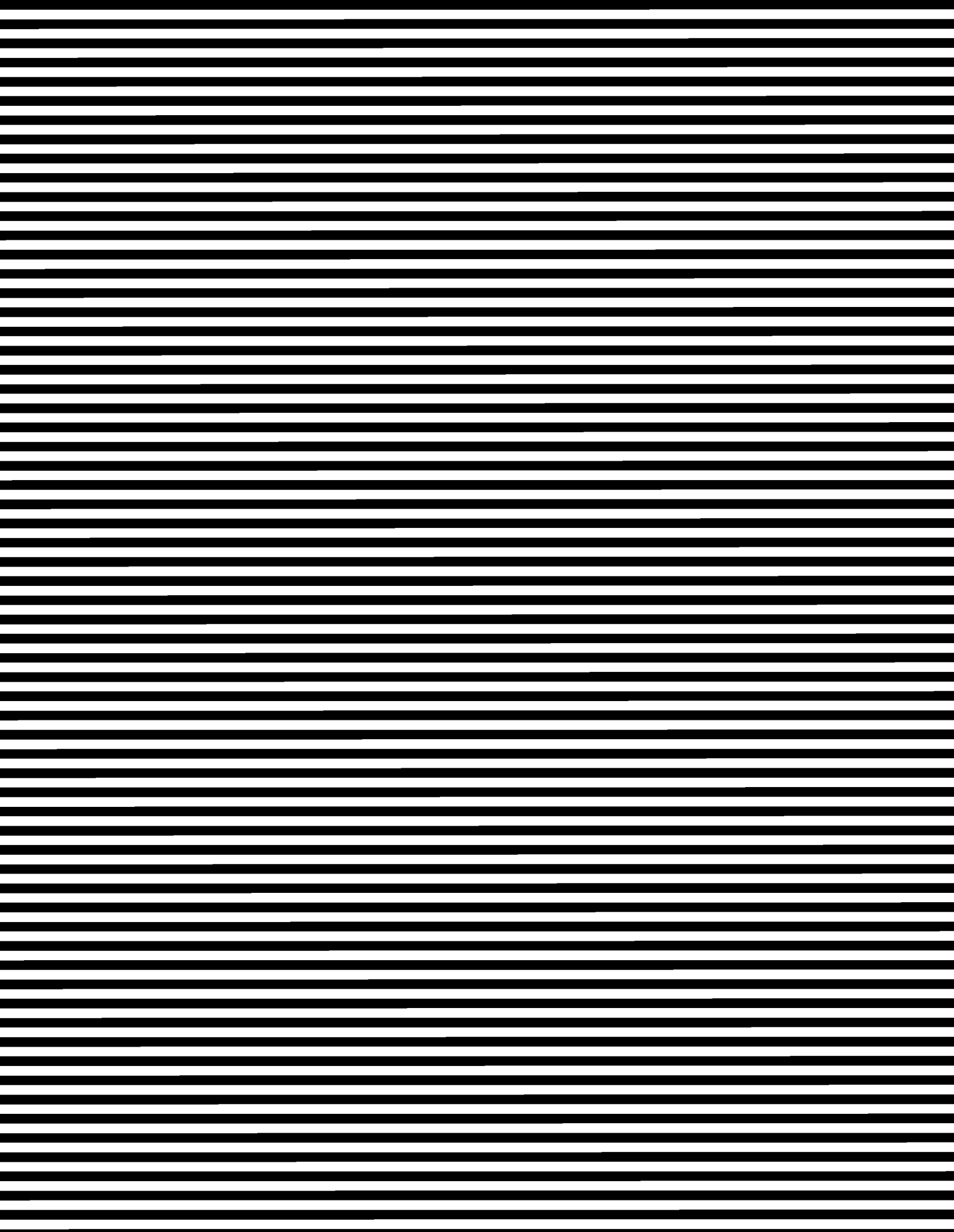
IT IS FURTHER ORDERED that Laurence J. Warfield is appointed Temporary Receiver for YP.Net, Telco Billing, Inc., d/b/a Yellow-Page.Net, and Publication Management, Inc. (Receivership Defendants) and any affiliates or subsidiaries controlled by the Receivership Defendants, with the full power of an equity receiver. The Temporary Receiver shall be the agent of this Court and solely the agent of this Court in acting as receiver under this Order. The Temporary Receiver shall be accountable directly to this Court. The Temporary Receiver shall comply with the Federal Rules of Civil Procedure.

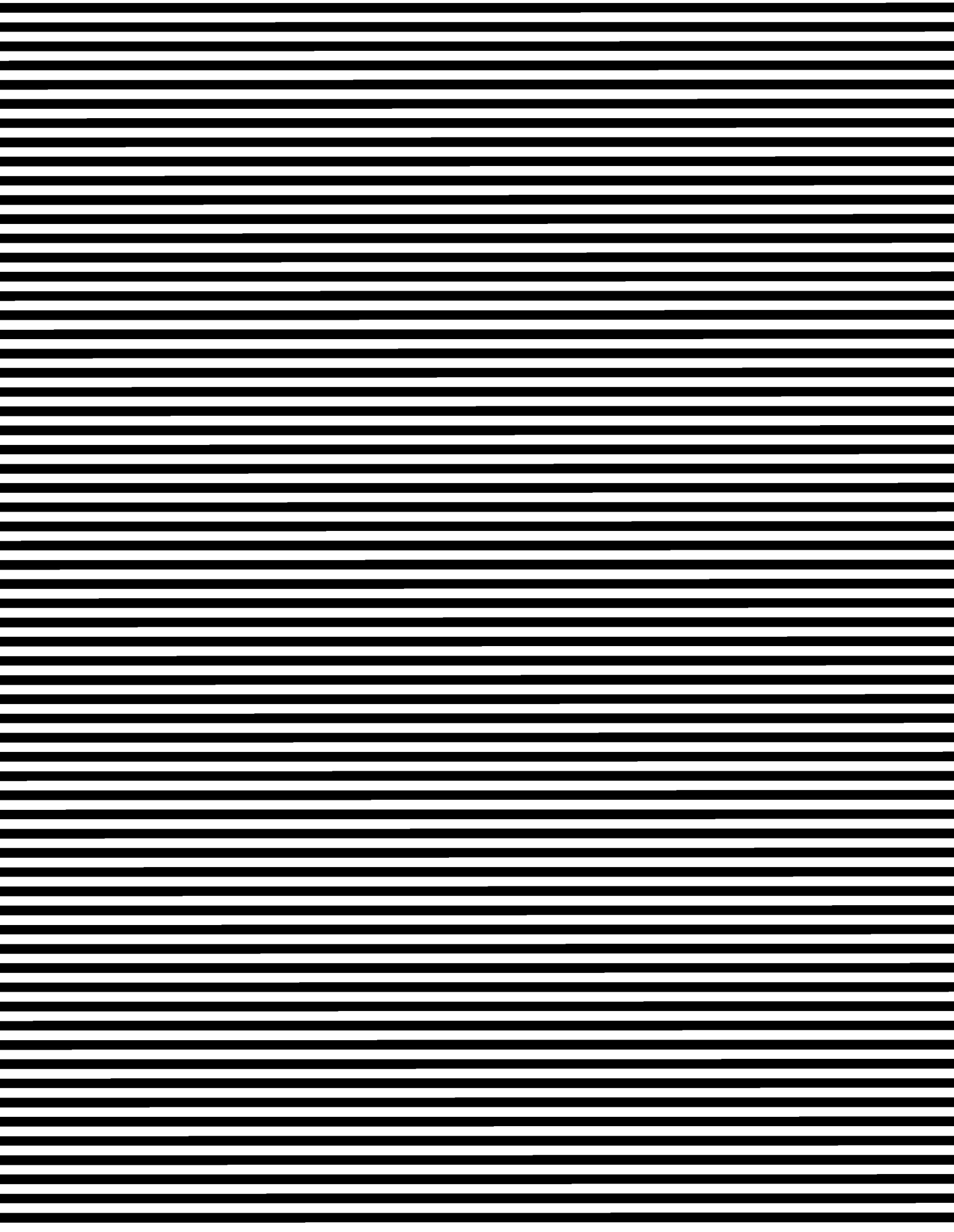
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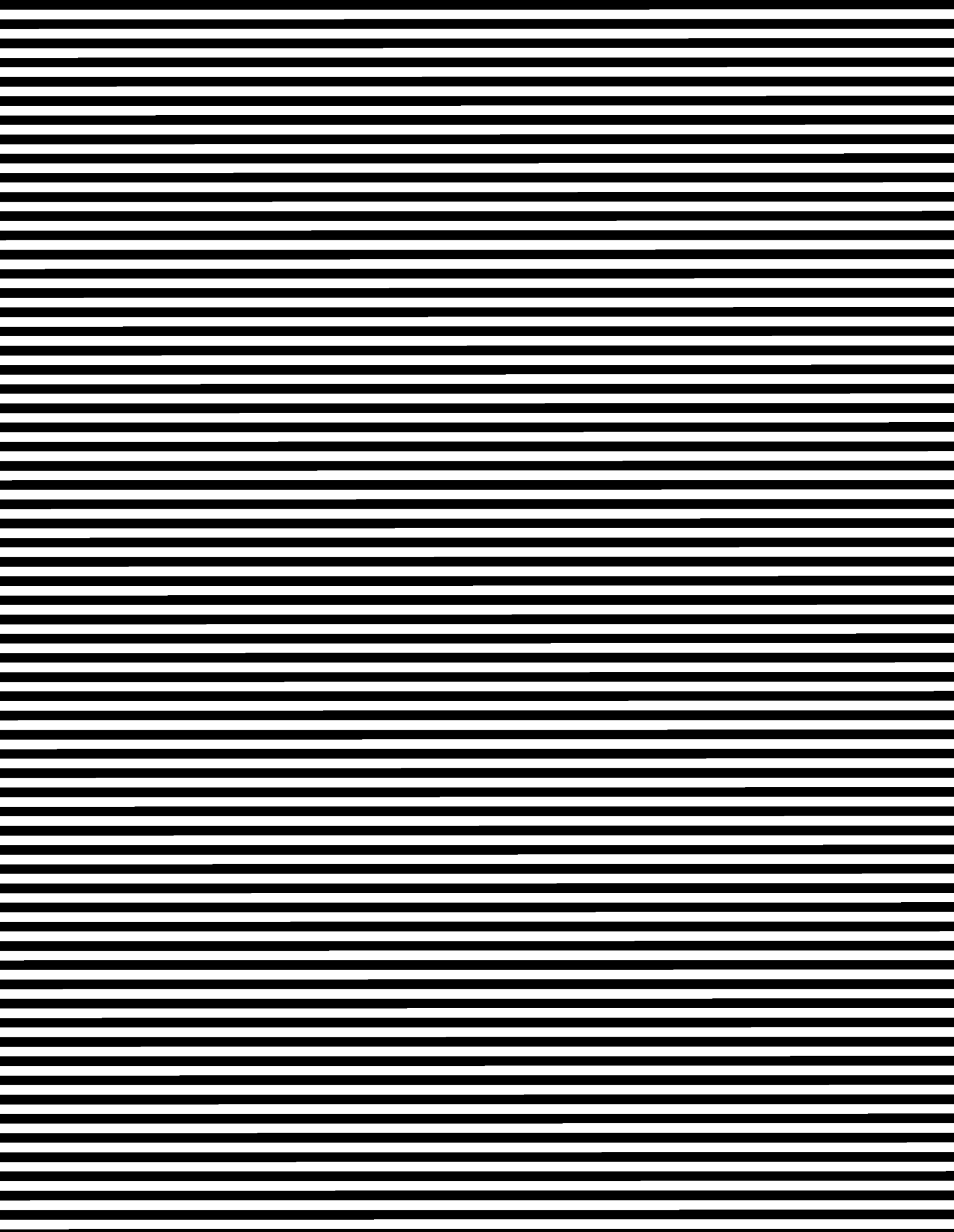
RECEIVERSHIP DUTIES

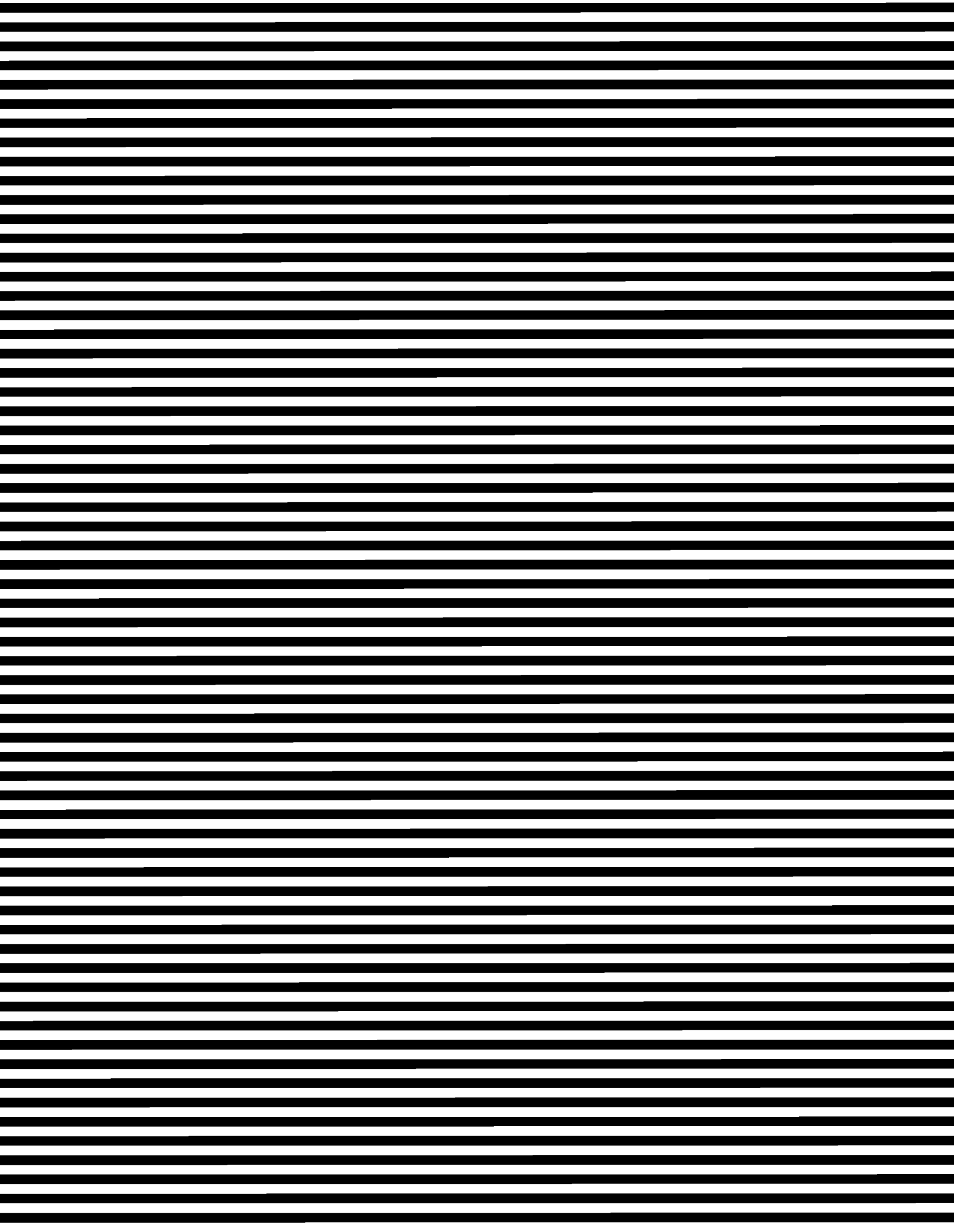
IT IS FURTHER ORDERED that the Temporary Receiver is directed and authorized to accomplish the following:

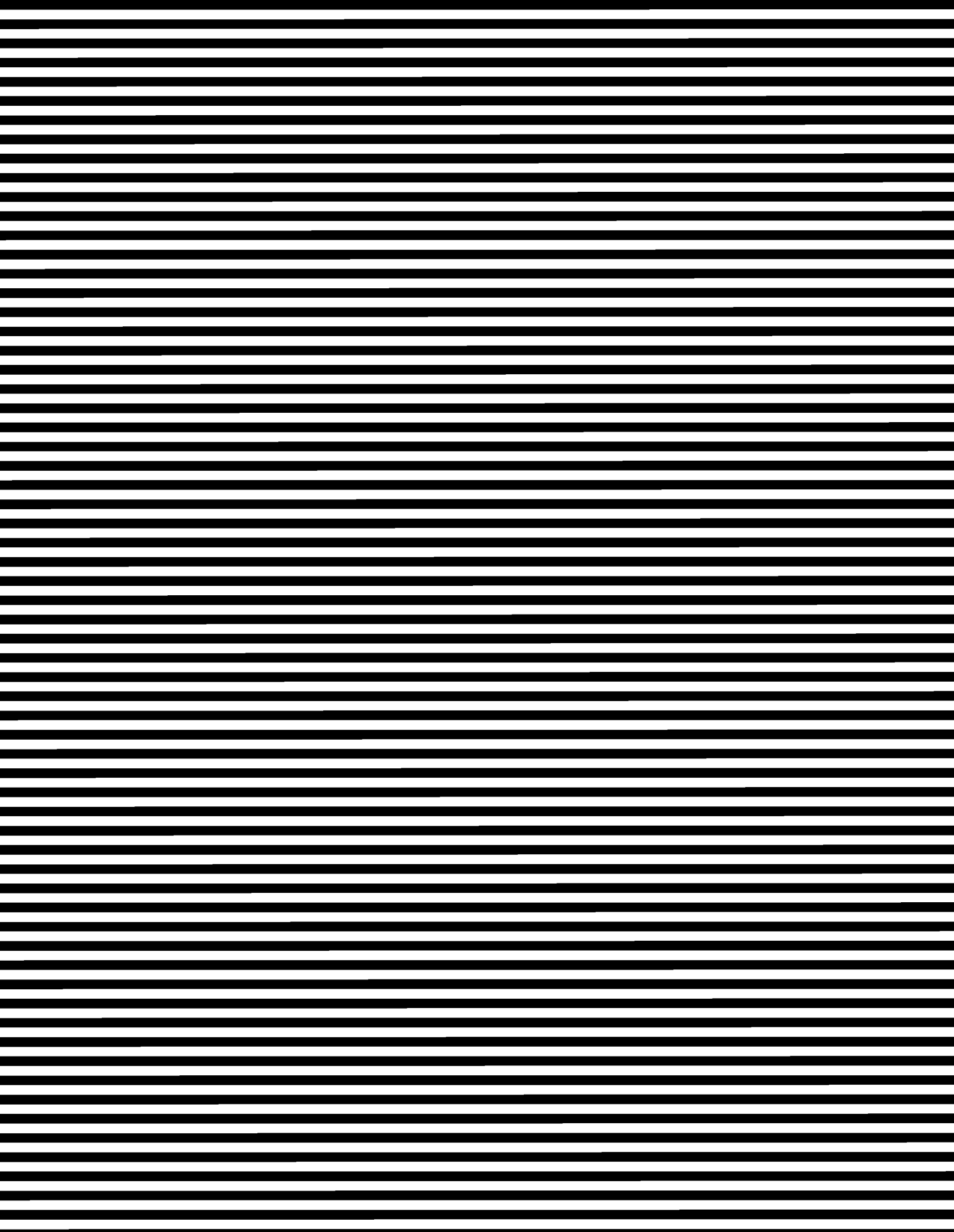
A. Assume full control of the Receivership Defendants by removing, as the Temporary Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of any of the Receivership Defendants, including any Defendant, from control of, management of, or participation in, the affairs of the Receivership Defendants;

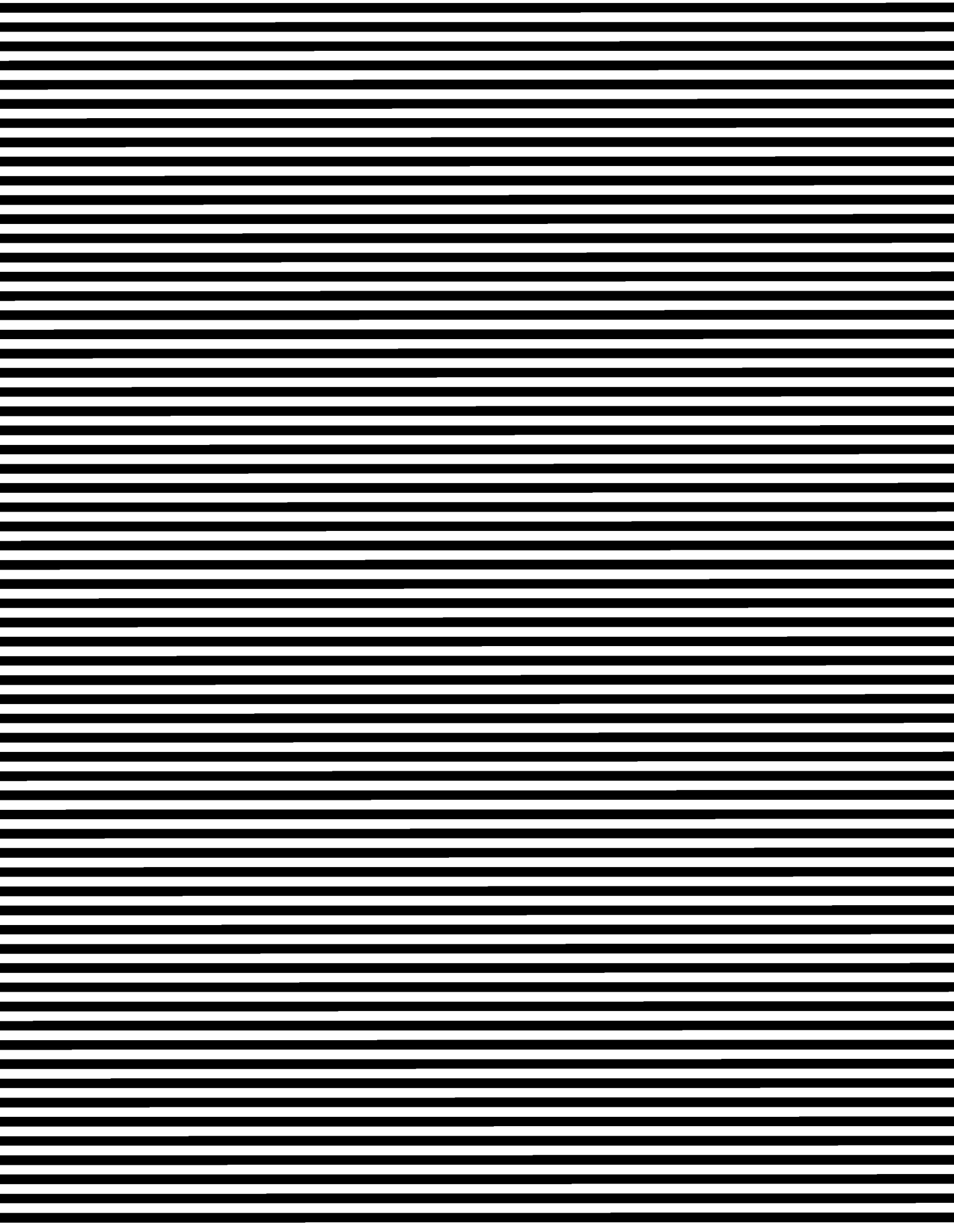


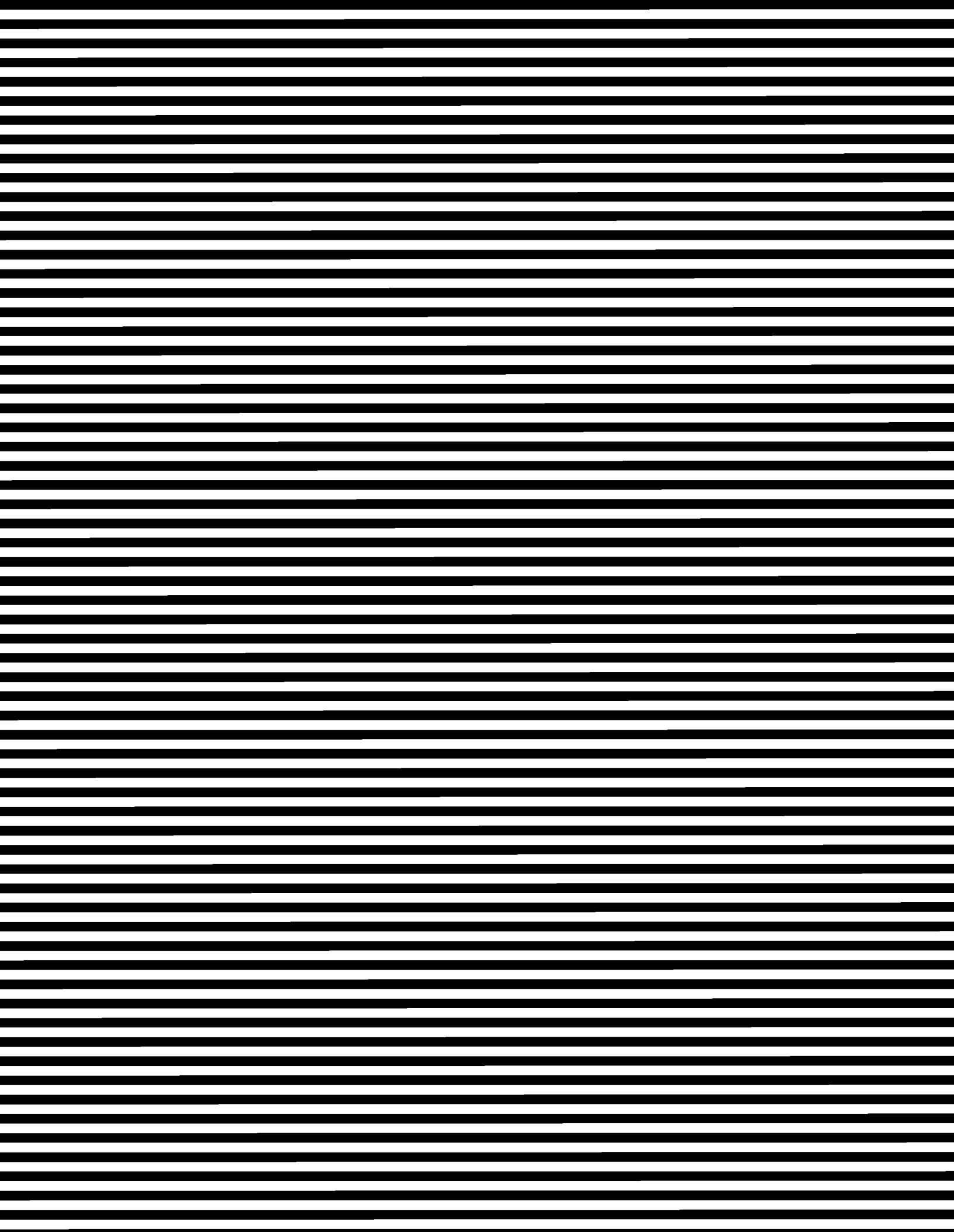


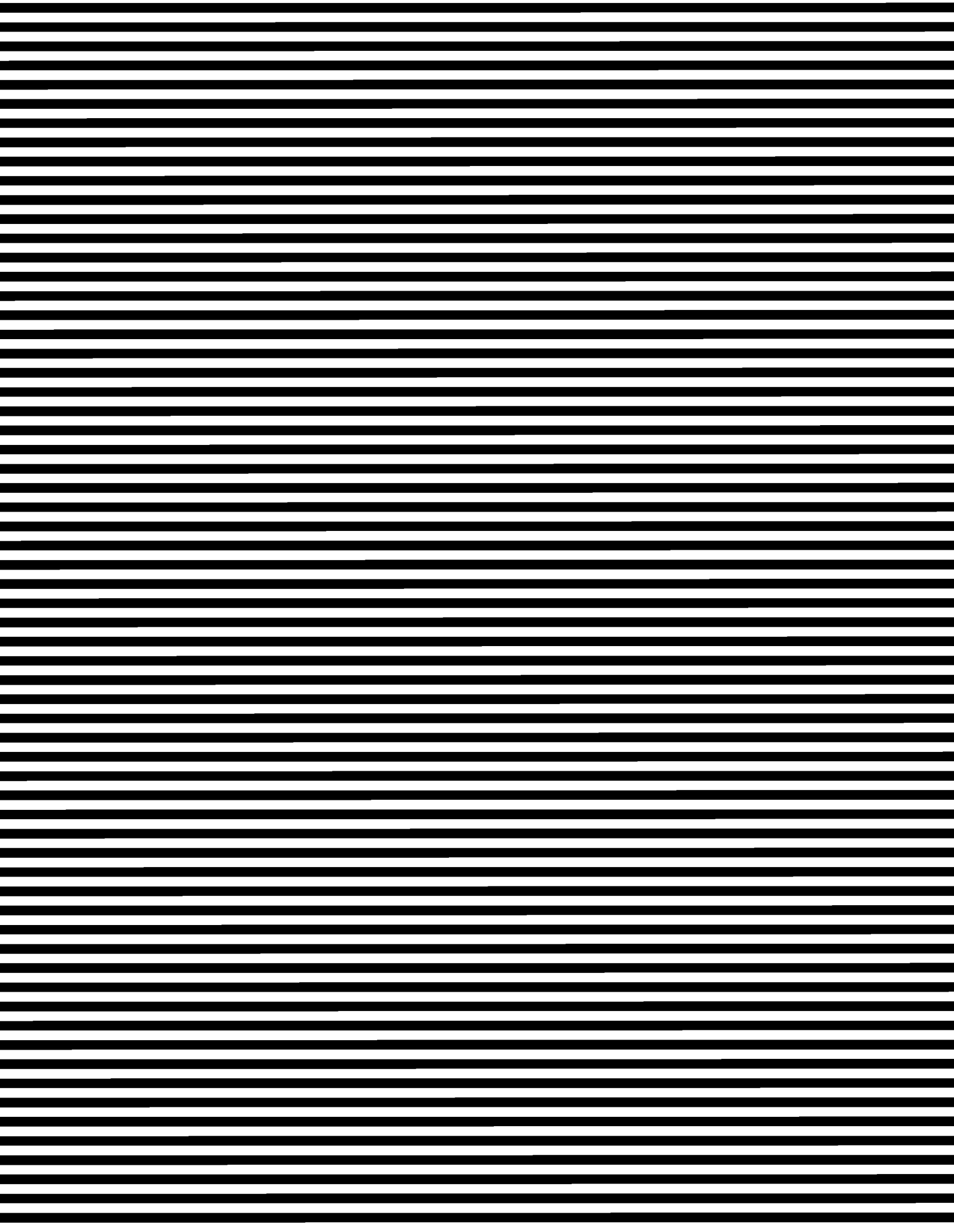


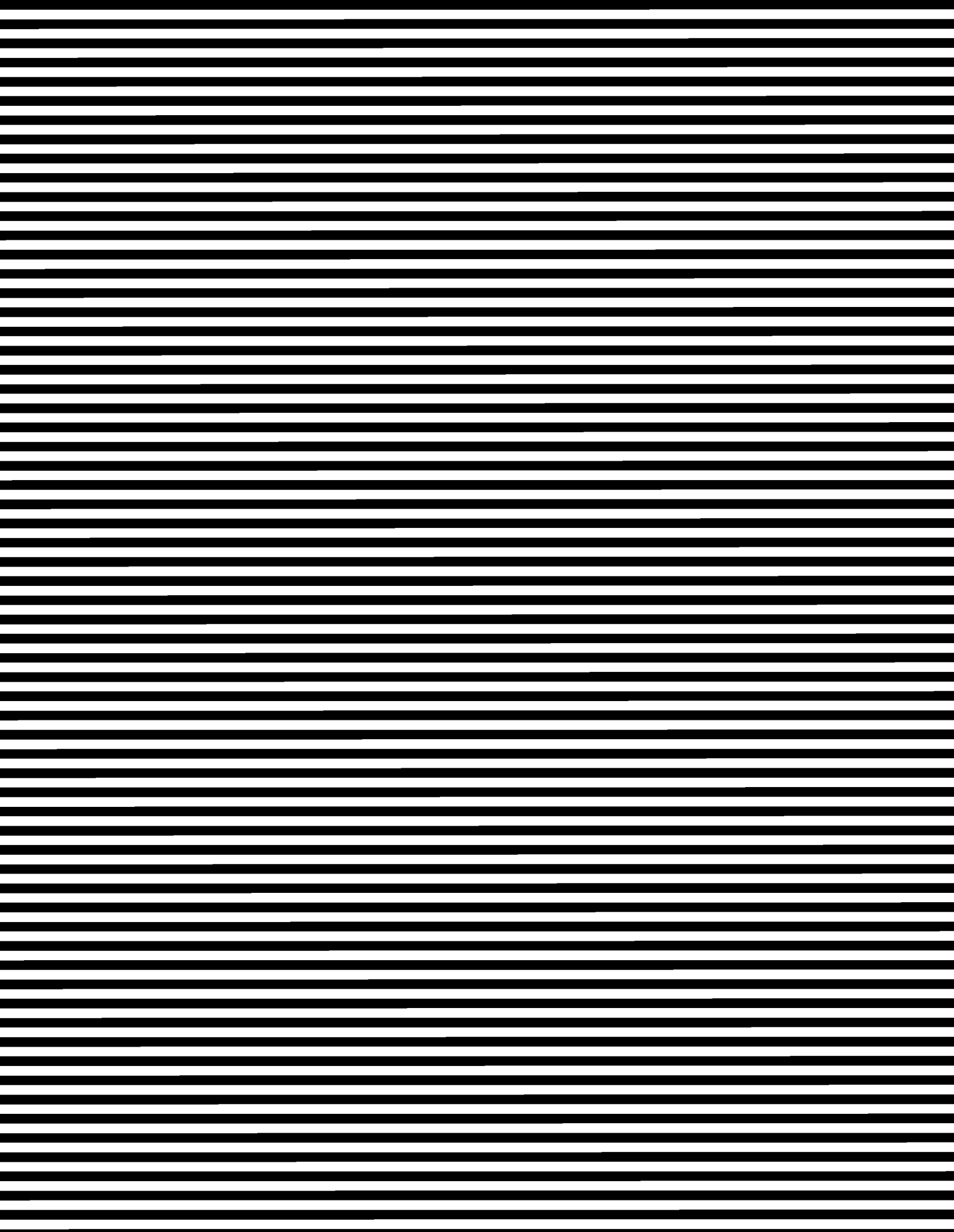


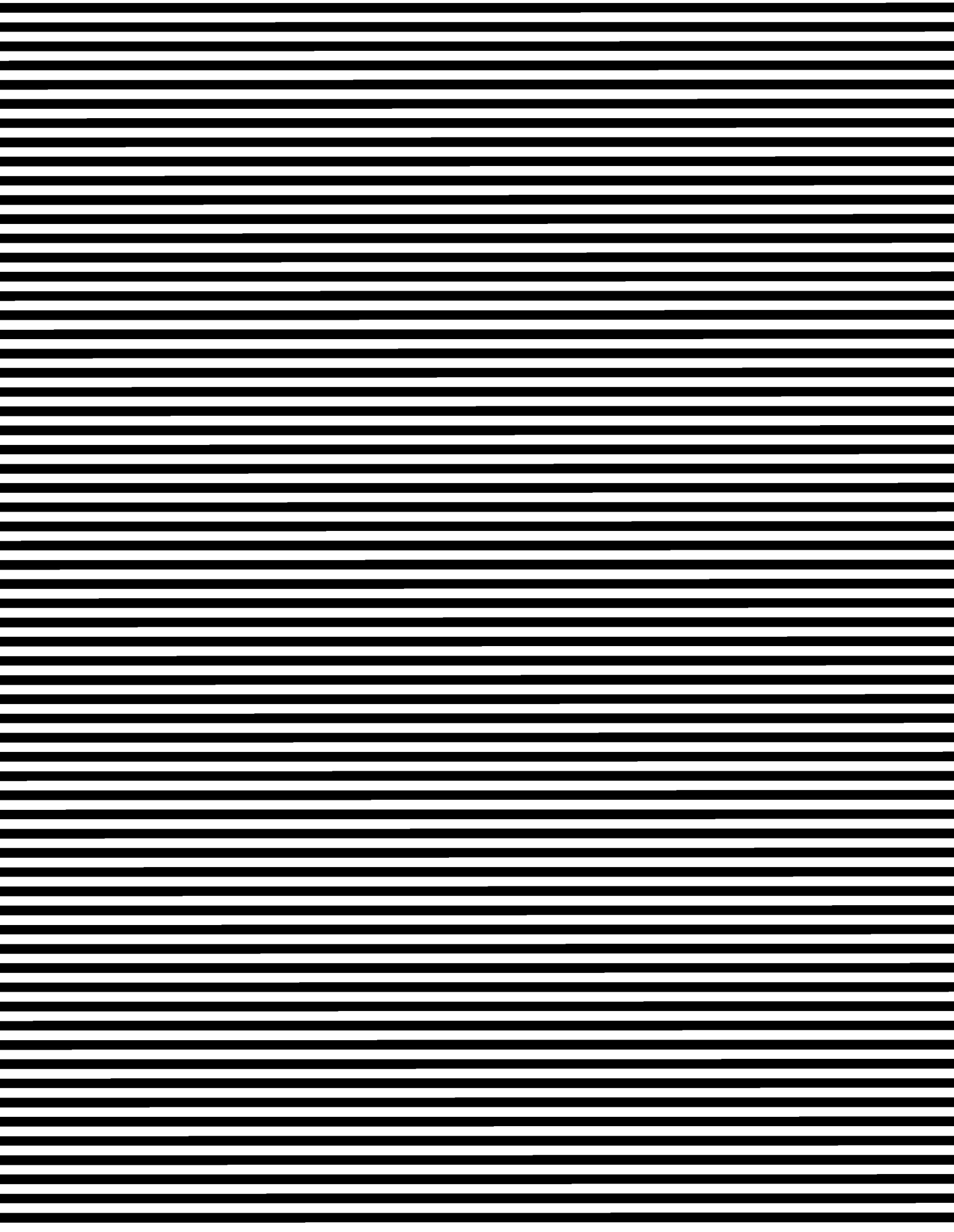


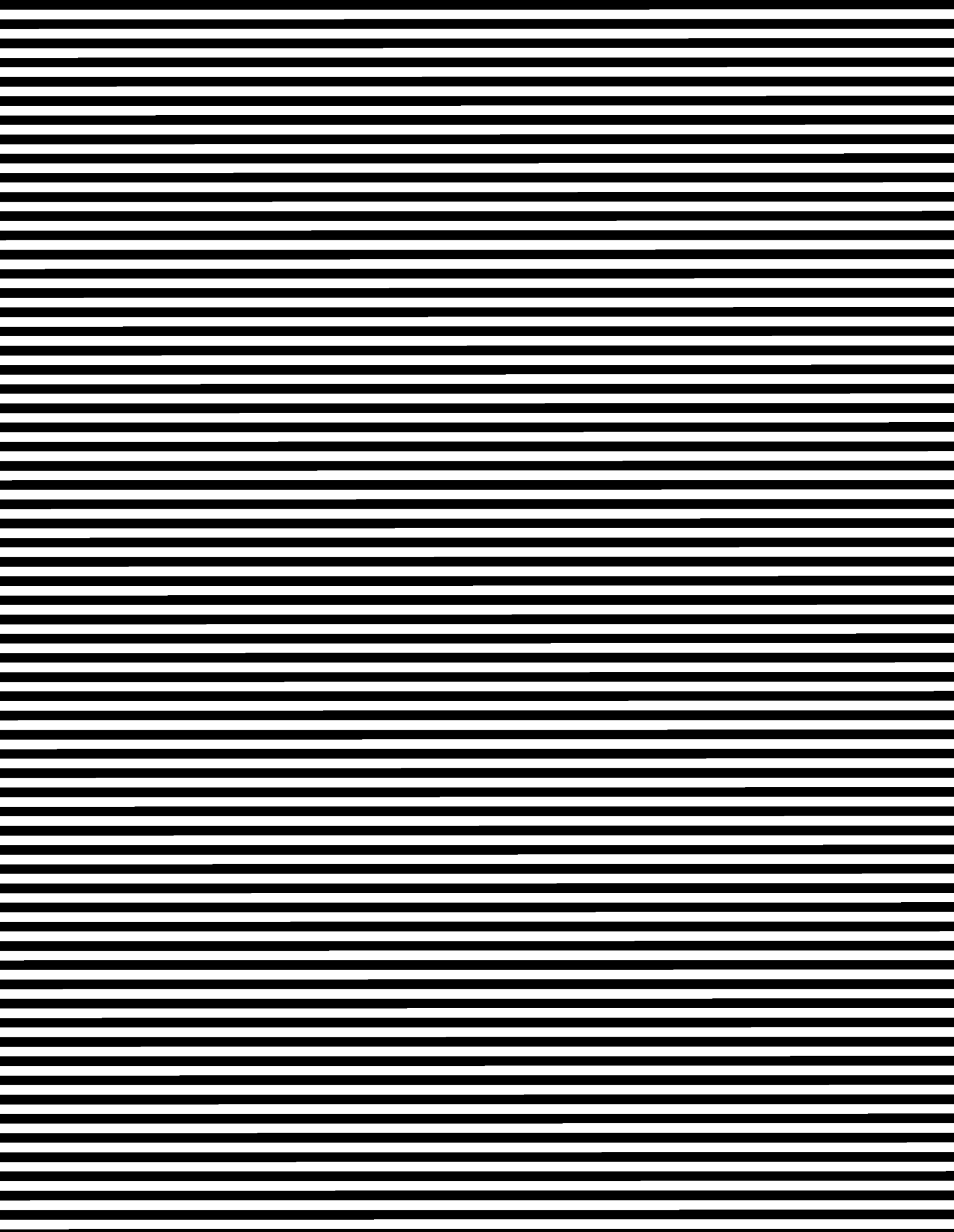


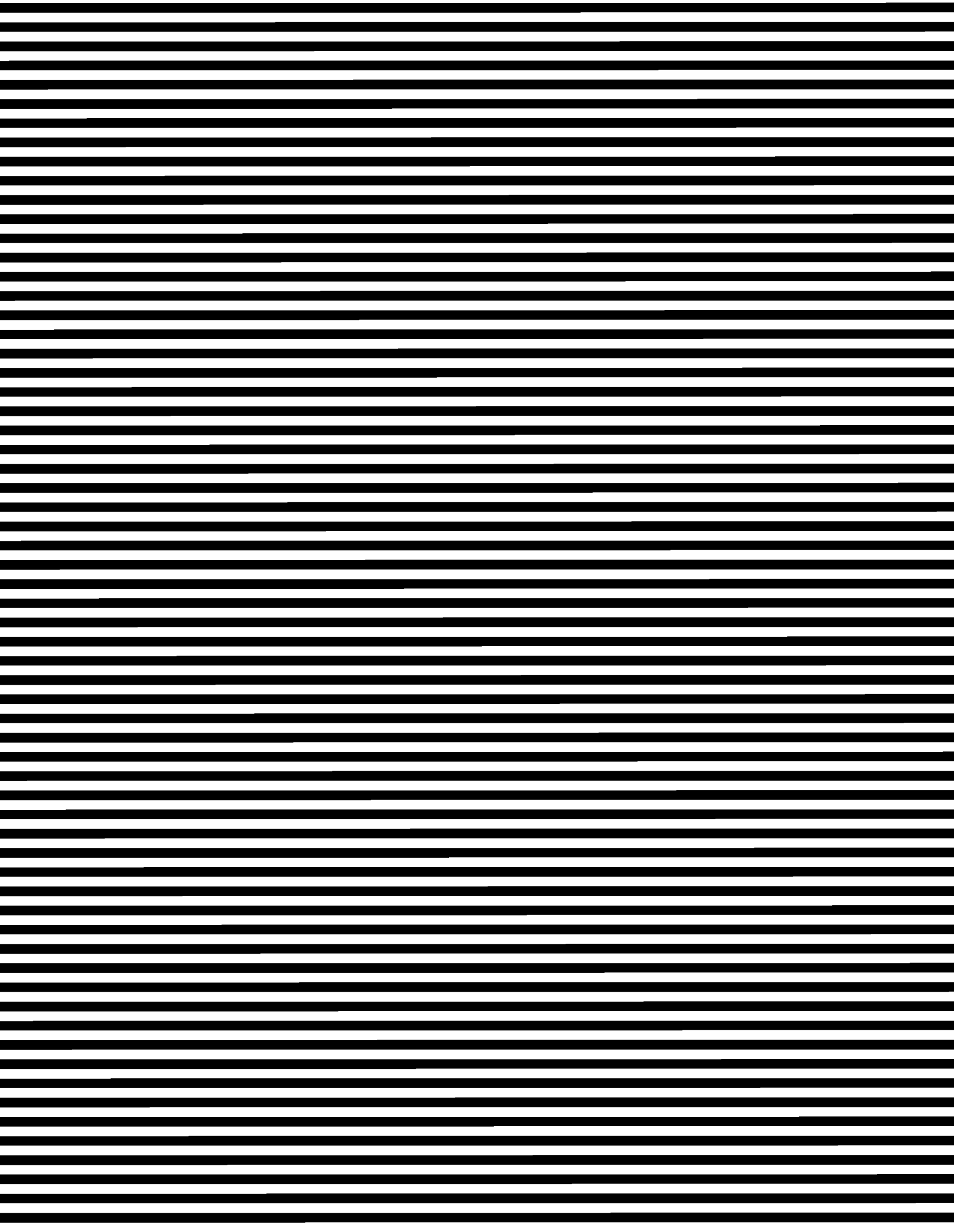


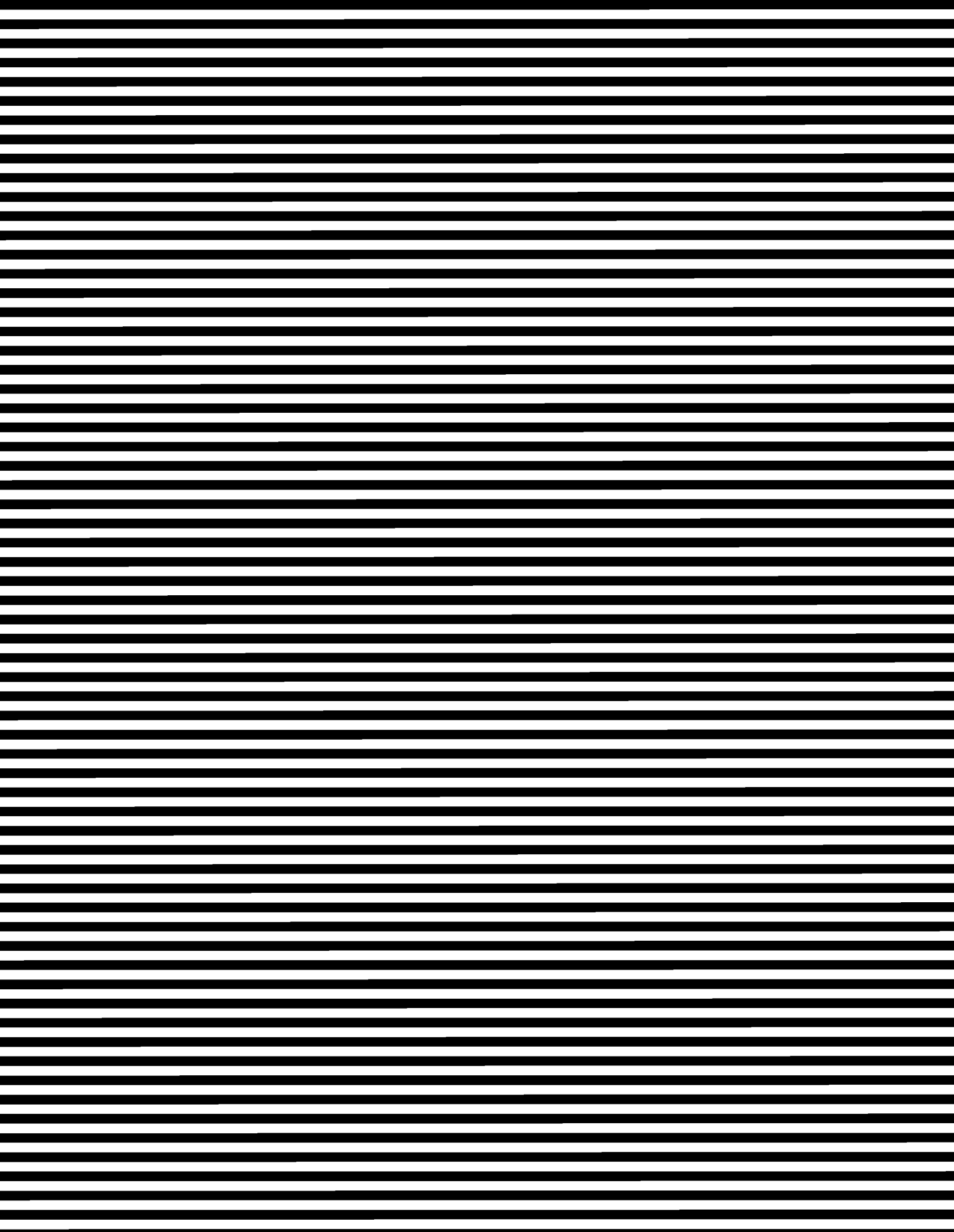


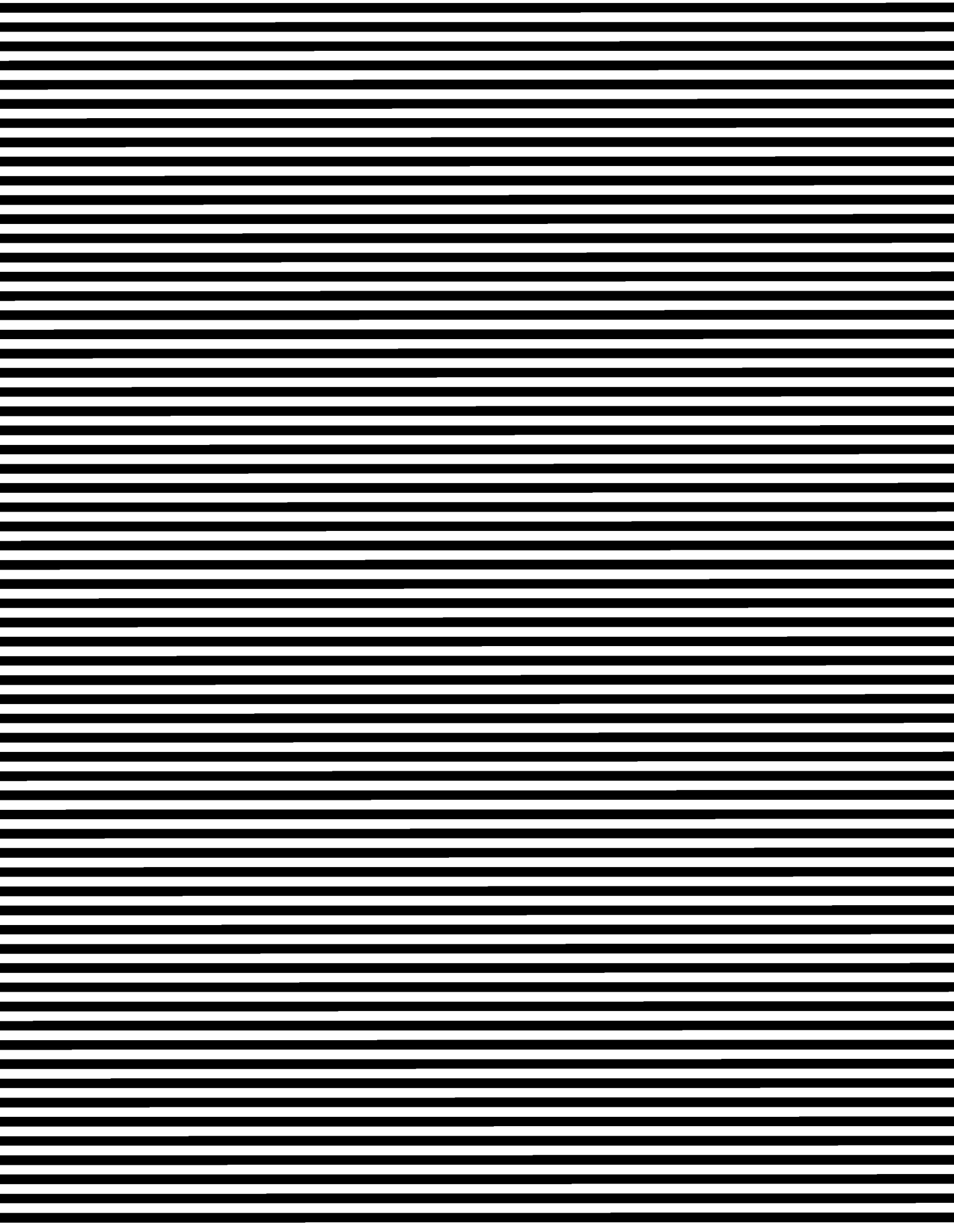


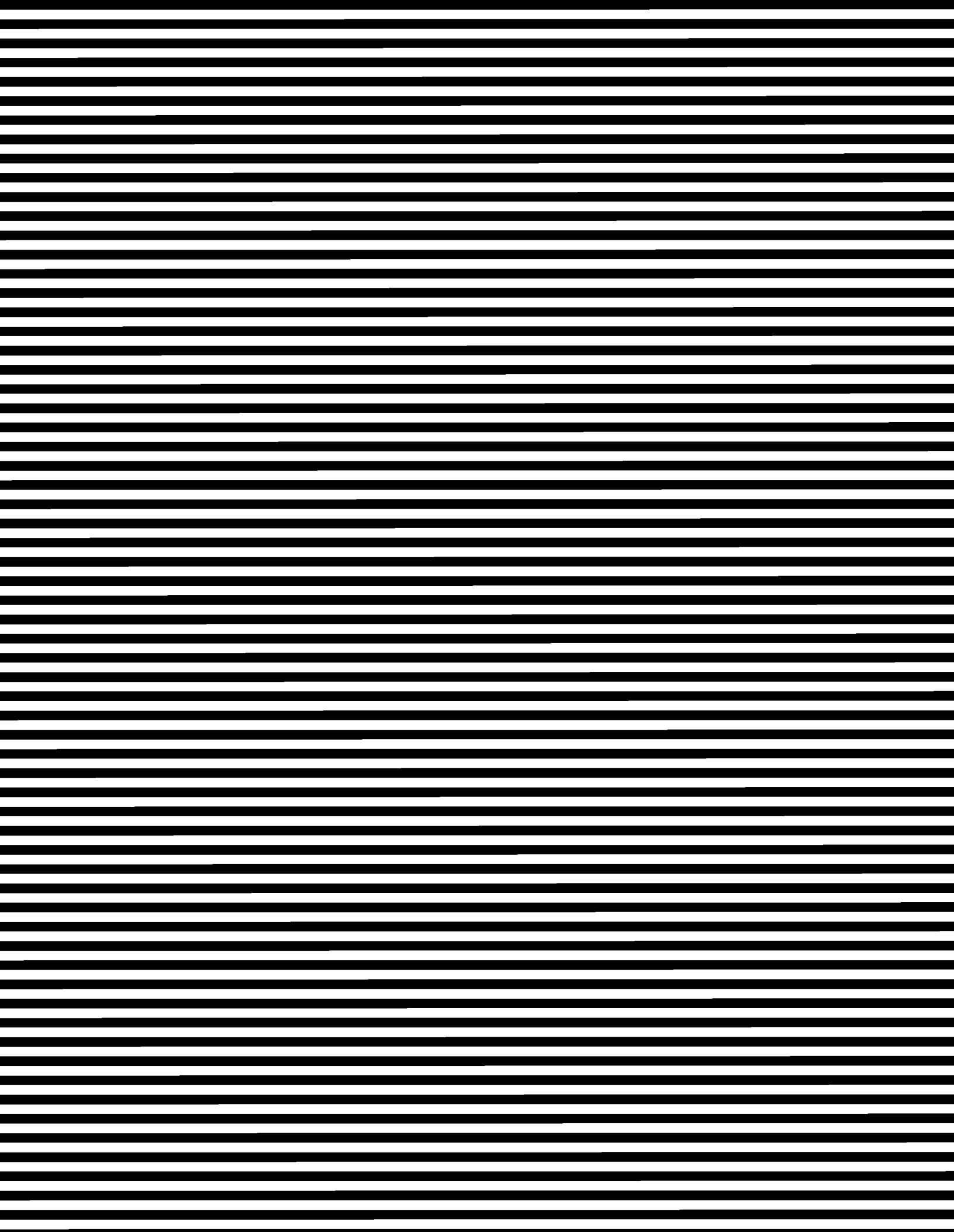


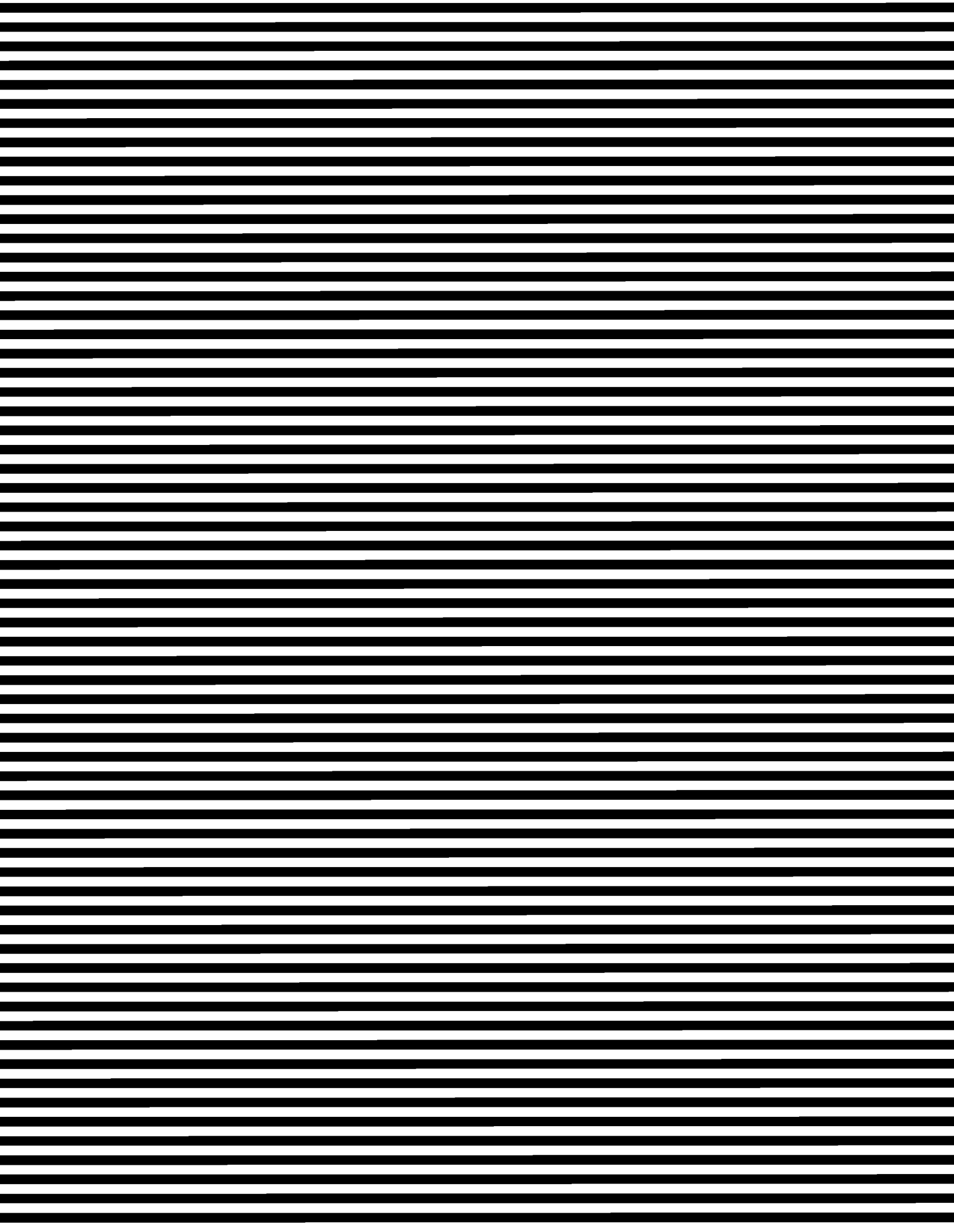


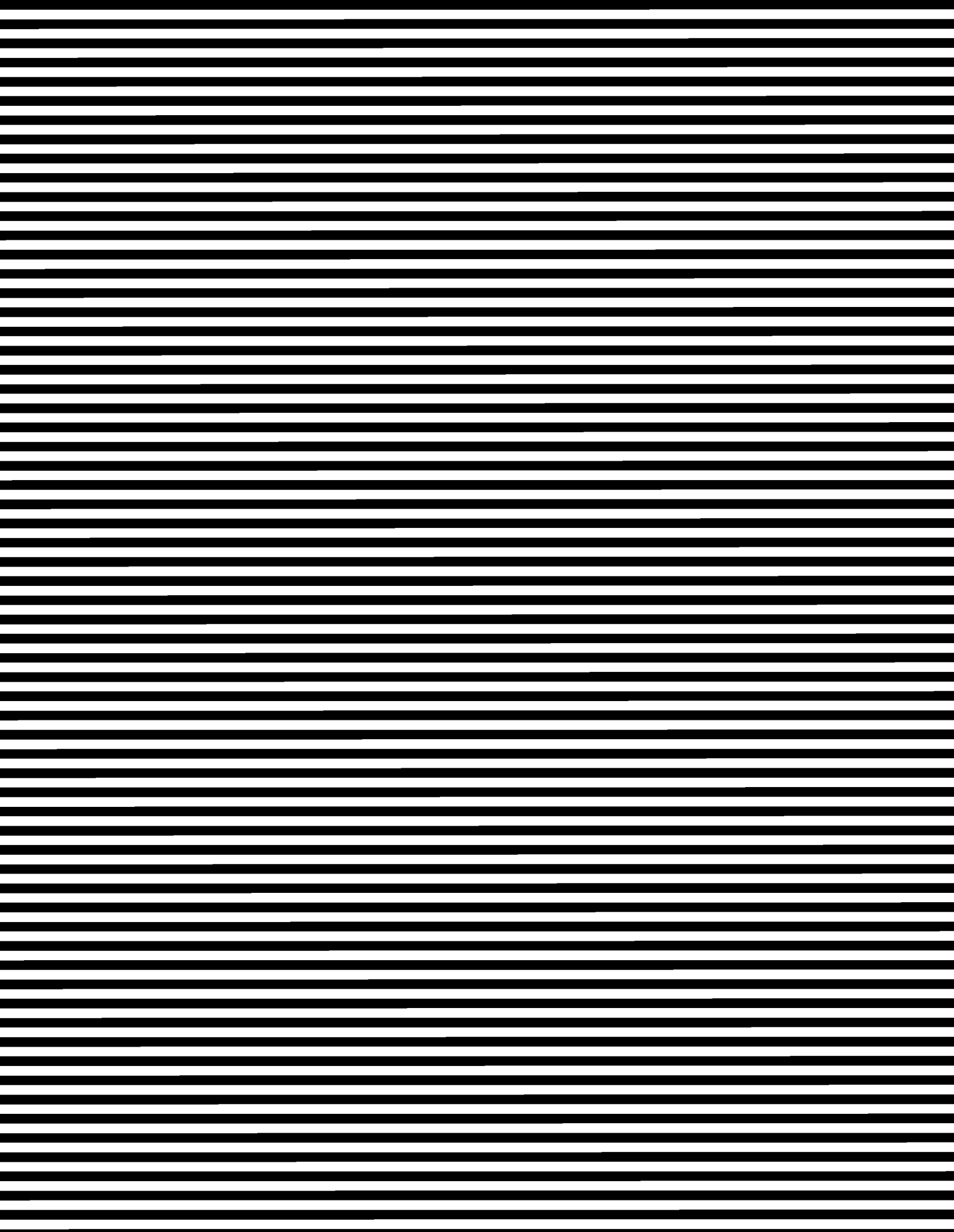


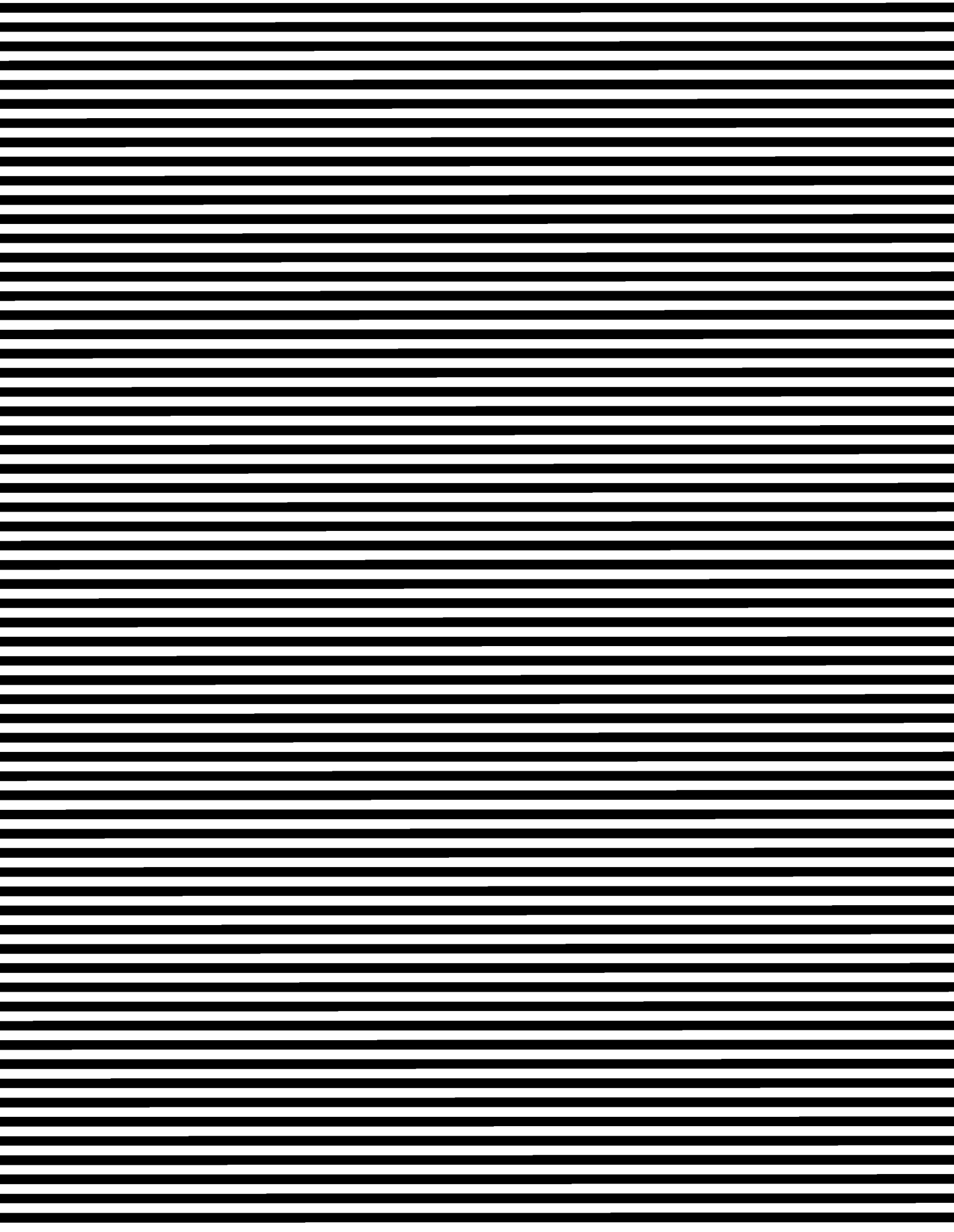


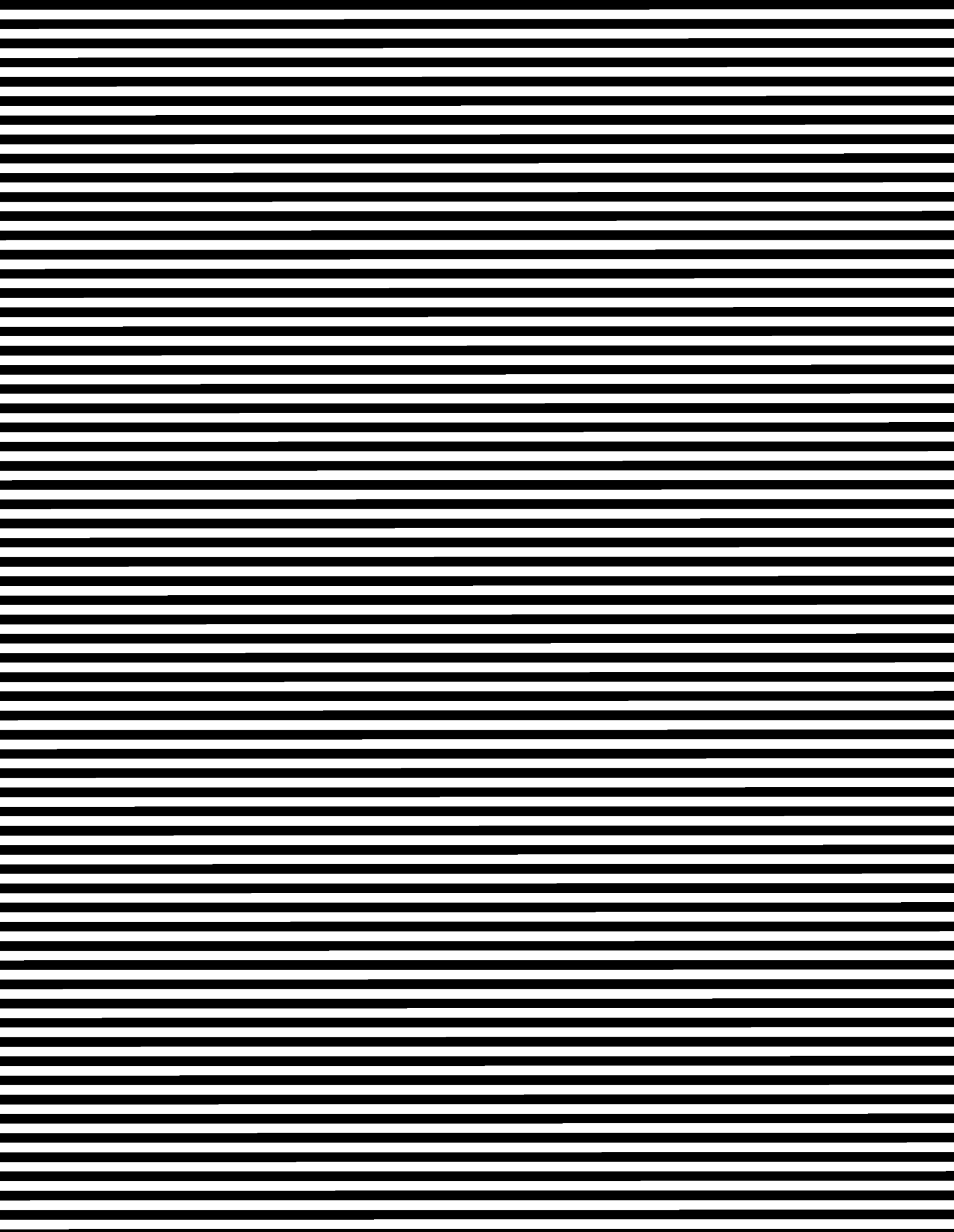


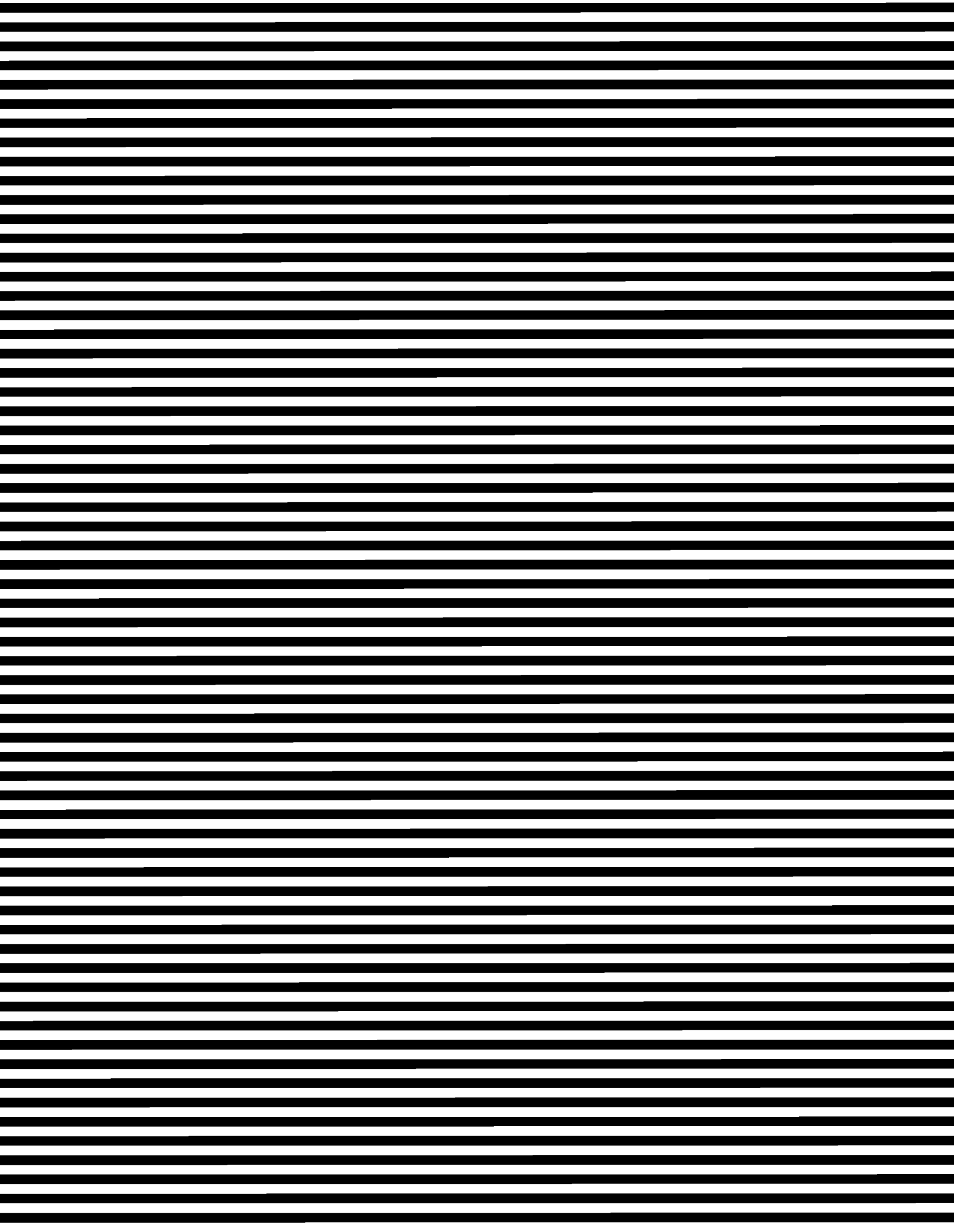


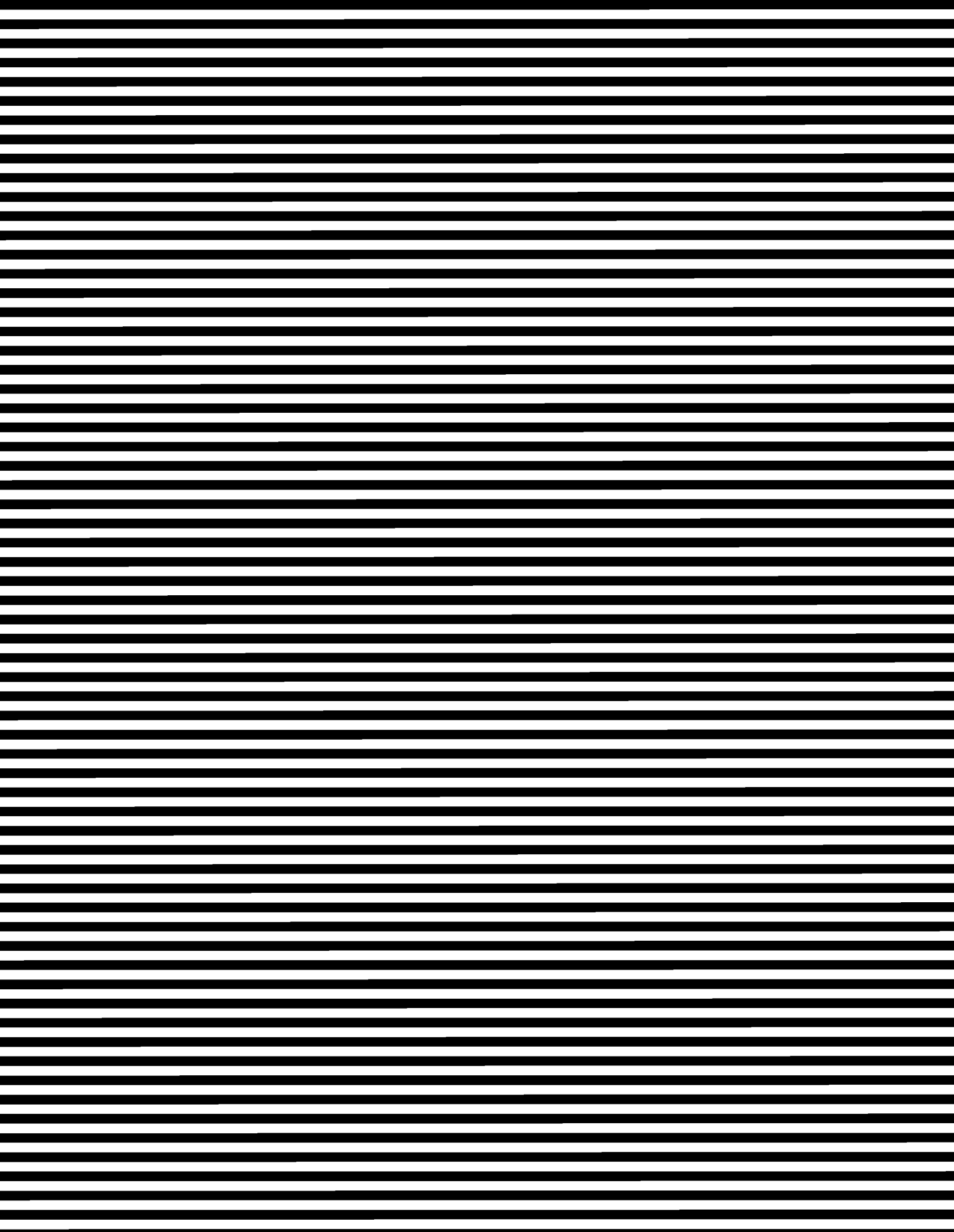


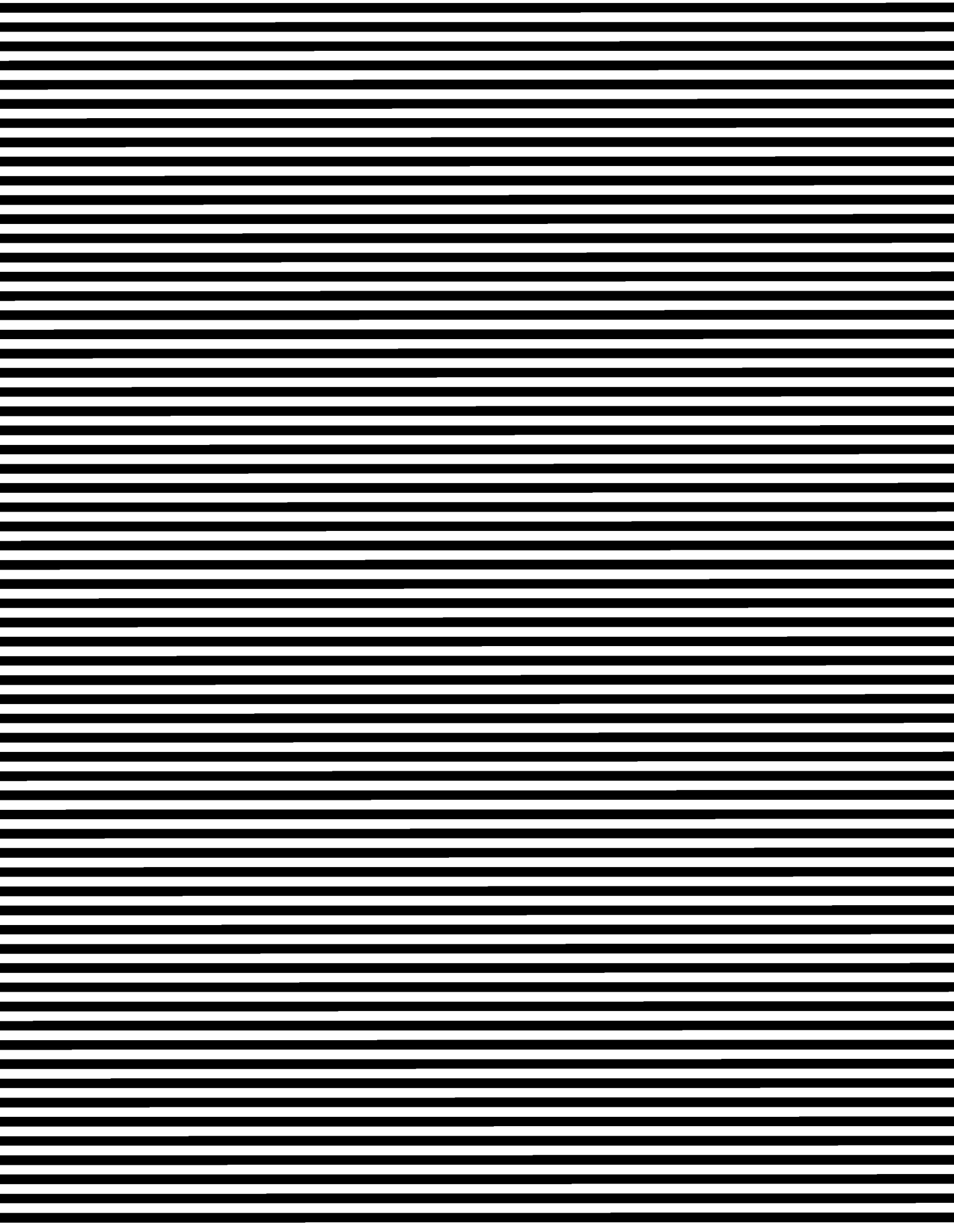


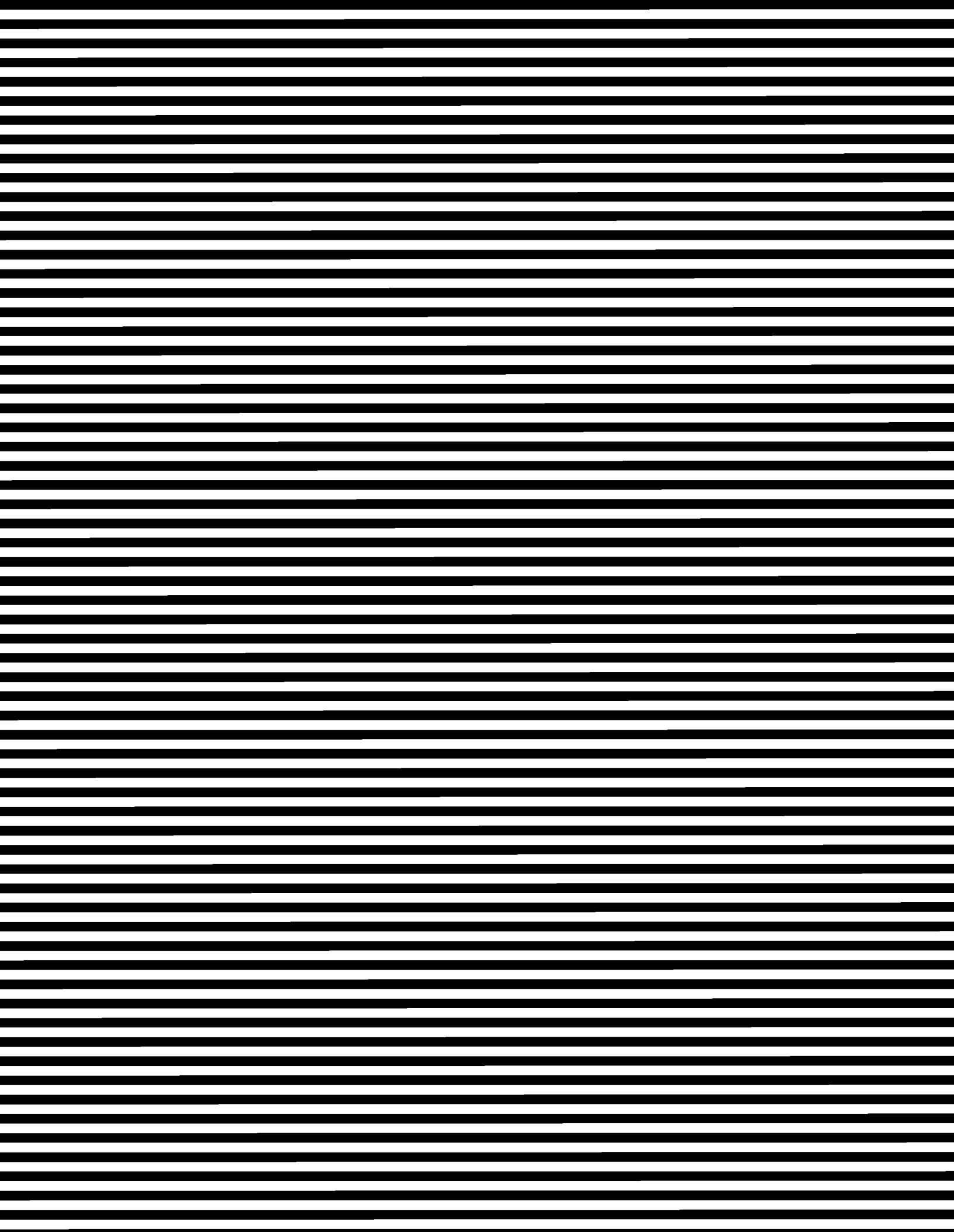


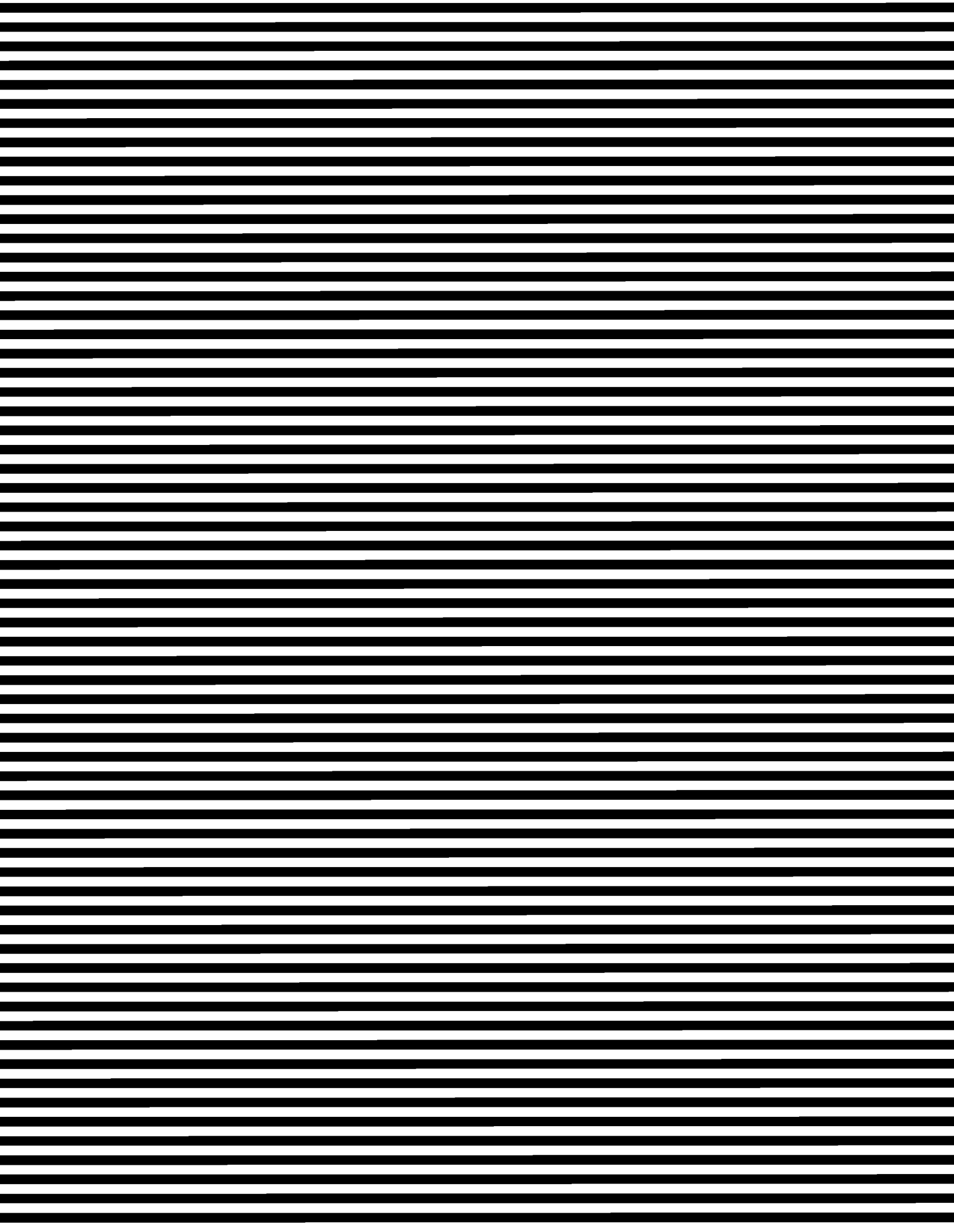


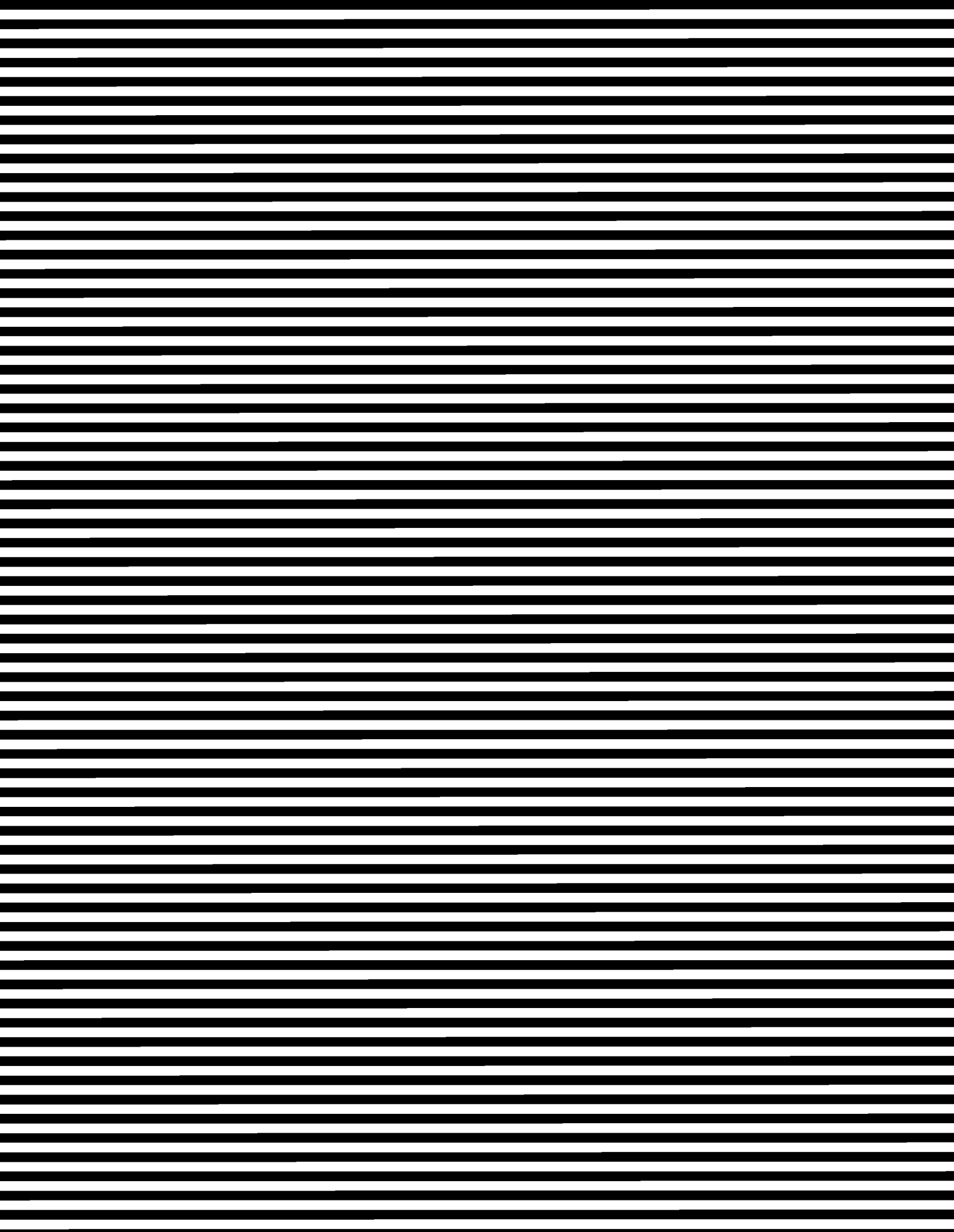


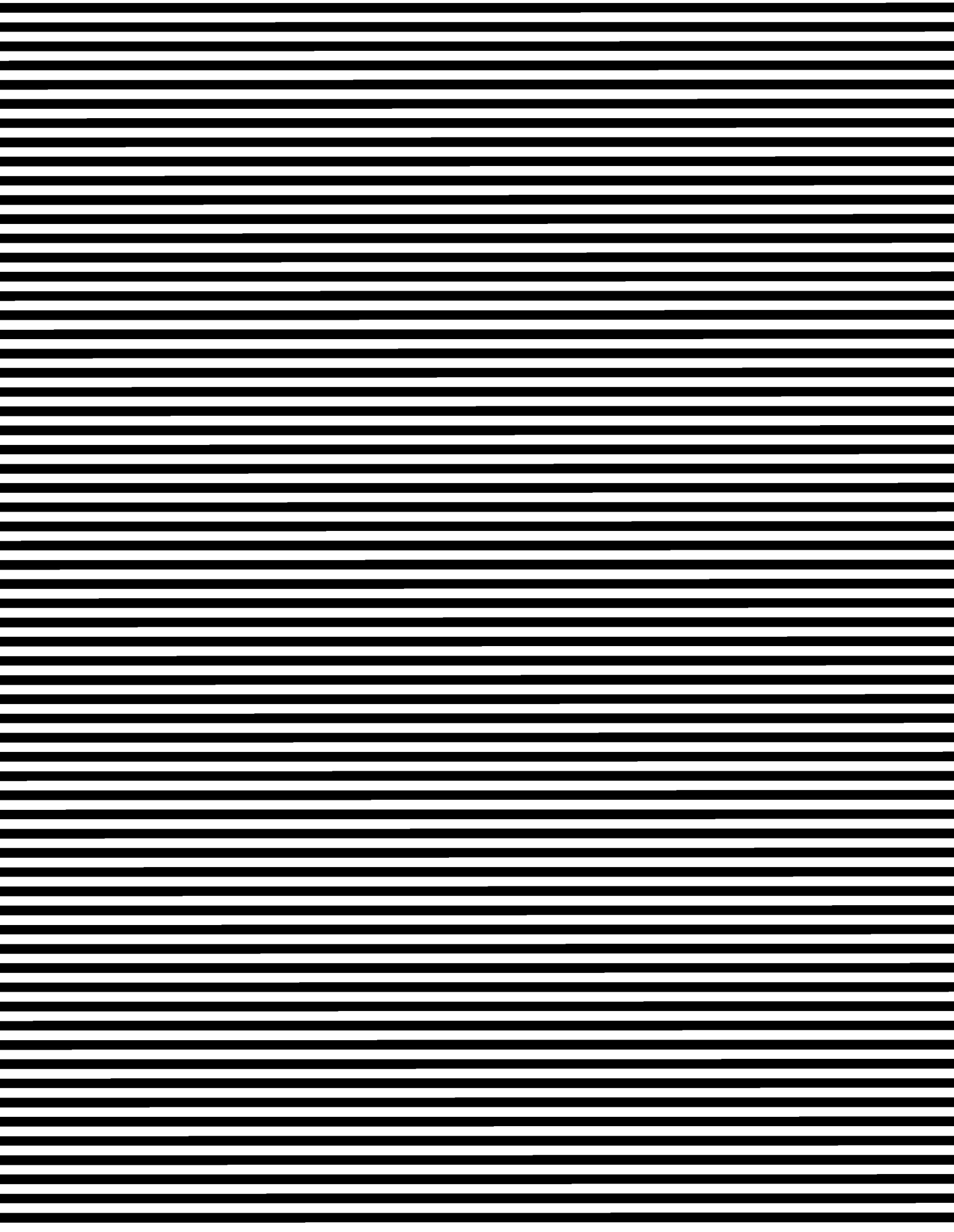


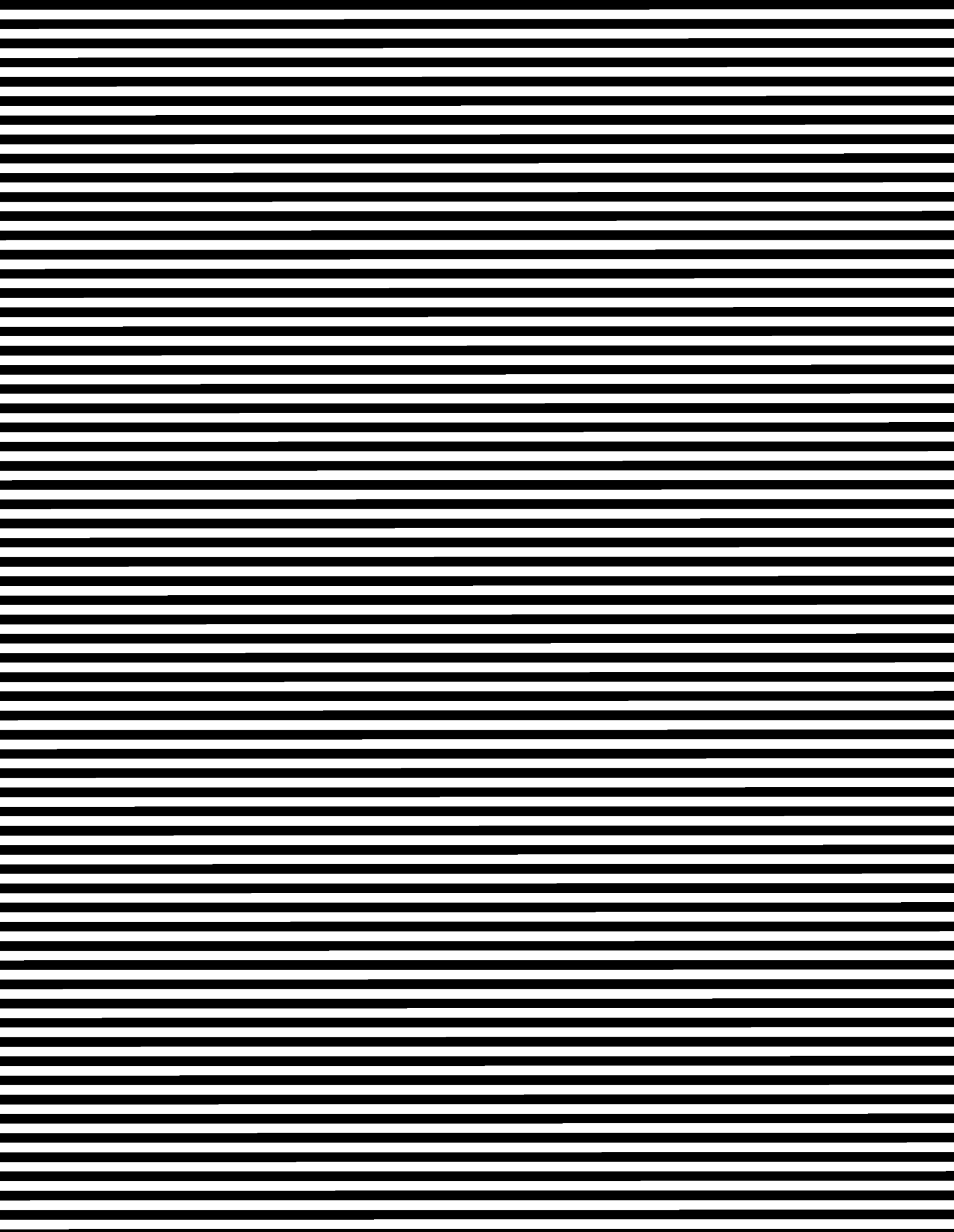


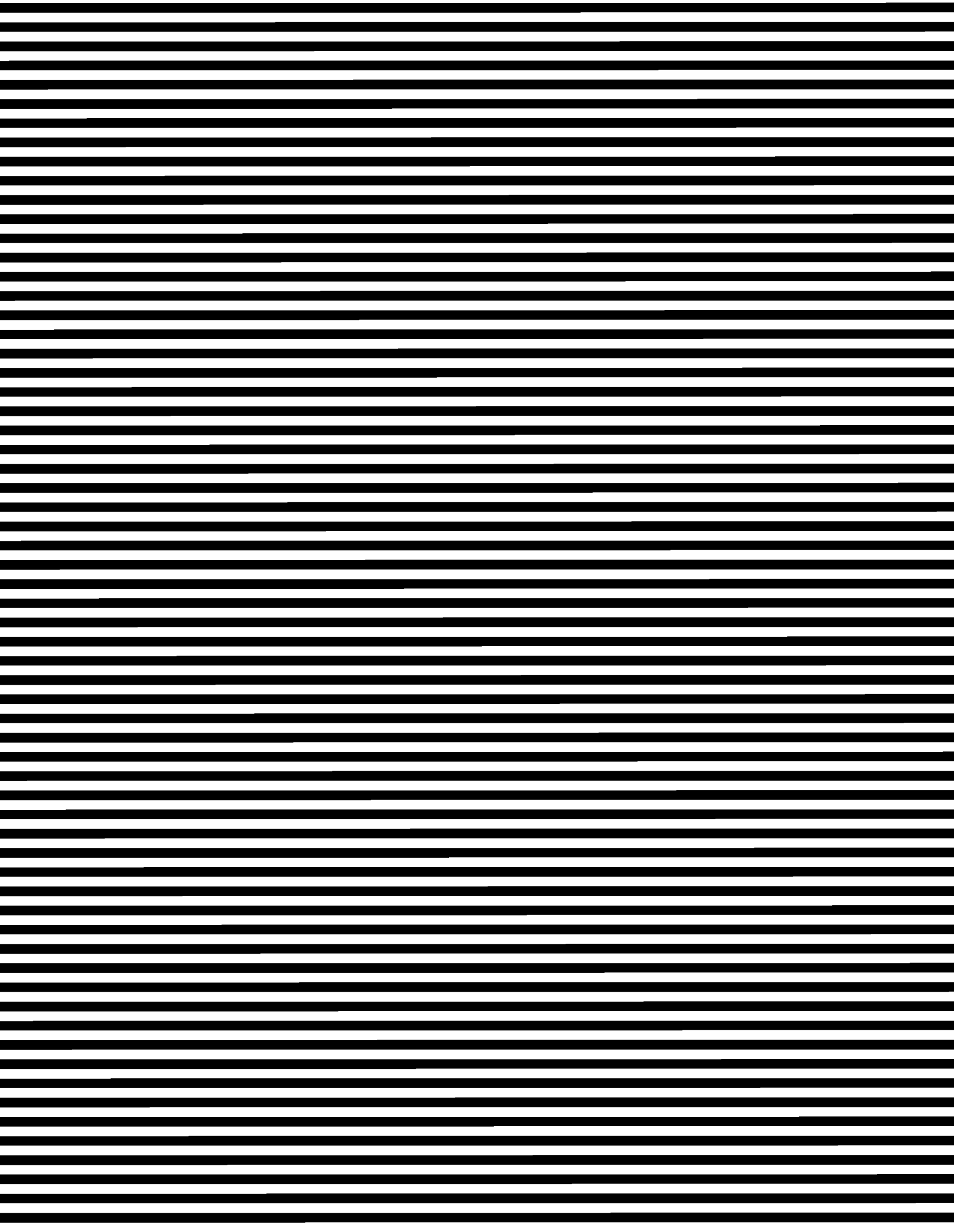


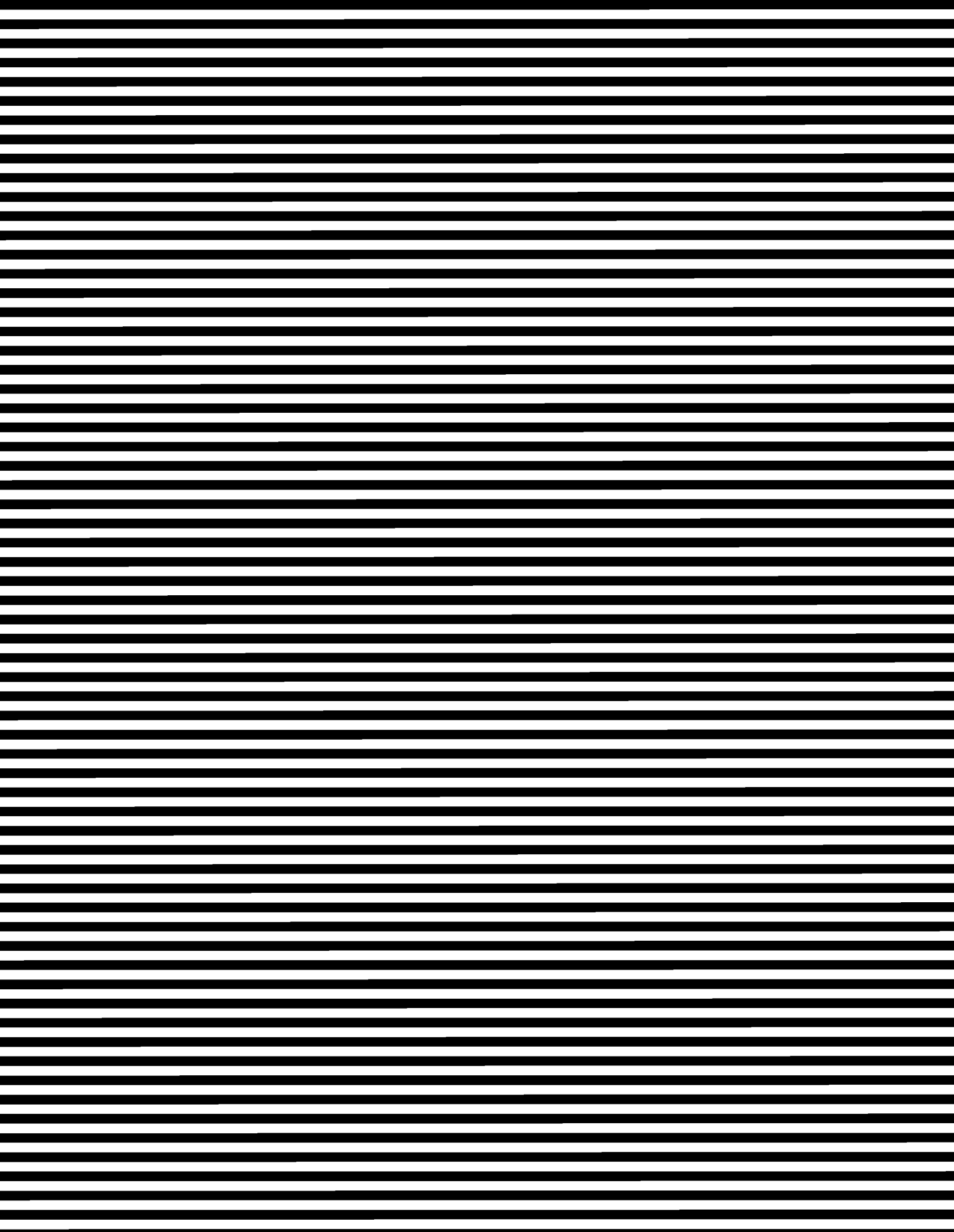


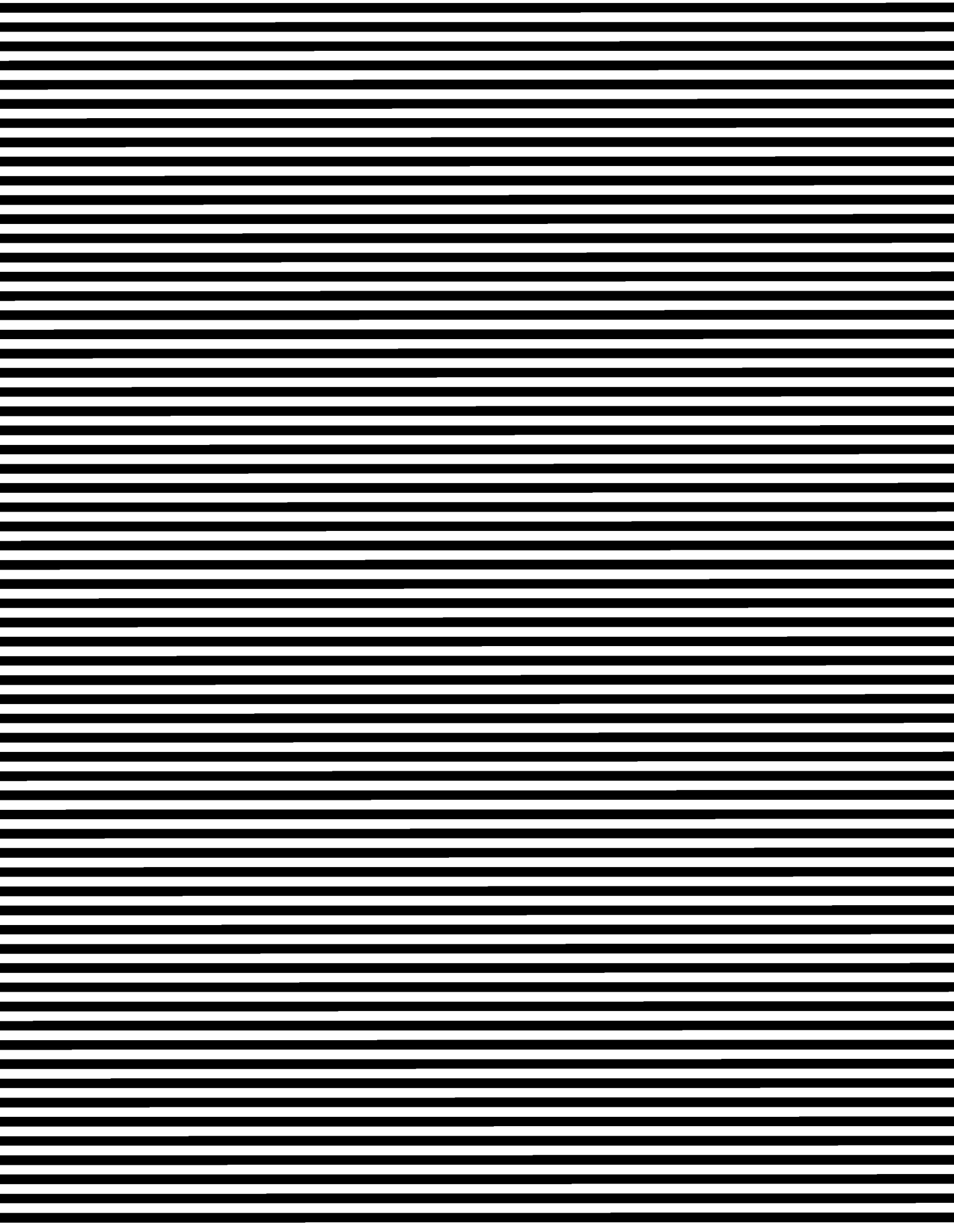


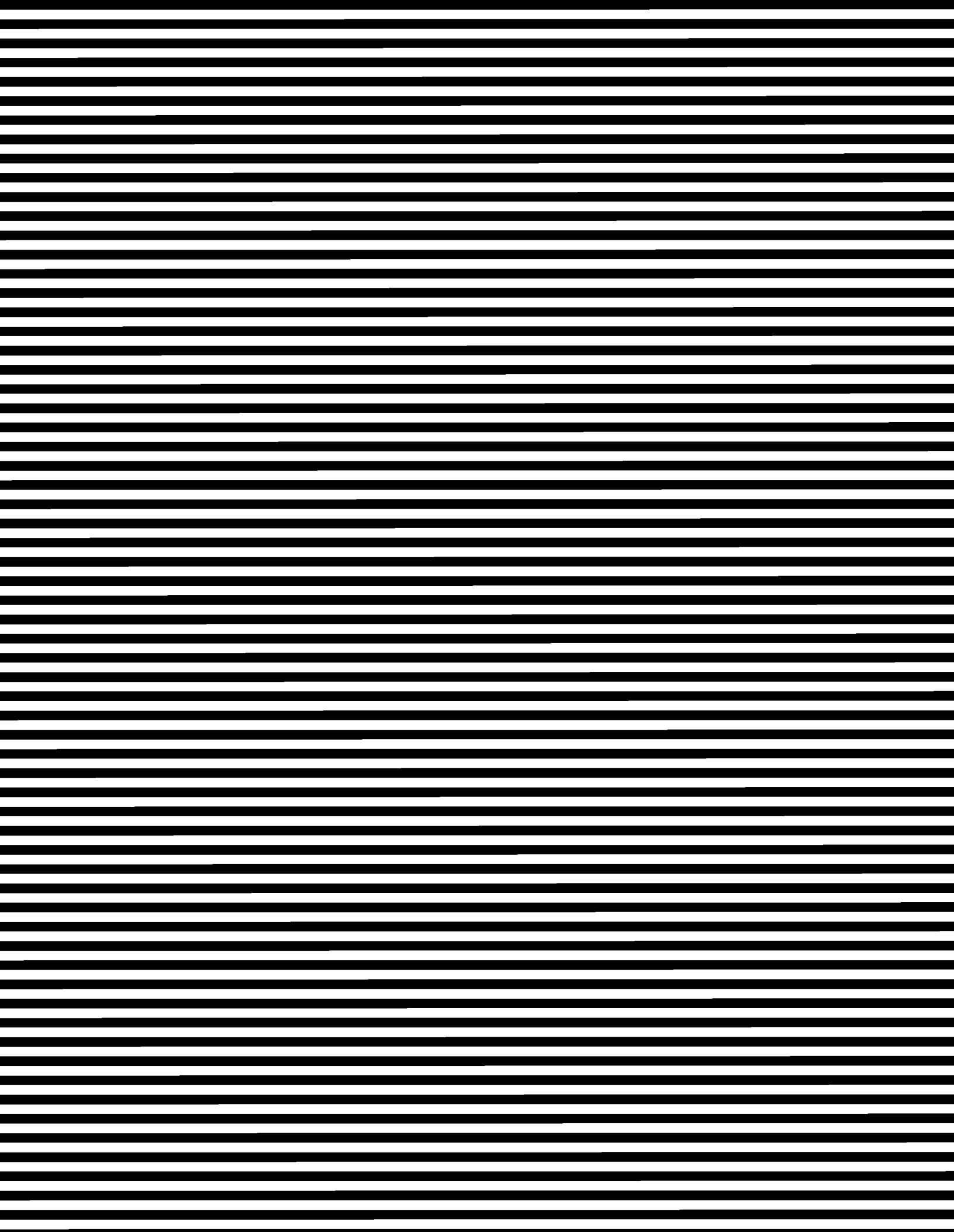


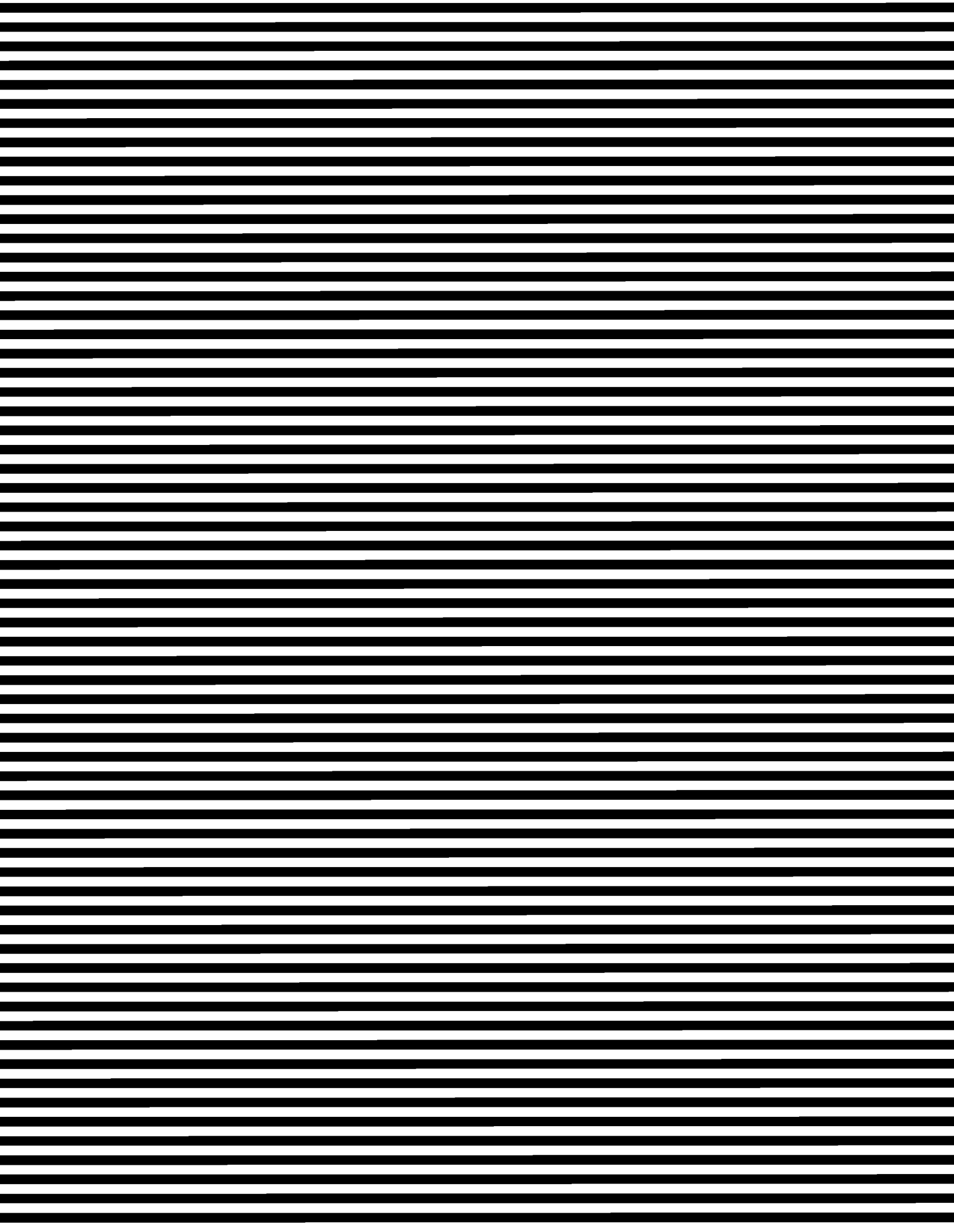


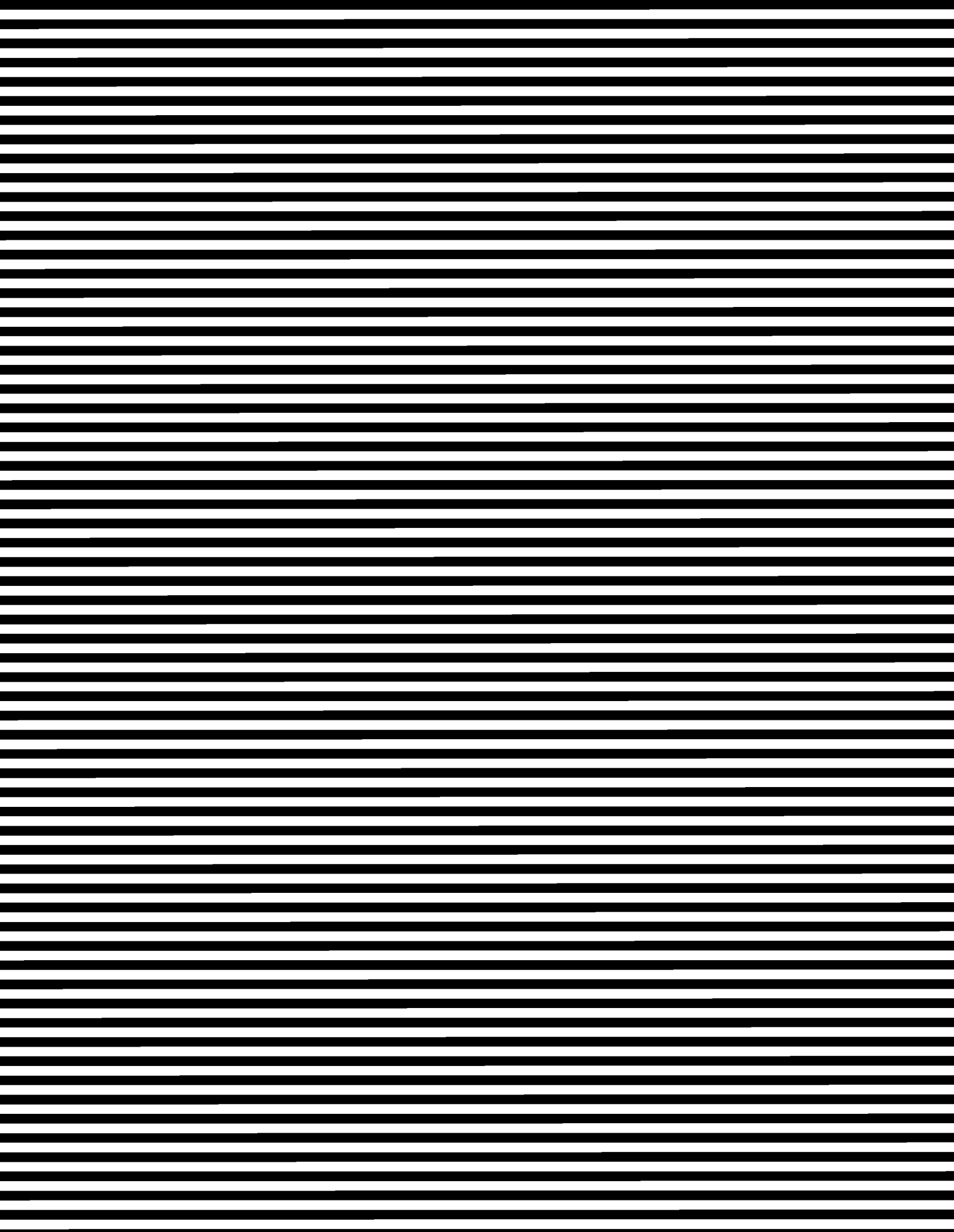


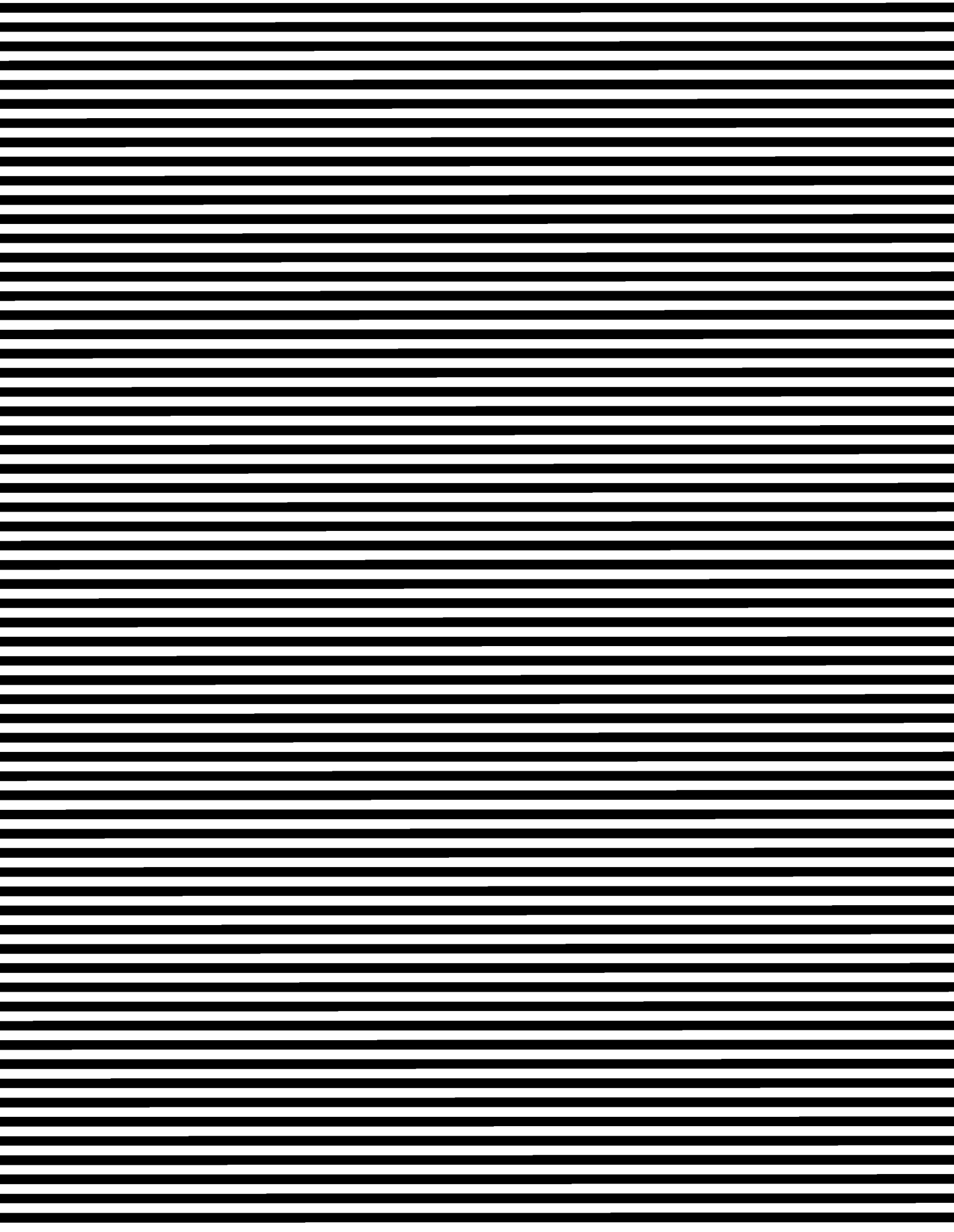


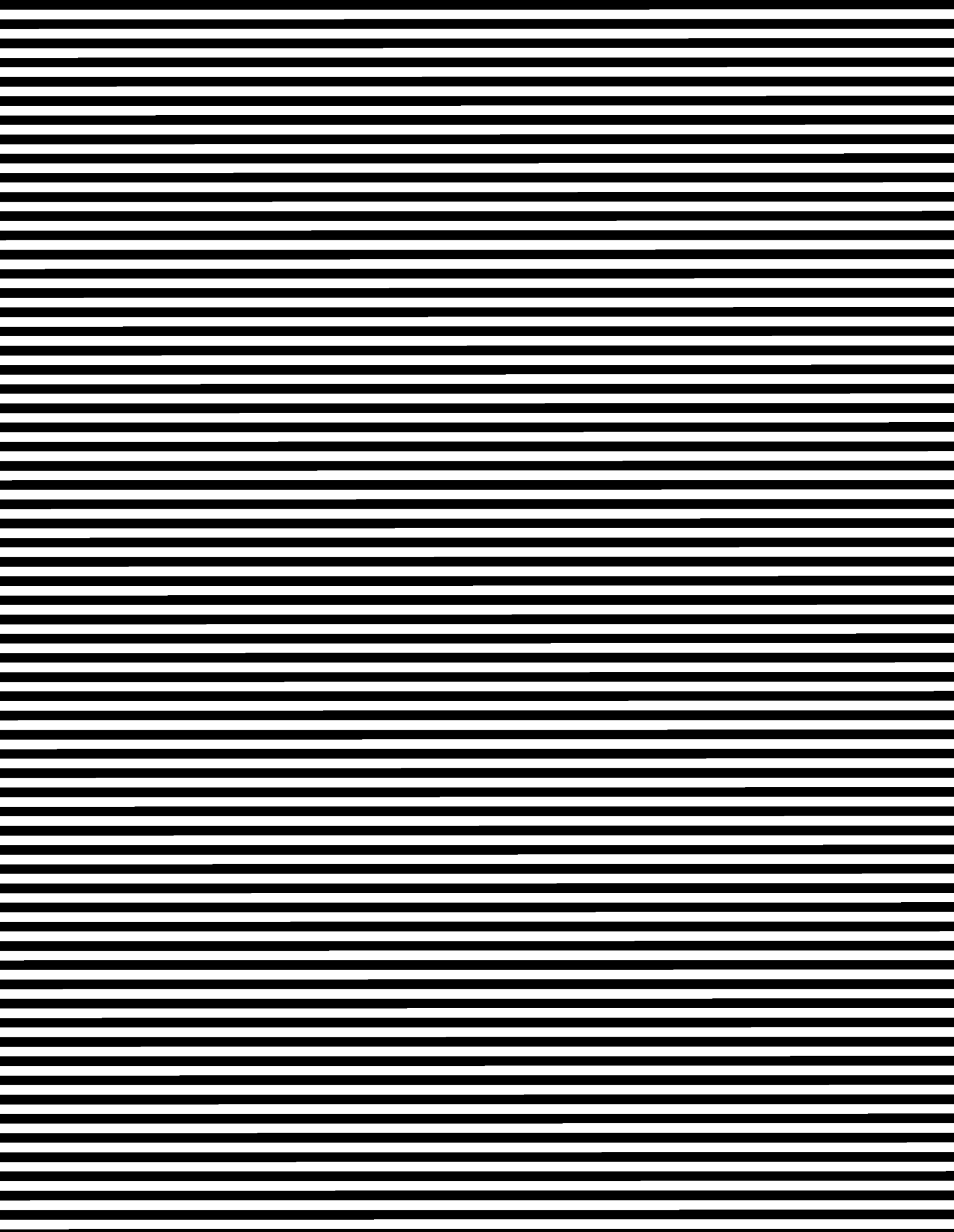


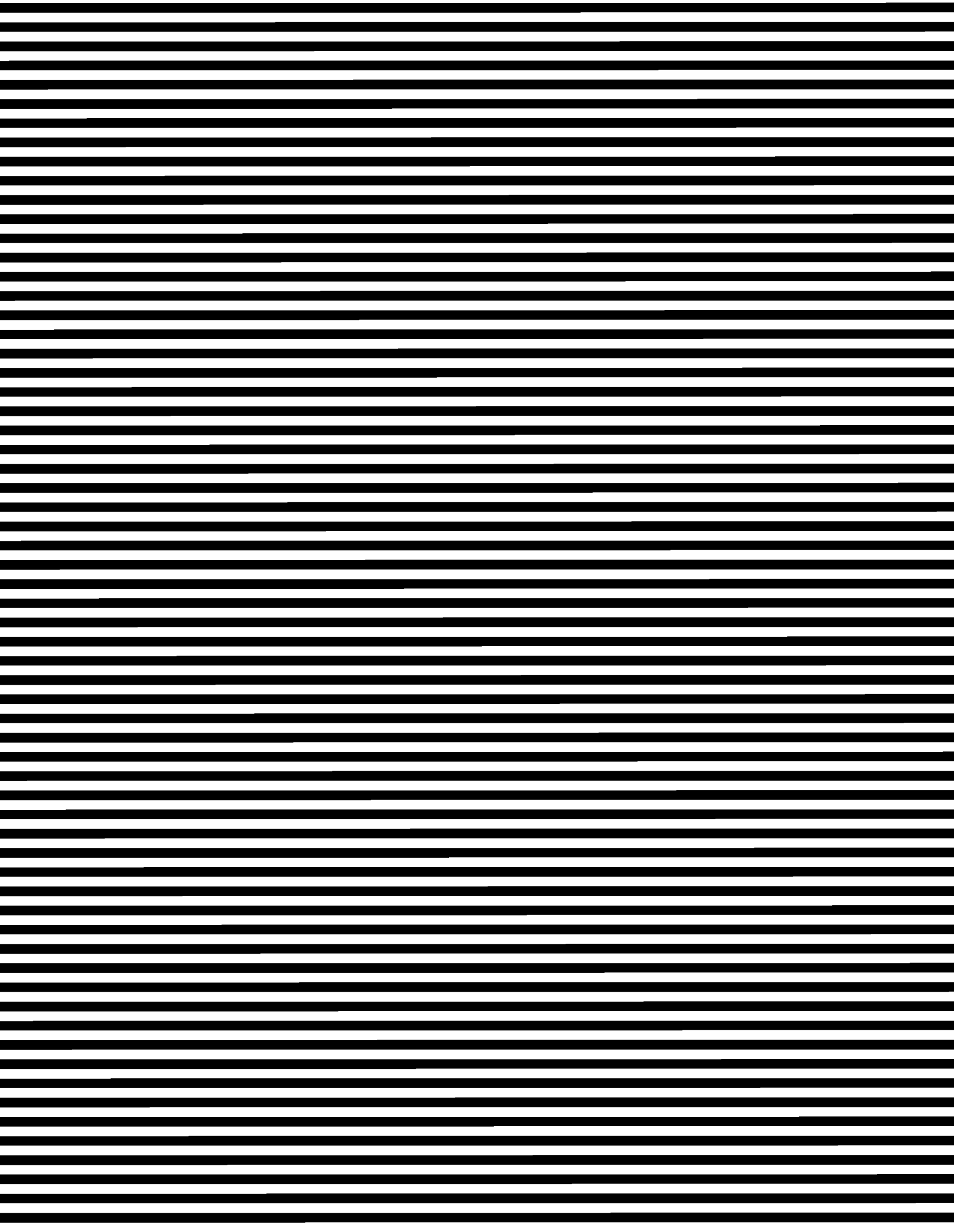


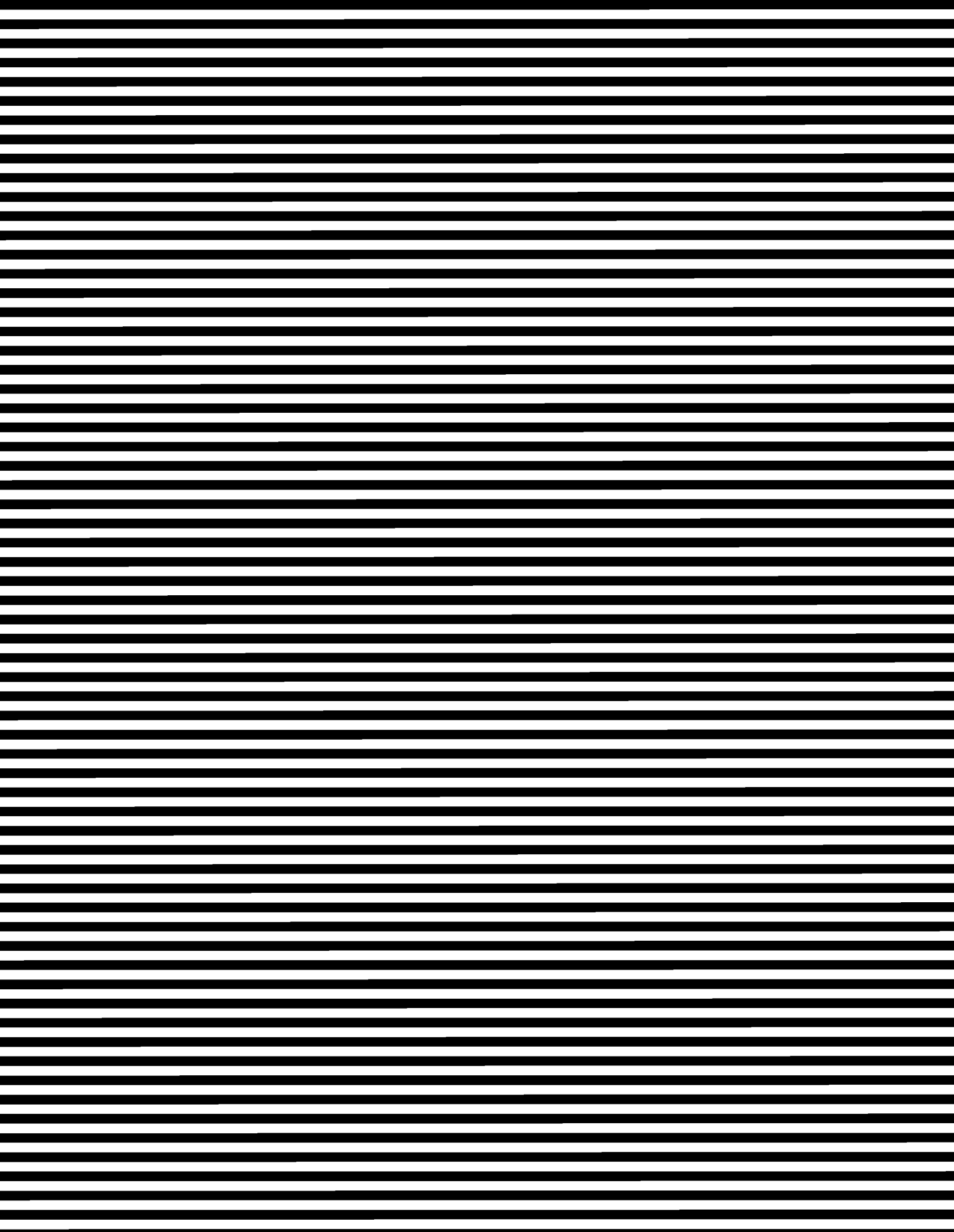


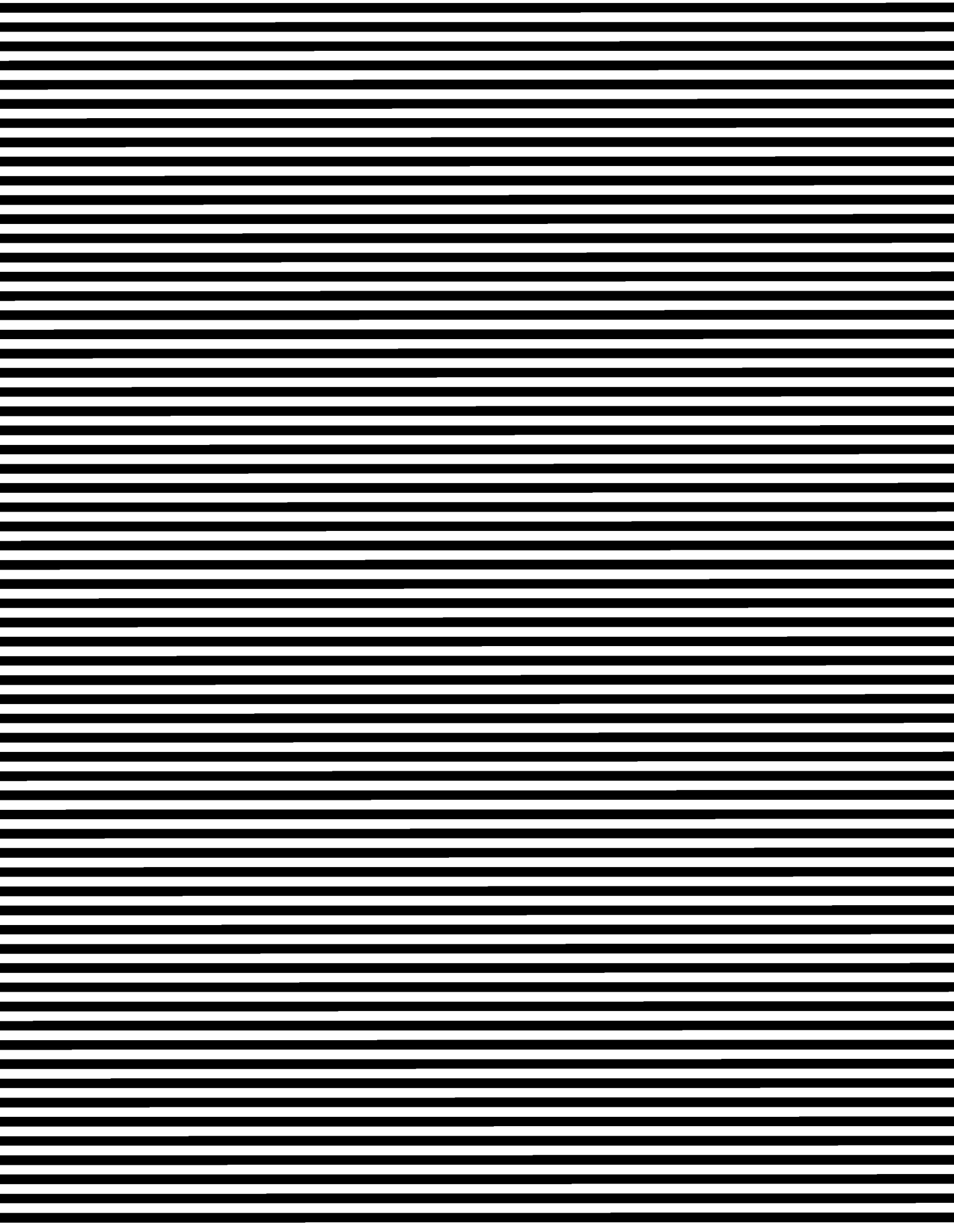


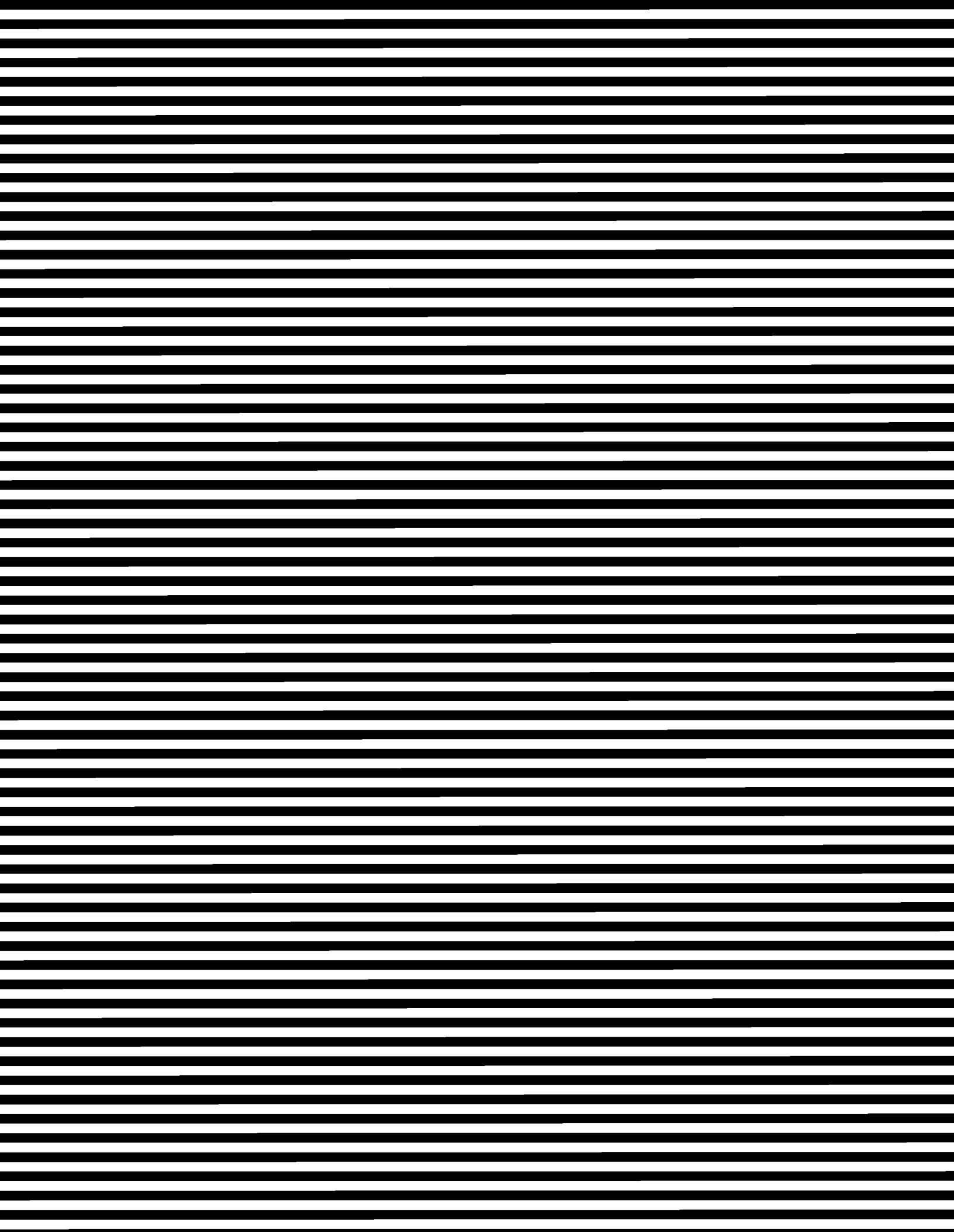


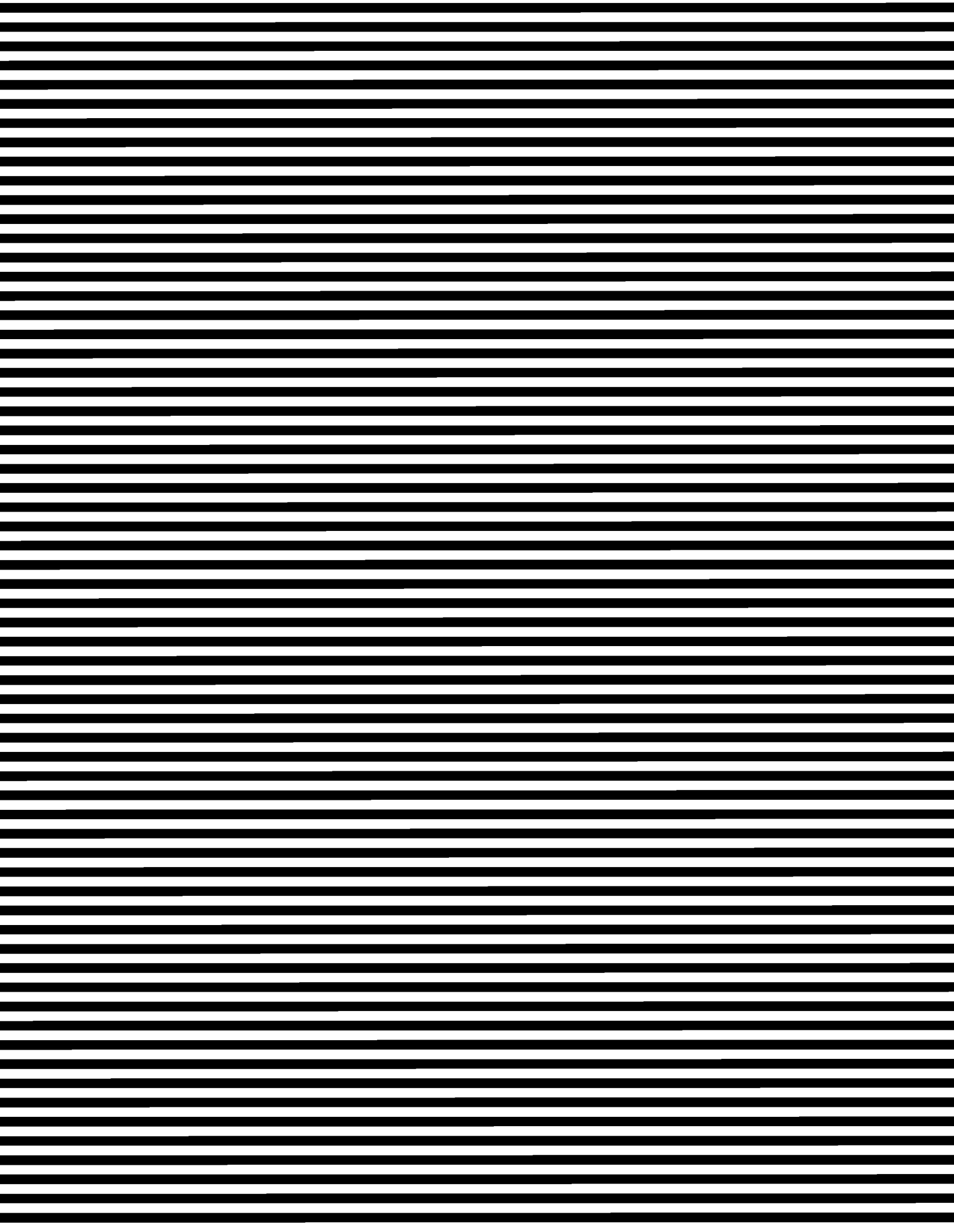


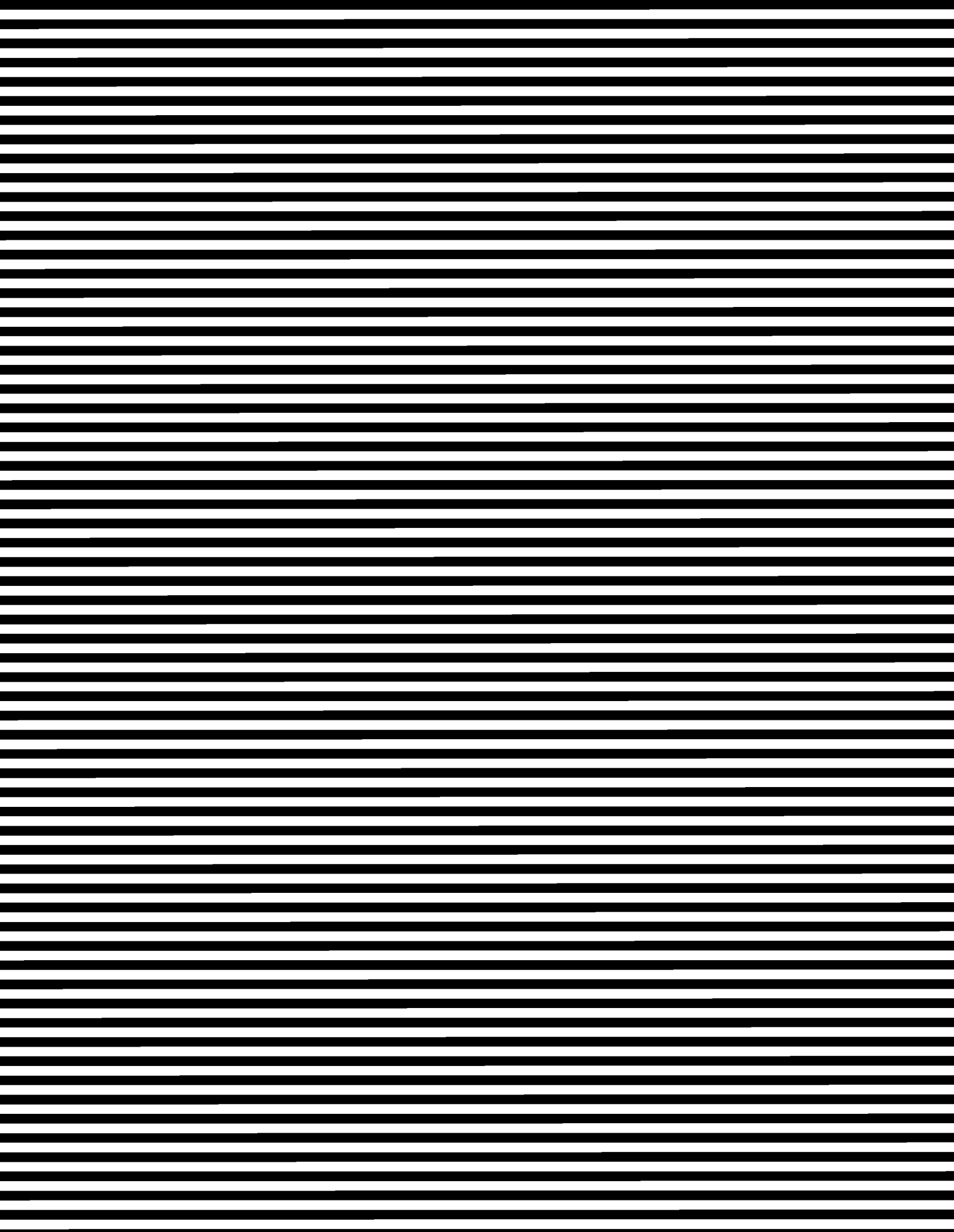


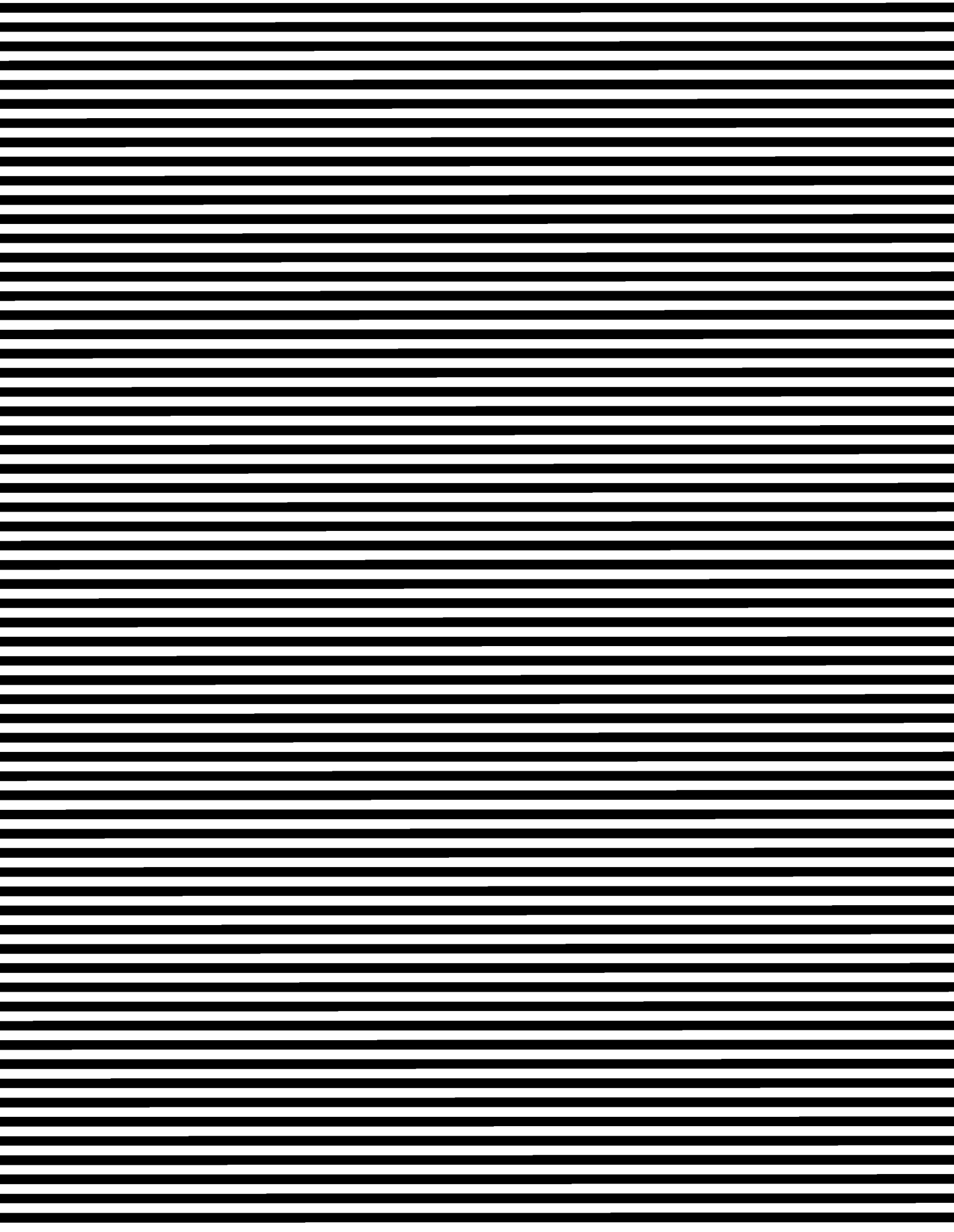


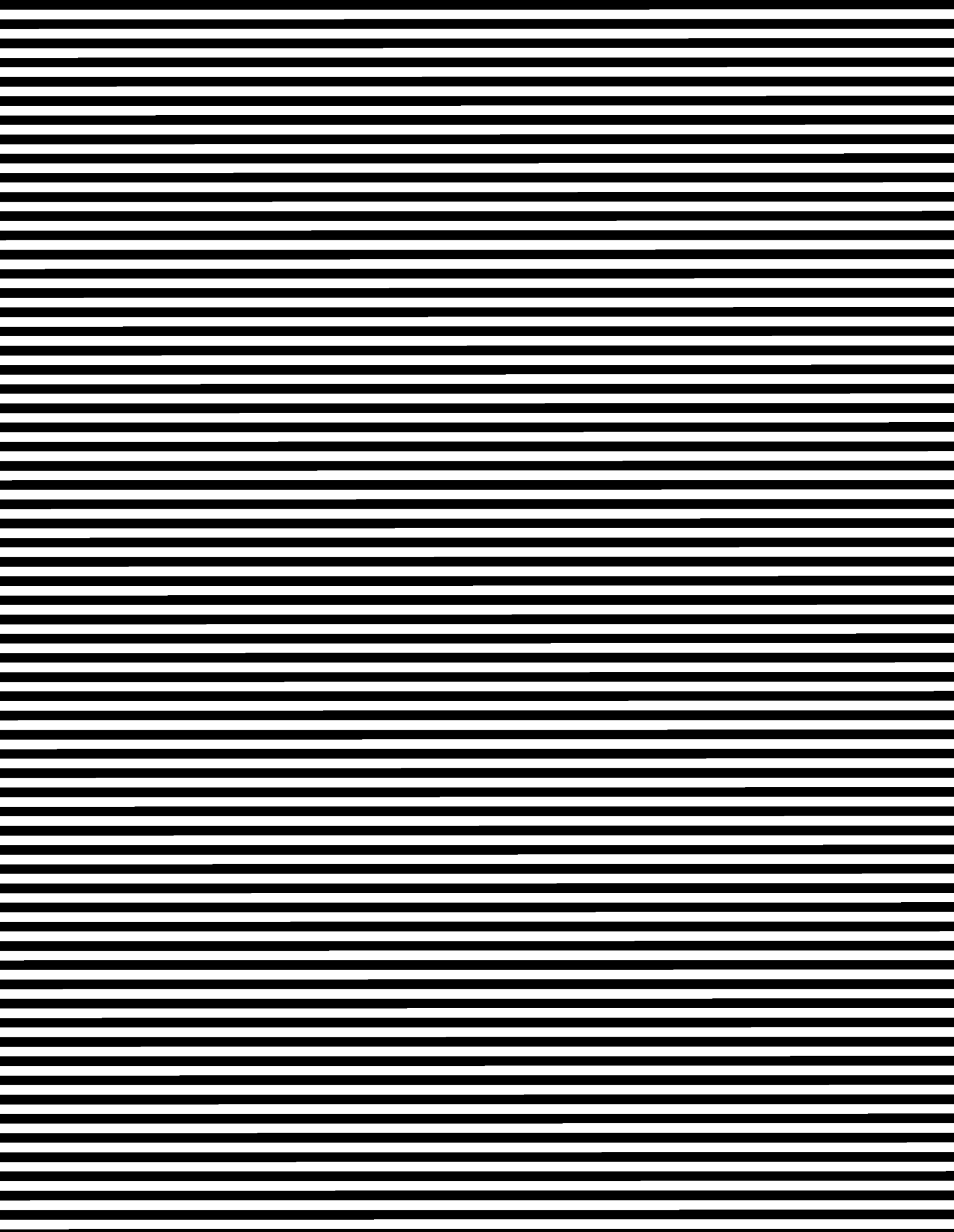


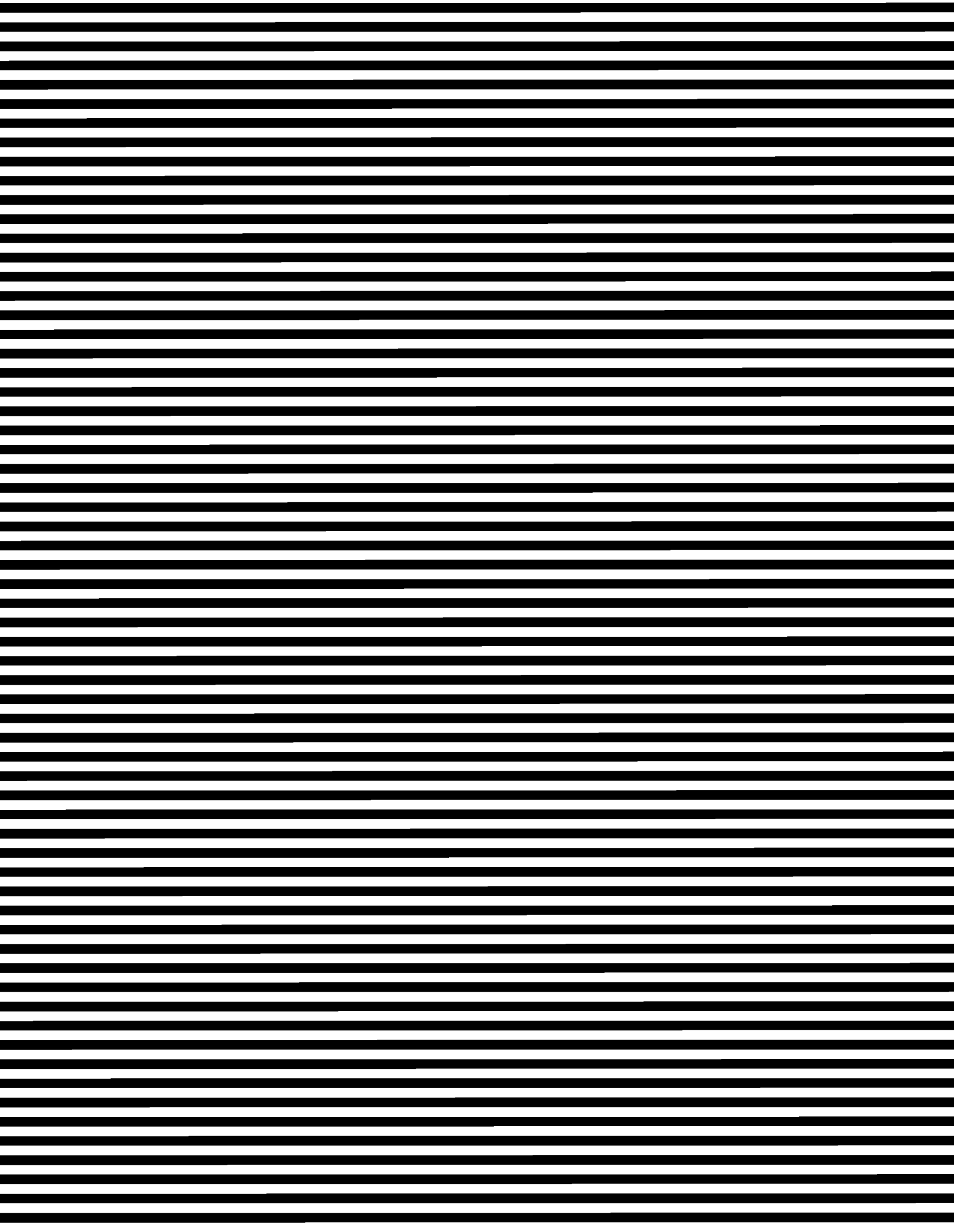


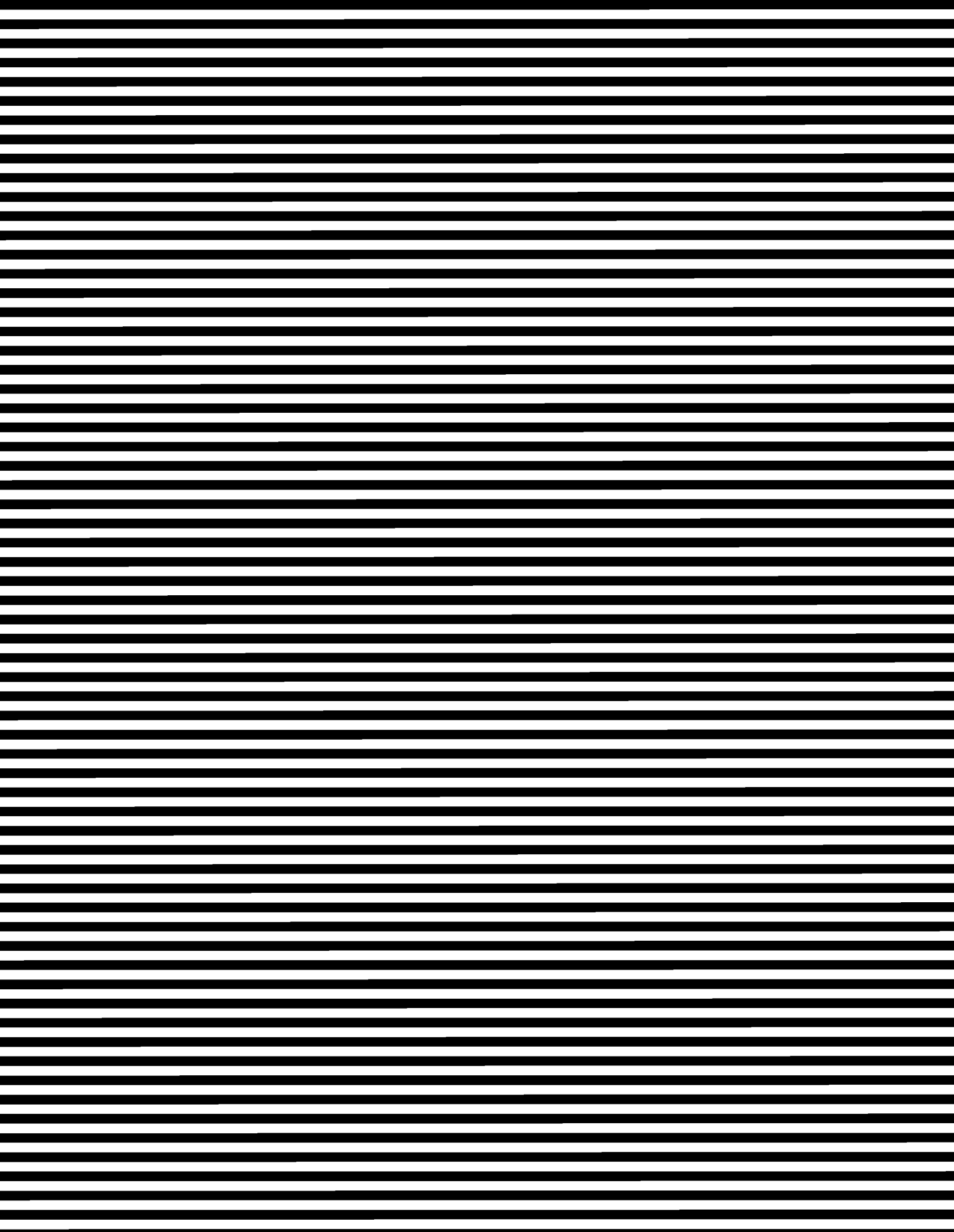


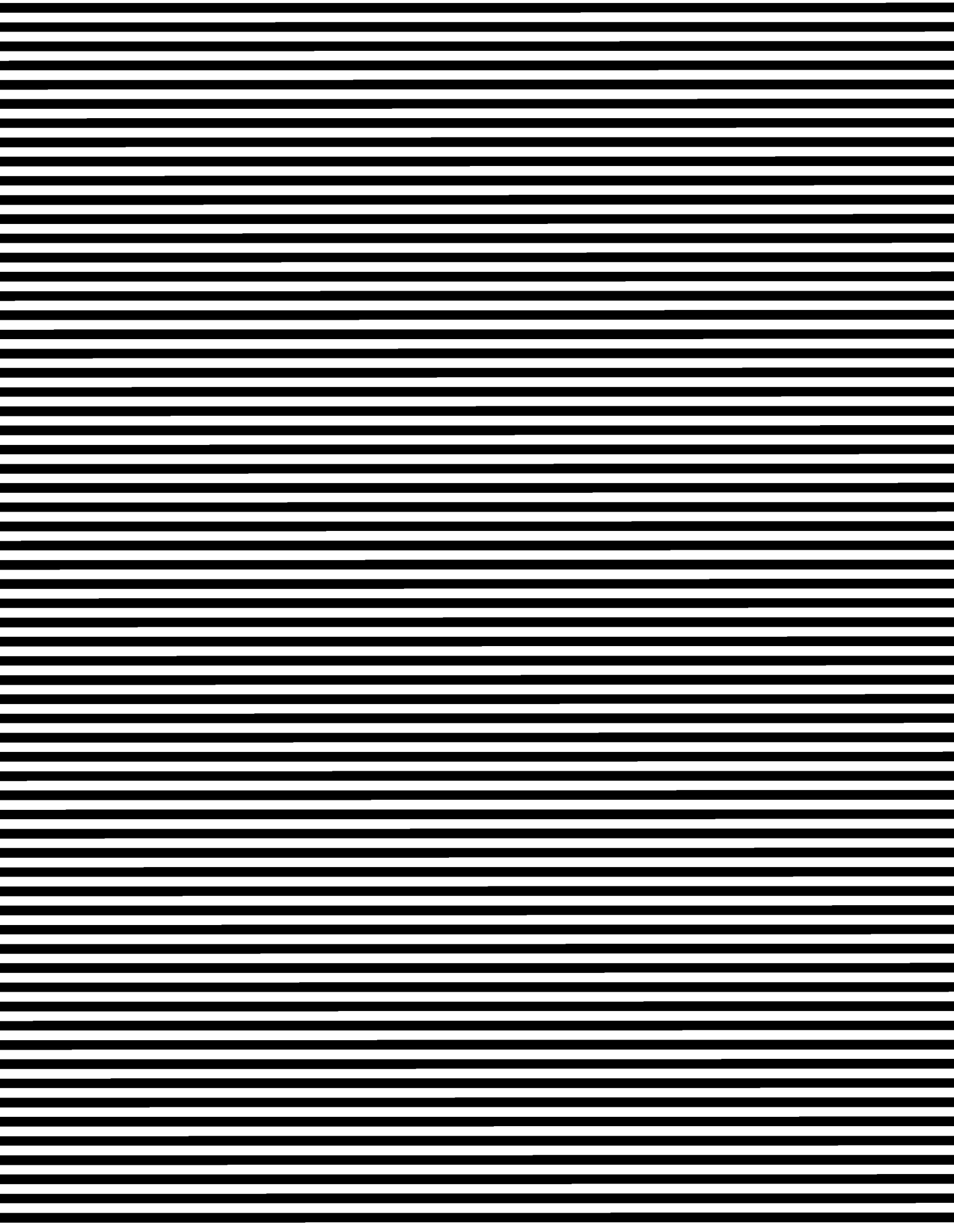


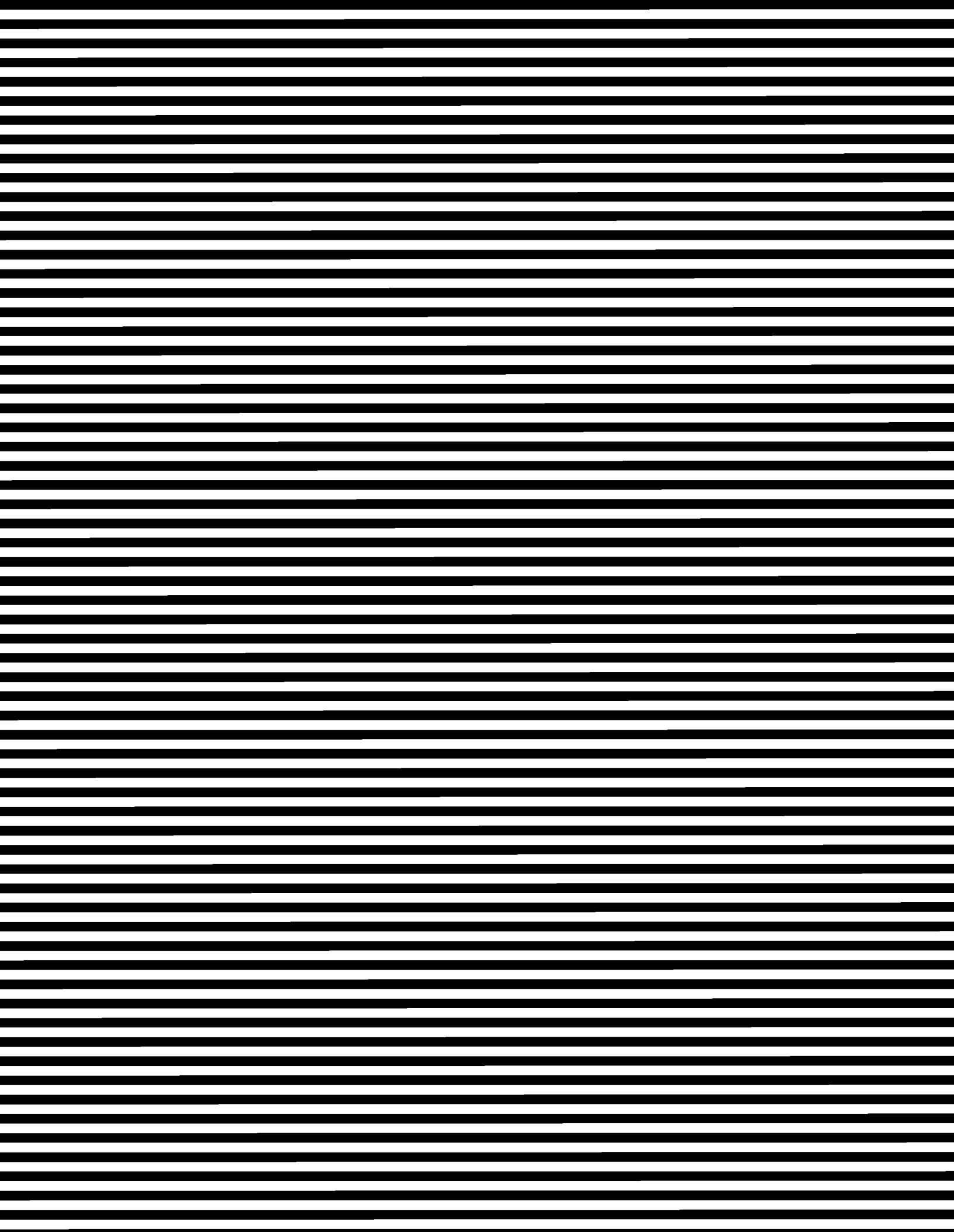


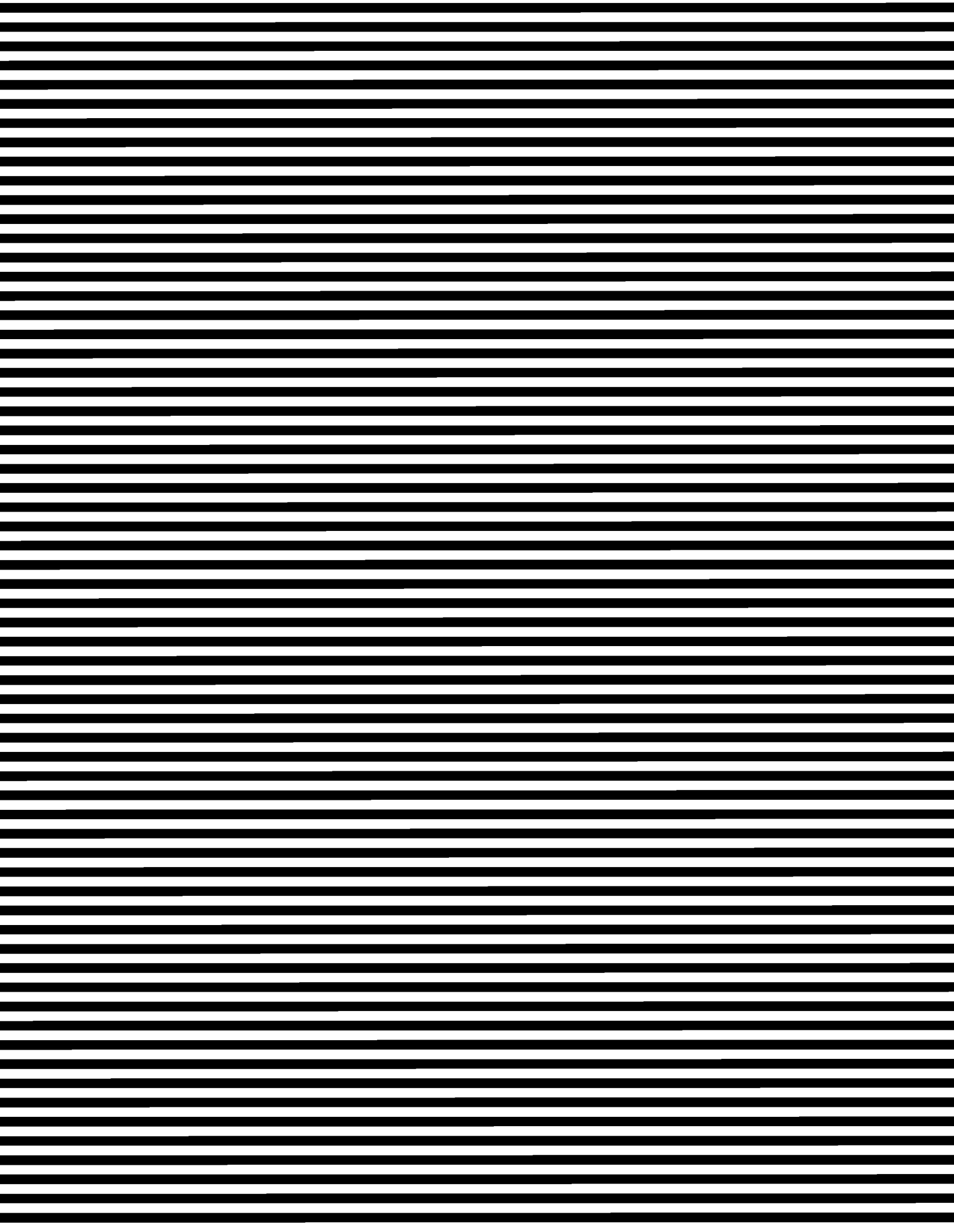


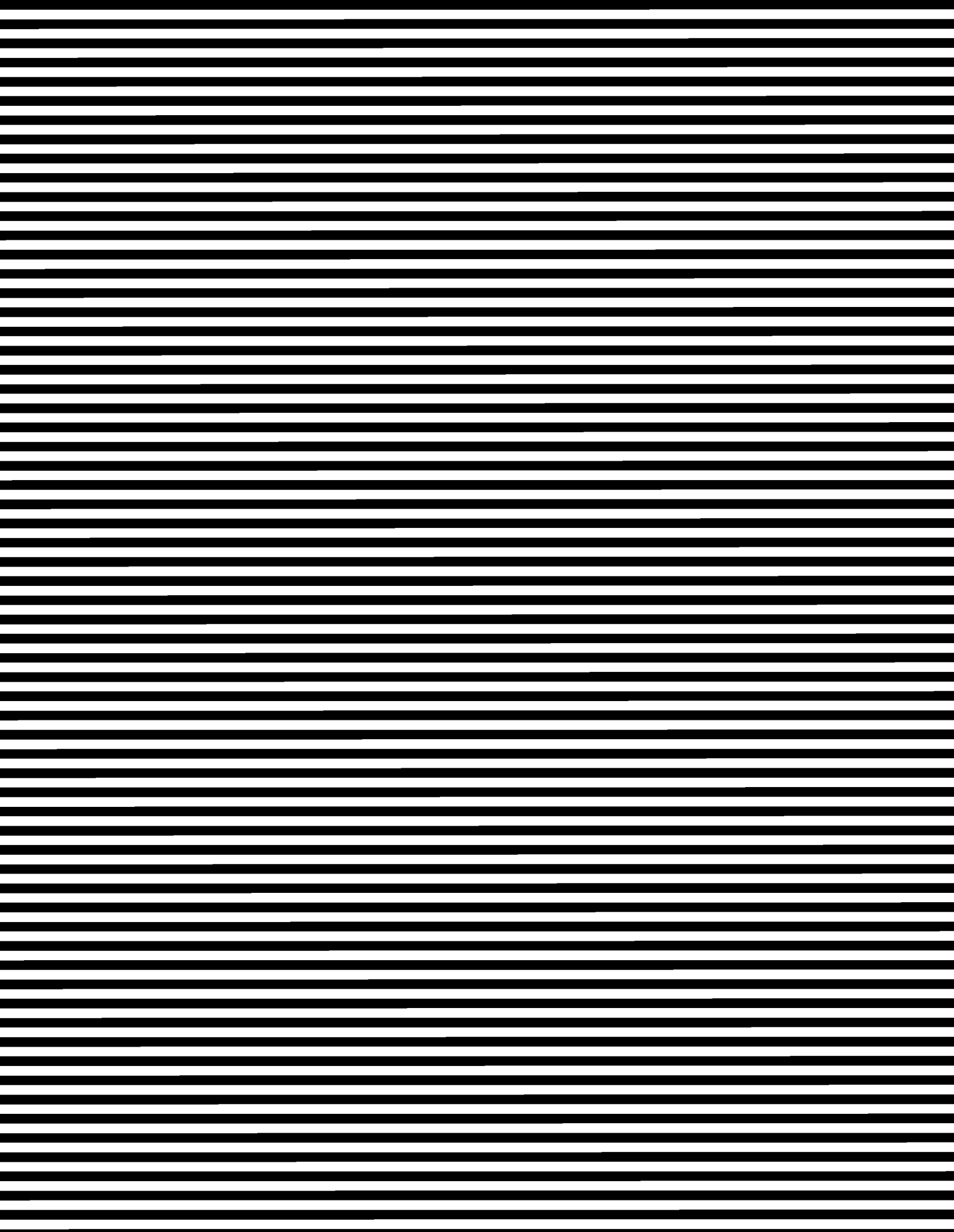


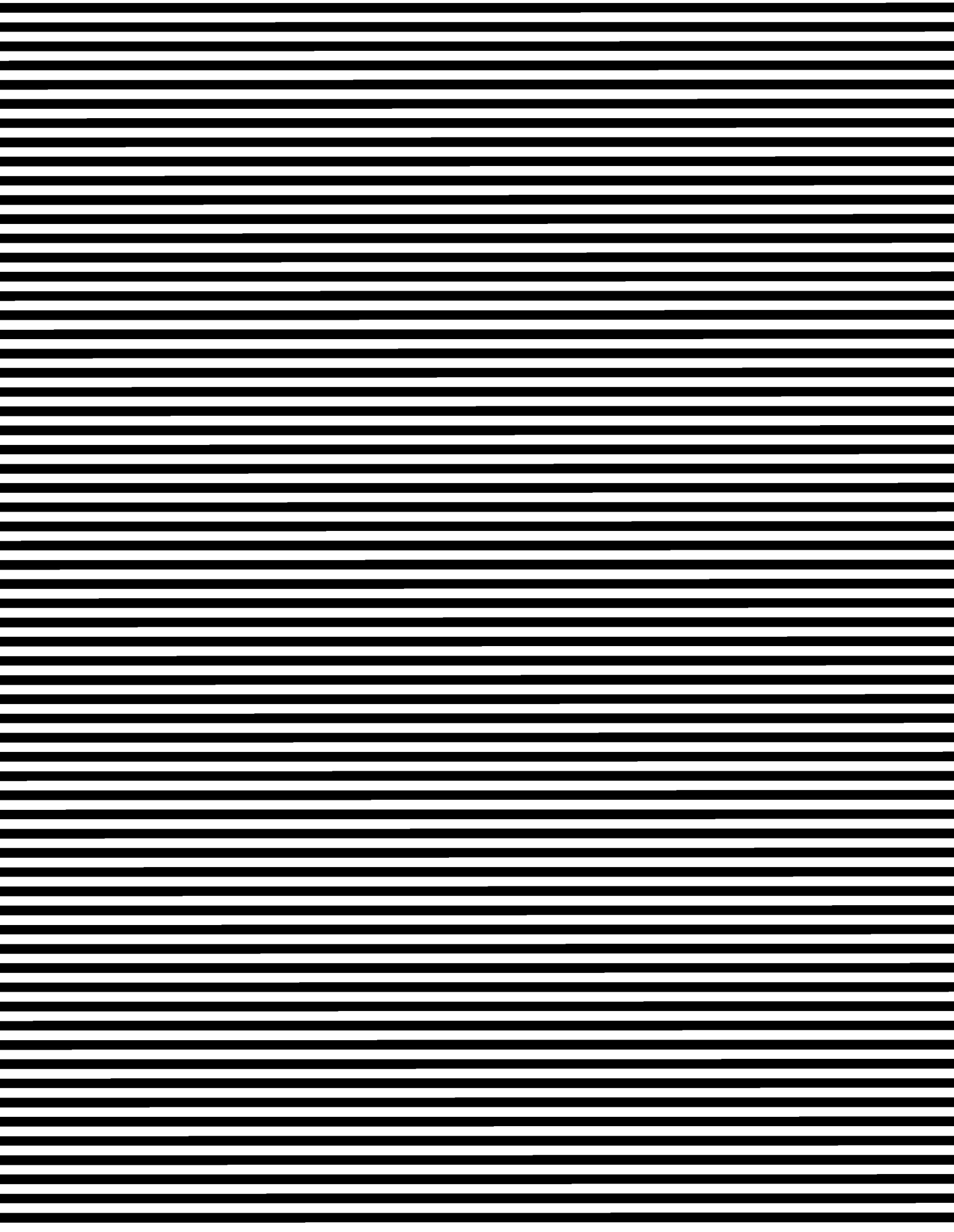


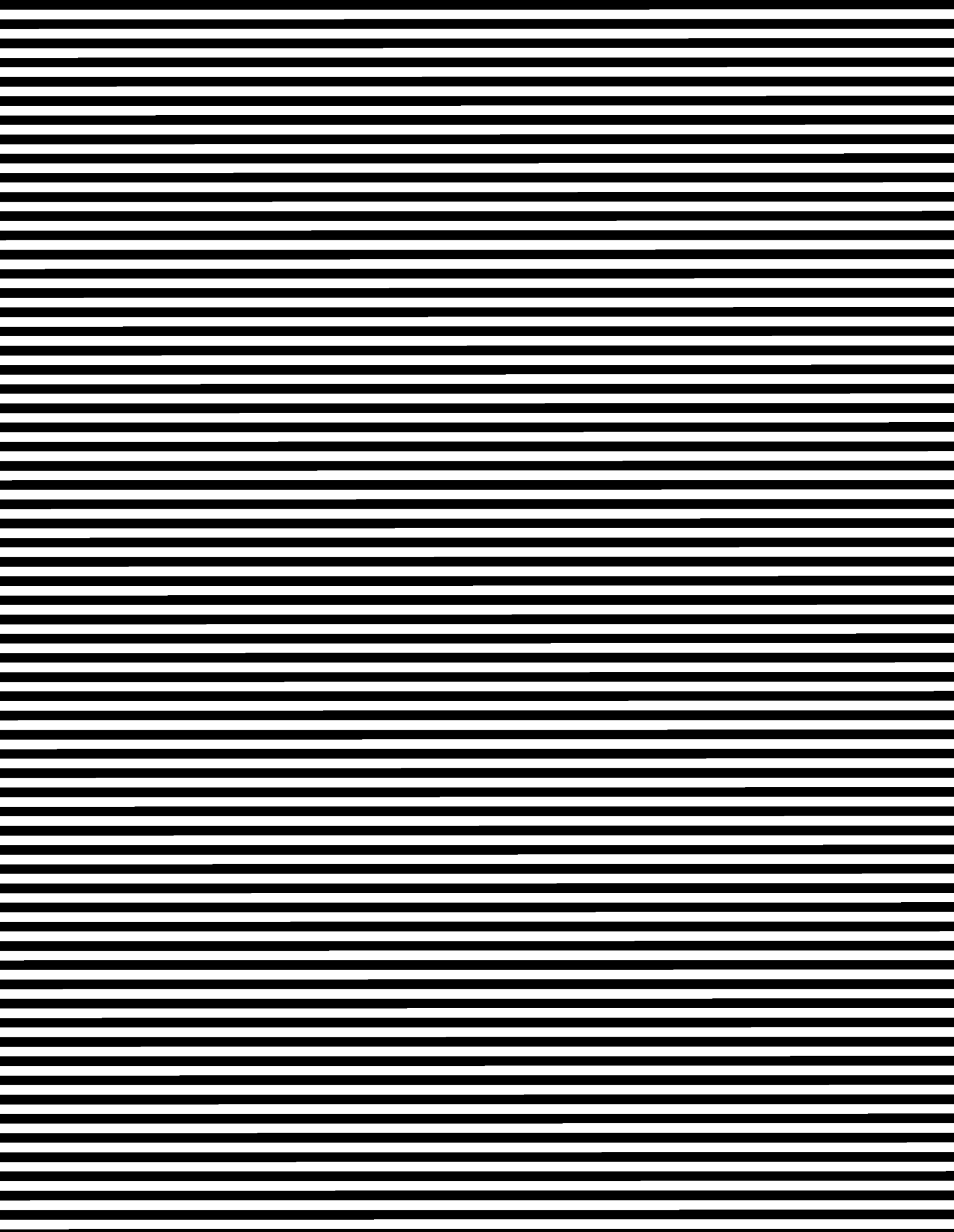


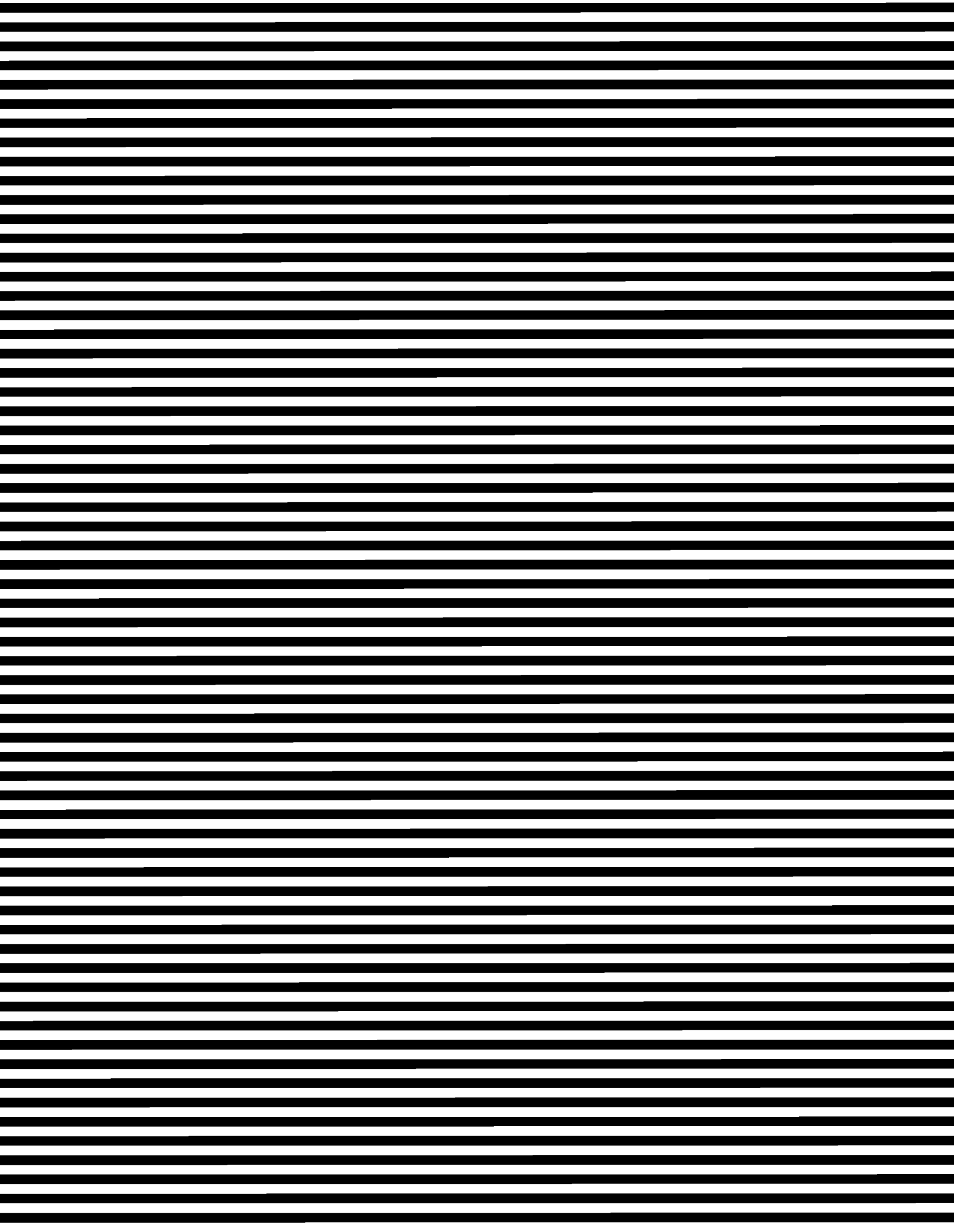


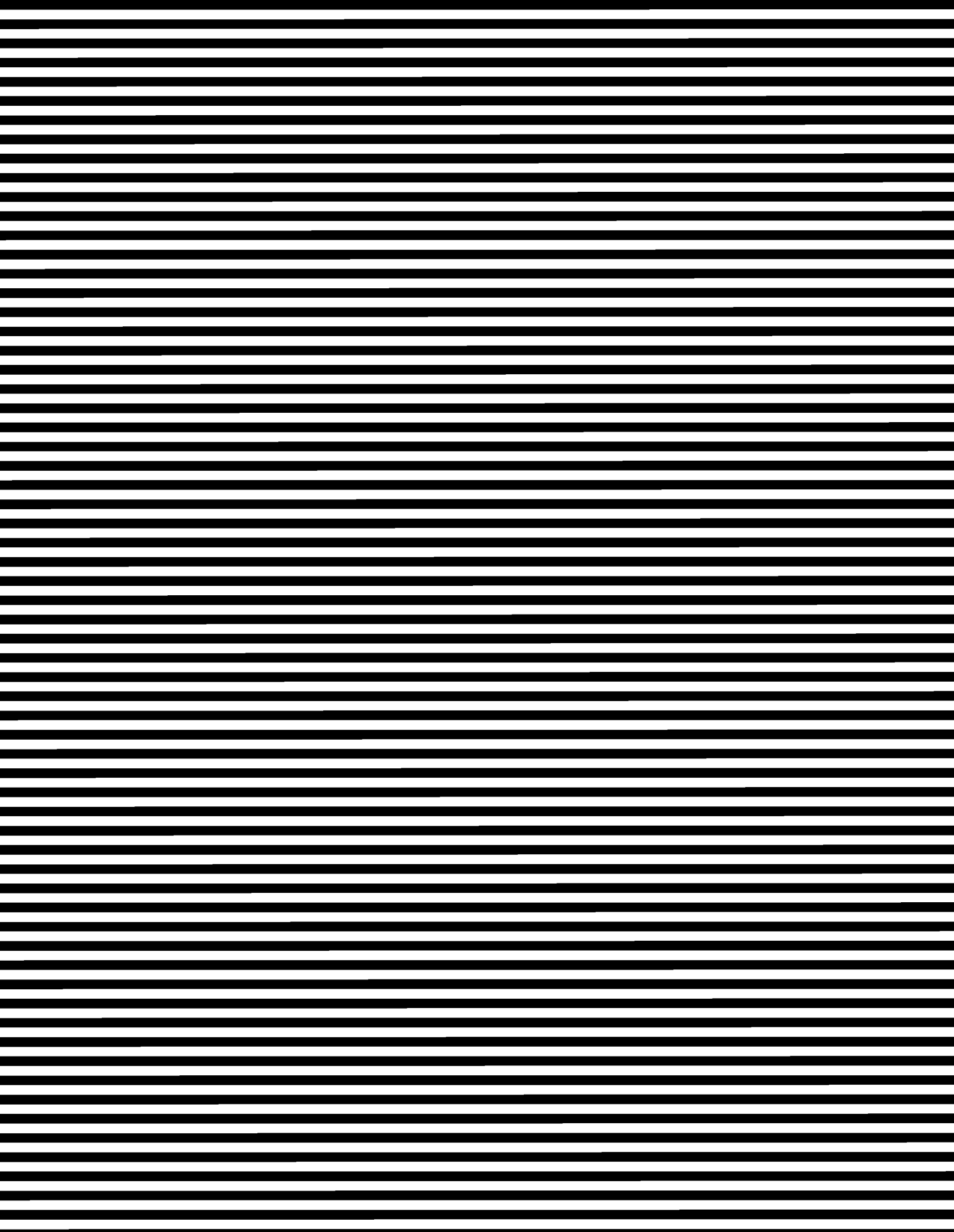


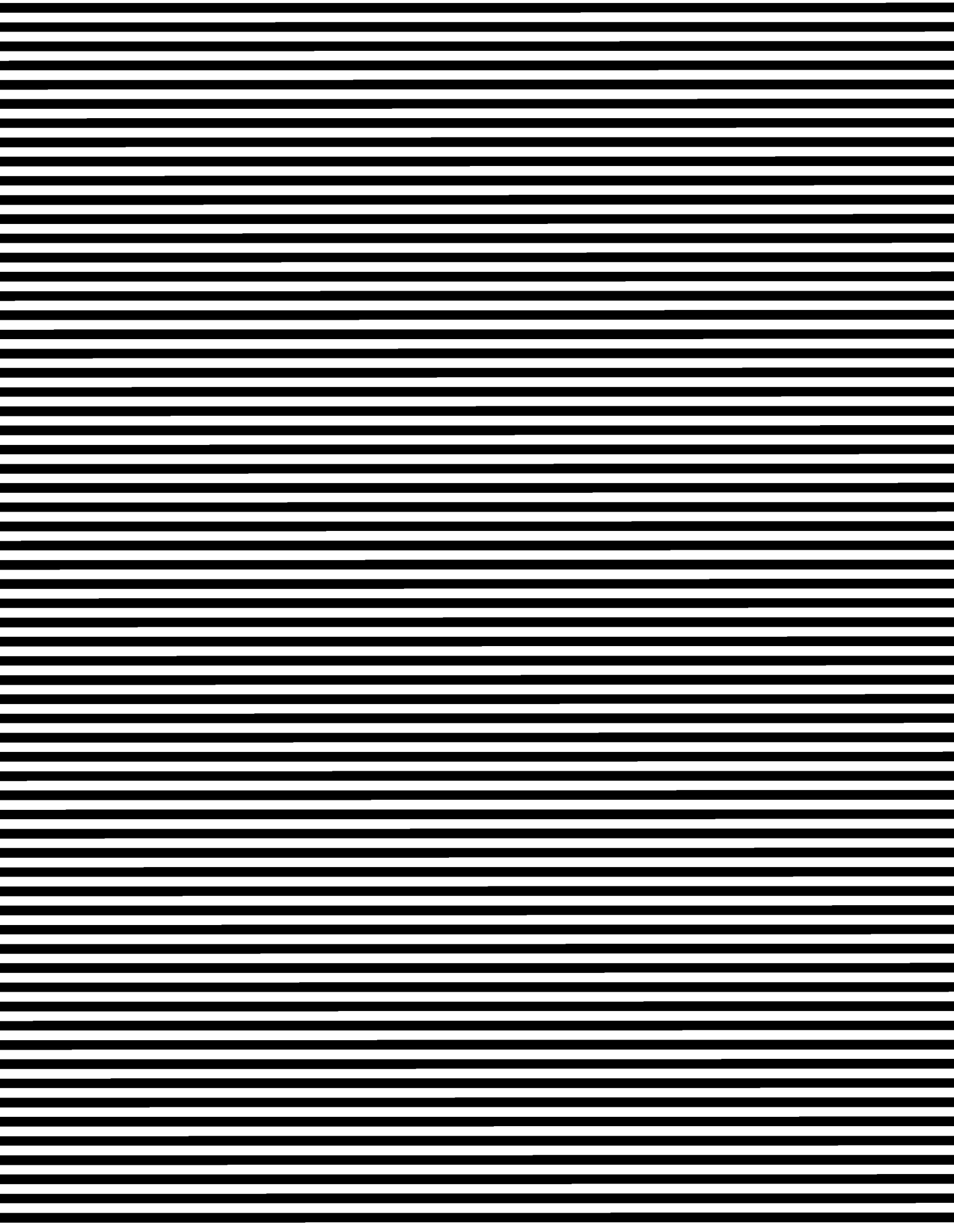


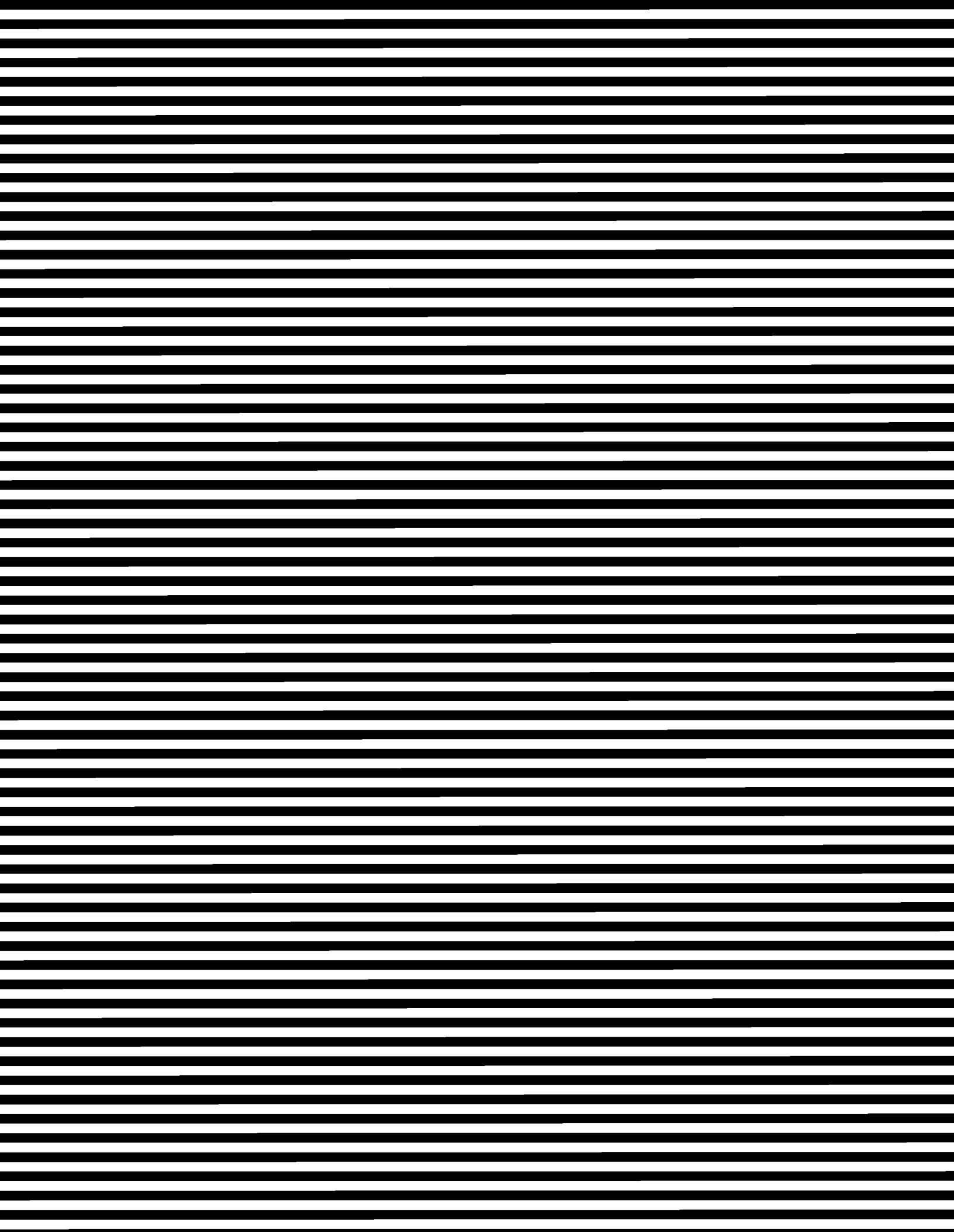


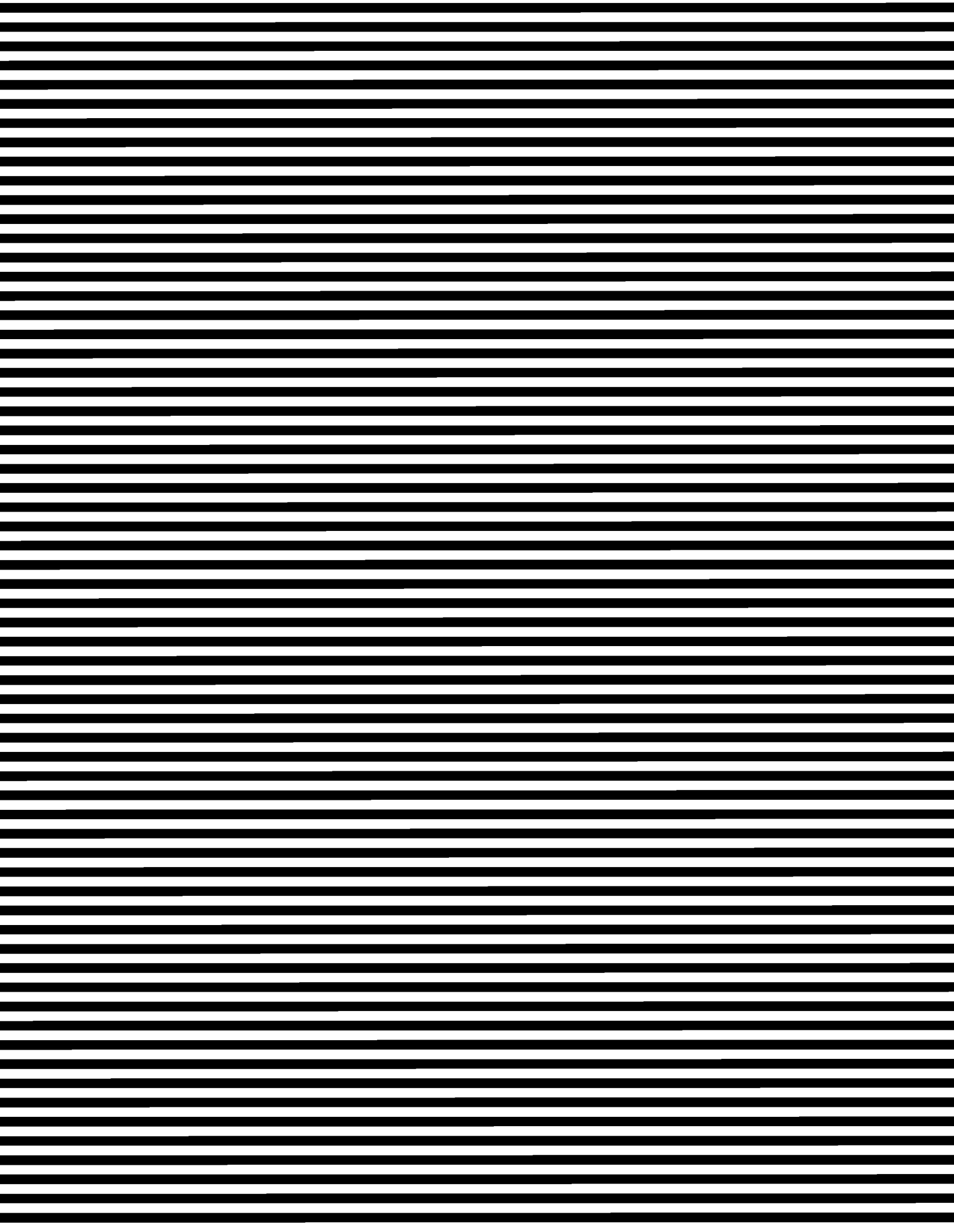


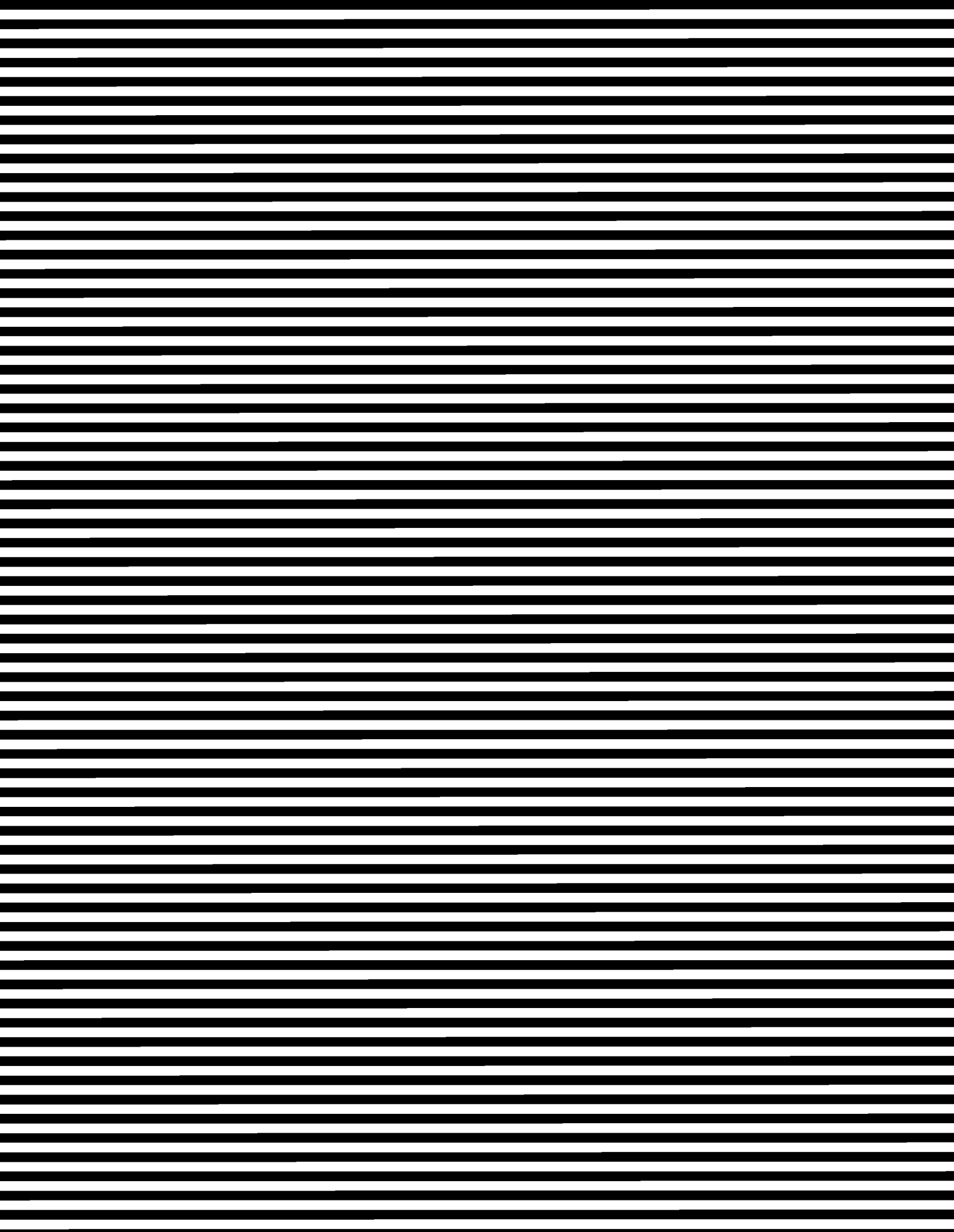


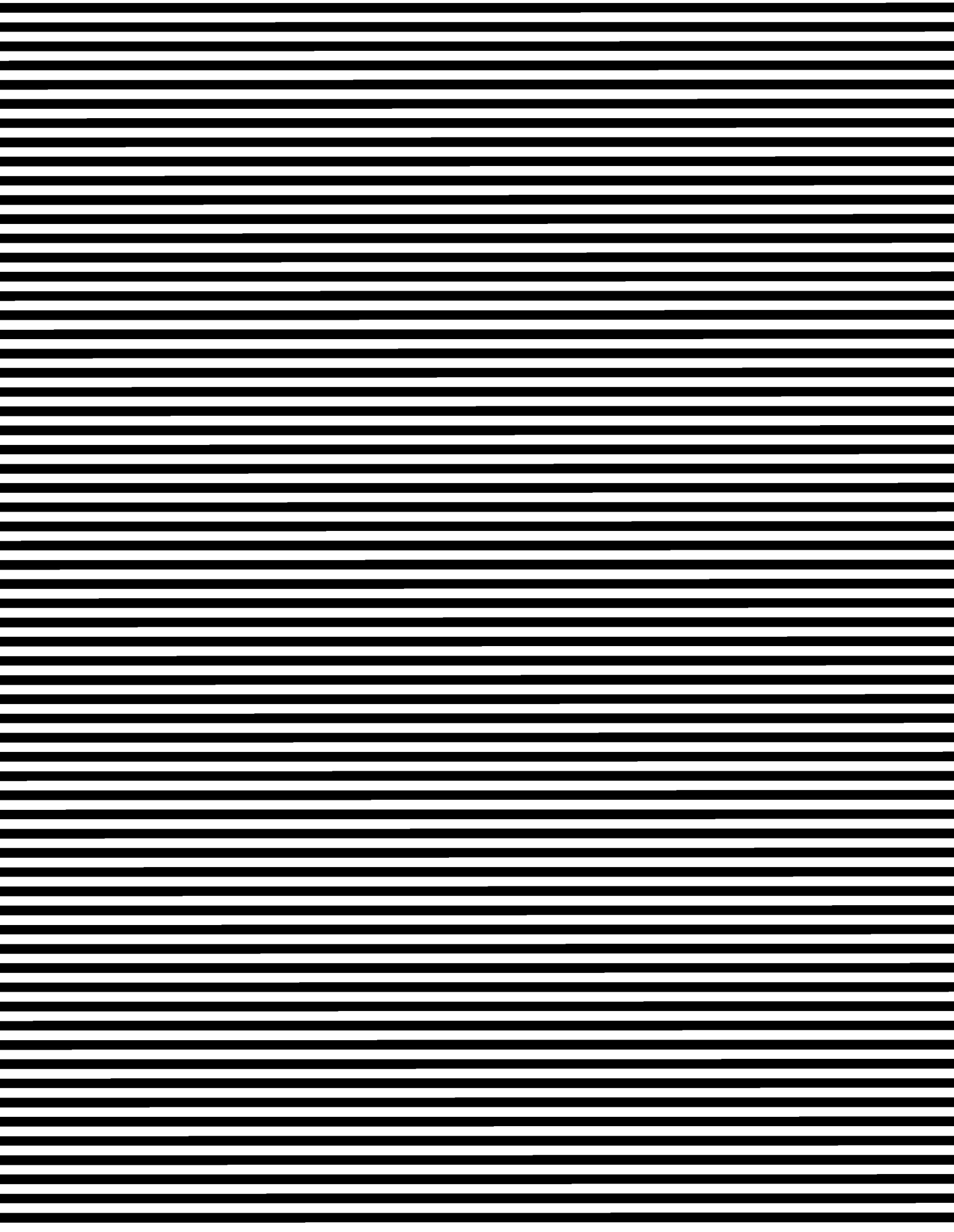


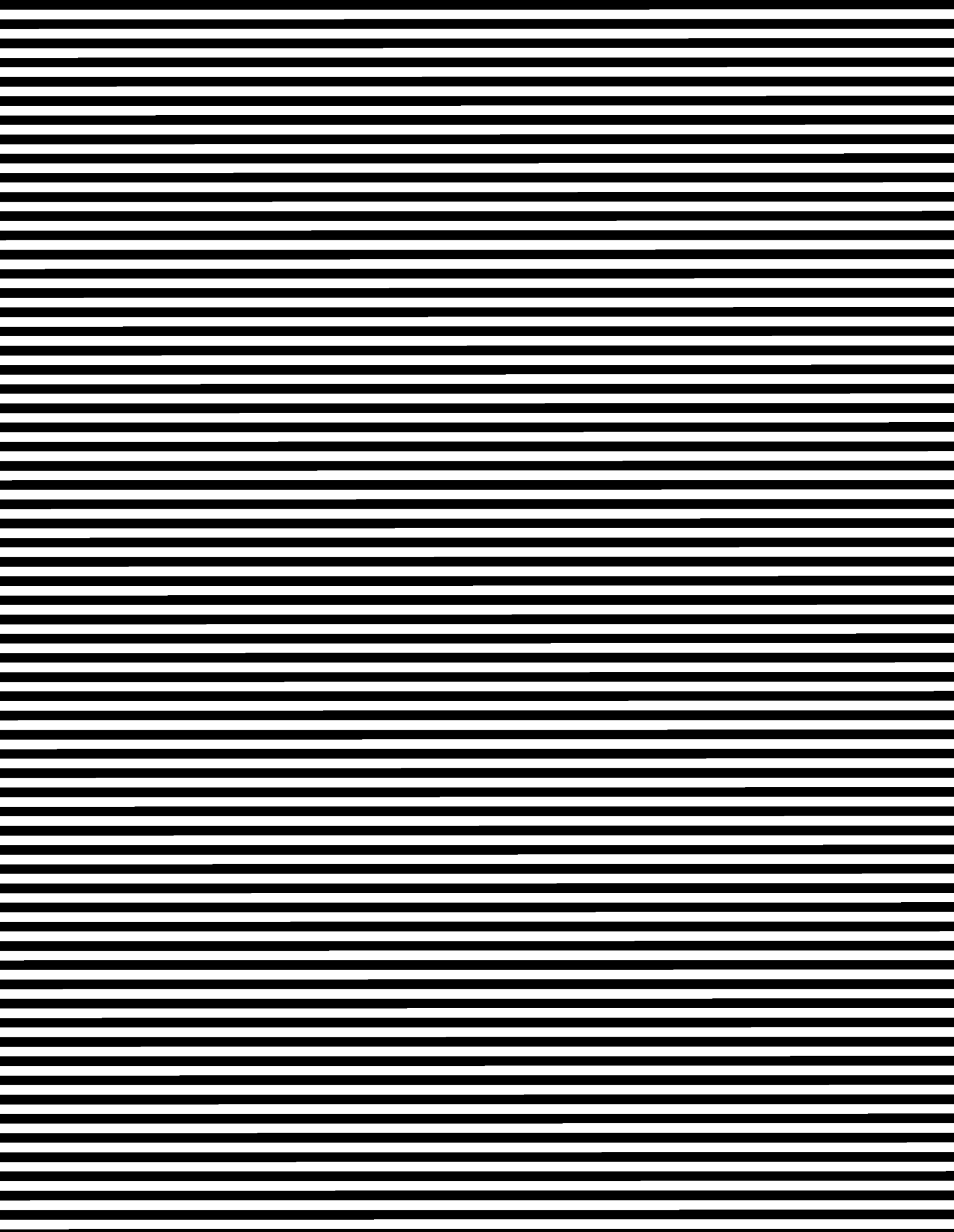


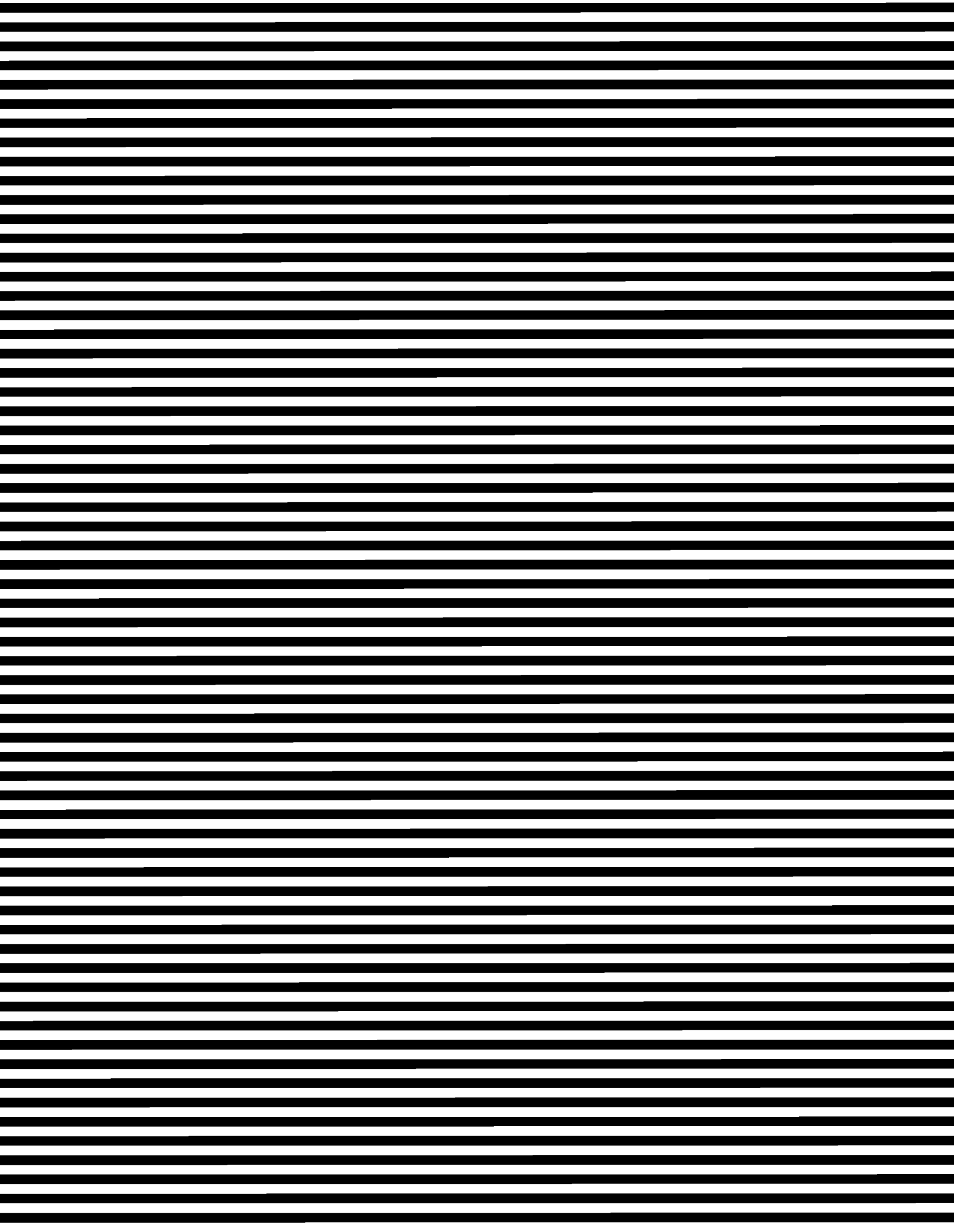


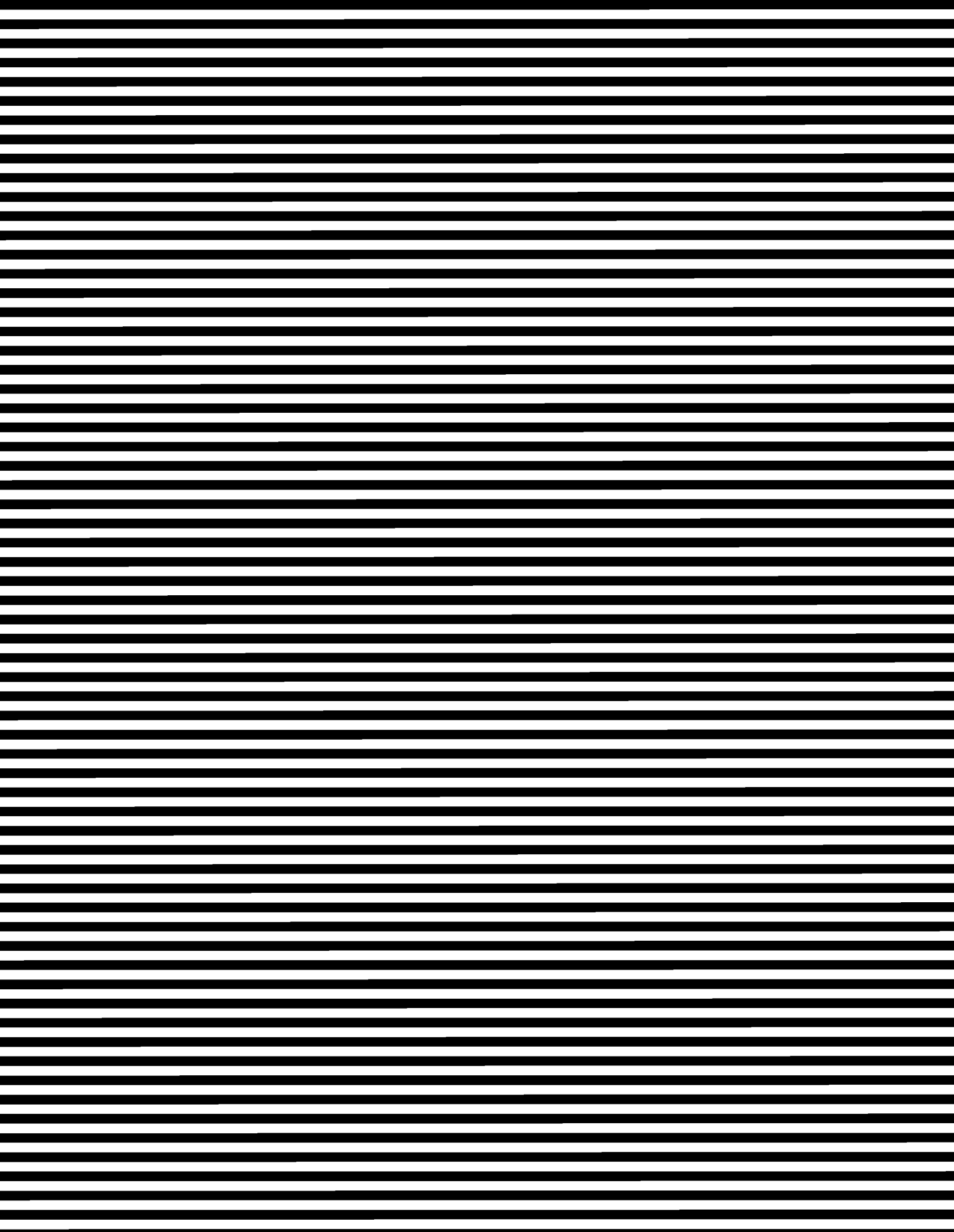


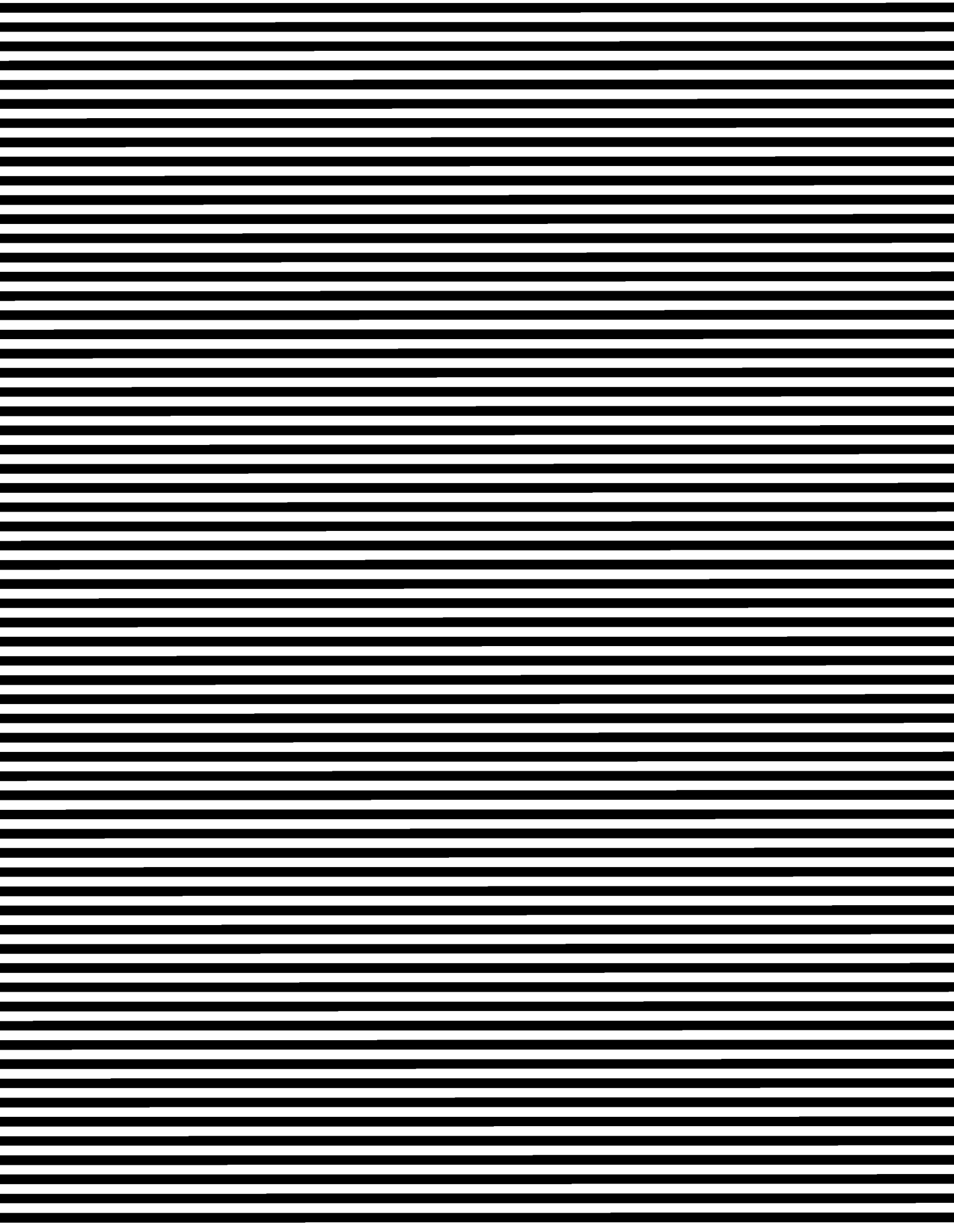


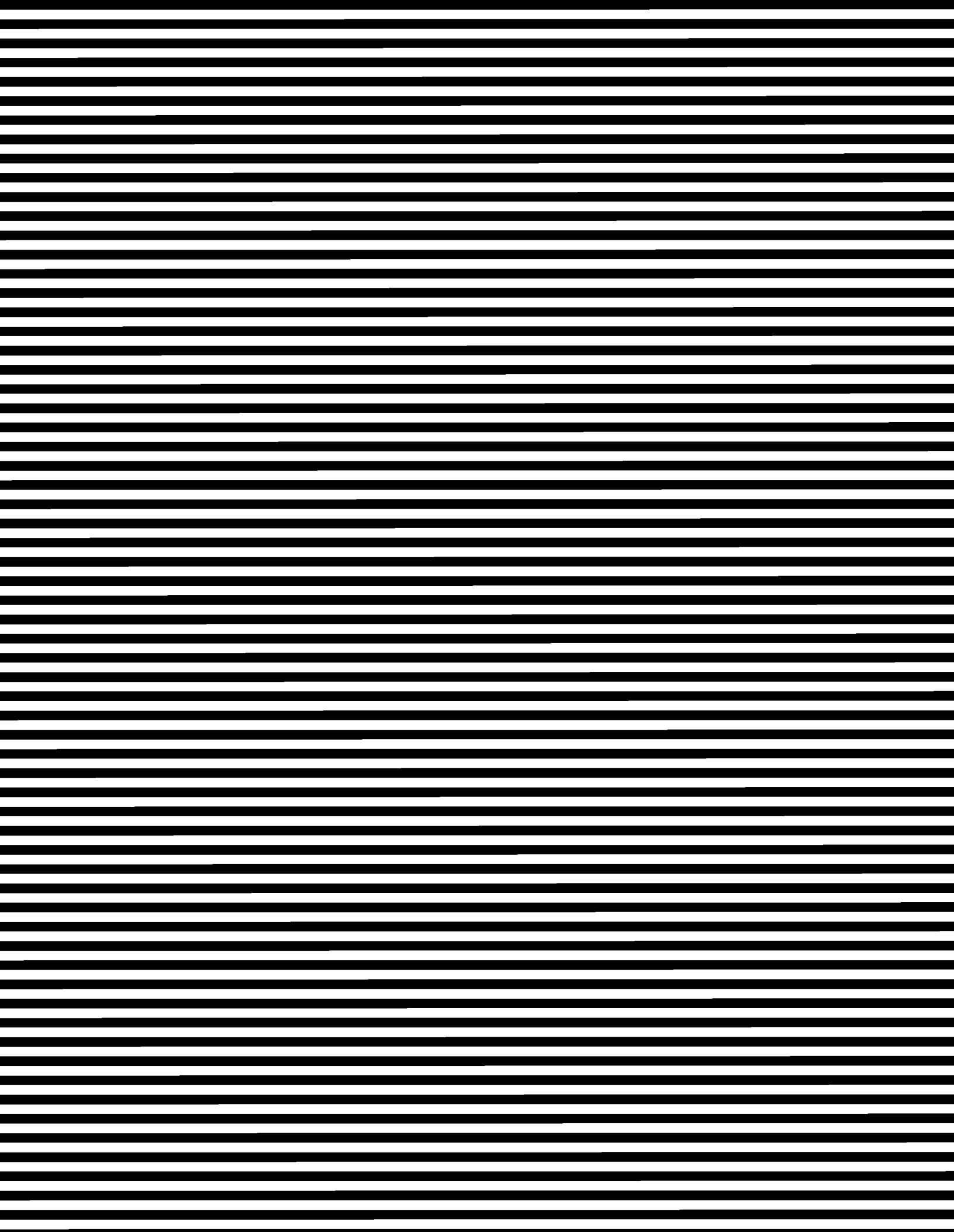


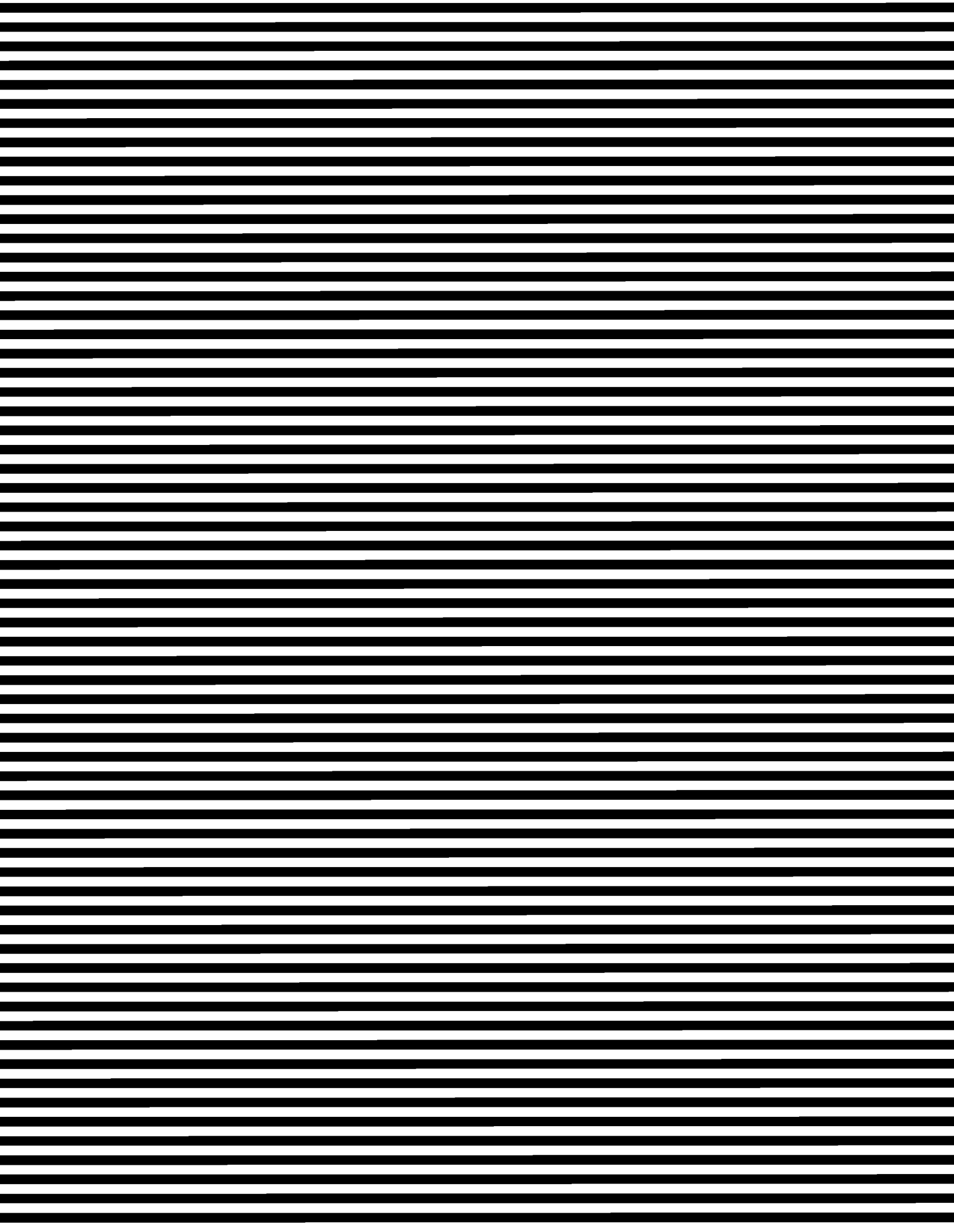


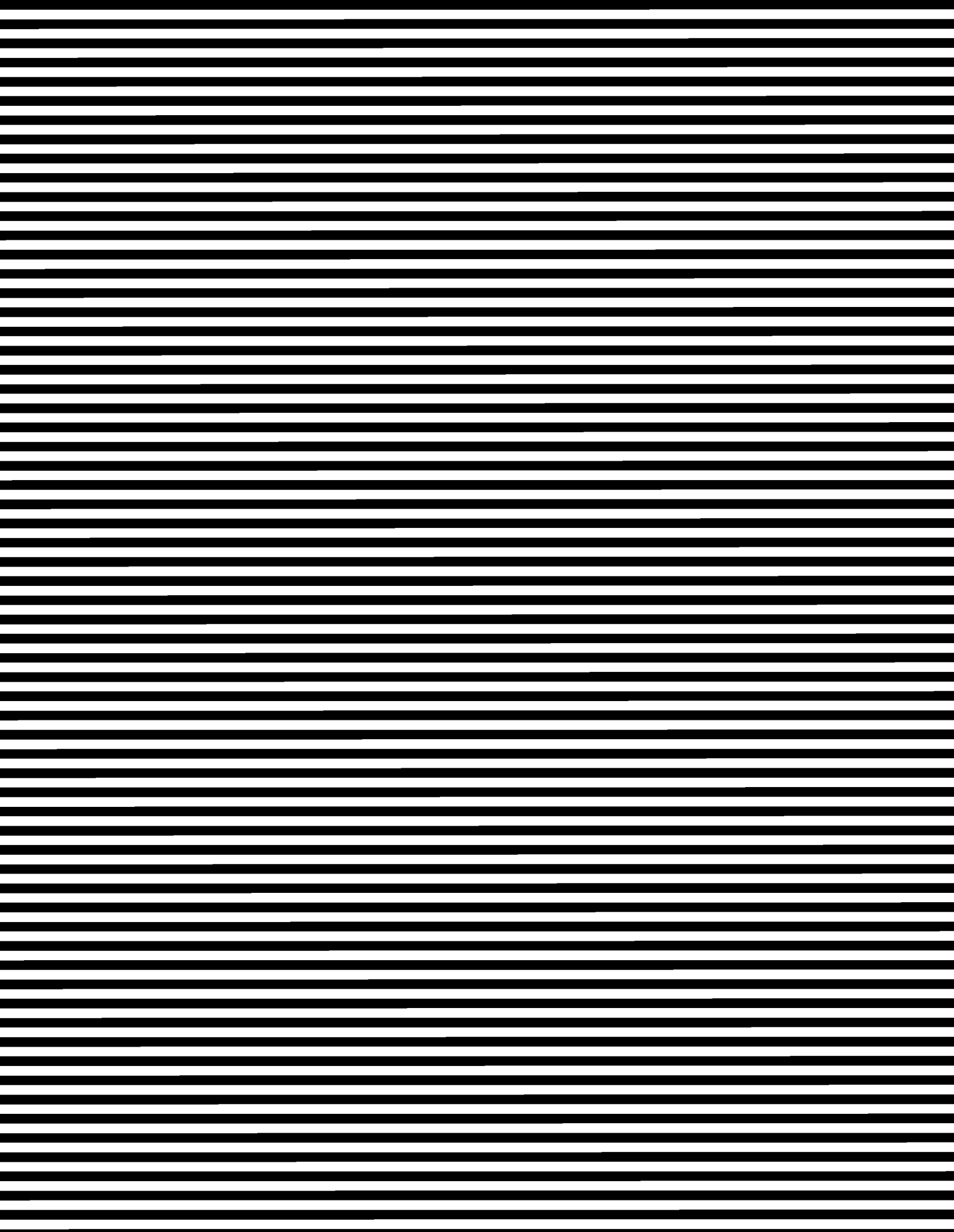


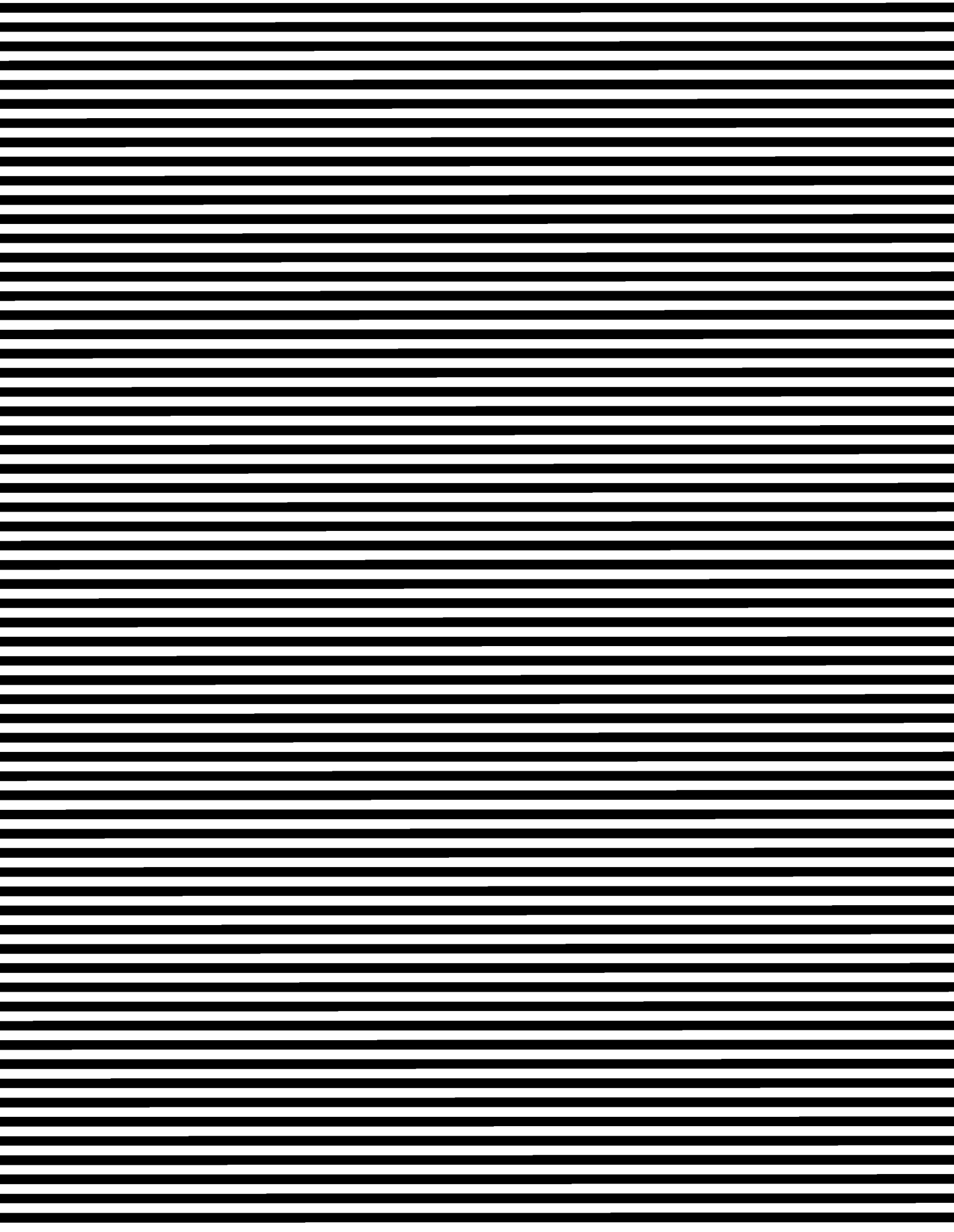


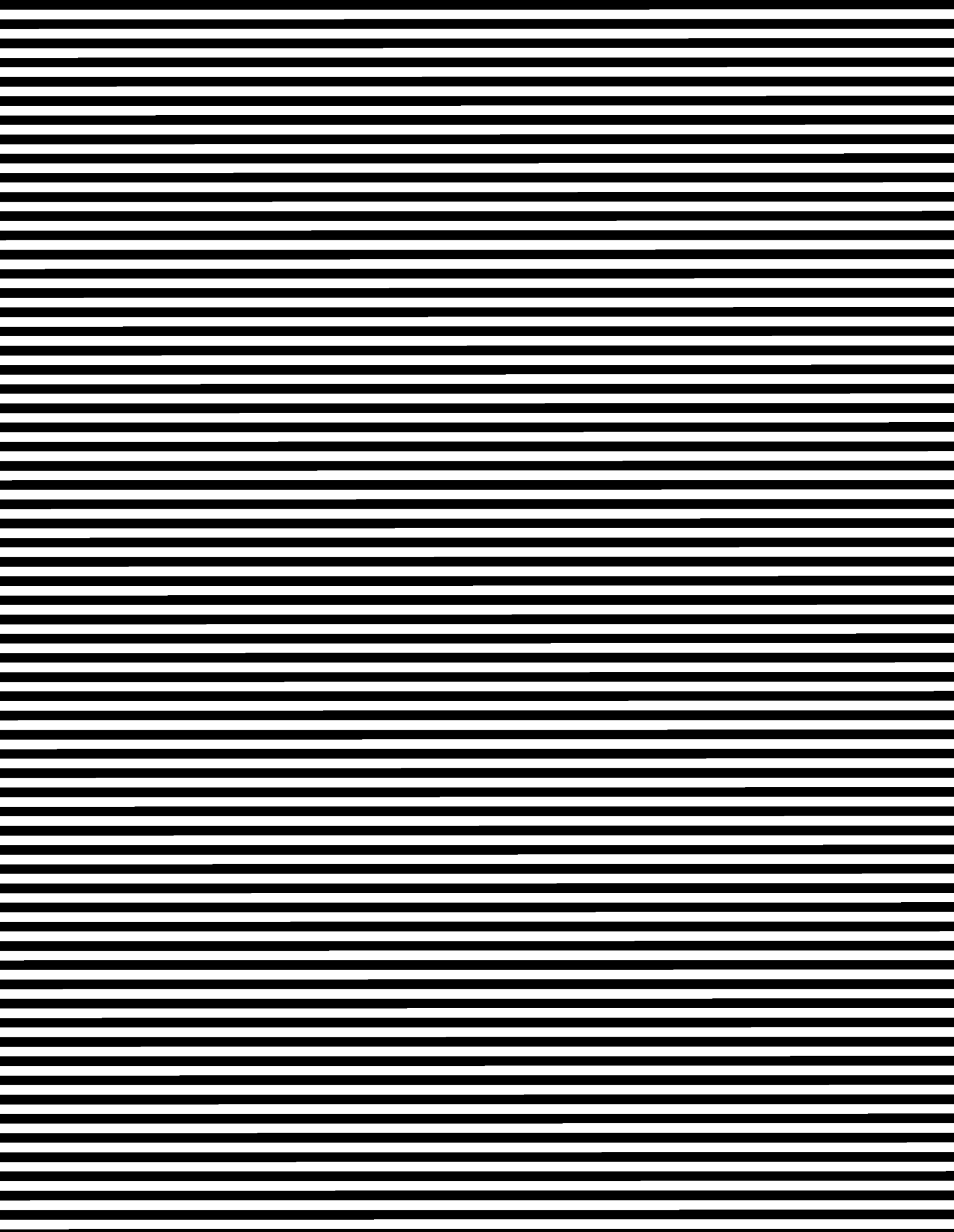


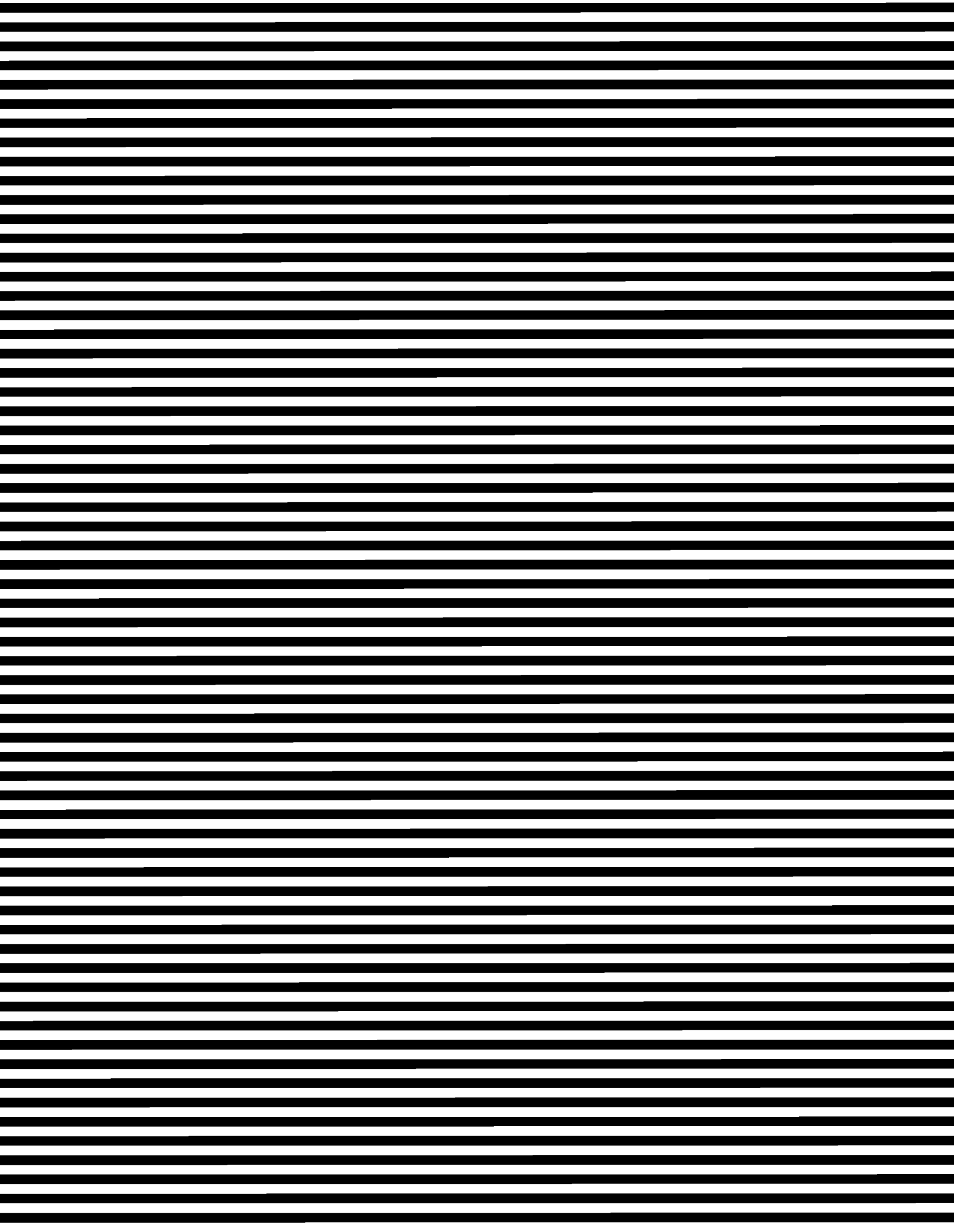


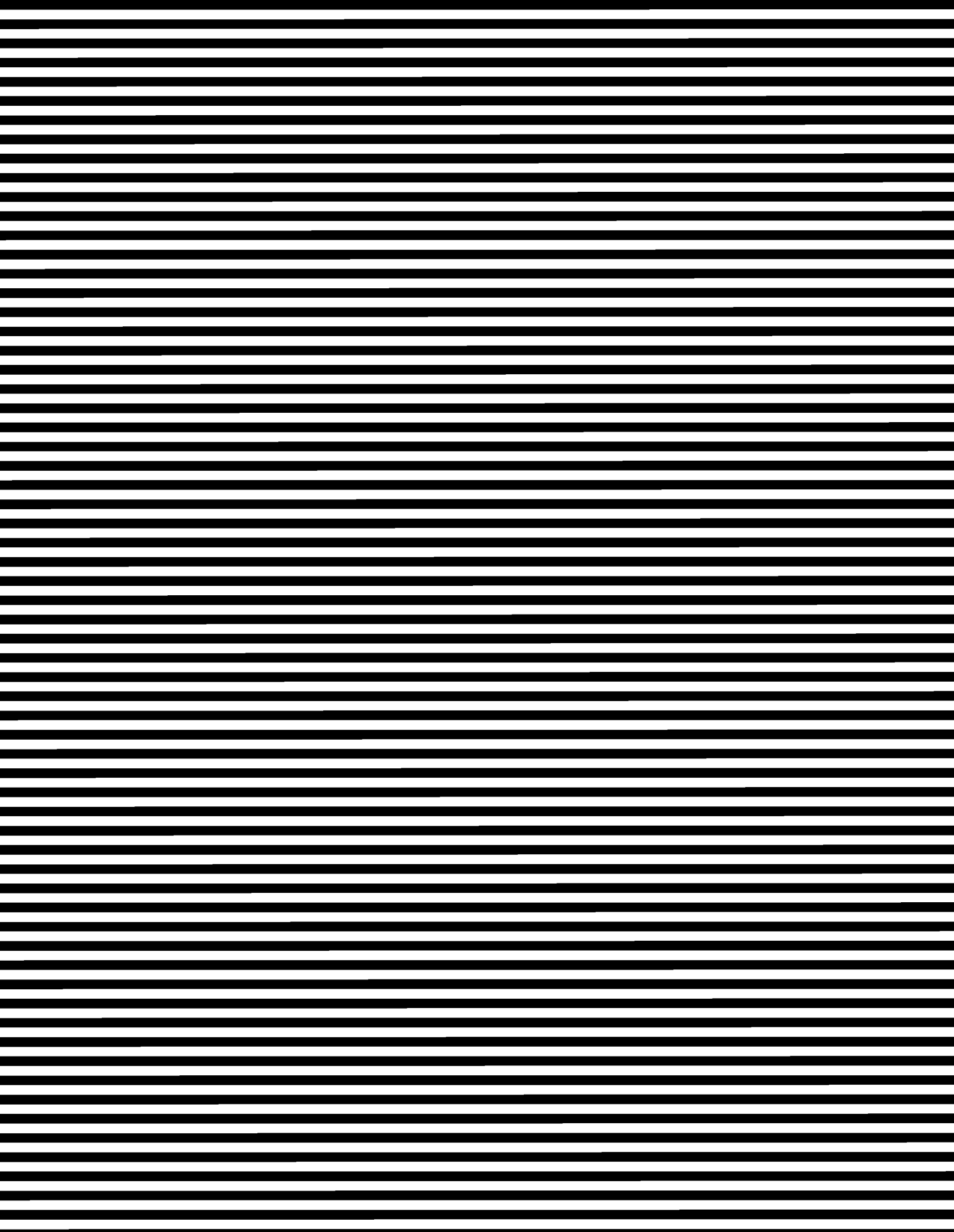


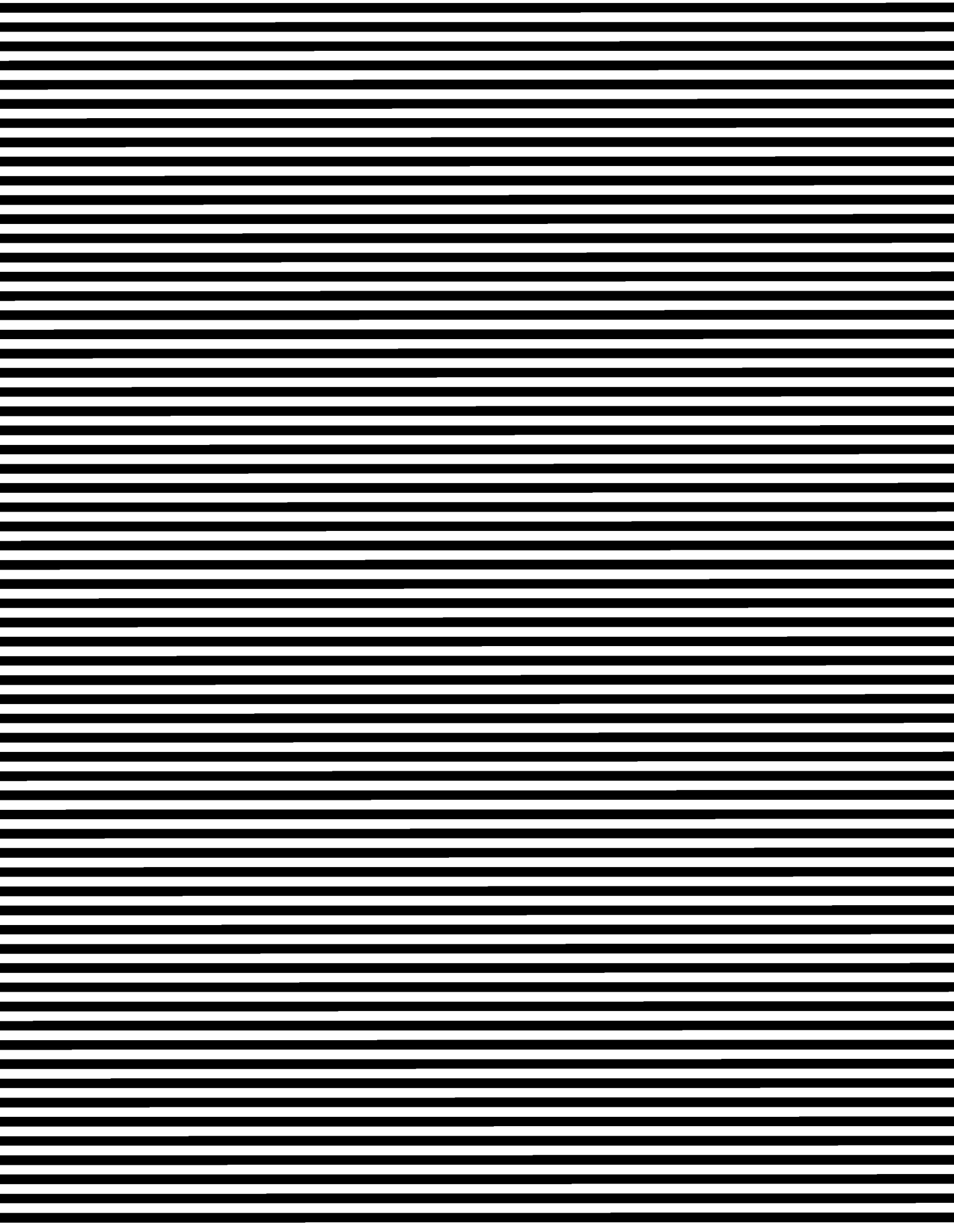


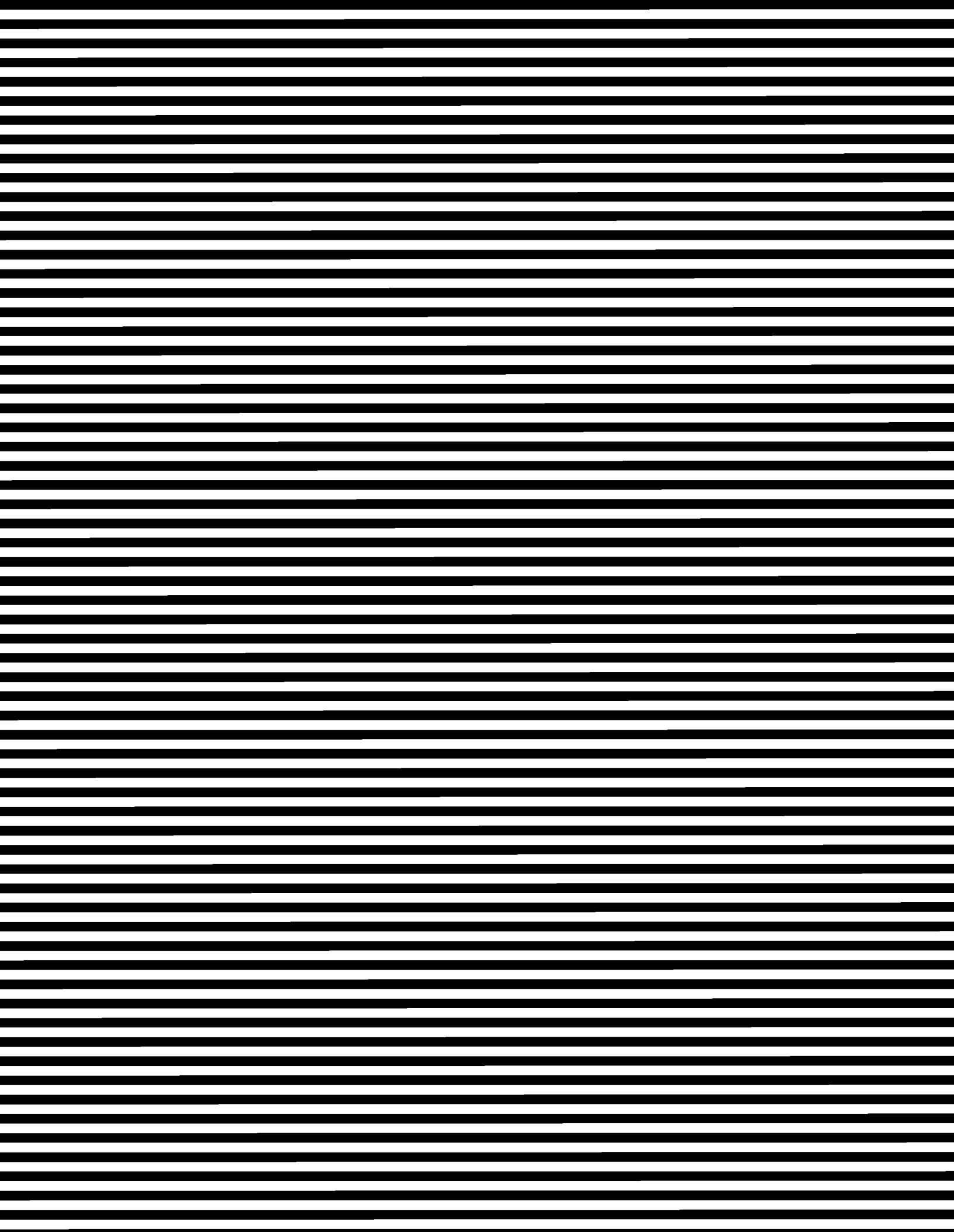


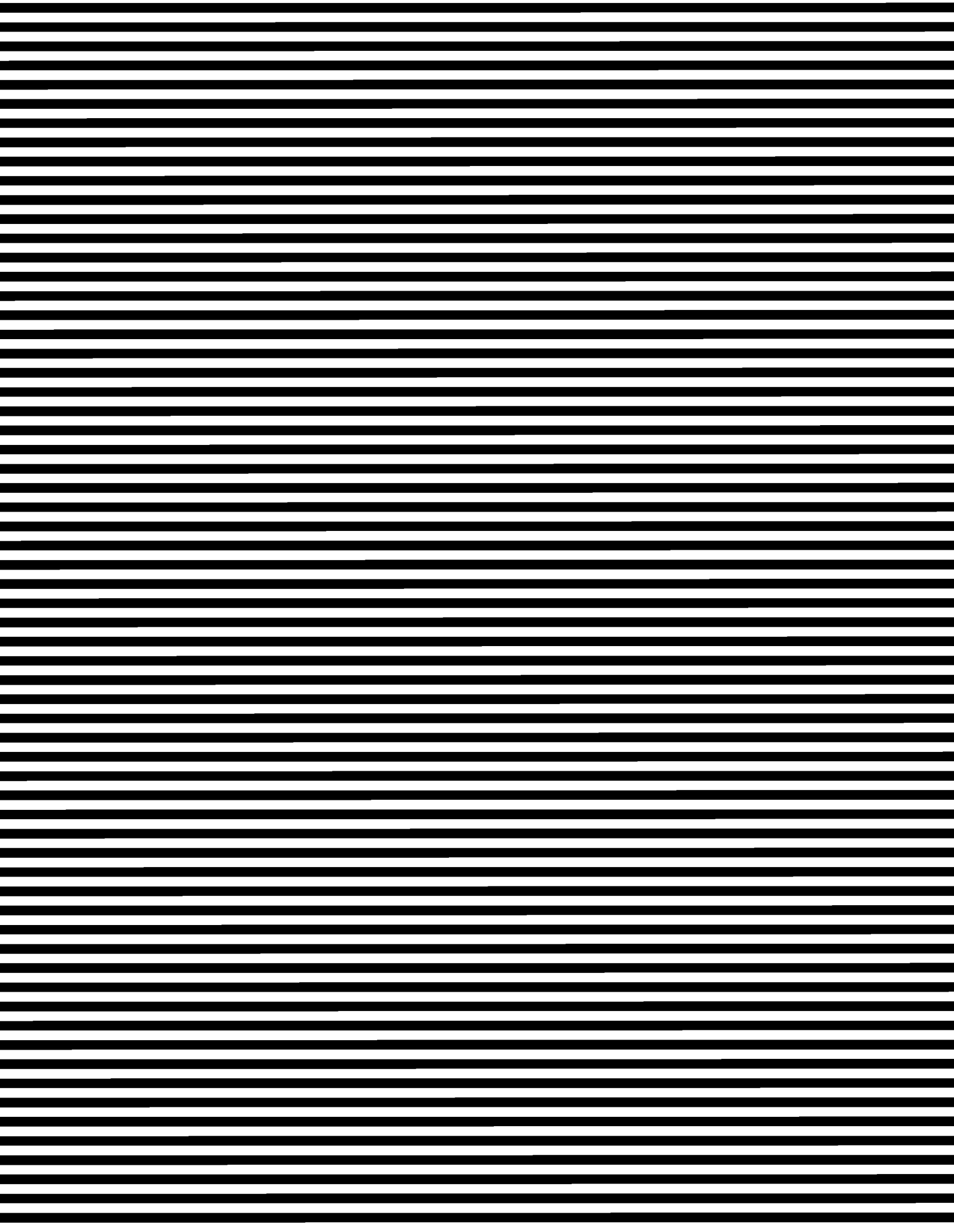


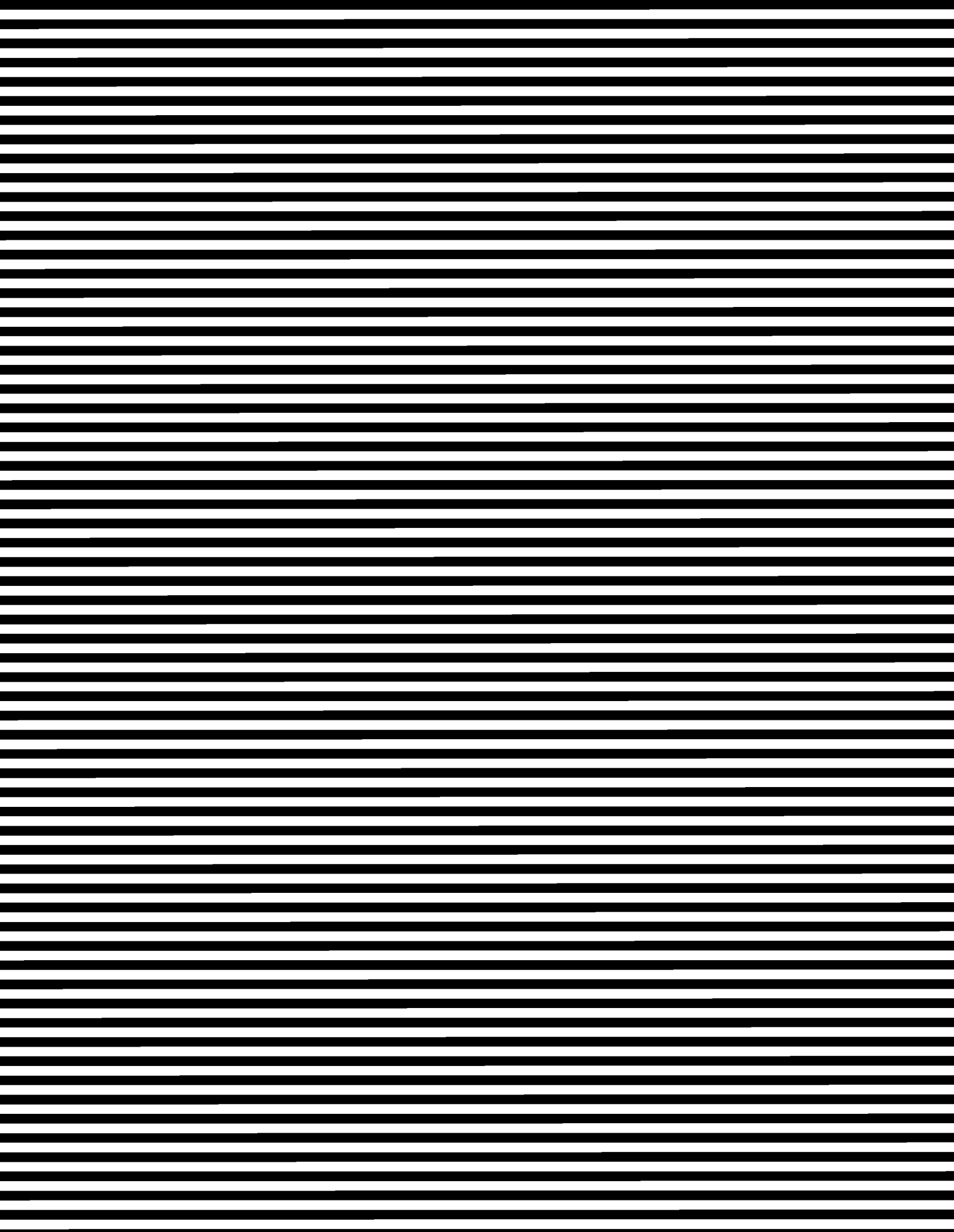


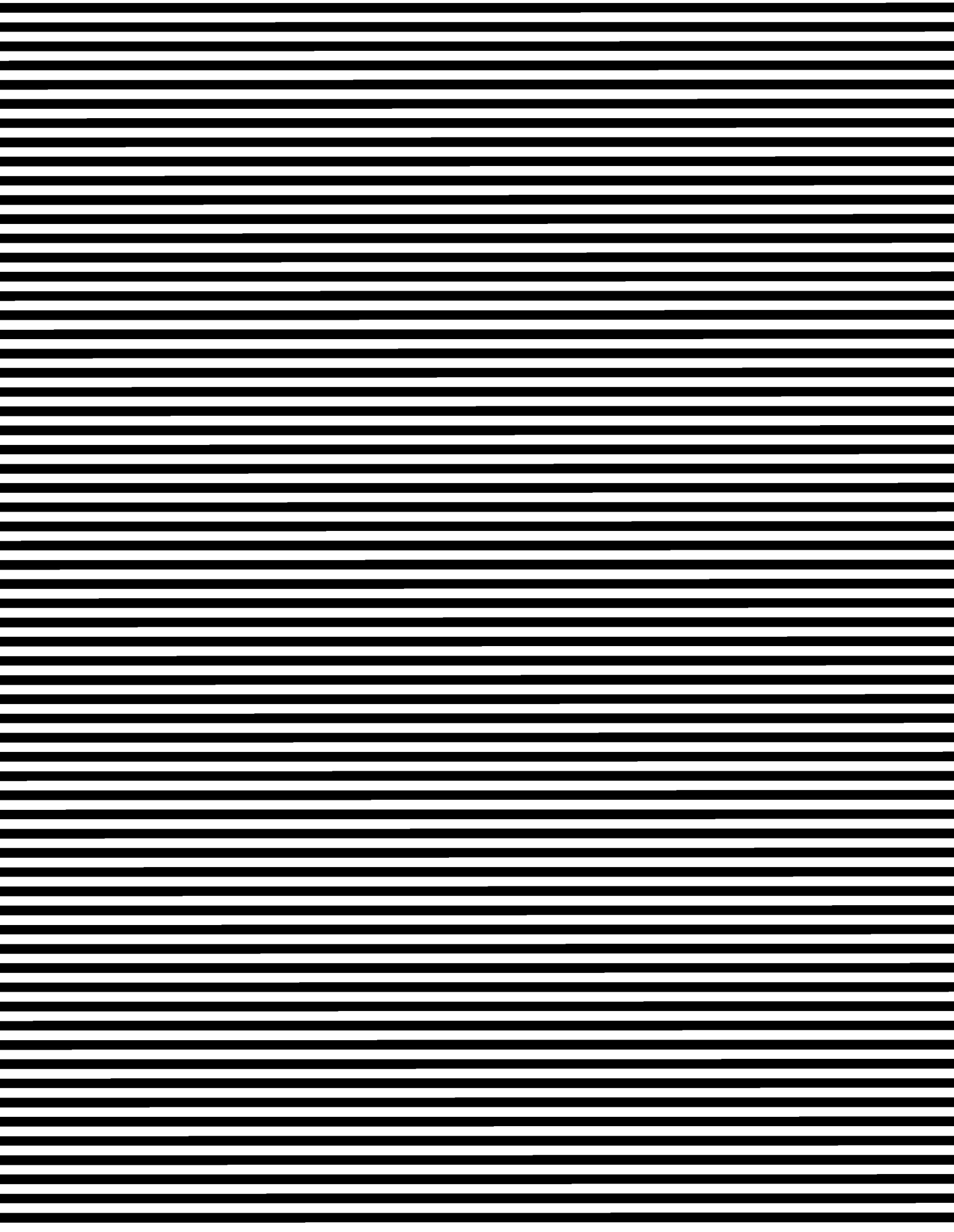


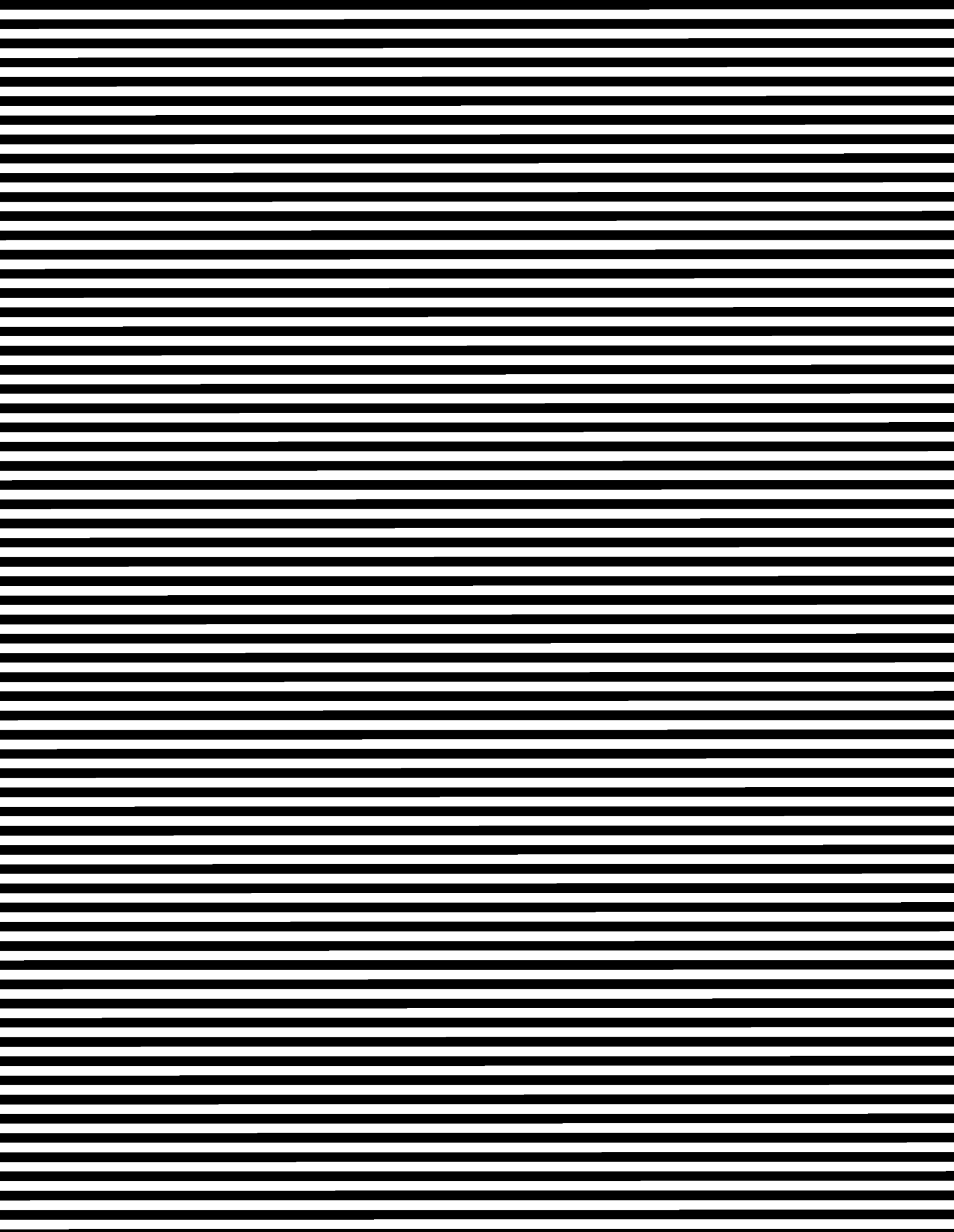


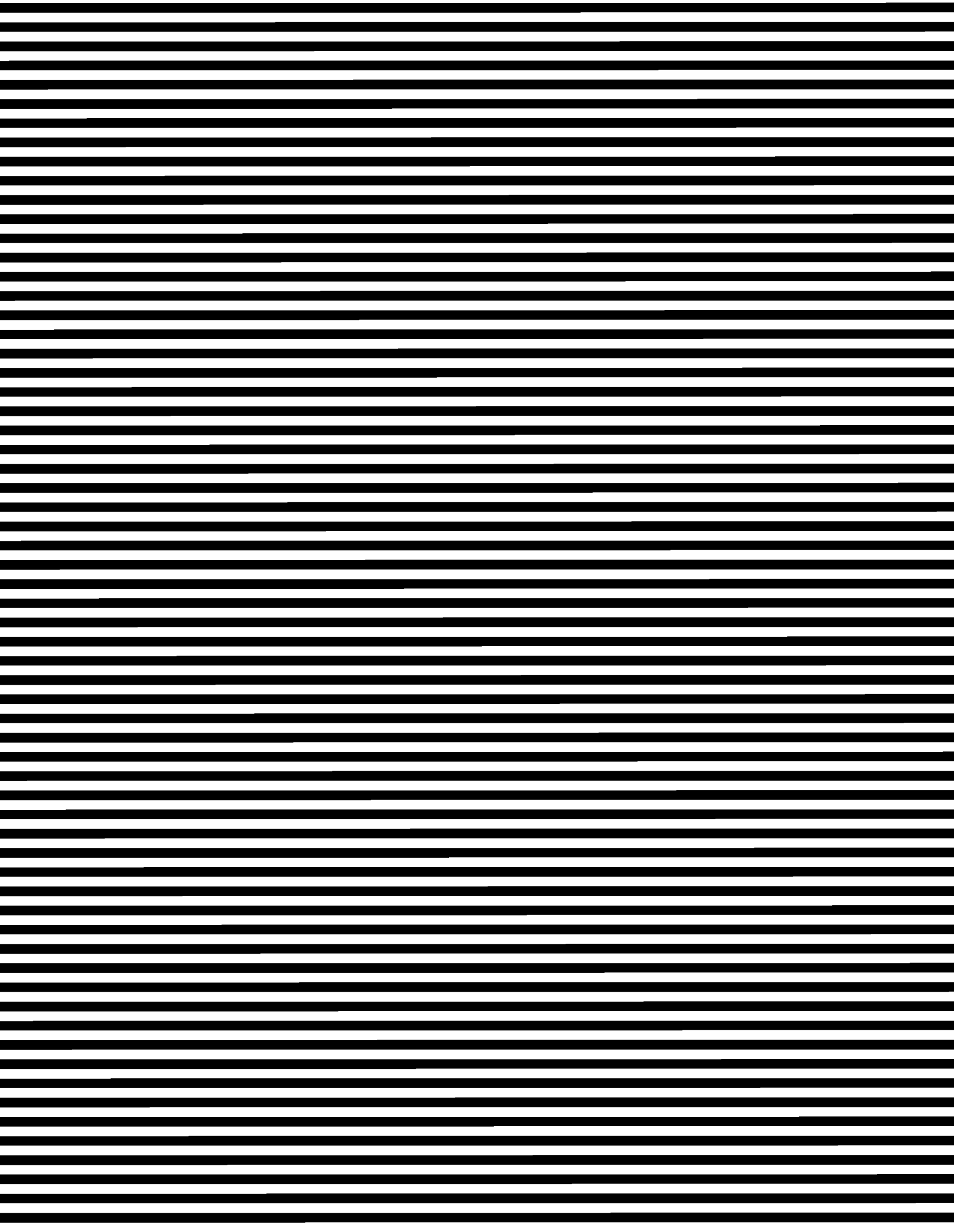


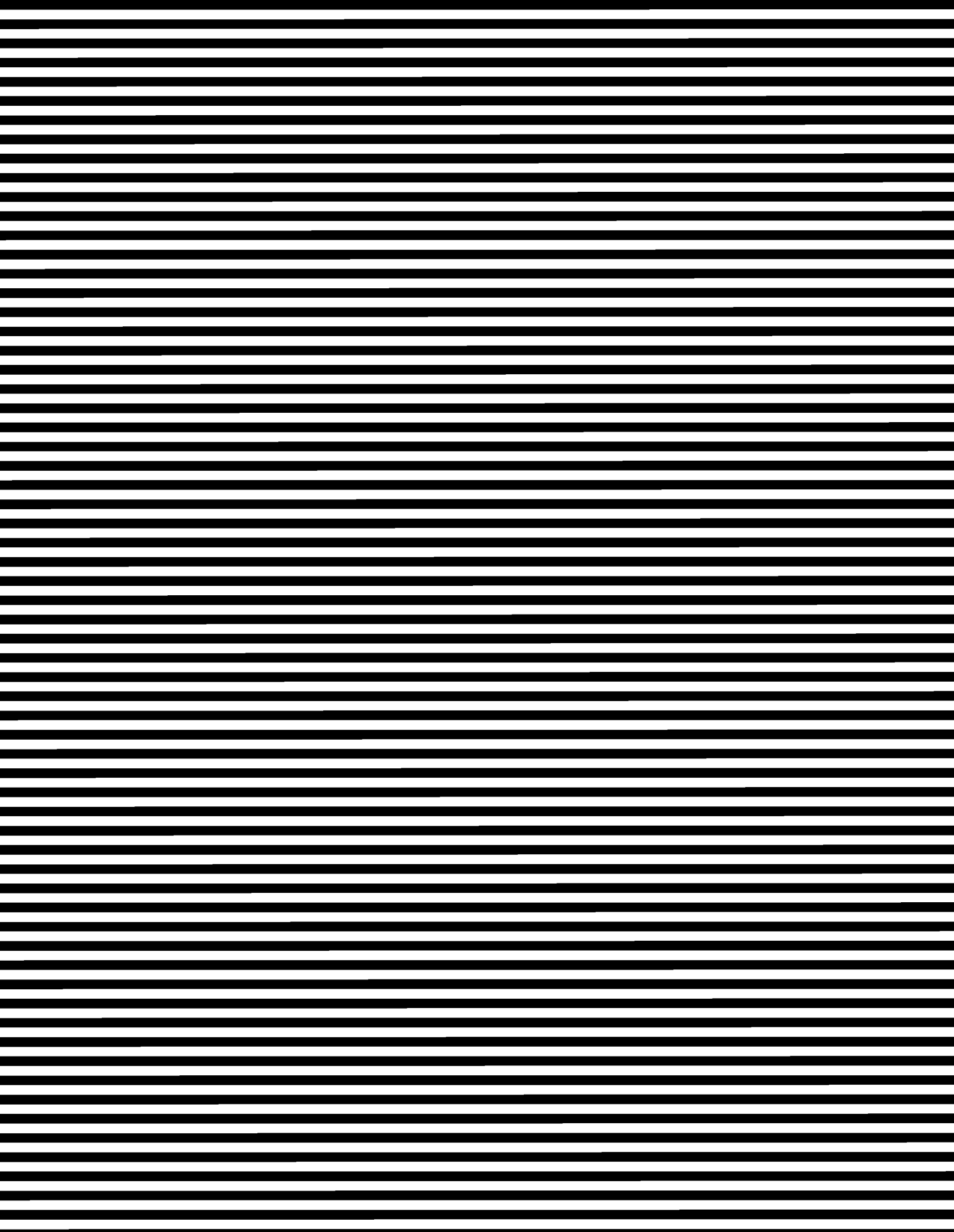


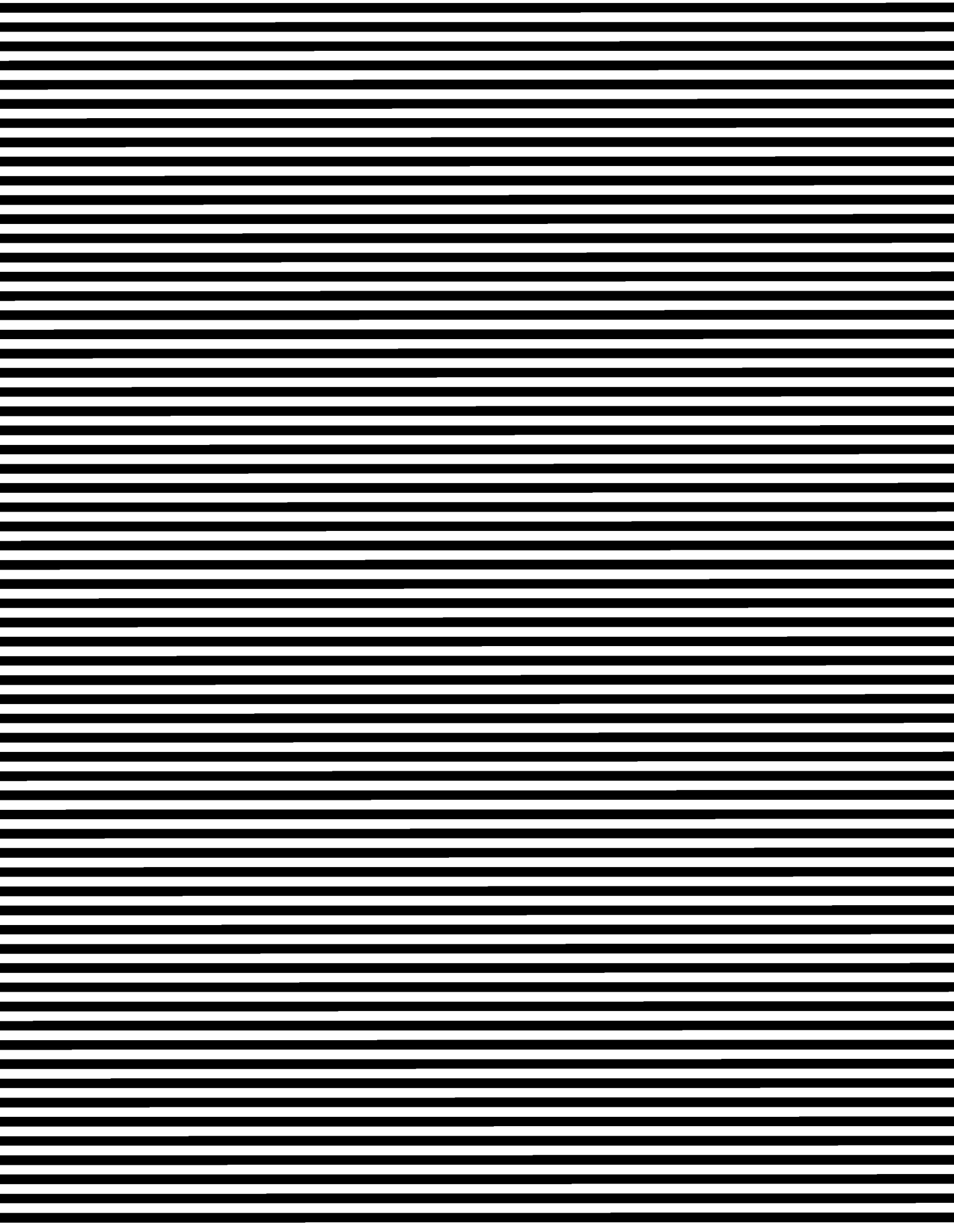


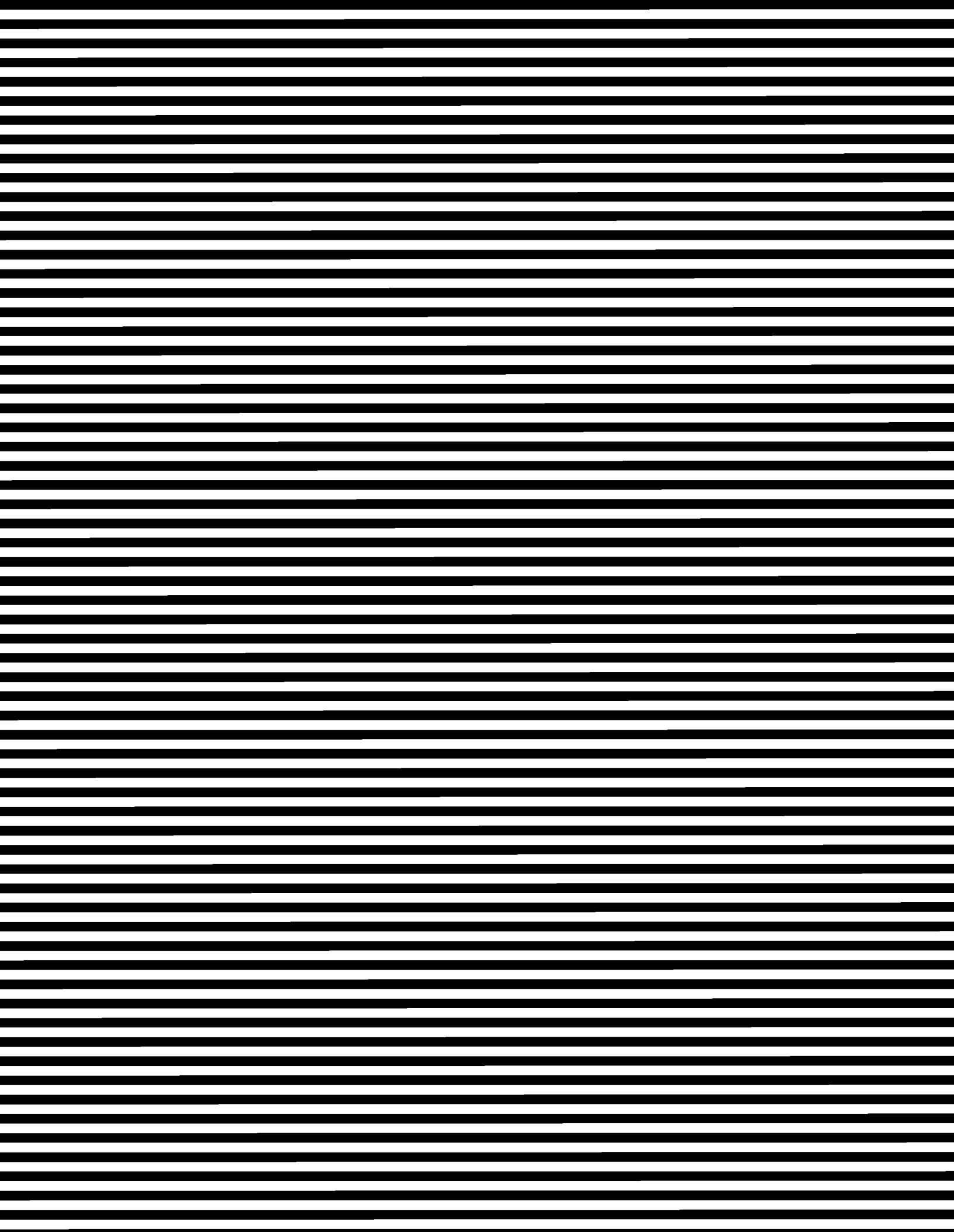


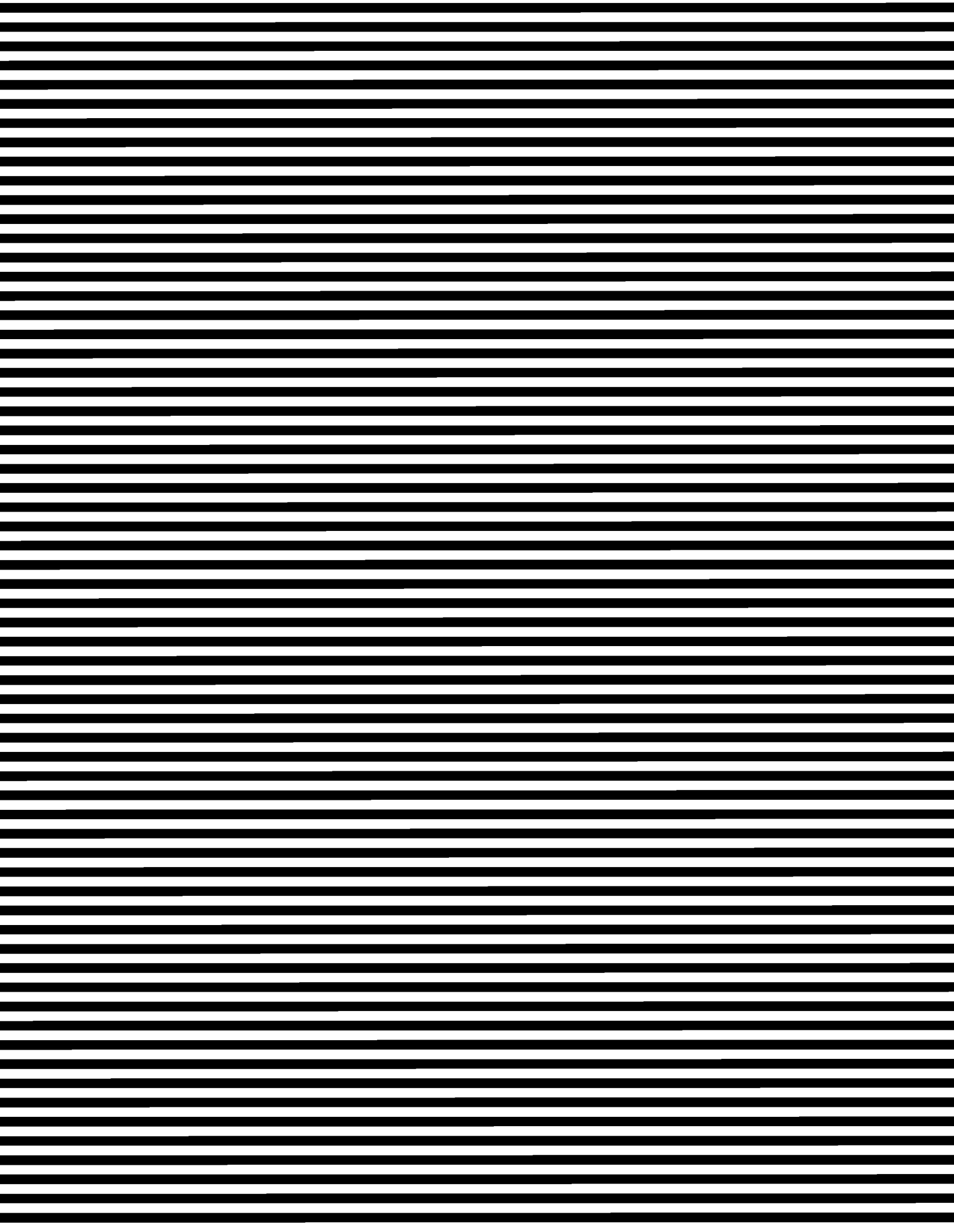


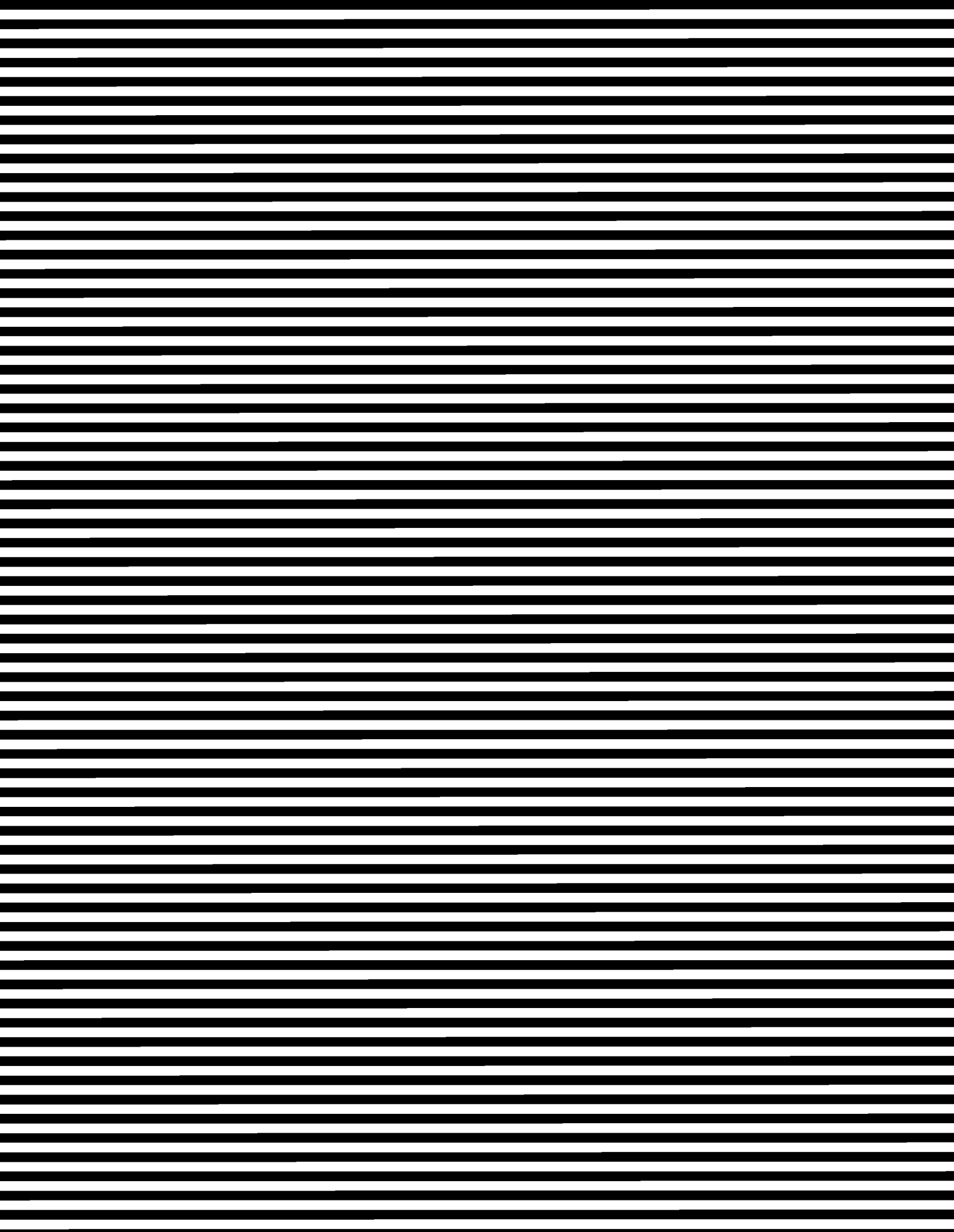


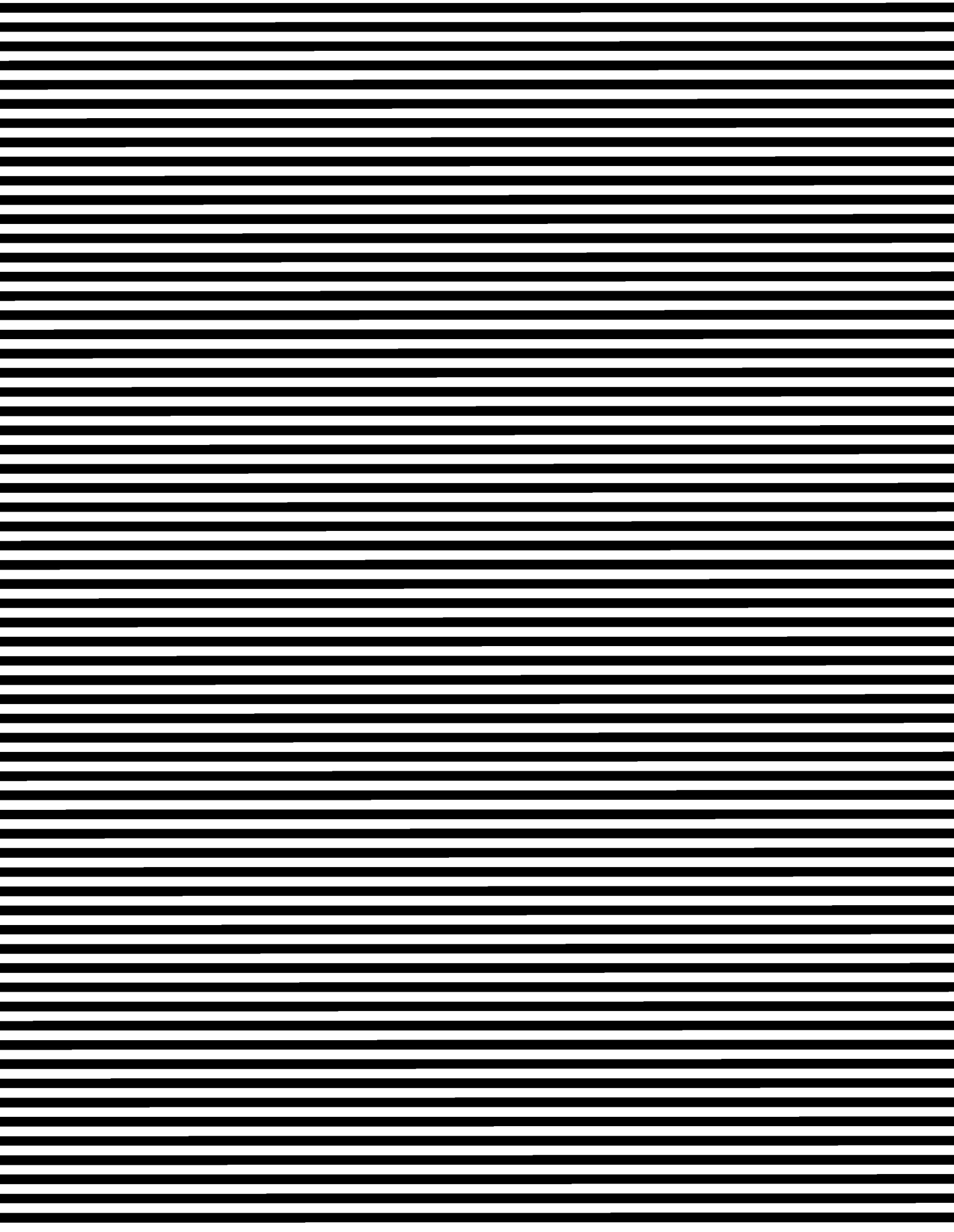


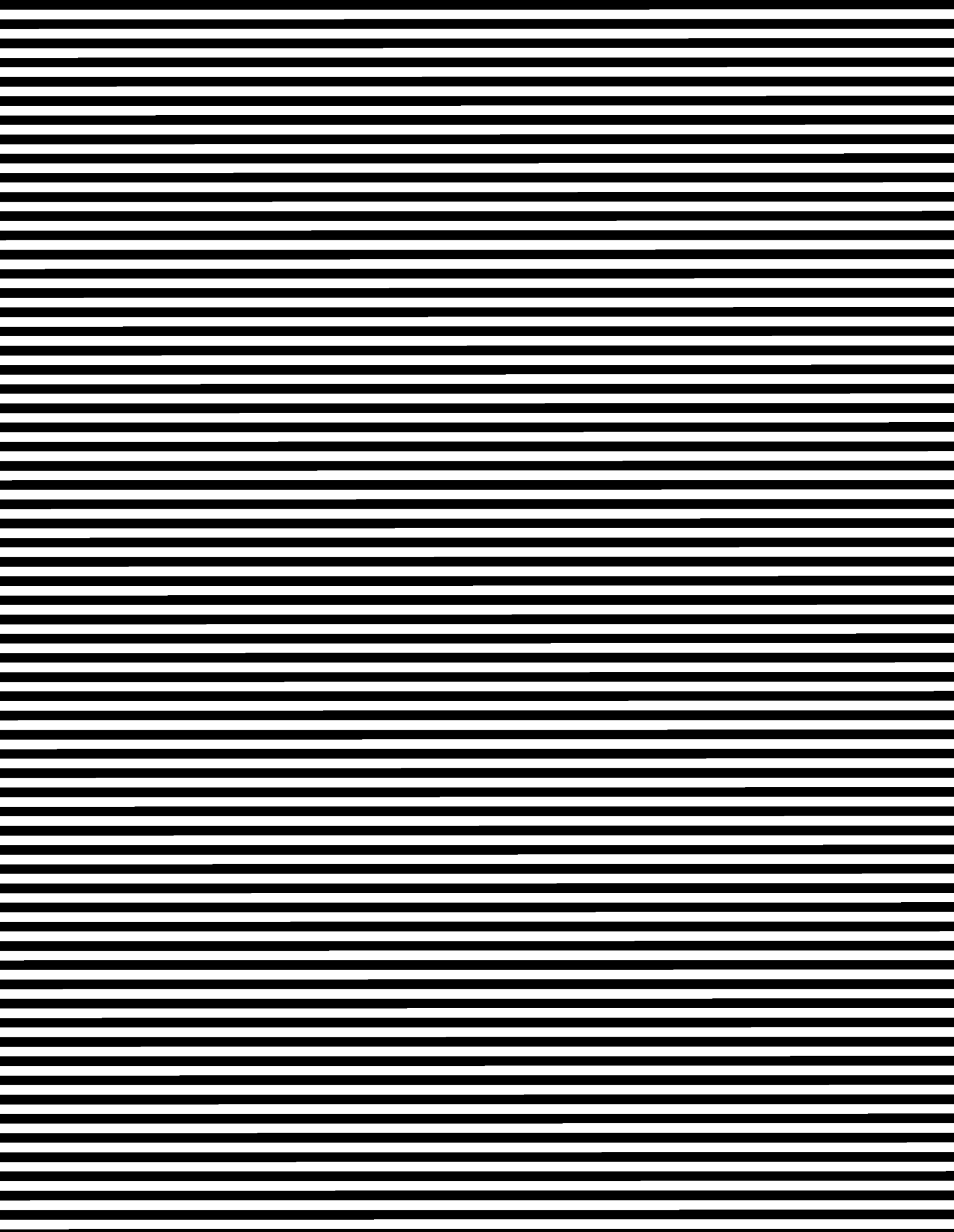


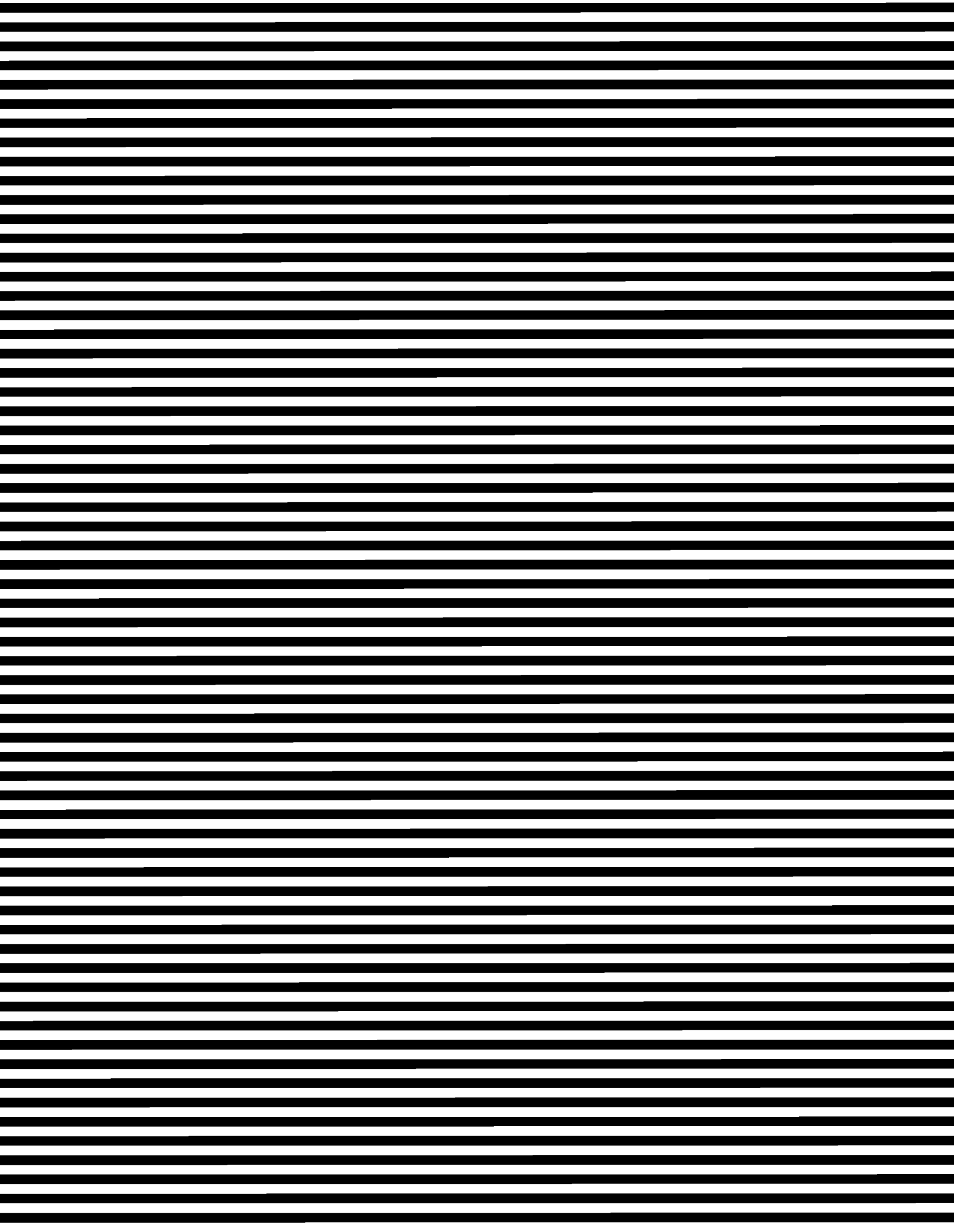


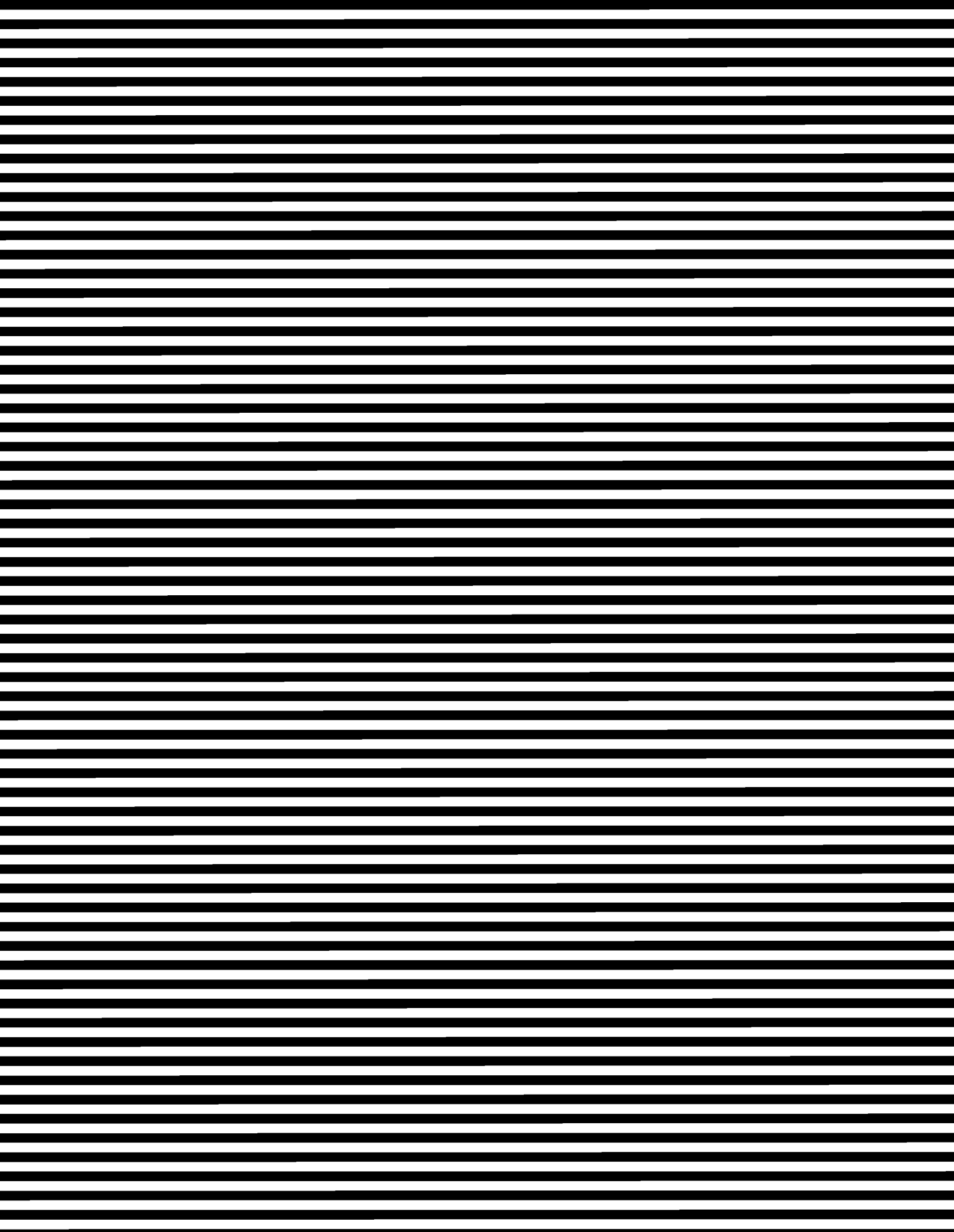


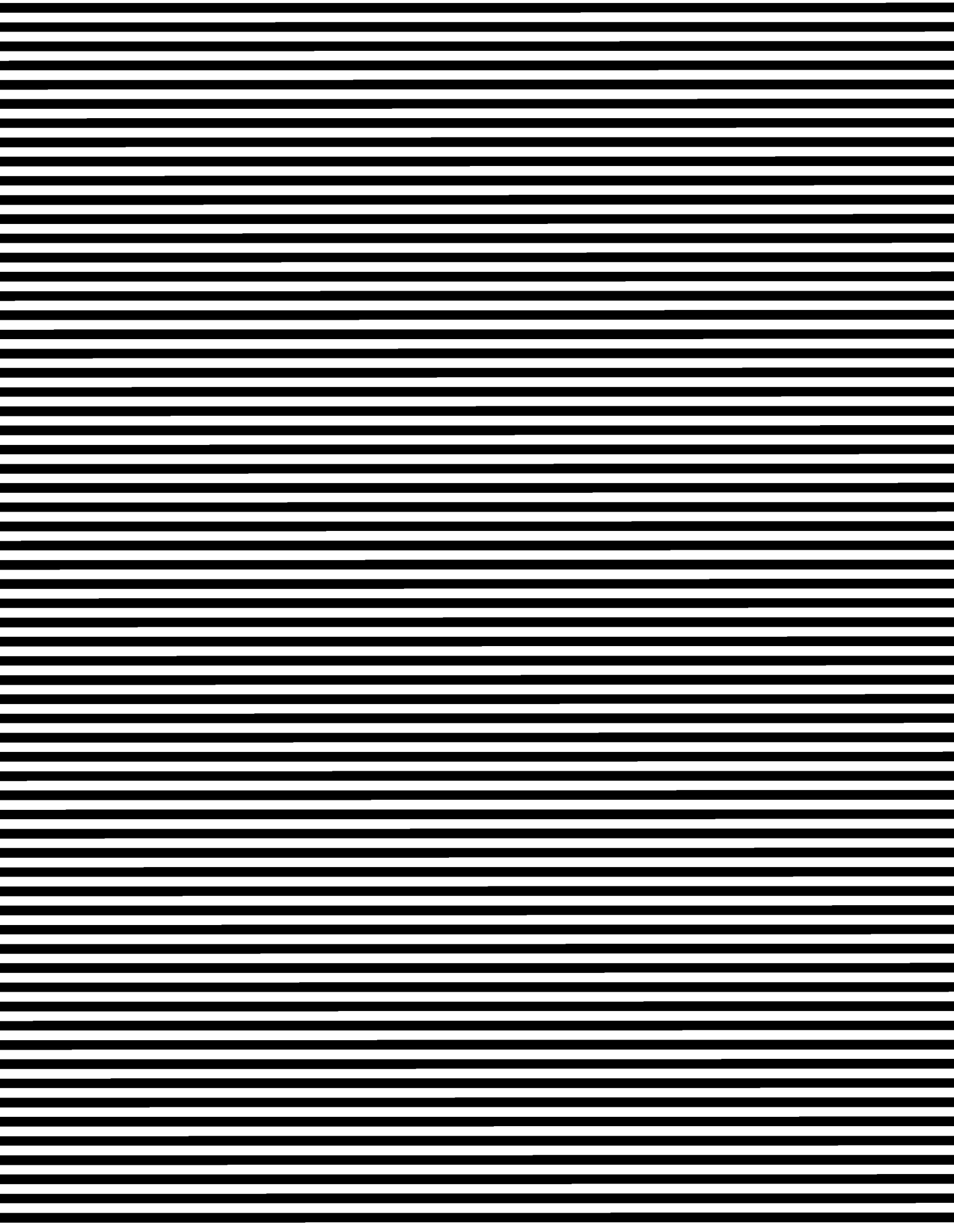


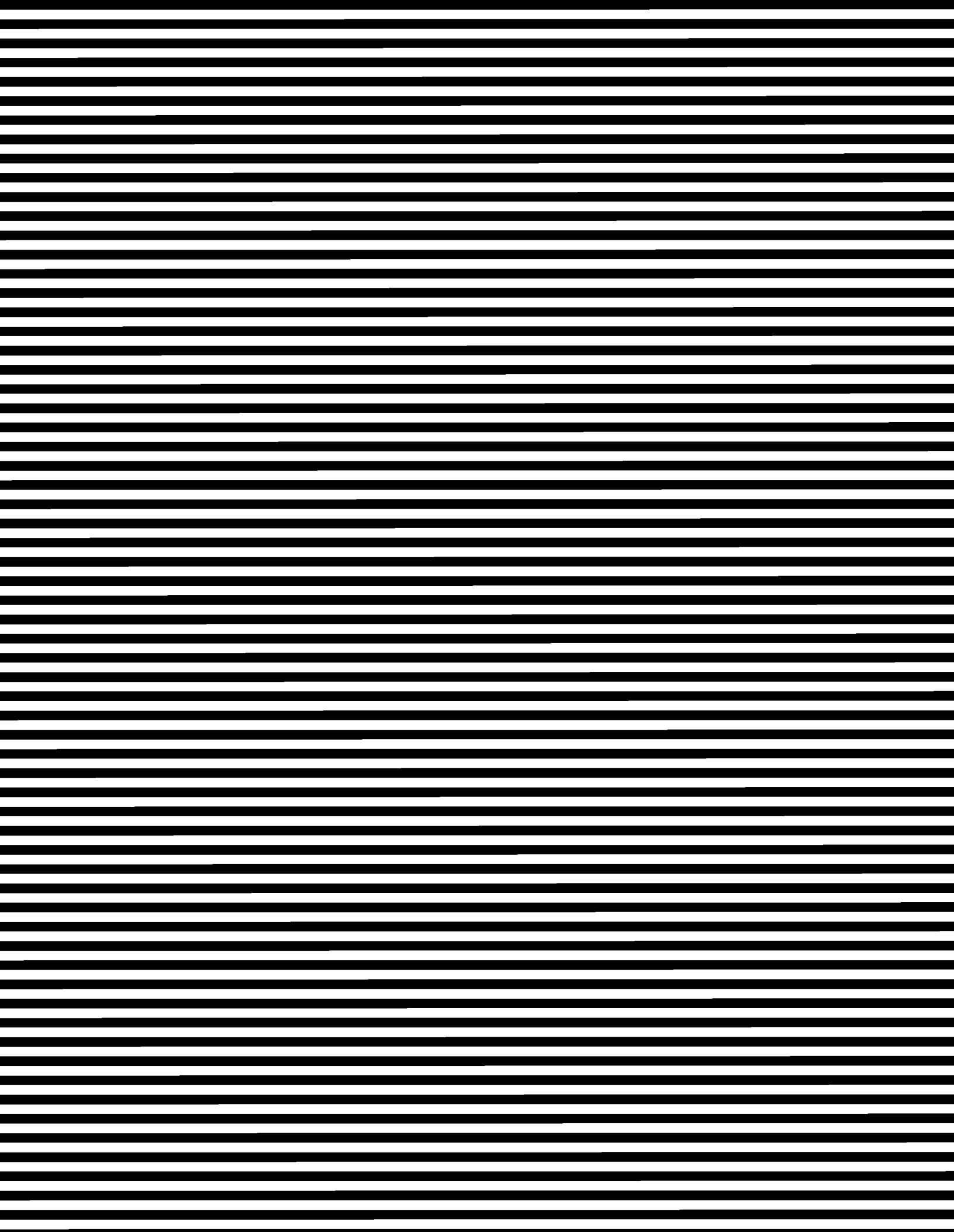


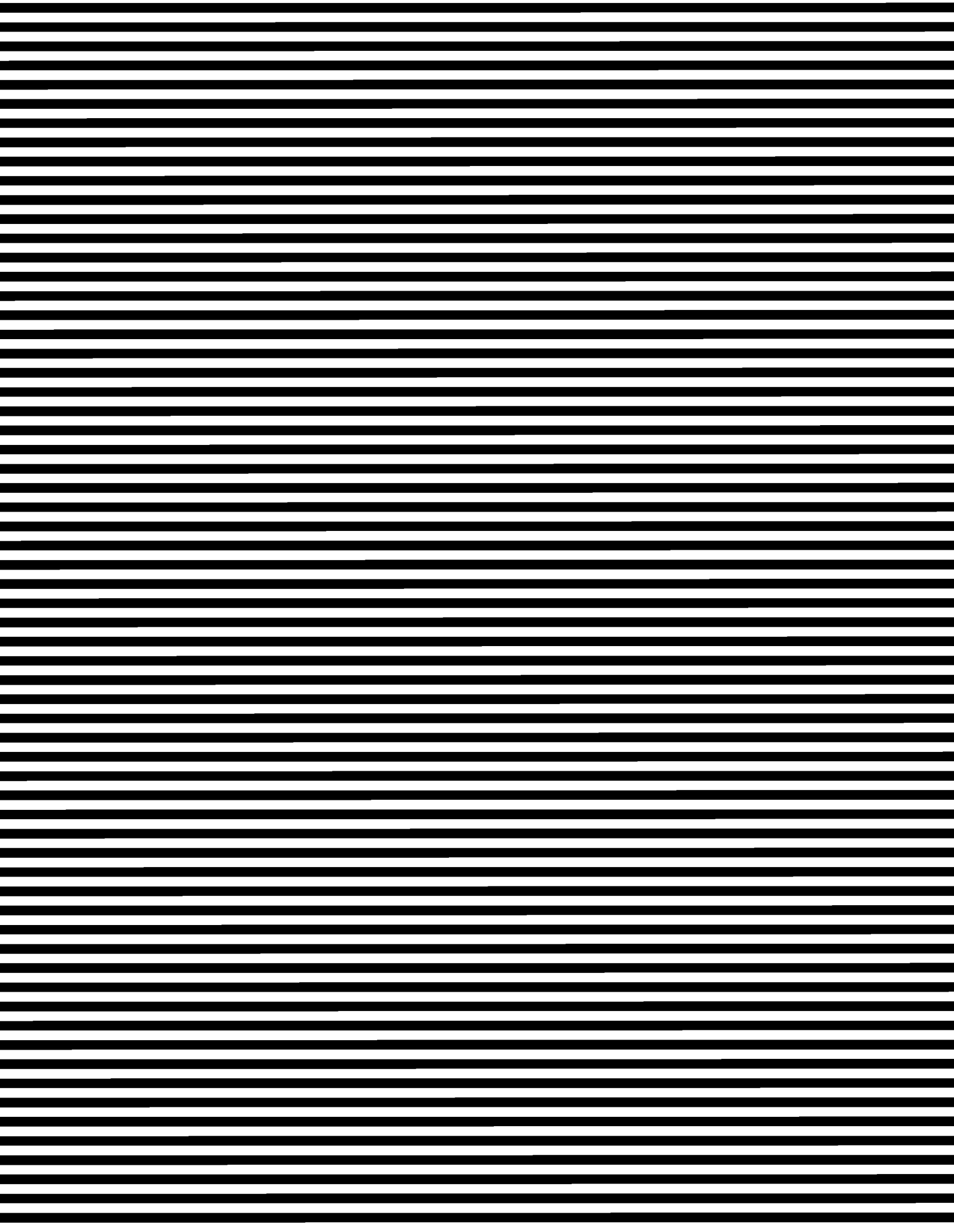


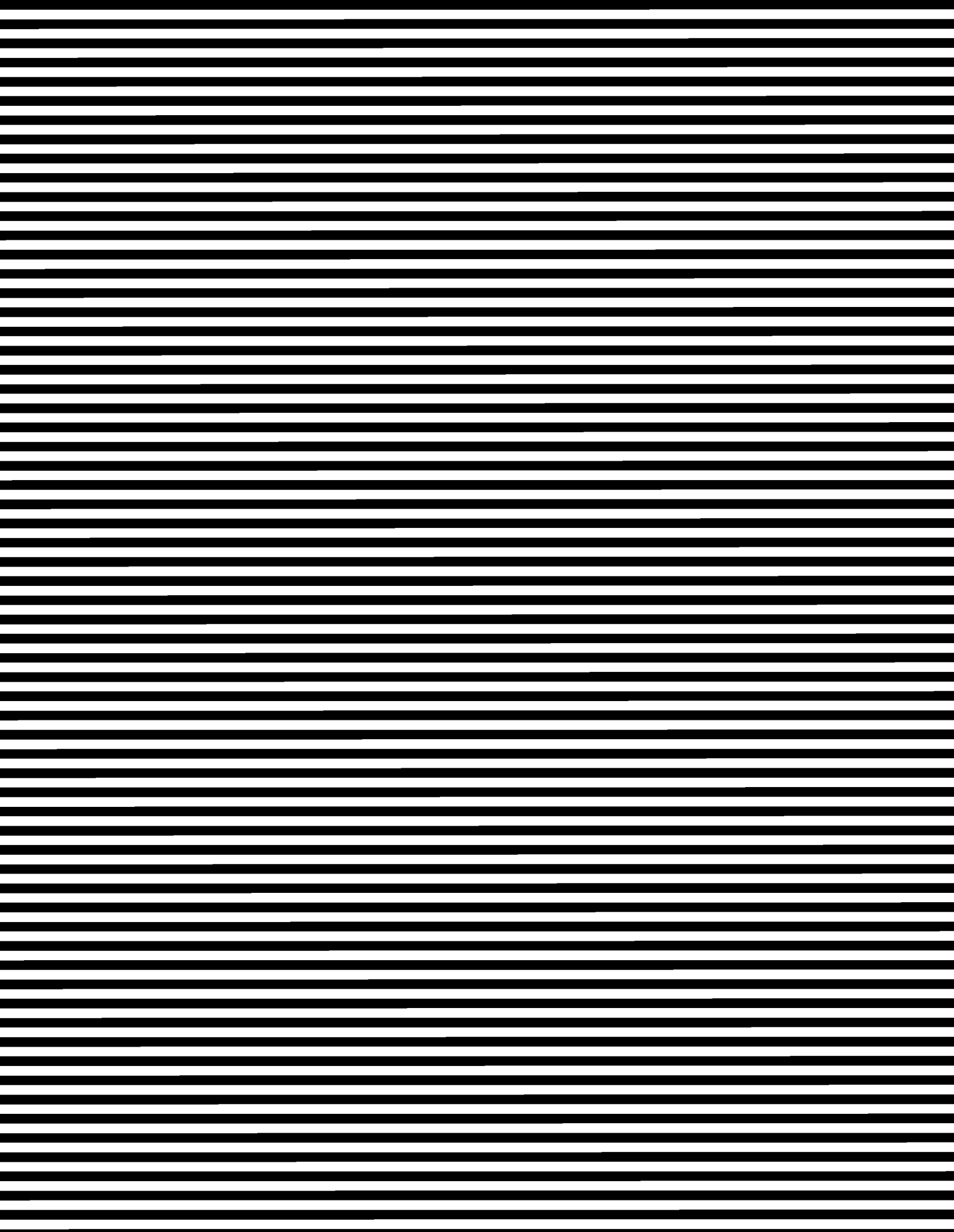


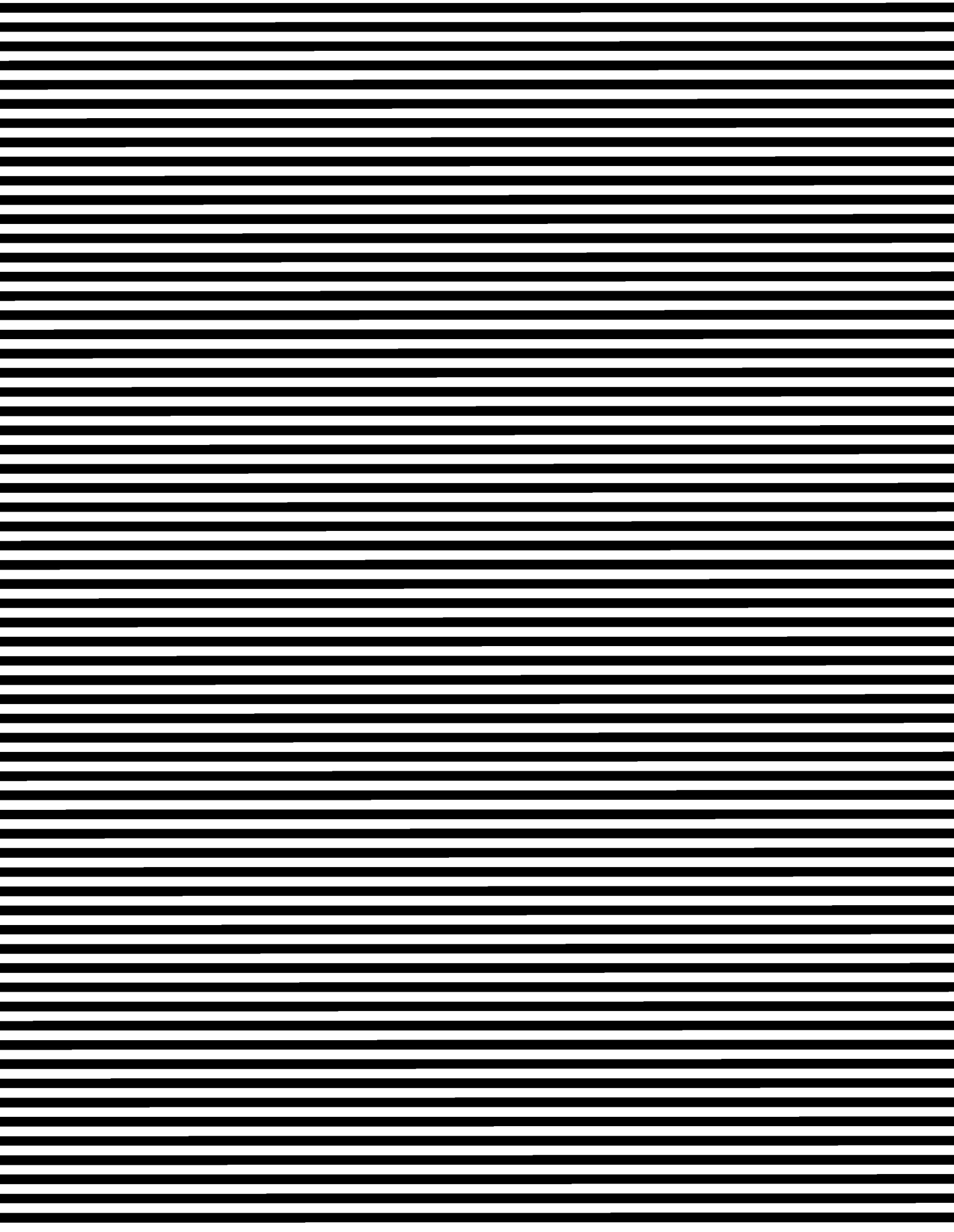


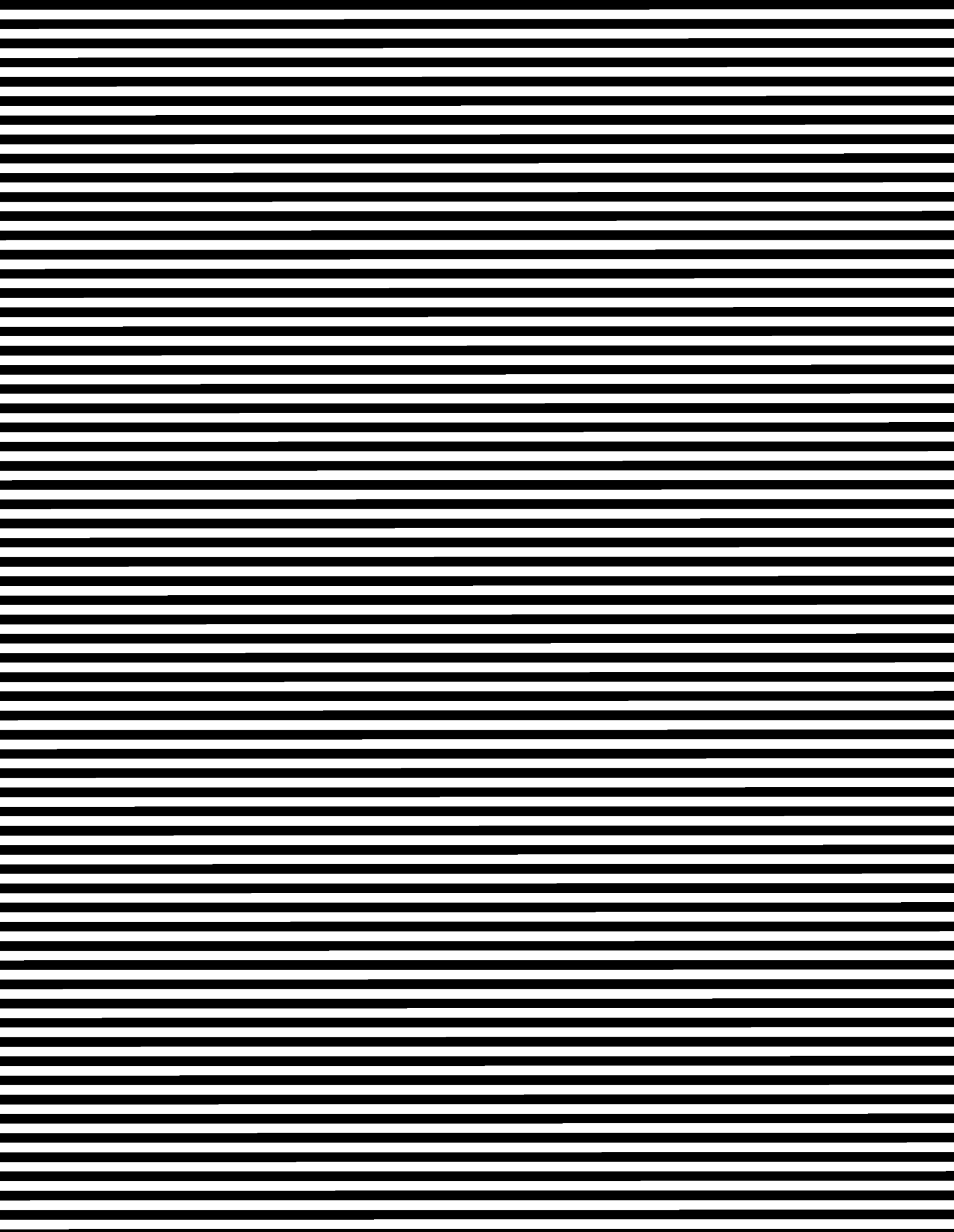


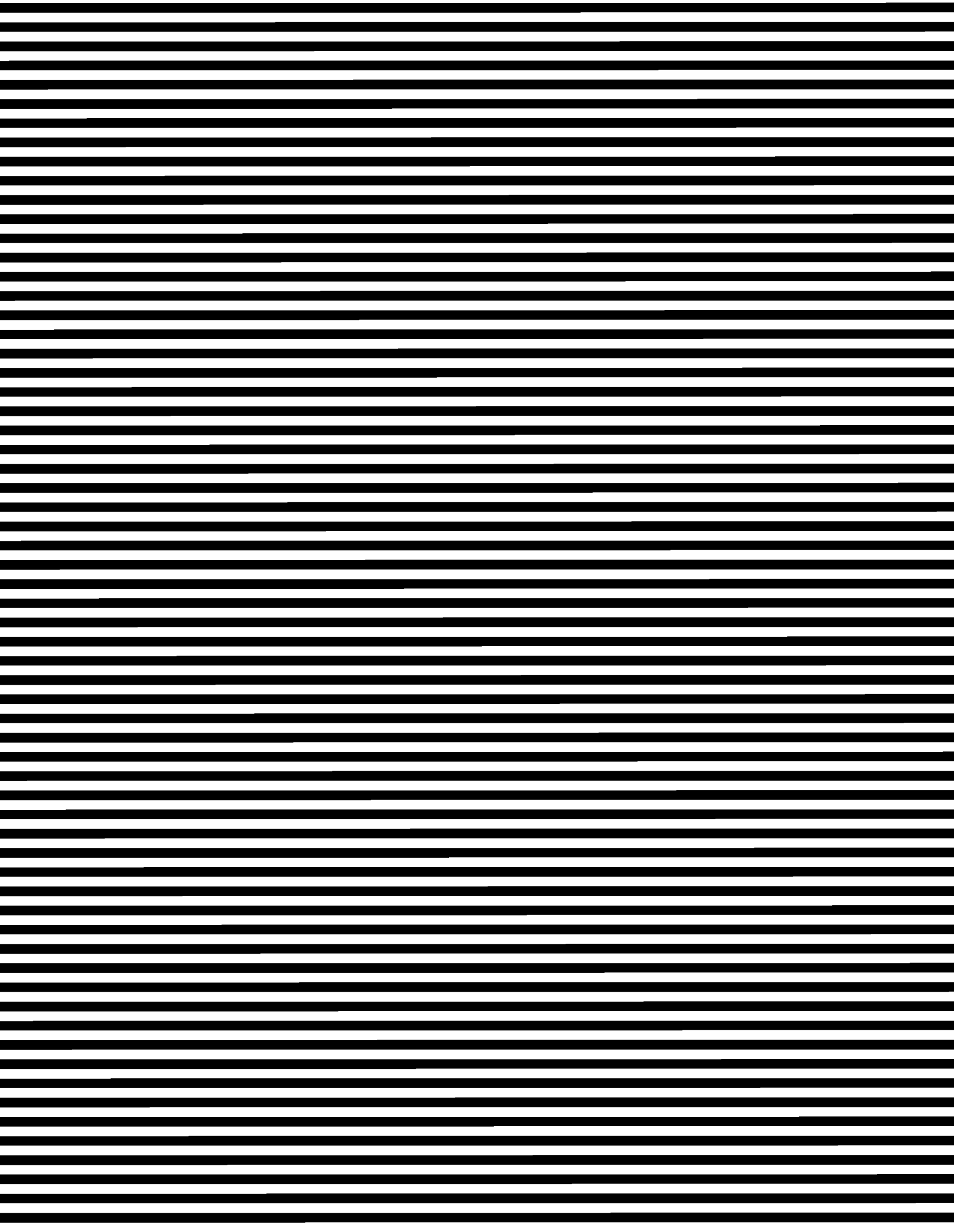


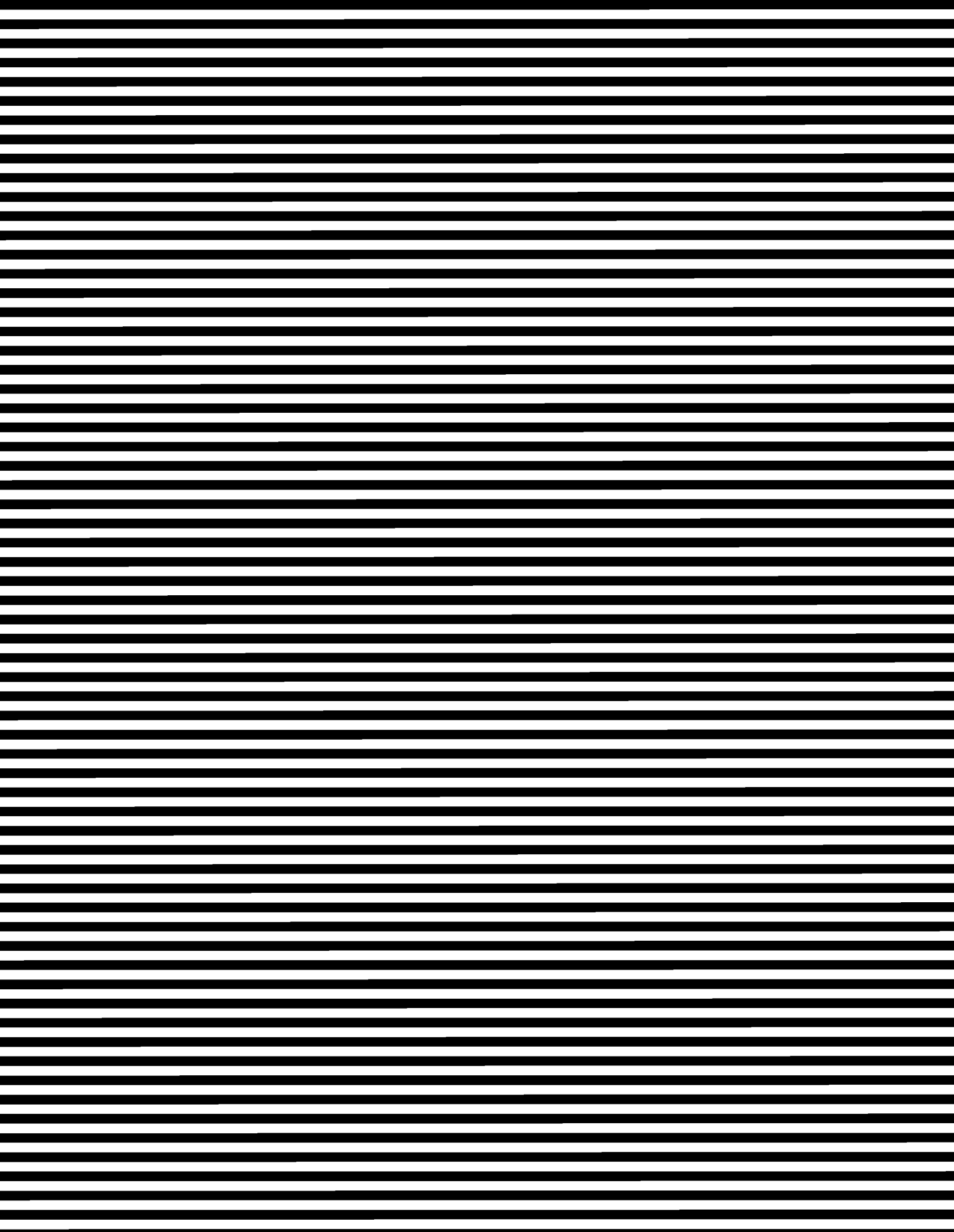


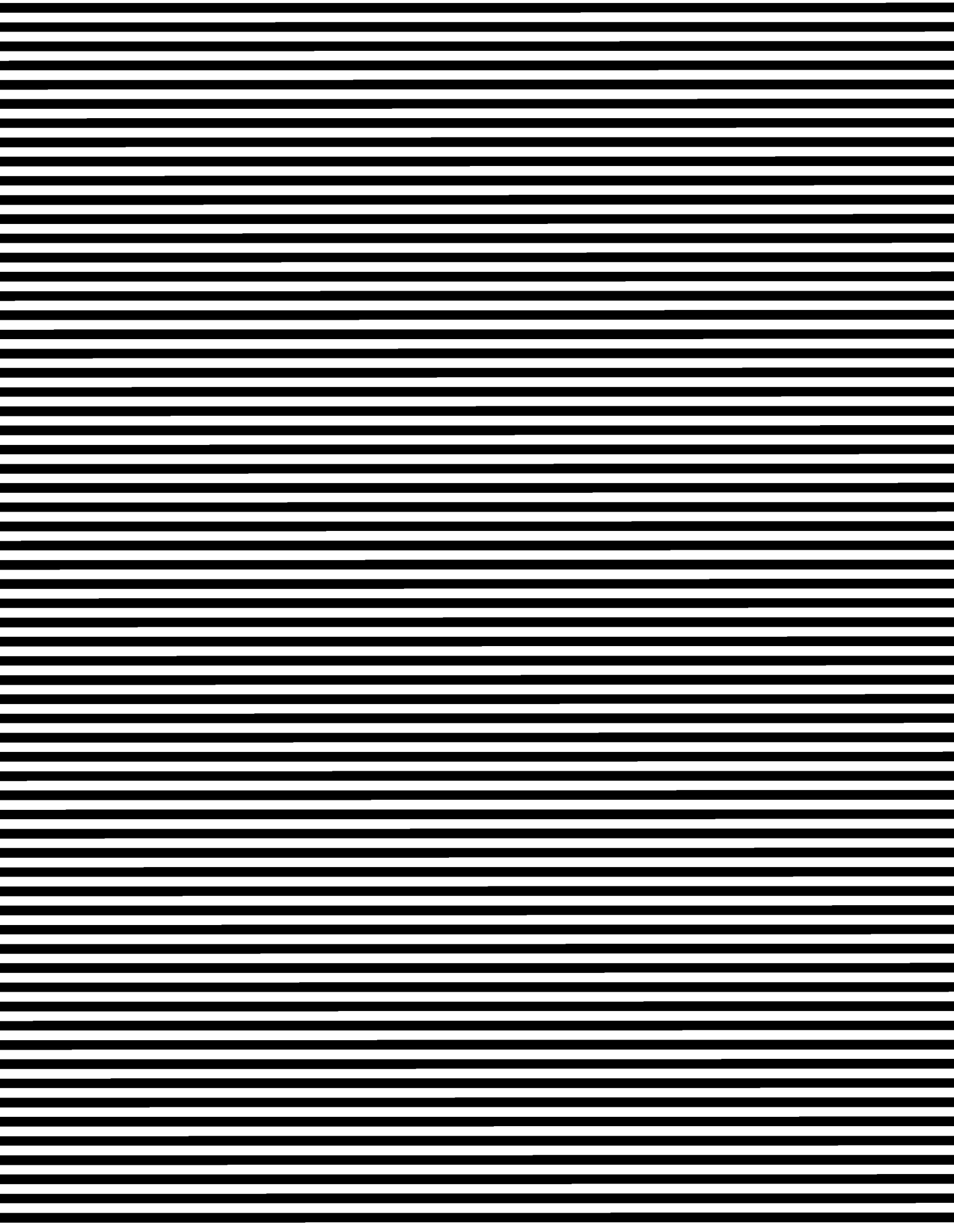


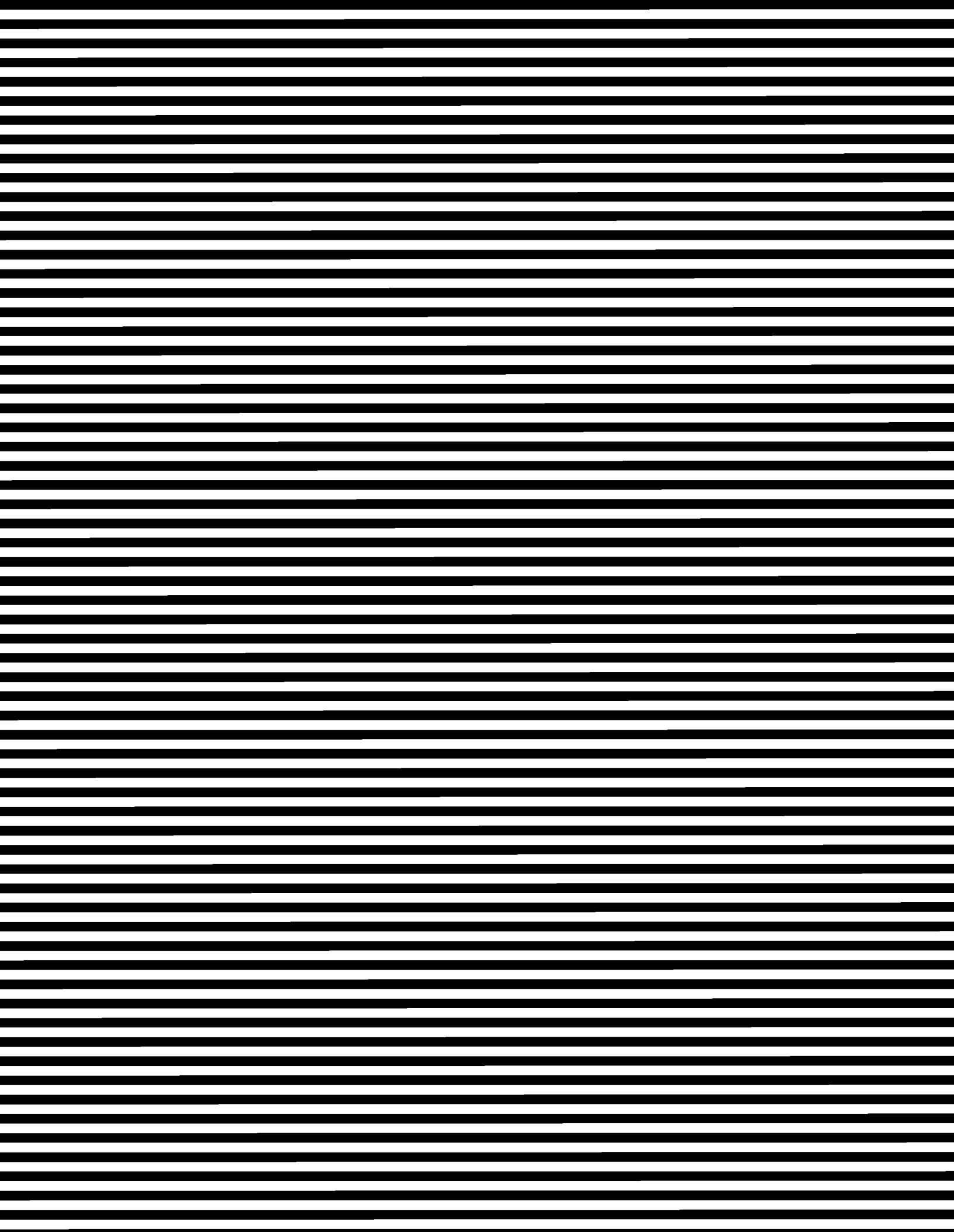


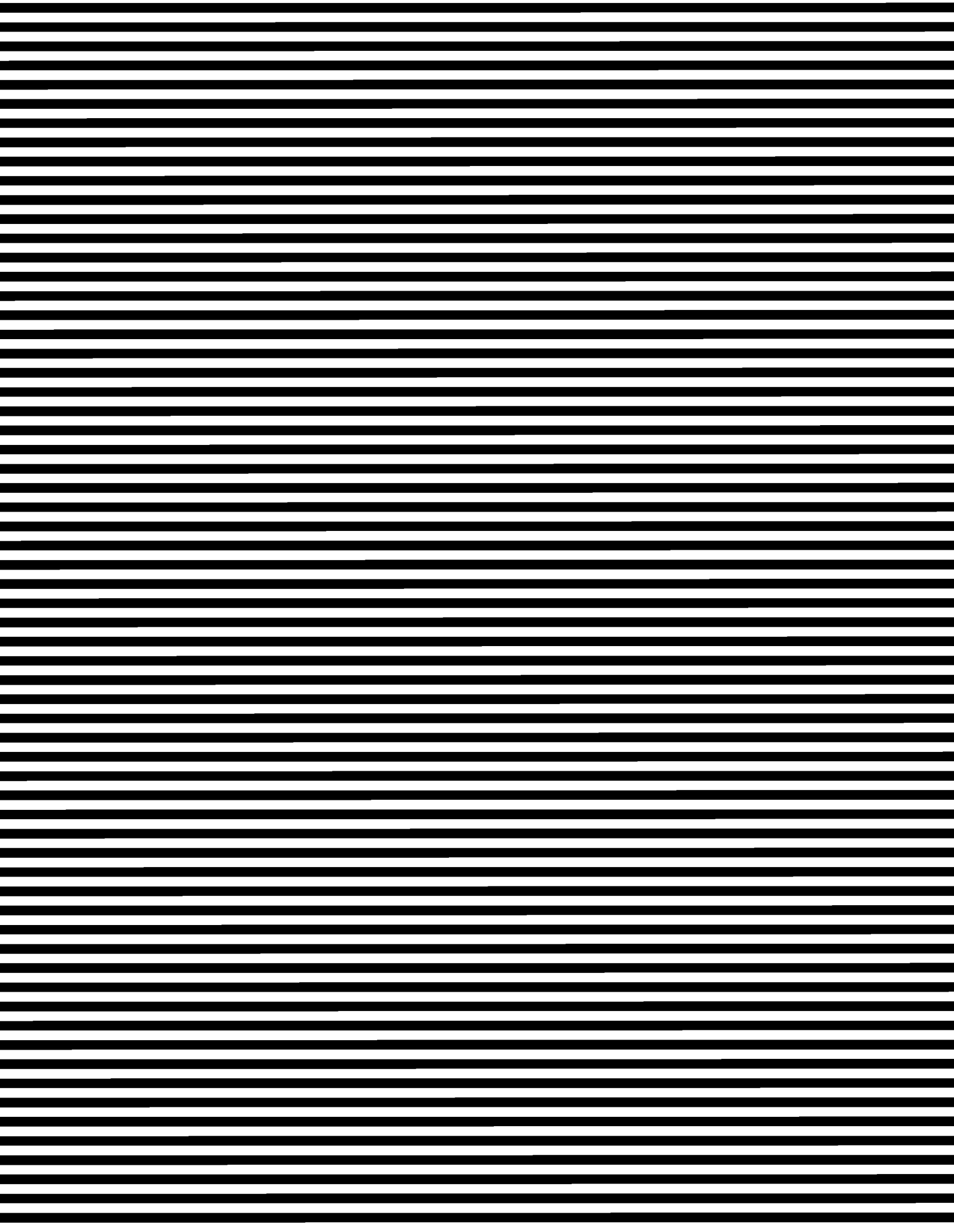


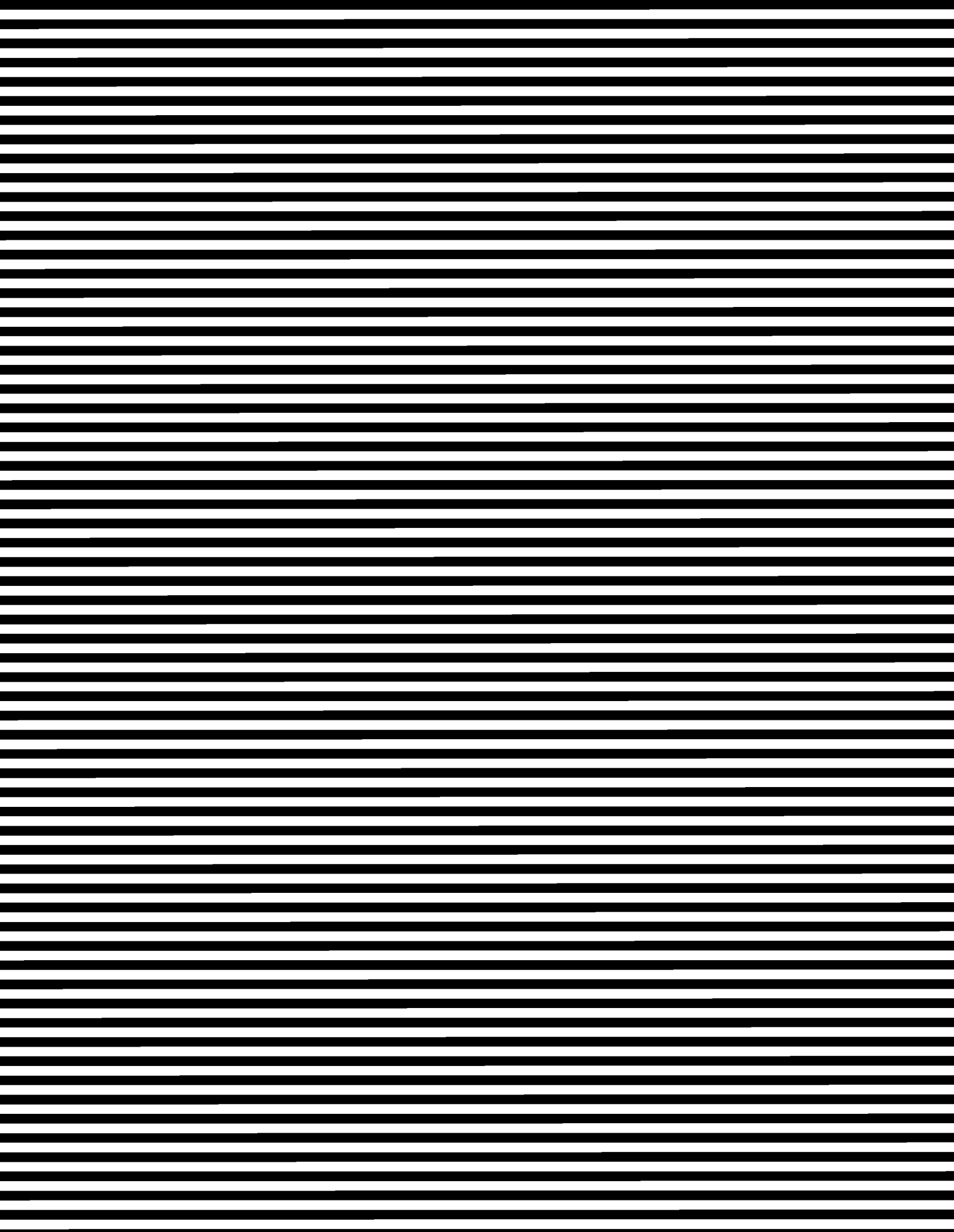


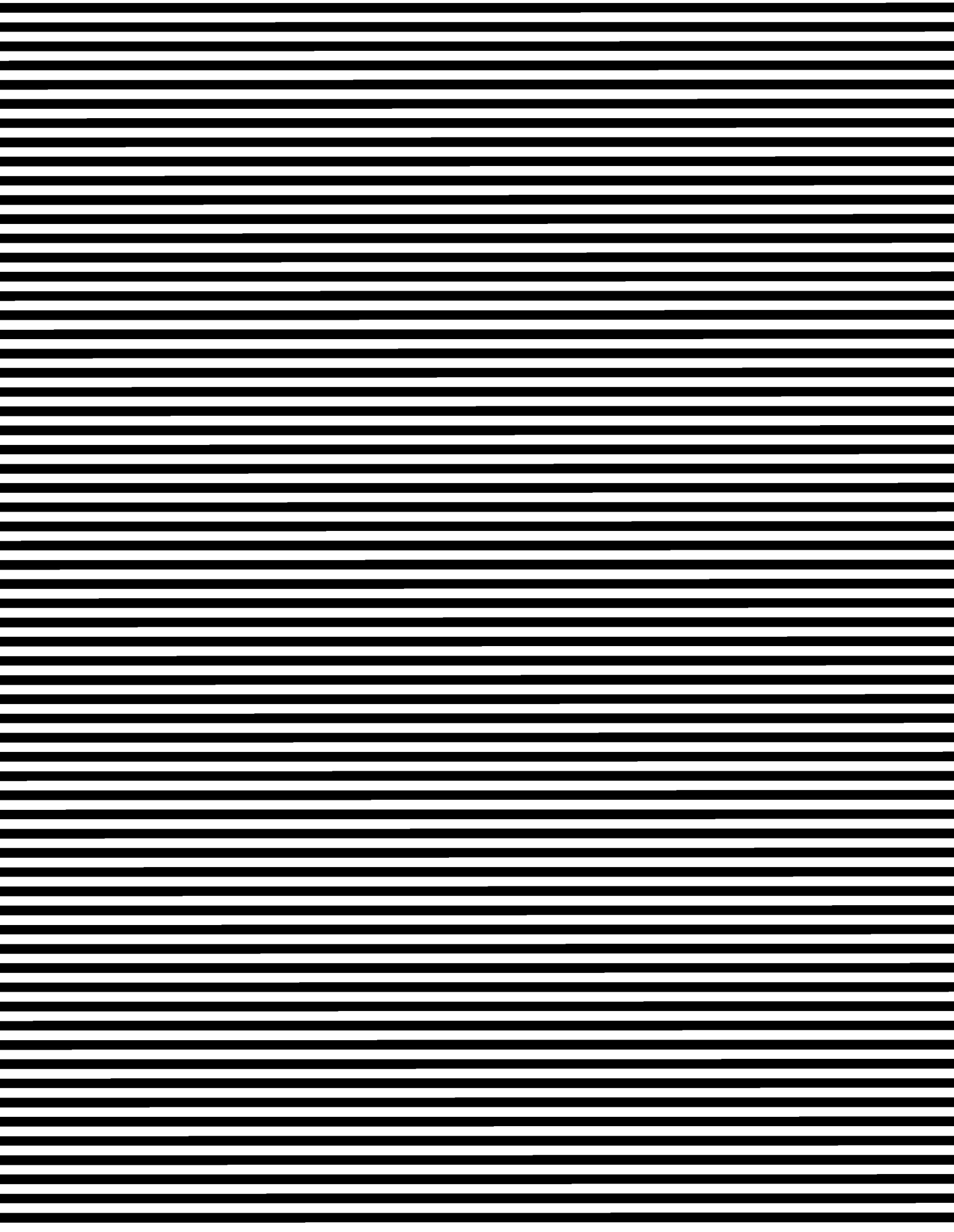


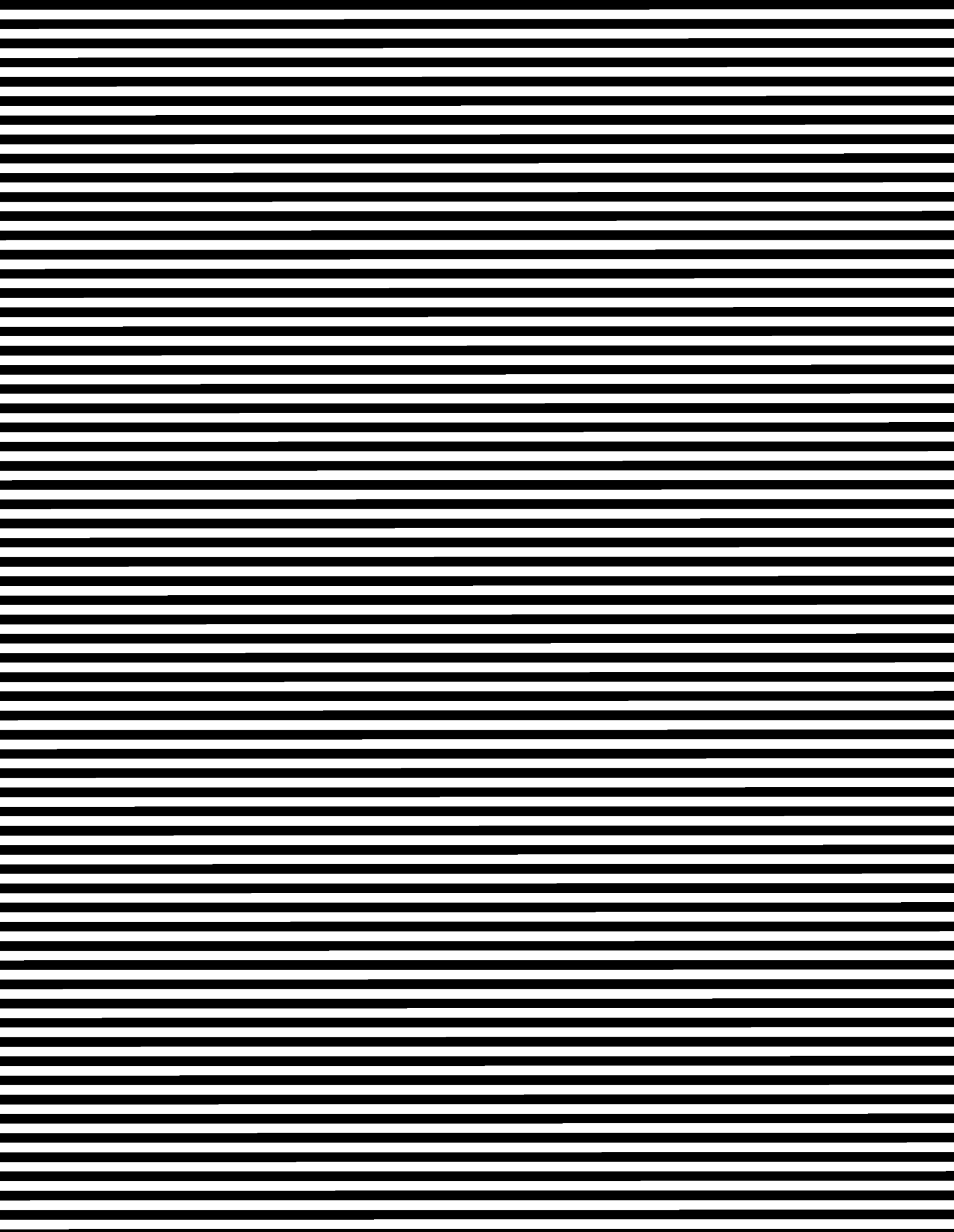


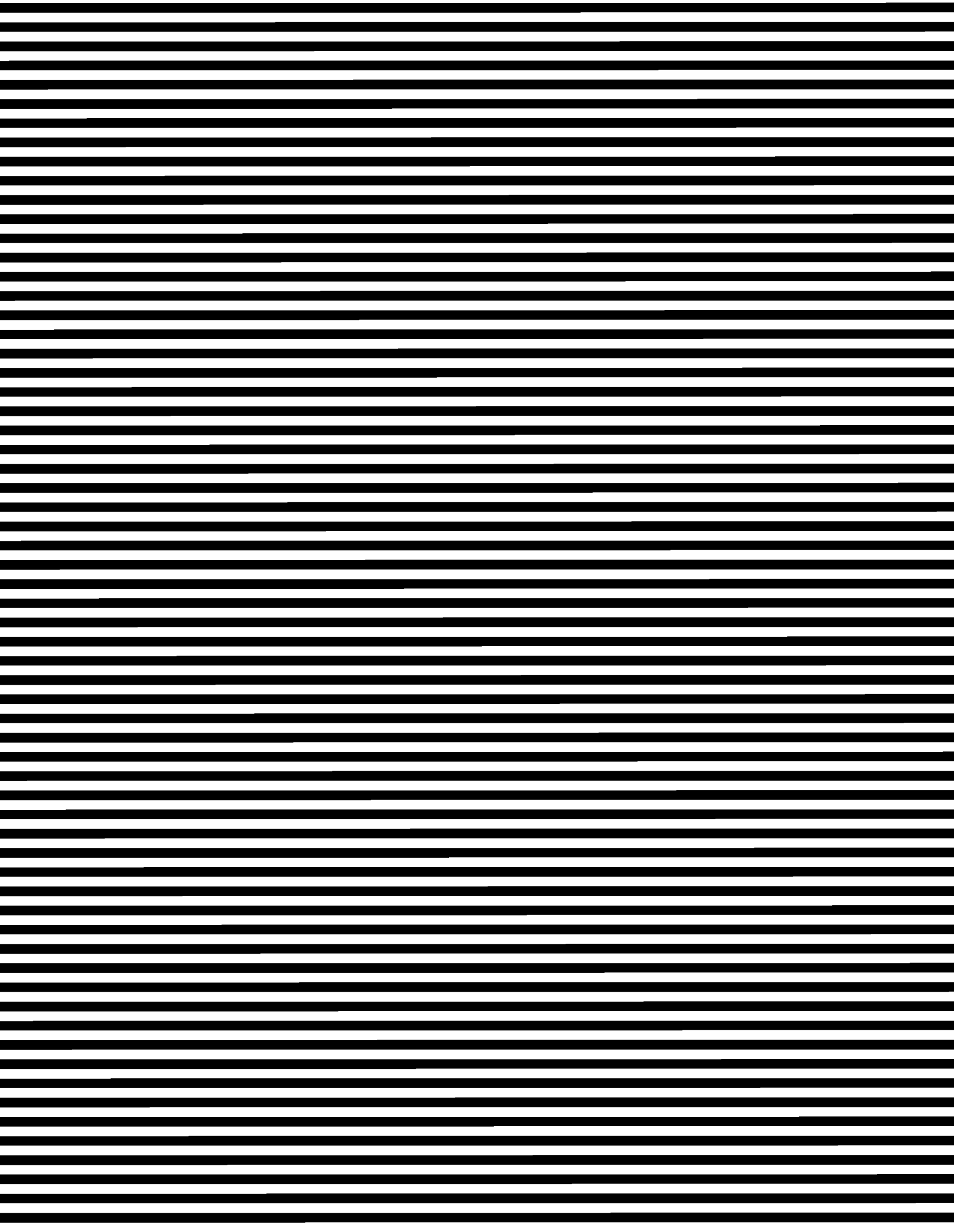


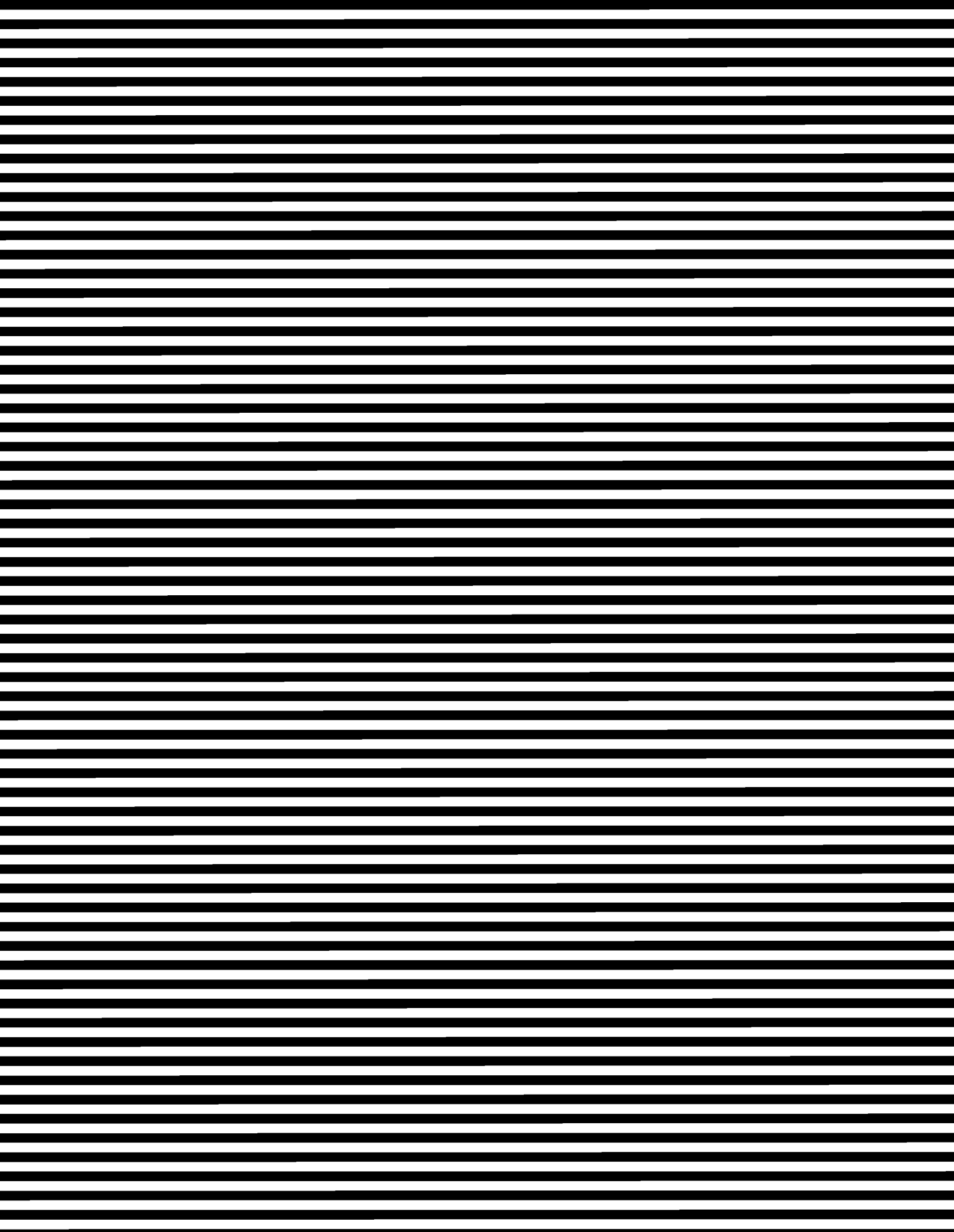


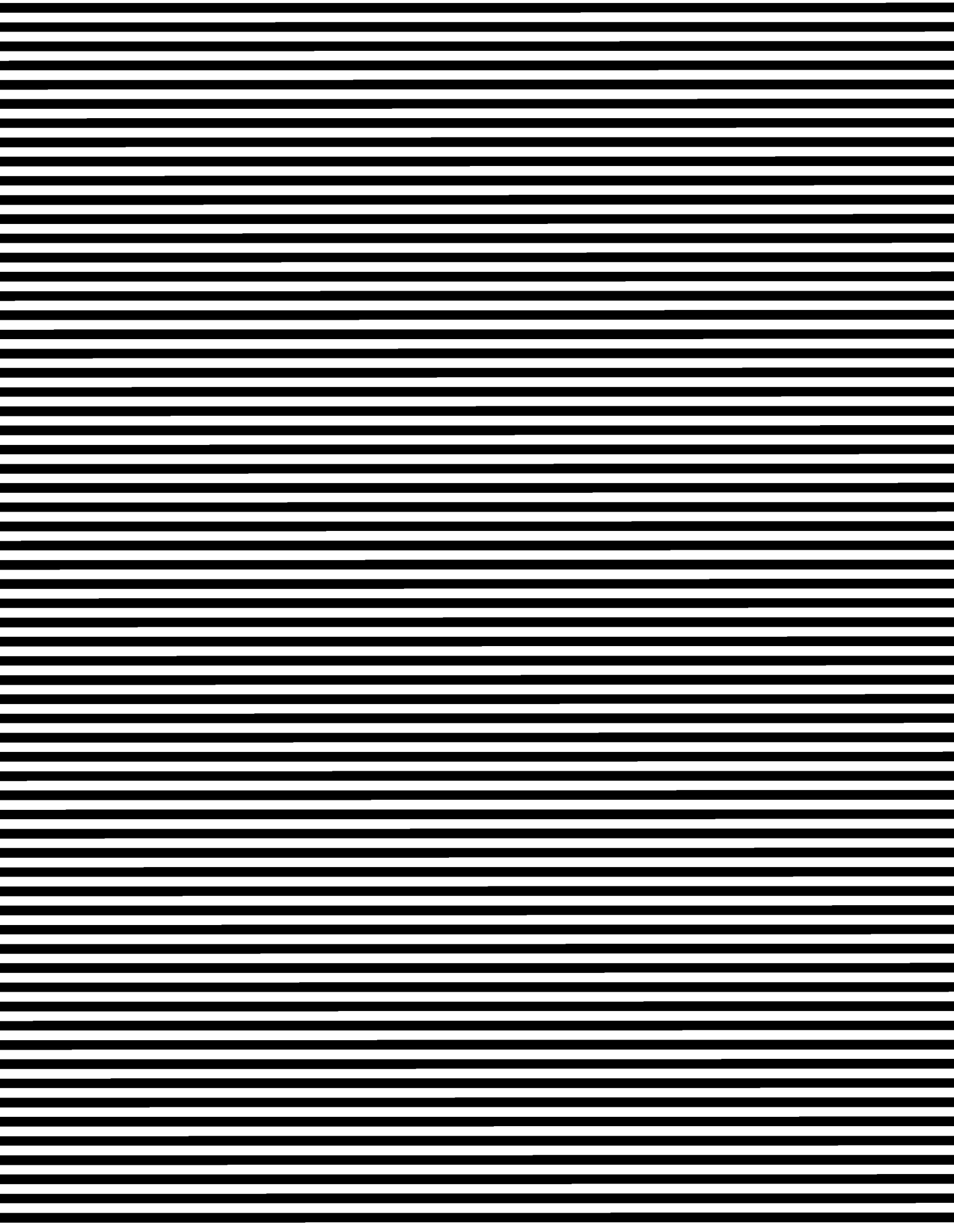


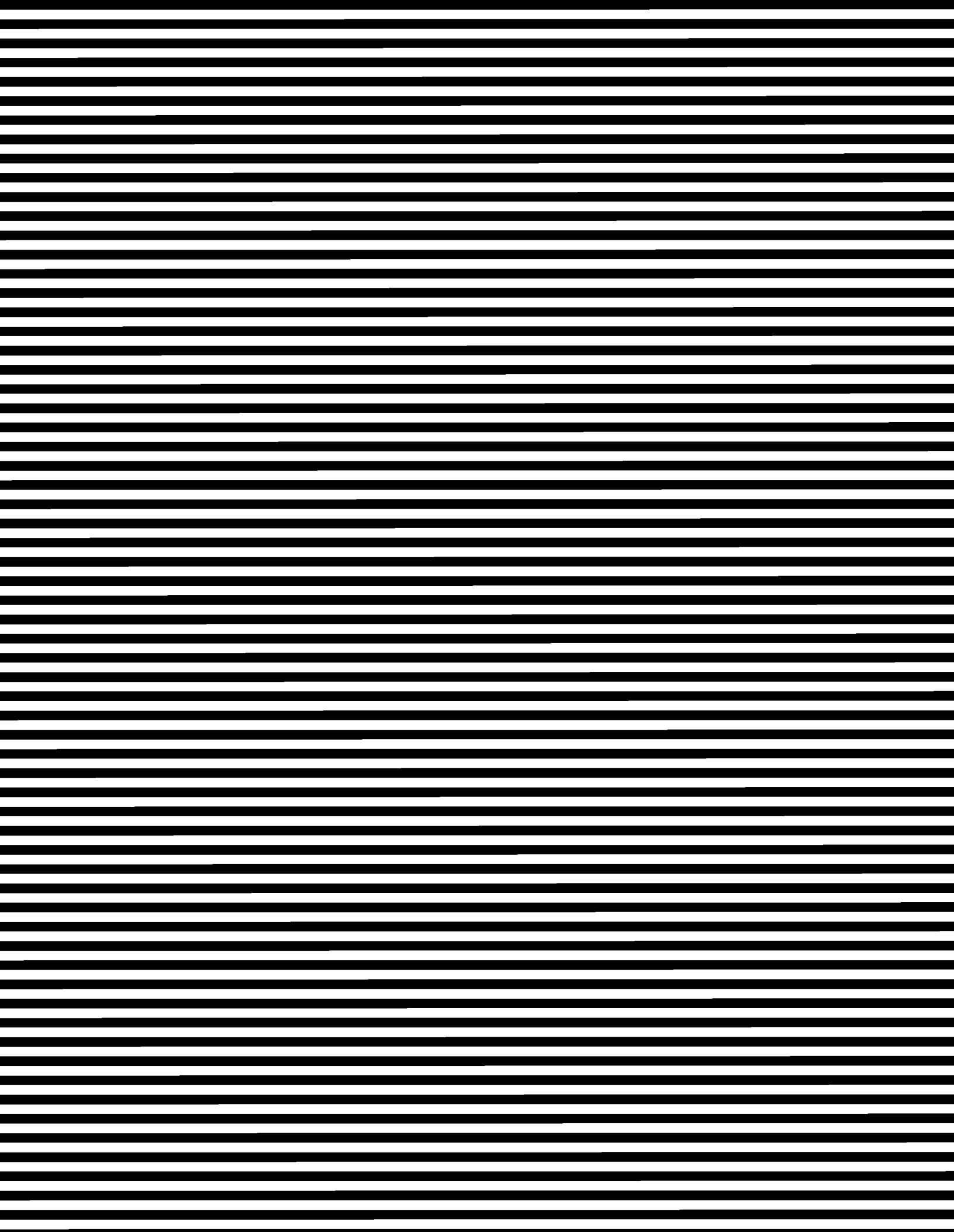


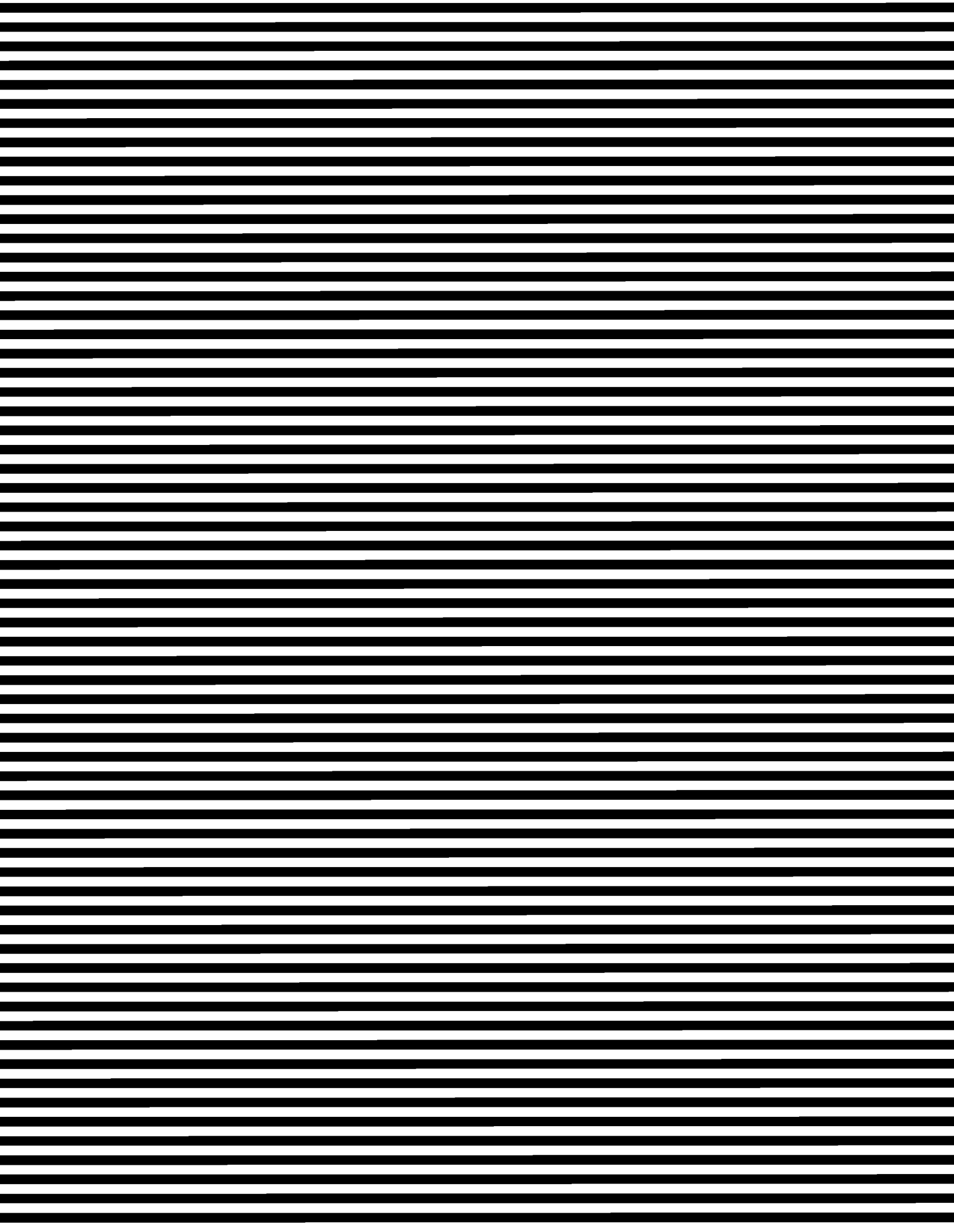


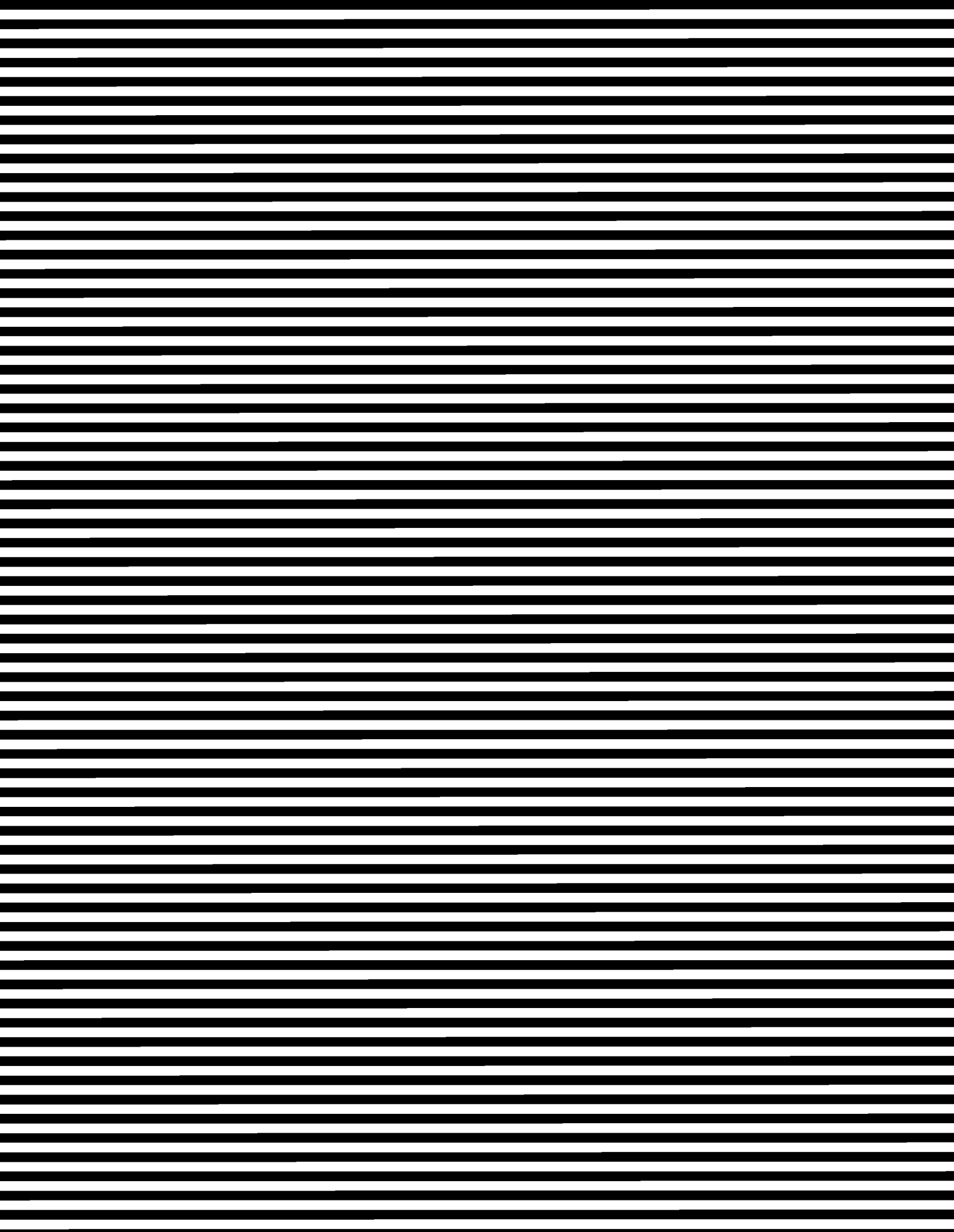


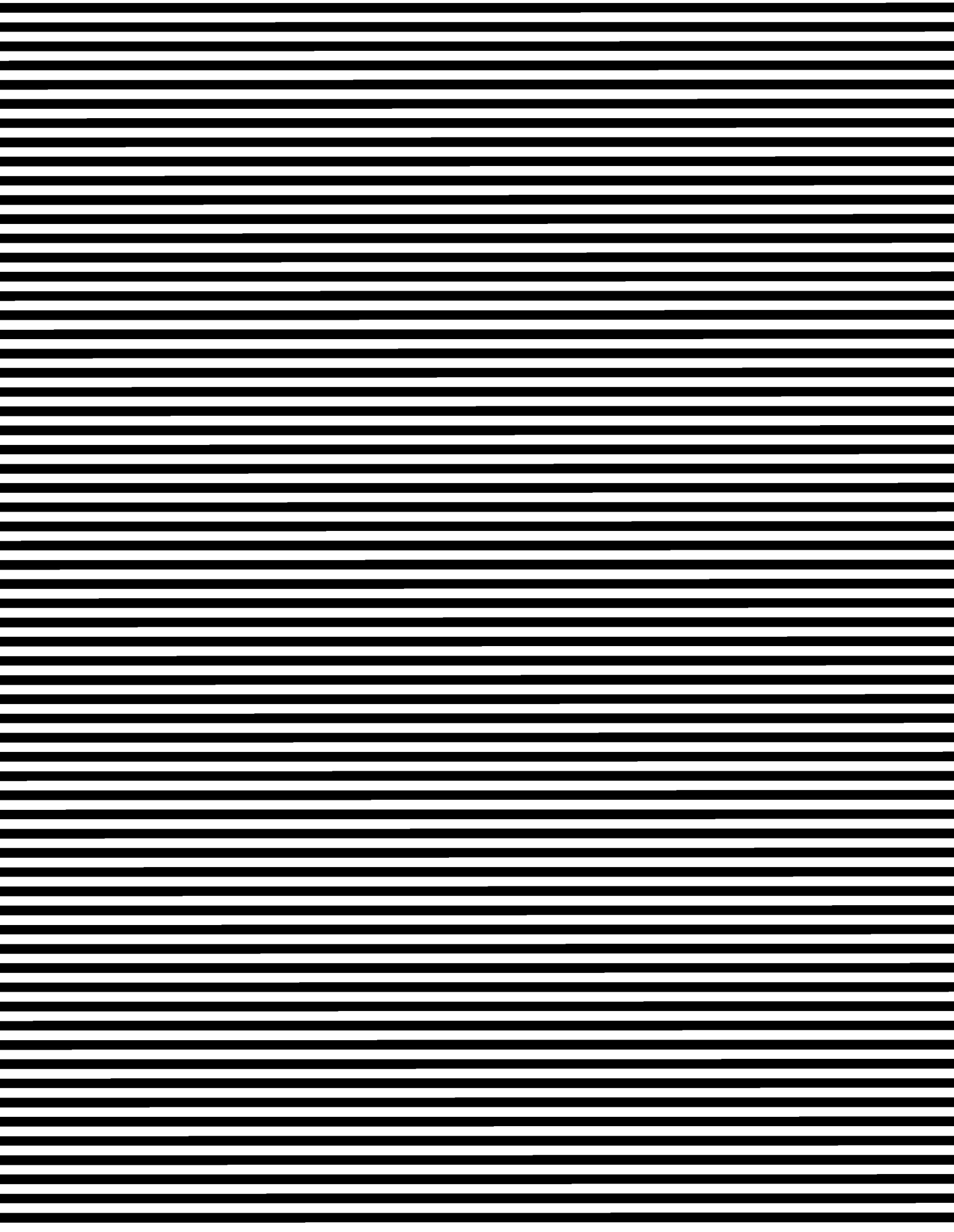


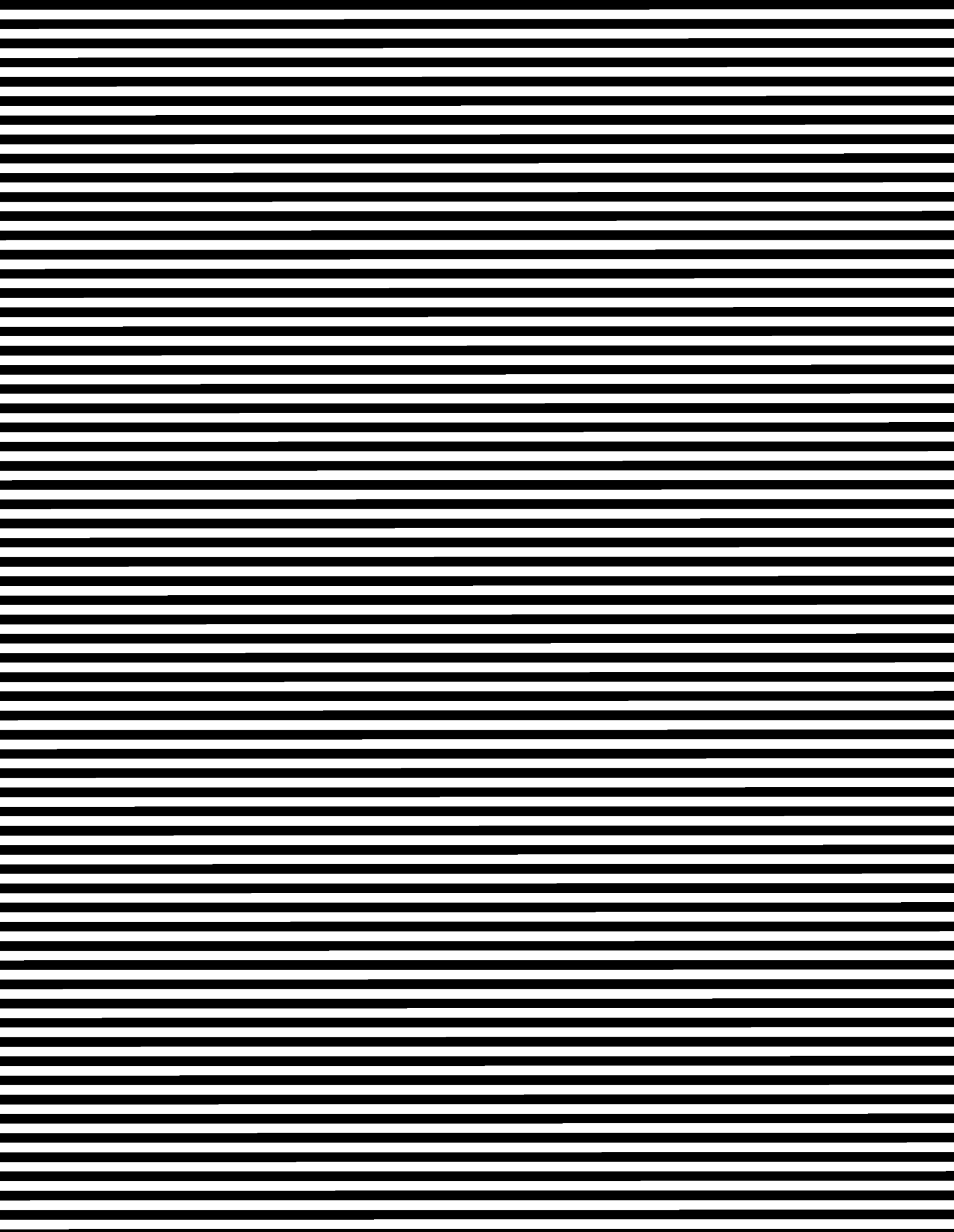


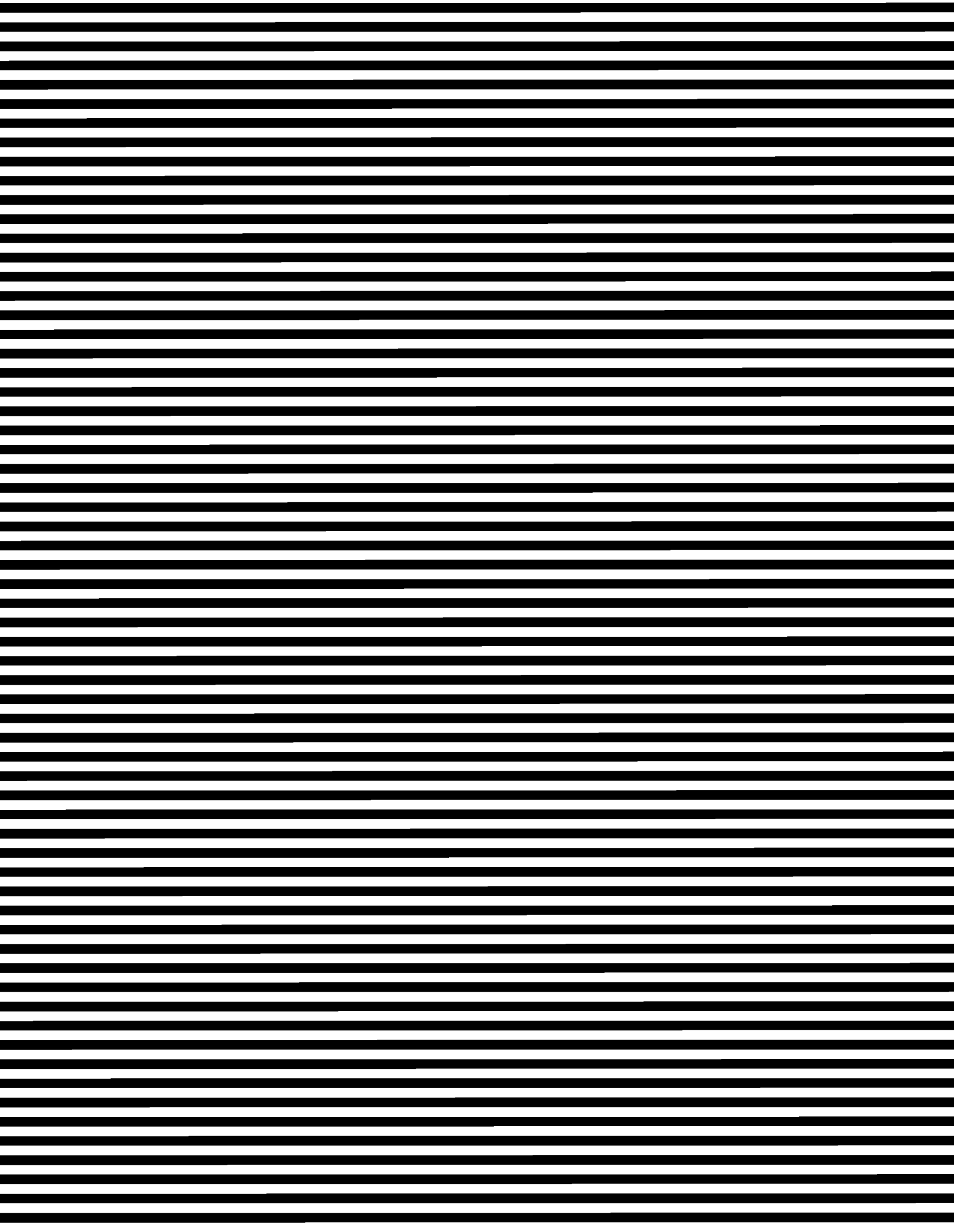


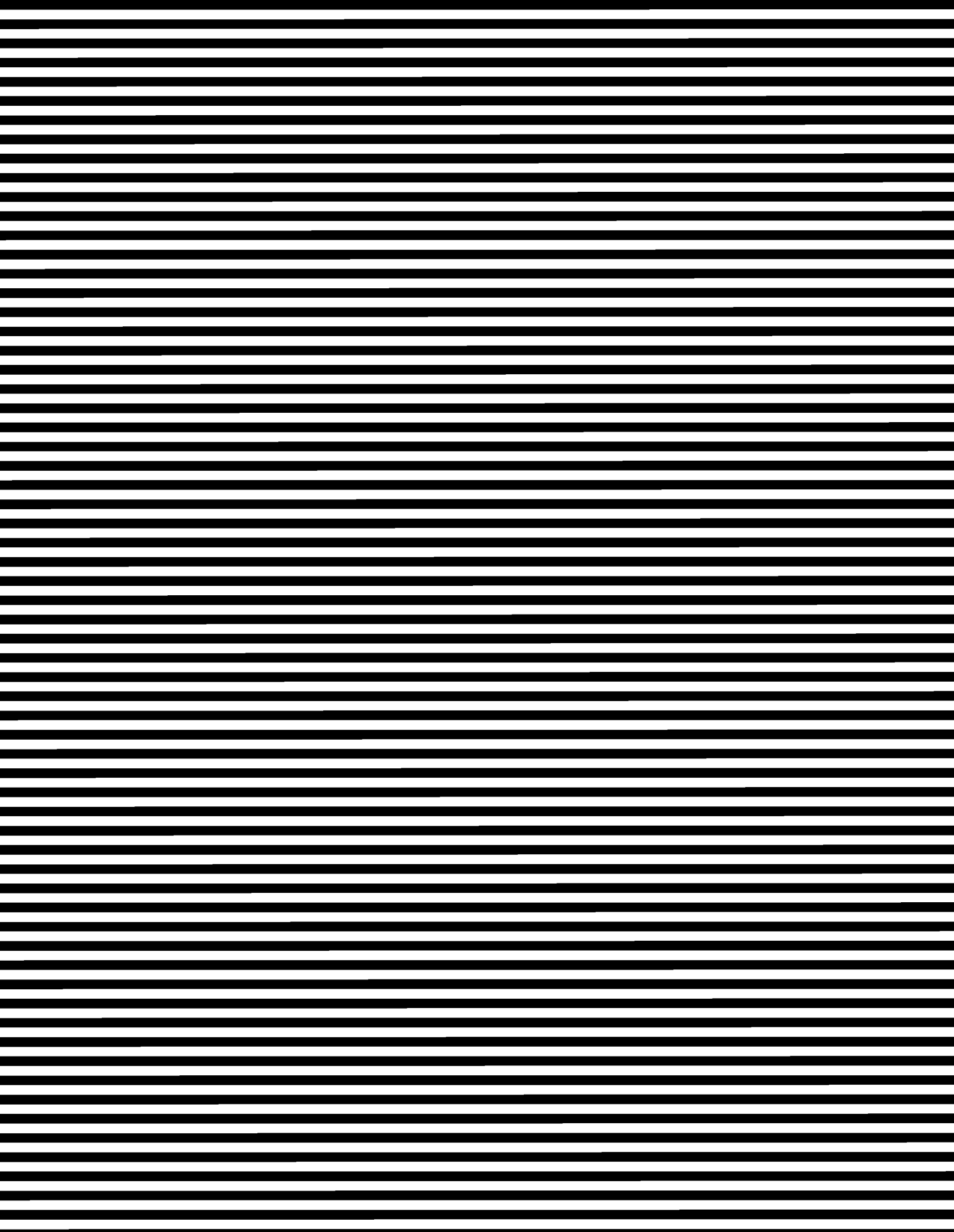


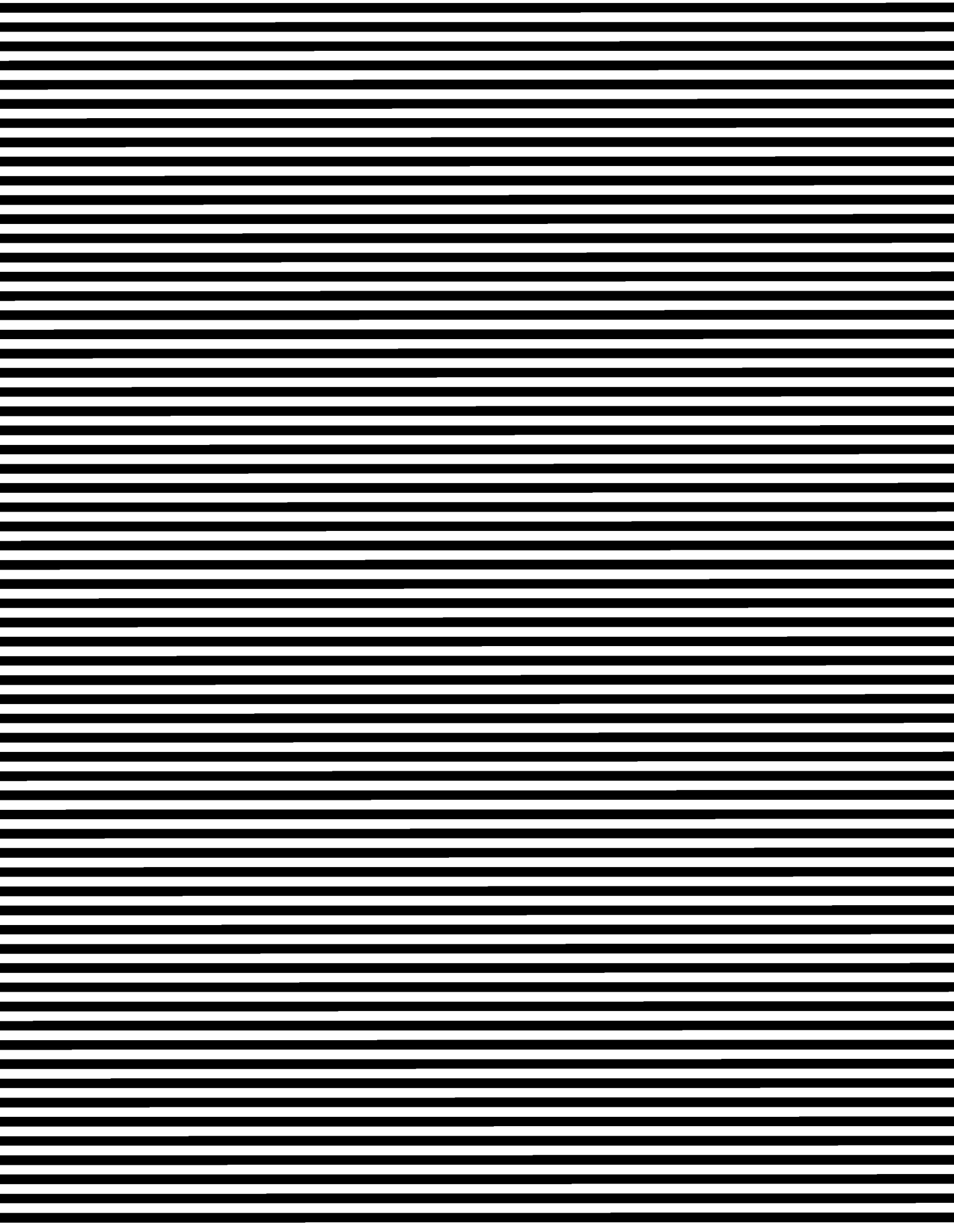


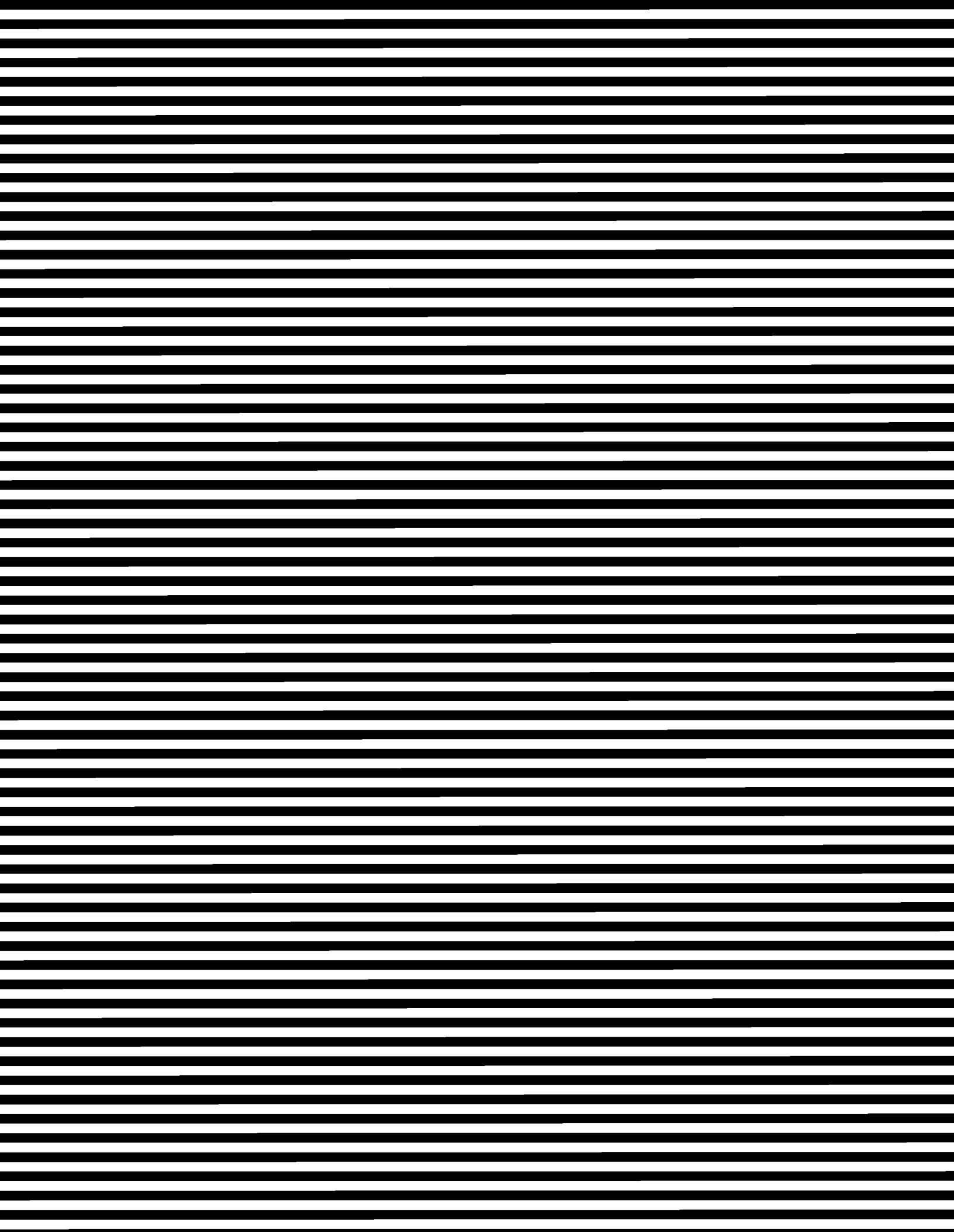


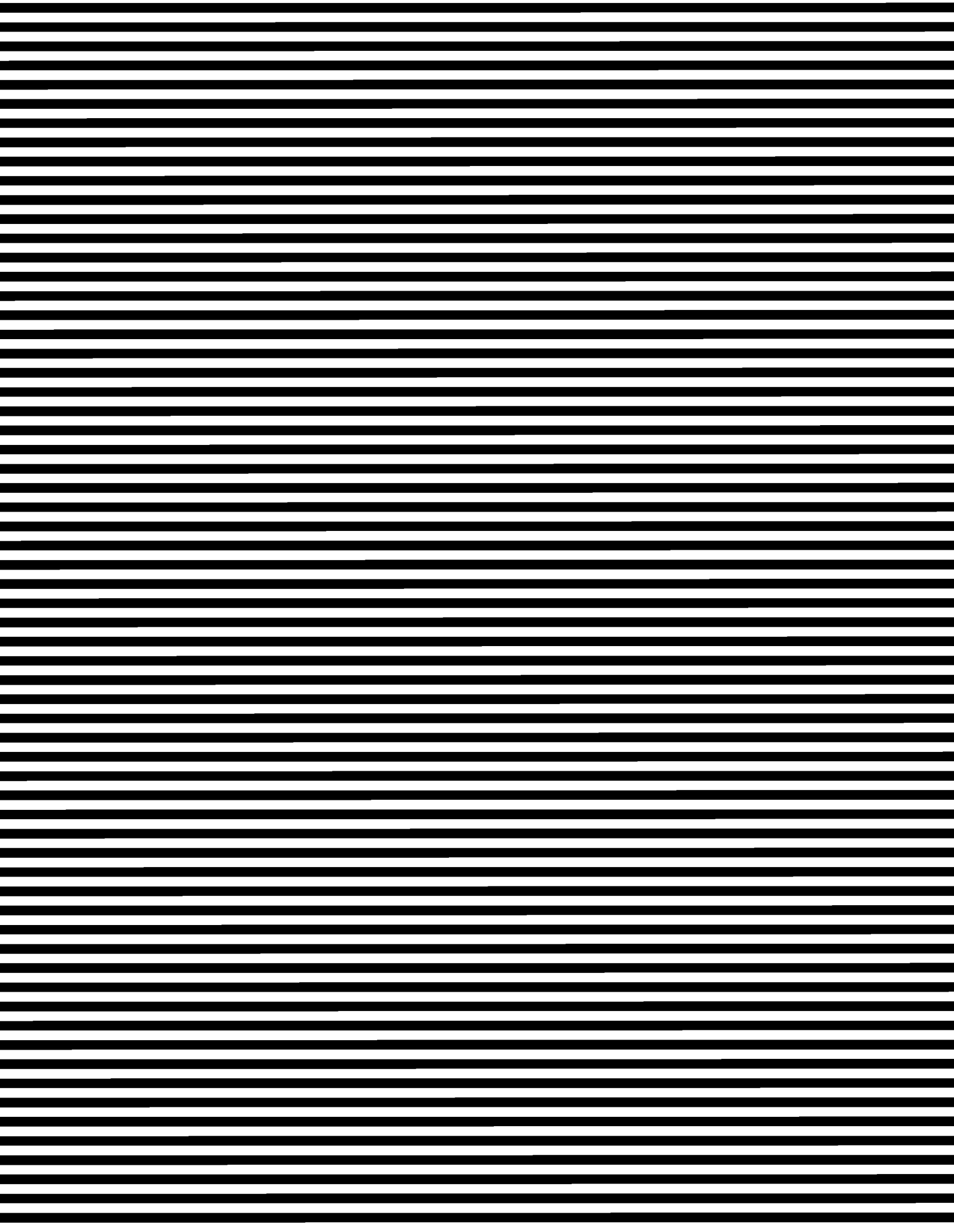


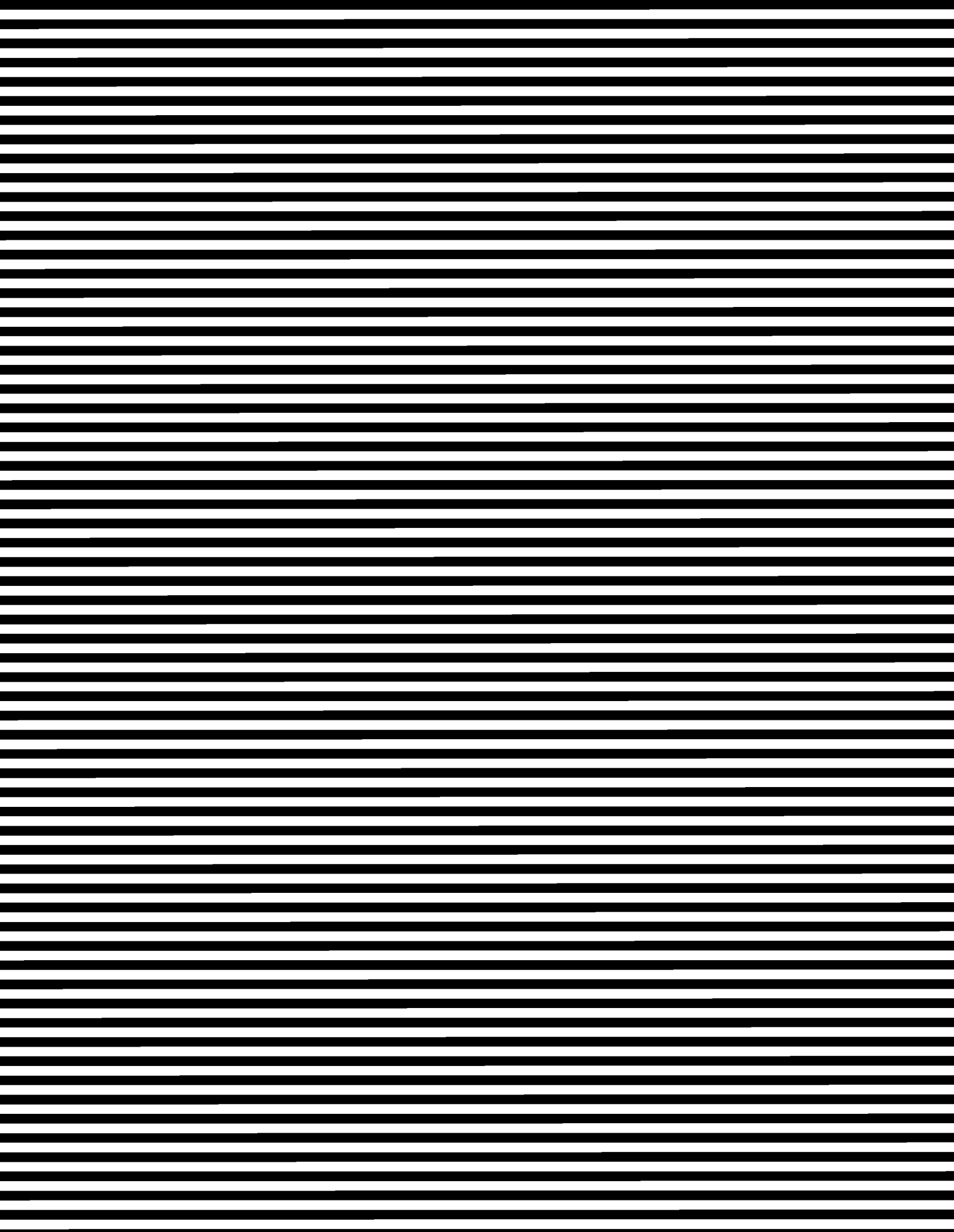


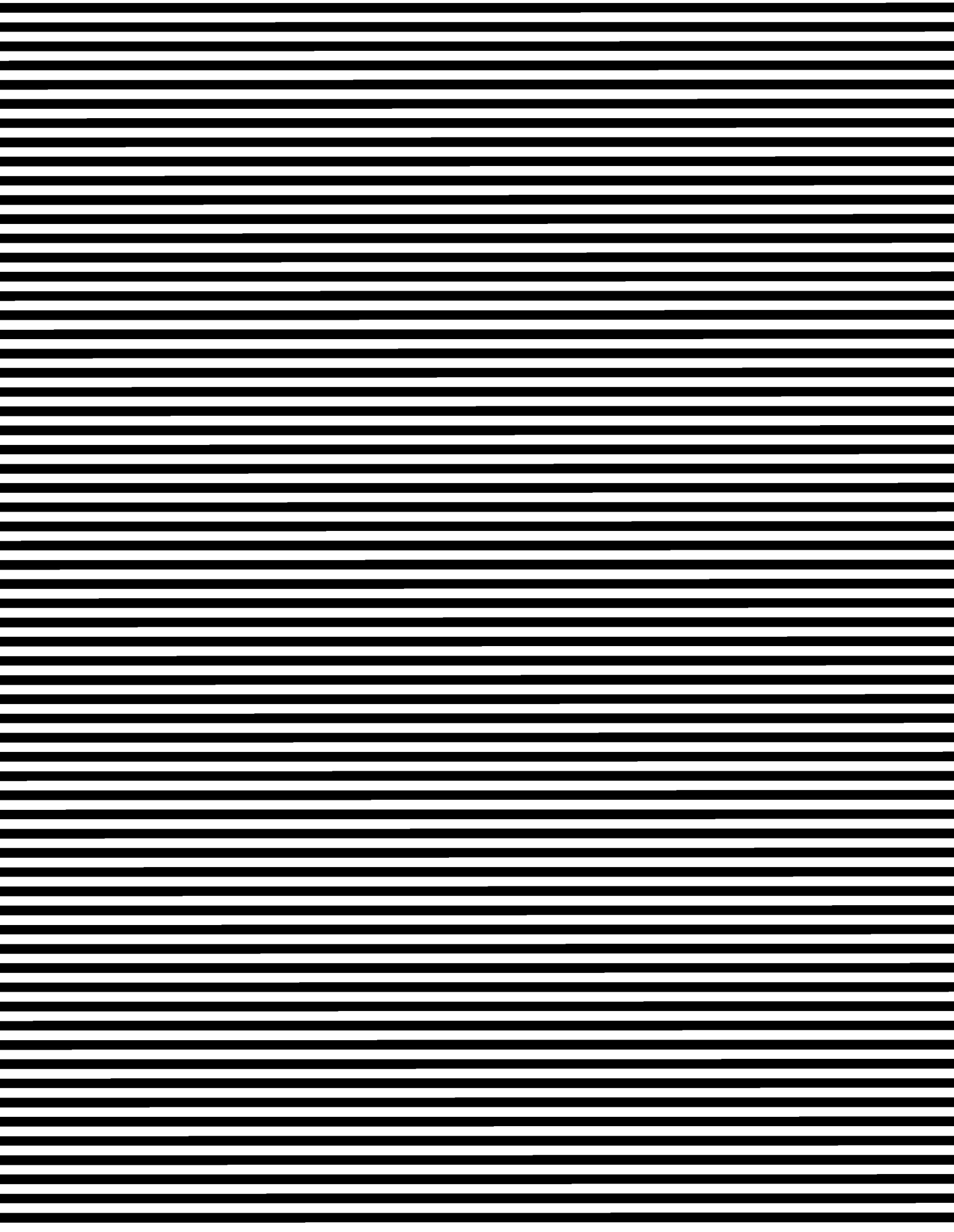


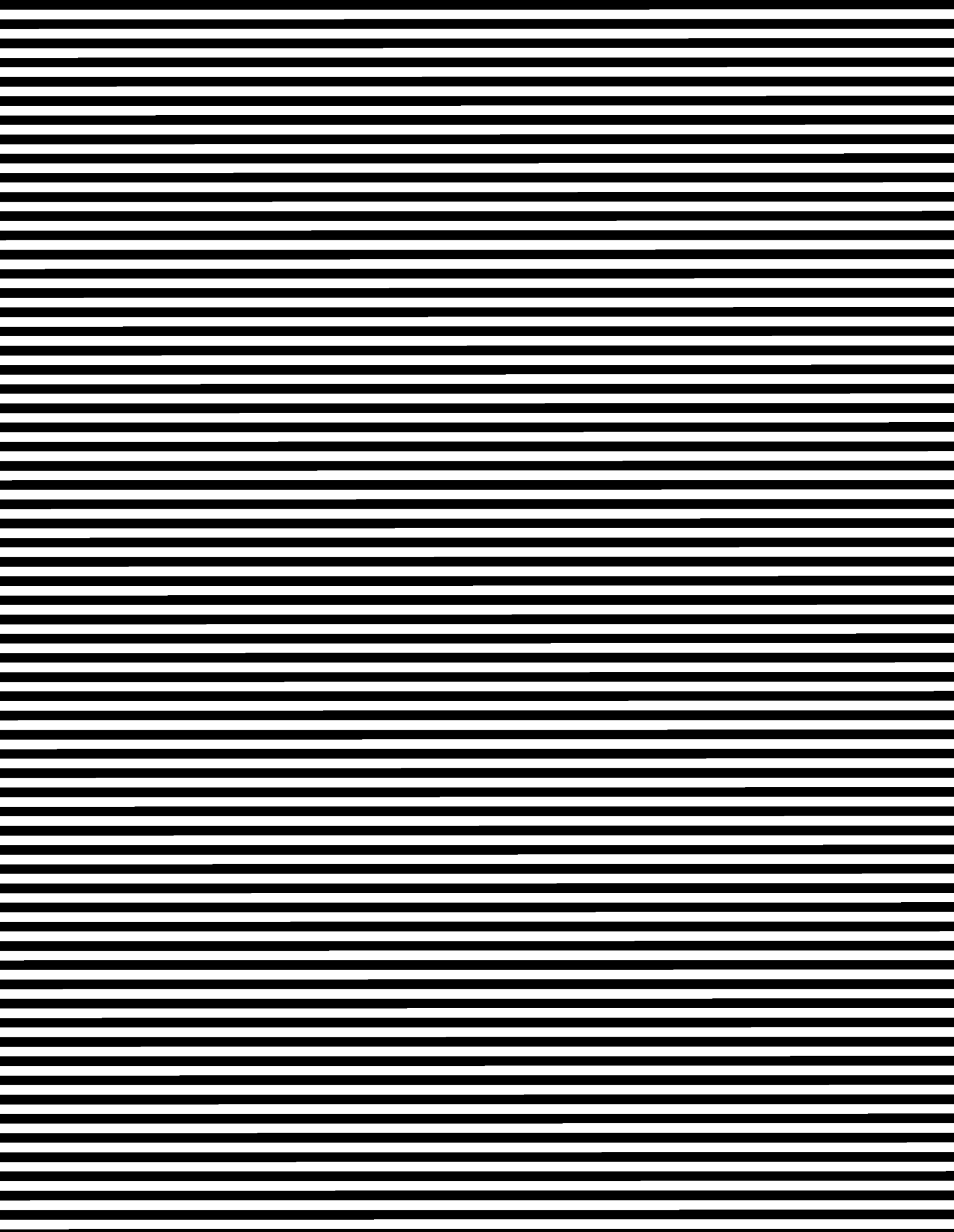


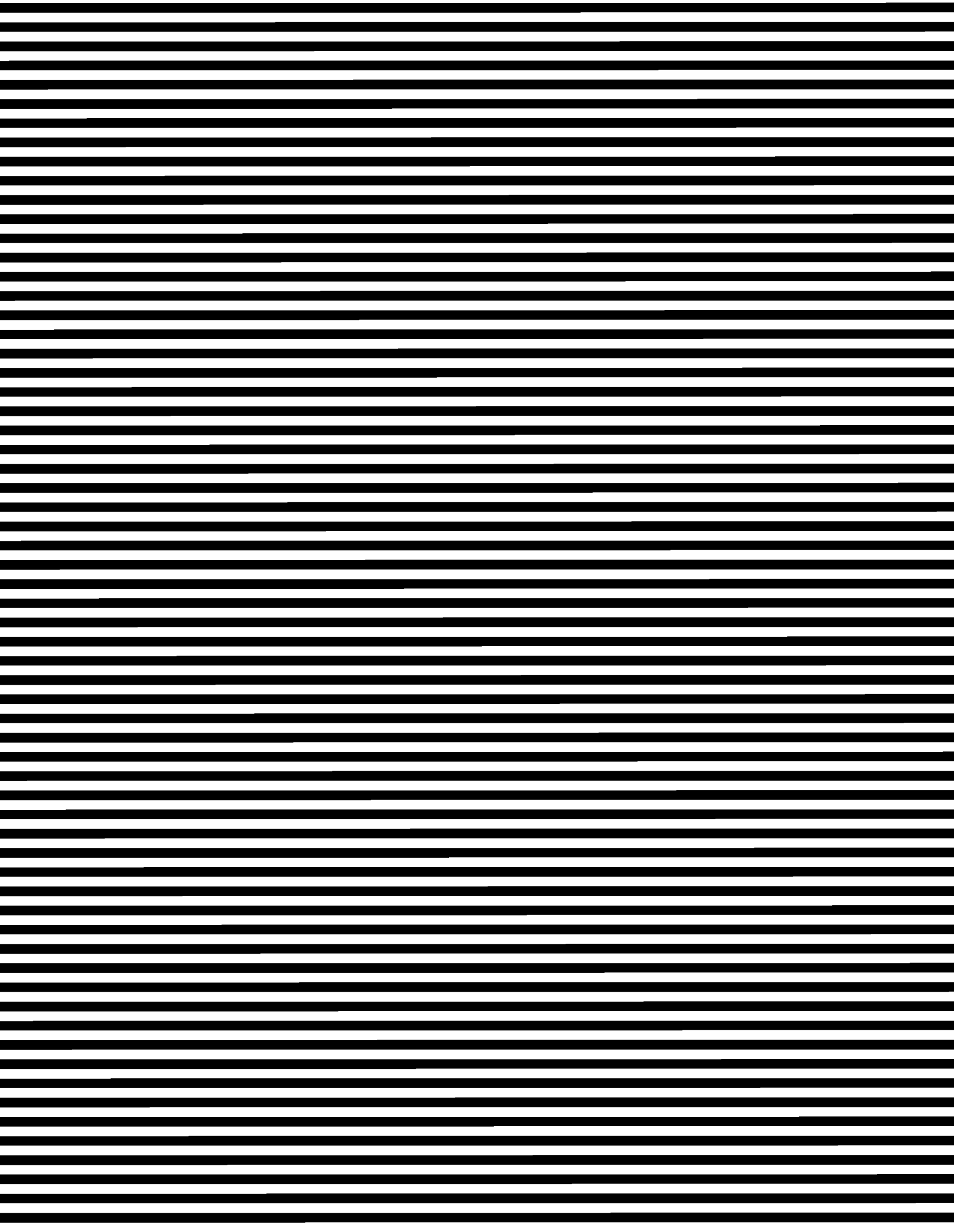


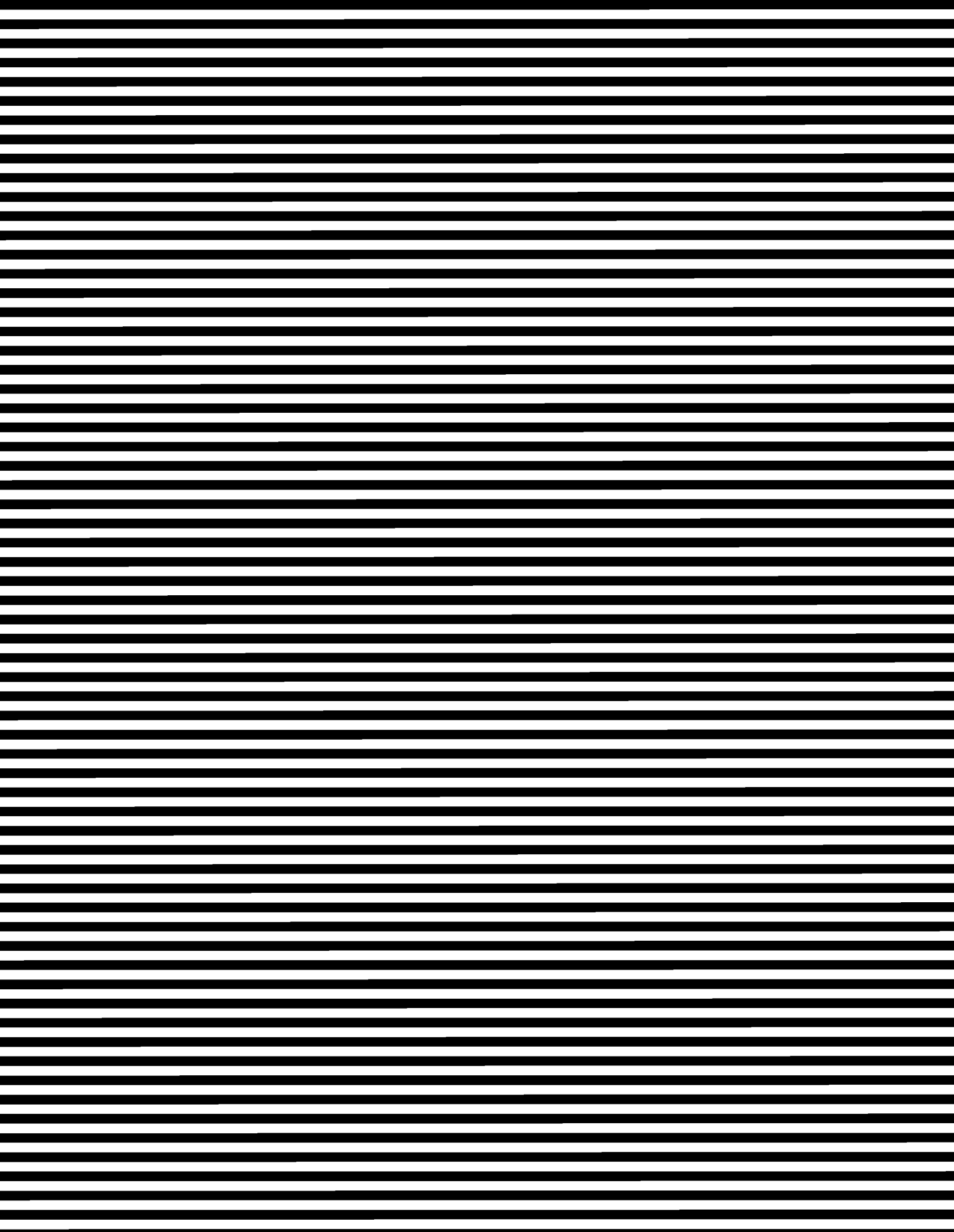


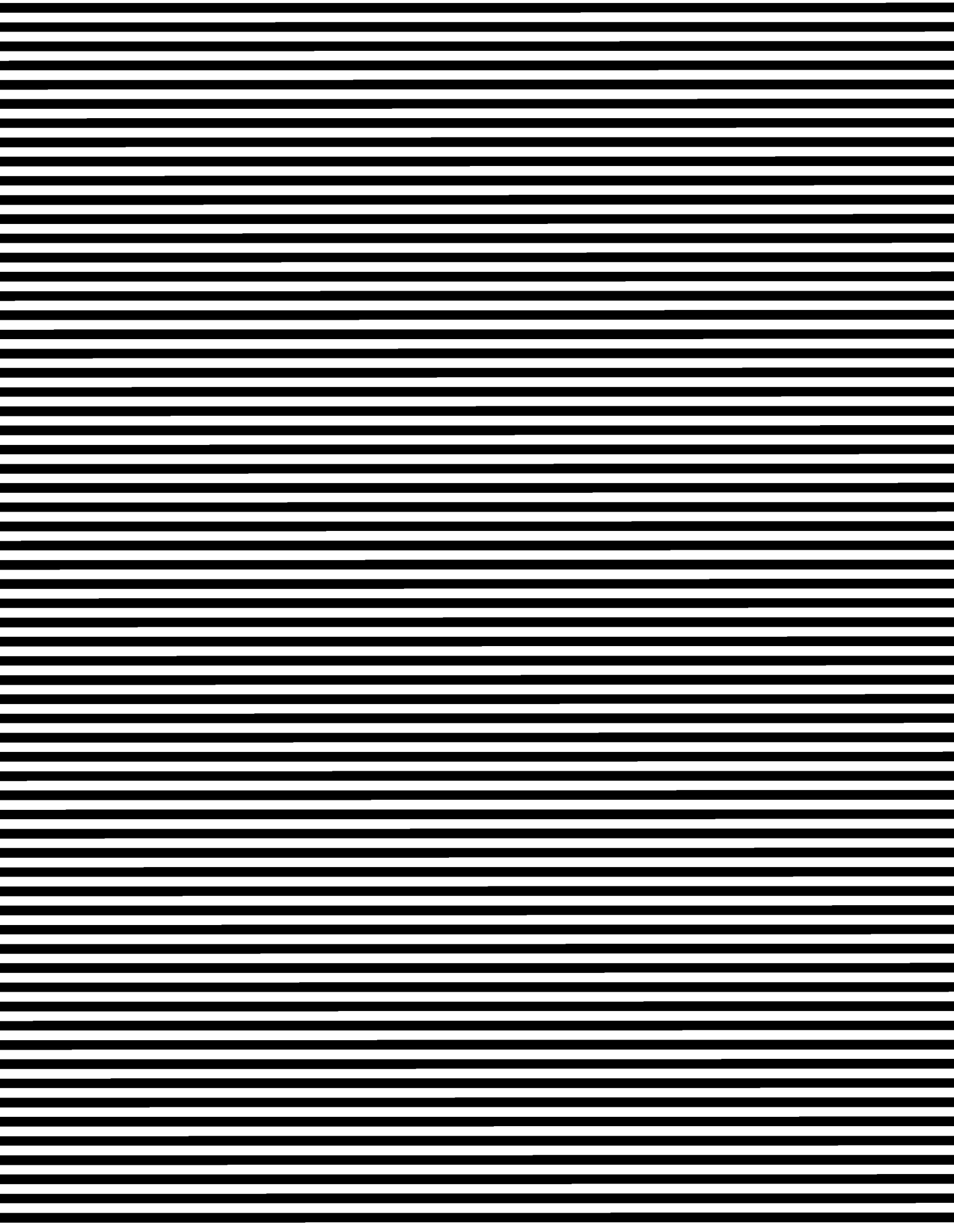


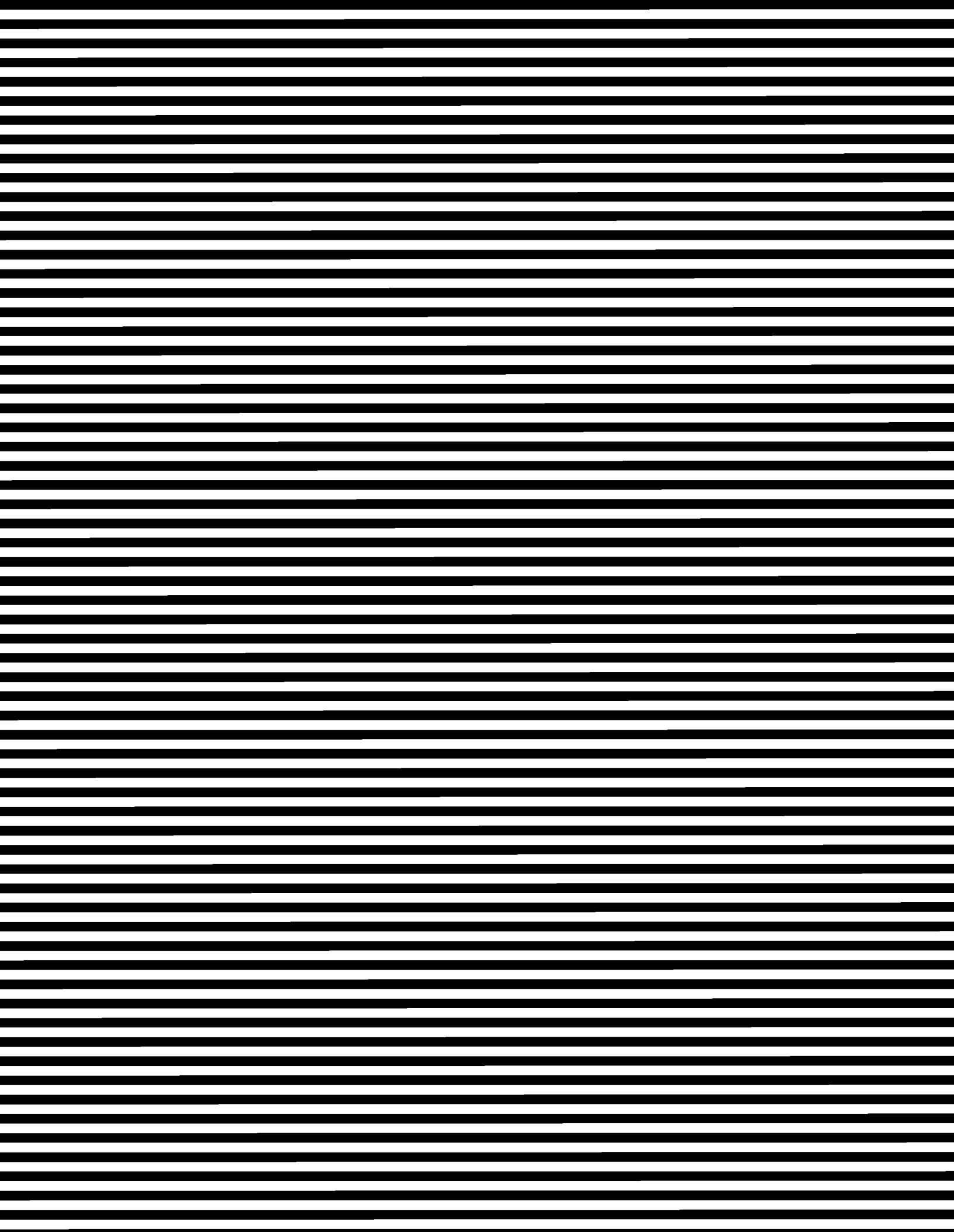


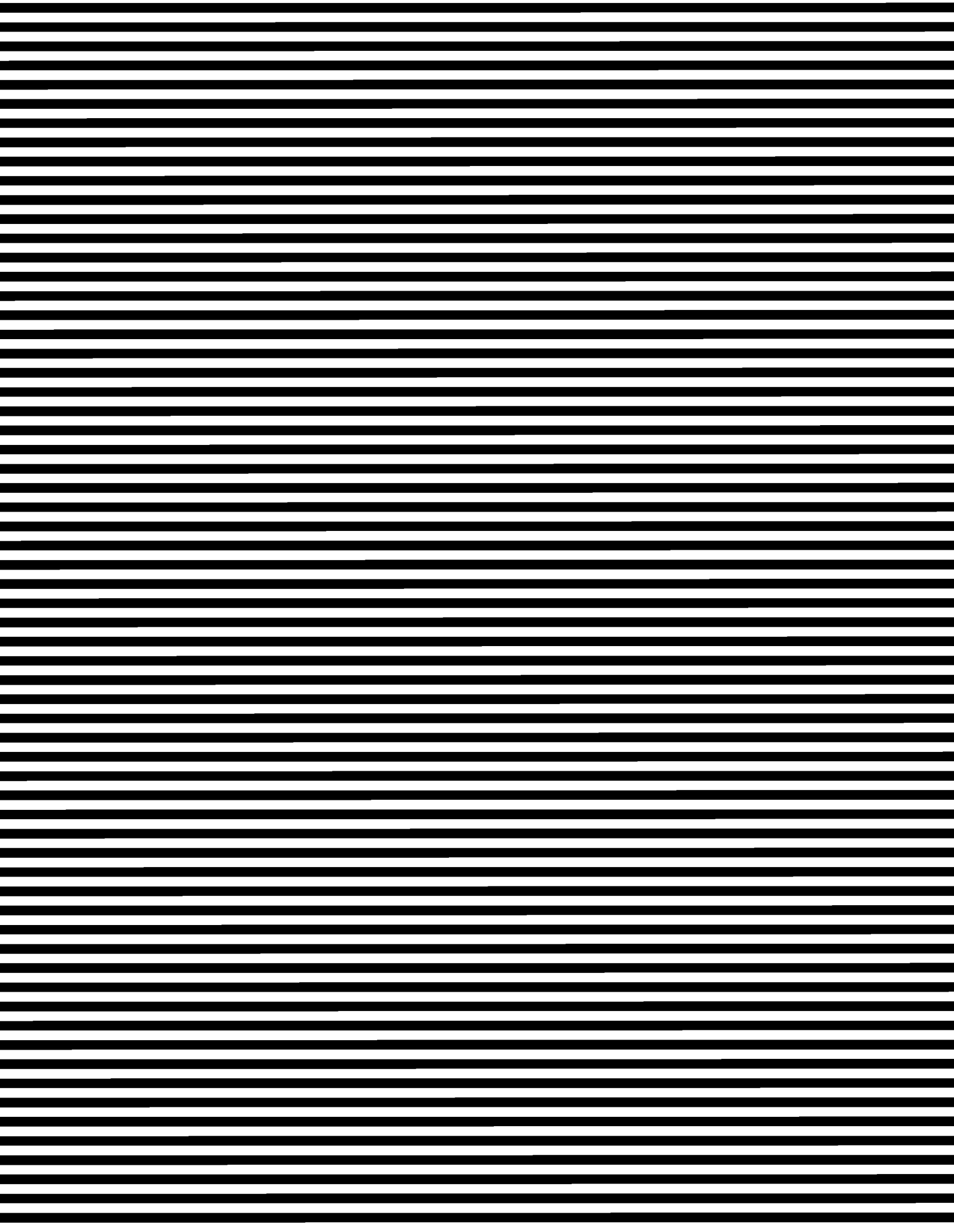












B. Take exclusive custody, control and possession of all assets and documents of, or in the possession, custody, or under the control of, the Receivership Defendants, wherever situated. The Temporary Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold,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

C. Take all steps necessary to secure the business premises of the Receivership Defendants, including, but not limited to, all such premises located at:

4840 East Jasmine Street
Mesa, AZ 85205

9420 East Doubletree
Scottsdale, AZ 85258

Such steps may include, but are not limited to, the following as the Temporary Receiver deems necessary or advisable: (1) serving and filing this Order; (2) completing a written inventory of all assets of the Receivership Defendants; (3) obtaining pertinent information from all employees and other agents of the Receivership Defendants, including, but not limited to, the name, home address, social security number, job description, method of compensation, and all accrued and unpaid commissions and

compensation of each such employee or agent; (4) video taping all portions of the location; (5) securing the location by changing the locks and disconnecting any computer modems or other means of access to the computer or other records maintained at that location; or (6) requiring any persons present on the premises at the time this Order is served to leave the premises, to provide the Temporary Receiver with proof of identification, or to demonstrate to the satisfaction of the Temporary Receiver that such persons are not removing from the premises documents or assets of the Receivership Defendants;

D. Conserve, hold, and manage all assets of the Receivership Defendants, 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 creditors of the Receivership Defendants, 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 determine, adjust, and protect the interests of consumers and creditors who have transacted business with the Receivership Defendants;

G. Manage and administer the business of the Receivership Defendants until further order of this Court by performing all incidental acts that the Temporary 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 Temporary 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, ^{INCLUDING PAYMENT TO ANY DEFENDANT REQUESTING IT, FROM HIS OR HER ASSETS, THE SUM OF \$1000 FOR LIVING EXPENSES.} The Temporary Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Defendants prior to the date of entry of this Order, except payments that the Temporary Receiver deems necessary or advisable to secure assets of the Receivership Defendants, such as rental payments;

J. Determine and implement the manner in which the Receivership Defendants will comply with, and prevent violations of, this Order and all other applicable laws, including, but not limited to, revising sales materials and implementing monitoring procedures;

K. Institute, ^{ROB} ~~compromise, adjust~~, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that the Temporary Receiver deems necessary and advisable to preserve or recover the assets of the Receivership Defendants, or that the Temporary Receiver deems necessary and advisable

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

L. Defend, ~~compromise, adjust~~^{Rel}, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Temporary Receiver in his role as Temporary Receiver, or against the Receivership Defendants that the Temporary Receiver deems necessary and advisable to preserve the assets of the Receivership Defendants or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Order;

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

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

O. Open one or more bank accounts in the District of Arizona as designated depositories for funds of the Receivership Defendants. The Temporary Receiver shall deposit all funds of the Receivership Defendants in such a designated account and shall make all payments and disbursements from the receivership estate from such an account;

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

Temporary Receiver; and

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

VII.

COOPERATION WITH THE TEMPORARY RECEIVER

IT IS FURTHER ORDERED that Defendants shall fully cooperate with and assist the Temporary Receiver. Defendants' cooperation and assistance shall include, but not be limited to, providing 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; providing any password required to access any computer, electronic file, or telephonic data in any medium; or advising all persons who owe money to the Receivership Defendants that all debts should be paid directly to the Temporary Receiver. Defendants are hereby restrained and enjoined from directly or indirectly:

- A. Transacting any of the business of the Receivership Defendants;
- B. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of the Receivership Defendants, including, but not limited to, books, records, accounts, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations, electronically-stored records, or any other papers of any kind or nature;

C. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Defendants, or the Temporary Receiver;

D. Excusing debts owed to the Receivership Defendants;

E. Failing to notify the Temporary Receiver of any asset, including accounts, of a receivership defendant held in any name other than the name of the receivership defendant, or by any person or entity other than the receivership defendant, or failing to provide any assistance or information requested by the Temporary Receiver in connection with obtaining possession, custody, or control of such assets;

F. Doing any act or refraining from any act whatsoever to interfere with the Temporary Receiver's taking custody, control, possession, or managing of the assets or documents subject to this receivership; or to harass or interfere with the Temporary Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendants; or to refuse to cooperate with the Temporary Receiver or the Temporary Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court; or

G. ~~Filing, or causing to be filed,~~ any petition on behalf of the Receivership Defendants for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., ~~without prior permission from this Court.~~ *THE RECEIVER SHALL NOTICE THIS COURT (THE ASSIGNED JUDGE) OF* ~~RETAINED IN THE DISTRICT COURT BY THE ASSIGNED JUDGE.~~

VIII.

DELIVERY OF RECEIVERSHIP PROPERTY

IT IS FURTHER ORDERED that:

A. Immediately upon service of this Order upon them, or within such period as may be permitted by the Temporary Receiver, Defendants or any other person or entity shall transfer or deliver possession, custody, and control of the following to the Temporary Receiver:

1. All assets of the Receivership Defendants;
2. All documents of the Receivership Defendants, including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;
3. All assets belonging to members of the public now held by the Receivership Defendants; and
4. All keys and codes necessary to gain or to secure access to any assets or documents of the Receivership Defendants, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

B. In the event any person or entity fails to deliver or transfer any asset or

otherwise fails to comply with any provision of this Paragraph, the Temporary Receiver may file ex parte an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Temporary Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the asset, document, or other thing and to deliver it to the Temporary Receiver.

IX.

TRANSFER OF FUNDS TO THE TEMPORARY RECEIVER

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

X.

STAY OF ACTIONS

IT IS FURTHER ORDERED that:

A. Except by leave of this Court, during pendency of the receivership ordered herein, Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane,

YP.Net, Telco Billing, Inc., d/b/a Yellow-Page.Net, and Publication Management, Inc., and all other persons and entities be and hereby are stayed from taking any action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, any of the Receivership Defendants, any of their subsidiaries, affiliates, partnerships, assets, documents, or the Temporary Receiver or the Temporary Receiver's duly authorized agents acting in their capacities as such, including, but not limited to, the following actions:

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

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

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

4. Doing any act or thing whatsoever to interfere with the Temporary Receiver taking custody, control, possession, or management of the assets or documents

subject to this receivership, or to harass or interfere with the Temporary Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendants.

B. This paragraph does not stay:

1. The commencement or continuation of a criminal action or proceeding;
2. The commencement or continuation of an action or proceeding by a federal, state or local governmental unit to enforce such governmental unit's police or regulatory power;
3. The enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power;
4. The commencement of any action by the Secretary of the United States Department of Housing and Urban Development to foreclose a mortgage or deed of trust in any case in which the mortgage or deed of trust held by the Secretary is insured or was formerly insured under the National Housing Act and covers property, or combinations of property, consisting of five or more living units; or
5. The issuance to a Receivership Defendant of a notice of tax deficiency.

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

of documentation from the Temporary Receiver shall in all instances first attempt to secure such information by submitting a formal written request to the Temporary Receiver, and, if such request has not been responded to ^{MAY APPLY TO THE COURT FOR} ~~within thirty (30) days of receipt~~ _{APPROPRIATE RELIEF} by the Temporary Receiver, any such person or entity may thereafter seek an Order of ~~this Court with regard to the relief requested.~~

XI.

COMPENSATION OF TEMPORARY RECEIVER

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

XII.

TEMPORARY RECEIVER'S BOND

IT IS FURTHER ORDERED that the Temporary Receiver shall file with the

Clerk of this Court a bond in the sum of \$300,000 with sureties to be approved by the Court, conditioned that the Temporary Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

XIII.

ACCESS TO DEFENDANTS' BUSINESS PREMISES

IT IS FURTHER ORDERED that the Temporary Receiver shall allow the Commission's representatives, agents, and assistants, as well as Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., and their representatives, reasonable access to the premises of the Receivership Defendants, including, but not limited to, all such premises at:

4840 East Jasmine Street
Mesa AZ 85205

9420 East Doubletree Ranch Road
Scottsdale, AZ 85258

The purpose of this access shall be to inspect and copy any and all books, records, accounts, and other property owned by or in the possession of the Receivership Defendants. The Temporary Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access.

XIV.

PRESERVATION OF RECORDS

IT IS FURTHER ORDERED that Defendants are hereby temporarily restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or personal finances of Defendants; to the business practices or finances of entities directly or indirectly under the control of Defendants; or to the business practices or finances of entities directly or indirectly under common control with any of the Defendants.

XV.

RECORD KEEPING/BUSINESS OPERATIONS

IT IS FURTHER ORDERED that Defendants are each hereby temporarily restrained and enjoined from:

- A. Failing to create and maintain documents that, in reasonable detail, accurately, fairly, and completely reflect their incomes, disbursements, transactions, and use of money, beginning as of the time of effective service of this Order; and
- B. Creating, operating, or exercising any control over any business entity, including any partnership, limited partnership, joint venture, sole proprietorship or corporation, without first providing the Commission with a written statement disclosing: (1) the name of the business entity; (2) the address and telephone number of the business entity; (3) the names of the business entity's officers, directors, principals, managers and employees; and (4) a detailed description of the business entity's intended activities.

XVI.

REQUIRED DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., shall immediately provide a copy of this Order ^{AS GIVEN THEM BY COUNSEL FOR P.M.} to each of their affiliates, partners, divisions, sales entities, successors, assigns, employees, independent contractors, agents, attorneys, and representatives, and shall, within ten (10) days from the date of entry of this Order, serve upon counsel for the Commission a sworn statement that they have complied with this provision of the Order, which statement shall include the names and addresses of each such person or entity who received a copy of the Order.

XVII.

SERVICE OF ORDER

IT IS FURTHER ORDERED that copies of this Order may be served by ~~first class mail~~ overnight delivery, facsimile, or personally, by agents or employees of the Commission or the Temporary Receiver, or the Arizona Attorney General, upon any bank, savings and loan institution, credit union, financial institution, brokerage house, escrow agent, money market or mutual fund, title company, commodity trading company, third-party billing aggregator, common carrier, storage company, trustee, commercial mail receiving agency, mail holding or forwarding company, or any other person,

partnership, corporation, or legal entity that may be in possession of any records, assets, property, or property right of any Defendant, and any Internet service provider or other person, partnership, corporation, or legal entity that may be subject to any provision of this Order. For purposes of service on anyone in possession of records, assets, property, or property rights, actual notice of this Order shall be deemed complete upon notification by any means, including, but not limited to, notice from service by facsimile transmission of Sections ~~III, V-IX, XVII, IX, XXI-XXII, and the final page of this Order, provided that notice is followed within five business days by delivery of a complete copy of this Order.~~

The Commission's agents or employees may serve this Order upon any defendant or person that may be subject to any provision of this Order by serving a copy by ~~first class mail~~, overnight delivery, facsimile, or personally.

XVIII.

CONSUMER CREDIT REPORT

IT IS FURTHER ORDERED that pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency served with this Order ^{UPON PAYMENT OF ITS USUAL AND CUSTOMARY FEE} shall promptly furnish consumer reports concerning Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane to counsel for the Commission.

XIX.

RETENTION OF ASSETS AND RECORDS

IT IS FURTHER ORDERED that, effective immediately upon notification of this Order, and pending determination of the Commission's request for a preliminary injunction, any bank, savings and loan institution, credit union, financial institution, brokerage house, escrow agent, money market or mutual fund, title company, commodity trading company, common carrier, storage company, trustee, commercial mail receiving agency, mail holding or forwarding company, or any other person, partnership, corporation, or legal entity, business entity, or person that holds, controls or maintains custody of any account or asset belonging to or titled in the name of Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., or belonging to or titled in the name of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with them, or to which they are a signatory, or which is held on behalf of, or for the benefit of, Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., individually or jointly, or that has held, controlled or maintained custody of any such account or asset at any time since January 1, 1998, shall:

A. Prohibit Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication

Management Inc., and their agents, servants, employees, attorneys, and all persons or entities directly or indirectly under their control or under common control with them, from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling, or otherwise disposing of any such account or asset except:

1. As directed by further order of the Court; or
2. By written agreement of the Commission and ^{All} ~~the~~ parties claiming an interest in such account or asset;

B. Maintain the status quo of any such account or asset and shall not withdraw, remove, assign, transfer, pledge, encumber, disburse, dissipate, convert, sell, or otherwise dispose of any such account or asset except:

1. As directed by further order of the Court; or
2. By written agreement of the Commission and ^{All} ~~the~~ parties claiming an interest in such account or asset;

C. Deny Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., and their agents, servants, employees, attorneys, and all persons or entities directly or indirectly under their control or under common control with them, unless accompanied by counsel for the Commission, access to any safe deposit box that is:

1. Titled in the name of Michael Bloomquist, Joseph Carlson, William

O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., or their affiliates or subsidiaries, either individually or jointly; or

2. Otherwise subject to access by Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., or their affiliates;

D. Provide counsel for the Commission within five (5) business days of receiving a copy of this Order, a sworn statement setting forth:

1. The identification number of each such account or asset belonging to or titled in the name of any Named Defendant or to which Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., is a signatory, or which is held on behalf of, or for the benefit of, them;

2. The balance of each such account, or a description of the nature and value of such asset as of the time this Order is served, and, if any asset valued at over \$1,000 has been removed or transferred within the last ninety (90) days, the date removed or transferred, the total funds removed or transferred, and the name of the person or entity to whom such account or other asset was remitted;

3. The identification of any safe deposit box that is titled in the name, individually or jointly, of Michael Bloomquist, Joseph Carlson, William O'Neal, and

Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., or is otherwise subject to access by them; and

E. Upon the Commission's request, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including without limitation originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs.

XX.

EXPEDITED DISCOVERY

IT IS FURTHER ORDERED that, pursuant to Federal Rules of Civil Procedure Rules 30(a), 31(a), 34, and 45, the Commission and the Temporary Receiver ^{AND DEFENDANTS} are granted leave, at any time after service of this Order:

A. ~~To take the deposition, including depositions upon written notice on forty-eight (48) hours' notice, of any person, whether or not a party, for the purpose of discovering the nature, location, status, and extent of the assets of Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc.; the nature and location of documents reflecting the business transactions of Defendants; the whereabouts of Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing~~

Inc., d/b/a Yellow-Page.Net, Publication Management Inc.; and the applicability of any evidentiary privileges to this action. The limitations and conditions set forth in Fed.R.Civ.P. 30(a)(2)(B) and 31(a)(2)(B) regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this Paragraph. Any such depositions taken pursuant to this Paragraph shall not be counted toward the ten-deposition limit set forth in Fed.R.Civ.P. 30(a)(2)(A) and 31(a)(2)(A). Service of discovery upon a party, taken pursuant to this paragraph, shall be sufficient if made by facsimile or by overnight delivery; and

B. To demand the production of documents, on five (5) days' notice, from any person, whether or not a party, relating to the nature, status, or extent of the assets of Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., or of their affiliates or subsidiaries; the location of documents reflecting the business transactions of Defendants; the whereabouts of Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc.; and the applicability of any evidentiary privileges to this action, provided that twenty four (24) hours' notice shall be deemed sufficient for the production of any such documents that are maintained or stored as electronic data.

XXI.

DURATION OF TEMPORARY RESTRAINING ORDER

IT IS FURTHER ORDERED that the Temporary Restraining Order granted herein shall expire on JULY 6, 2000^A ^{AT 5:00 P.M.} unless within such time, the Order, for good cause shown, is extended for an additional period not to exceed ten days, or unless it is further extended with the consent of the parties.

XXII.

ORDER TO SHOW CAUSE REGARDING PRELIMINARY INJUNCTION

IT IS FURTHER ORDERED that, pursuant to Federal Rule of Civil Procedure 65(b), Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., shall appear before this Court, on the 6 day of JULY, 2000, at 9:00 o'clock A.m., on the 6TH floor of the UNITED STATES ~~Federal~~ Courthouse located at:

230 North 1st Avenue
Phoenix, AZ 85205

to show cause, if there is any, why this Court should not enter a preliminary injunction, pending final ruling on the Complaint against Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.Net, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., enjoining them from further violations of Section 5(a) of

the FTC Act, 15 U.S.C. § 45(a), continuing the freeze of their assets, continuing the temporary receivership, and imposing such additional relief as may be appropriate.

XXIII.

SERVICE OF AFFIDAVITS, MEMORANDA, AND OTHER EVIDENCE

IT IS FURTHER ORDERED that Michael Bloomquist, Joseph Carlson, William O'Neal, and Gregory Crane, YP.NET, Telco Billing Inc., d/b/a Yellow-Page.Net, Publication Management Inc., in responding to this Court's Order to Show Cause, shall serve all memoranda, affidavits, and other evidence on which they intend to rely not later than 4:00 p.m. of the ^{SECOND} ~~fourth~~ business day prior to the preliminary injunction hearing set in this matter. Service on the Commission shall be performed by personal delivery, or confirmed facsimile delivery, ^{OR ONE DAY MAIL DELIVERY} to Tracey L. Brown, Esq. at Federal Trade Commission, 600 Pennsylvania Avenue, NW, Rm. H238, Washington, DC 20580, (202) 326-3395 (fax number). The Commission may serve and file a supplemental memorandum of points and authorities based on evidence discovered subsequent to the filing of its Complaint by no later than 4:00 p.m. of the ^{SECOND} ~~fourth~~ business day prior to the preliminary injunction hearing, and may serve and file a reply to Defendants' opposition by no later than 4:00 p.m. on the day prior to the preliminary injunction hearing.

XXIV.

WITNESS IDENTIFICATION

IT IS FURTHER ORDERED that if any party to this action intends to present

the testimony of any witness at the hearing on a preliminary injunction, that party shall, at least seventy-two (72)^{CALENDAR HOURS (INCLUDES JULY 4, 2000)} hours prior to the scheduled date and time of the hearing, file with this Court and serve on all other parties, a statement disclosing the name, address, and telephone number of any such witness, and either a summary of the witness's expected testimony, or the witness's sworn declaration revealing the substance of such witness's expected testimony. Service on the Commission shall be performed by personal delivery, or confirmed facsimile delivery, to Tracey L. Brown, Esq. at Federal Trade Commission, 600 Pennsylvania Avenue, NW, Rm. H238, Washington, DC 20580, (202) 326-3395 (fax number).

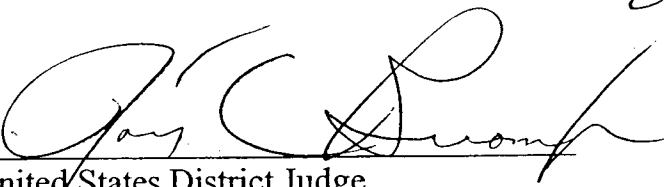
XXV.

RETENTION OF JURISDICTION

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

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

SO ORDERED, this 26 day of June, 2000, at 5:45 P.M.


United States District Judge