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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

**FEDERAL TRADE COMMISSION,**  
  
Plaintiff,  
  
v.  
  
**BUNZAI MEDIA GROUP, INC., et**  
*al.*  
  
**Defendants.**

**Case No. CV 15-4527-GW(PLAx)**

**ORDER ON STIPULATION TO  
ENTER PRELIMINARY  
INJUNCTION WITH ASSET  
FREEZE, APPOINTMENT OF  
PERMANENT RECEIVER AND  
OTHER EQUITABLE RELIEF AS  
TO ALON NOTTEA AND ROI  
REUVENI**

Plaintiff, Federal Trade Commission (FTC), filed its Complaint for a Permanent Injunction and Other Equitable Relief, seeking a temporary, preliminary, and permanent injunction to stop Defendants from violating Section 5(a) of the Federal Trade Commission Act (FTC Act), 15 U.S.C. § 45(a), Section 5 of the Restore Online Shoppers' Confidence Act (ROSCA), 15 U.S.C. § 8404,

1 and Section 917(c) of the Electronic Fund Transfer Act (EFTA), 15 U.S.C.  
2 § 1693o(c), while advertising, marketing, promoting, or offering for sale skincare  
3 products. On June 17, 2015, following an on-the-record hearing, the Court issued  
4 an *ex parte* temporary restraining order with an asset freeze, appointment of a  
5 temporary receiver, and an order to show cause why a preliminary injunction  
6 should not issue. Defendants were served with the summons, Complaint, *Ex Parte*  
7 Temporary Restraining Order with Asset Freeze, Appointment of Temporary  
8 Receiver, and other Equitable Relief, and Order to Show Cause Why a  
9 Preliminary Injunction Should Not Issue, Plaintiff Federal Trade Commission's  
10 Memorandum in Support of *Ex Parte* Application for a Temporary Restraining  
11 Order and Other Equitable Relief and Order to Show Cause Why a Preliminary  
12 Injunction Should Not Issue, and other related papers.

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

### 15 FINDINGS

16 1. This Court has jurisdiction over the subject matter of this case and  
17 jurisdiction over the parties, and venue in this district is proper.

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

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

7           4.       In deciding whether to grant preliminary relief, the Court must,  
8 therefore: (a) consider the likelihood that the FTC will ultimately succeed on the  
9 merits; and (b) balance the equities. *FTC v. Affordable Media, LLC*, 179 F.3d  
10 1228, 1233 (9th Cir. 1999). The FTC “need not show irreparable harm to obtain a  
11 preliminary injunction.” *Id.* at 1233 (quoting *FTC v. Warner Commc’ns, Inc.*, 742  
12 F.2d 1156, 1159 (9th Cir. 1984)).

13           5.       There is good cause to believe that Defendants have engaged in, and  
14 are likely to engage in, acts or practices that violate Section 5(a) of the FTC Act,  
15 ROSCA, and EFTA and Regulation E, and that the Plaintiff is likely to succeed on  
16 the merits of this action.

17           6.       There is good cause to believe that immediate and irreparable harm  
18 will result from Defendants’ ongoing violations of Section 5(a) of the FTC Act,  
19 ROSCA, and EFTA, unless Defendants are restrained and enjoined by Order of  
20 this Court.

1           7.     There is good cause to believe that immediate and irreparable  
2 damage to the Court’s ability to grant effective final relief to consumers –  
3 including rescission or reformation of contracts, restitution, the refund of monies  
4 paid, and the disgorgement of ill-gotten monies – will occur from the sale,  
5 transfer, or other disposition or concealment by Defendants of assets or records,  
6 and that therefore in accordance with Federal Rule of Civil Procedure 65(b), the  
7 interest of justice requires that this Order be granted.

8           8.     There is good cause to believe that this Preliminary Injunction is in  
9 the public interest, and no private interest of Defendants outweighs the public  
10 interest.

11          9.     Weighing the equities and considering the FTC’s likelihood of  
12 ultimate success, this Preliminary Injunction with asset freeze, appointment of a  
13 Permanent Receiver, and other equitable relief is in the public interest.

14          10.    The United States, its officers, and its agencies are not required to  
15 give security for issuance of a restraining order. Fed. R. Civ. P. 65(c).

16          11.    The Stipulating Defendants, without admitting or denying the  
17 allegations set forth in the Commission’s Complaint or motions and without any  
18 admission or finding of liability, agree to entry of this Preliminary Injunction. The  
19 findings of fact made herein may not be used against Stipulating Defendants in  
20 this proceeding or any future proceeding.

1 **DEFINITIONS**

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

3 1. **“Asset” or “Assets”** means any legal or equitable right, title, interest,  
4 or claim to any item of economic value, in whole or part, whether tangible or  
5 intangible, including but not limited to: accounts, accounts receivables, cash,  
6 certificates of deposit, chattels, checks, commodities, contracts, credits, currency,  
7 fixtures, funds, equipment, income, intellectual property, inventory, instruments,  
8 investments, leaseholds, lines of credit, mail, notes, personal property, real  
9 property, revenues, securities, shares of stock, or trusts, whether located within or  
10 outside the United States.

11 2. **“Clear(ly) and Conspicuous(ly)”** means that a required disclosure is  
12 difficult to miss (*i.e.*, easily noticeable) and easily understandable by ordinary  
13 consumers, including in all of the following ways:

14 a. In any communication that is solely visual or solely audible,  
15 the disclosure must be made through the same means through which the  
16 communication is presented. In any communication made through both  
17 visual and audible means, such as a television advertisement, the disclosure  
18 must be presented simultaneously in both the visual and audible portions of  
19 the communication even if the representation requiring the disclosure is  
20 made in only one means.

1           b.     A visual disclosure, by its size, contrast, location, the length of  
2 time it appears, and other characteristics, must stand out from any  
3 accompanying text or other visual elements so that it is easily noticed, read,  
4 and understood.

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

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

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

12          f.     The disclosure must use diction and syntax understandable to  
13 ordinary consumers and must appear in each language in which the  
14 representation that requires the disclosure appears.

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

18          h.     The disclosure must not be contradicted or mitigated by, or  
19 inconsistent with, anything else in the communication.  
20

1           i.       When the representation or sales practice targets a specific  
2 audience, such as children, the elderly, or the terminally ill, “ordinary  
3 consumers” includes reasonable members.  
4

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6           3.       “**Continuity Plan**” means any plan, arrangement, or system in  
7 which a consumer is periodically charged for products or services *without* prior  
8 notification by the seller before each charge.

9           4.       “**Defendants**” means all of the Individual Defendants and Corporate  
10 Defendants, individually, collectively, or in any combination.

11           a.       “**Individual Defendants**” means Alon Nottea, Motti Nottea,  
12 Doron Nottea, Igor Latsanovski, Oz Mizrahi, Roi Reuveni, and Khristopher  
13 Bond a/k/a Ray Ibbot, individually, collectively, or in any combination.

14           b.       “**Corporate Defendants**” or “**Receivership Defendants**”  
15 means Bunzai Media Group, Inc., d/b/a AuraVie and Miracle Face Kit;  
16 Pinnacle Logistics, Inc.; DSA Holdings, Inc.; Lifestyle Media Brands, Inc.;  
17 Agoa Holdings, Inc.; Zen Mobile Media, Inc.; Safehaven Ventures, Inc.;  
18 Heritage Alliance Group, Inc., also doing business as AuraVie Distribution;  
19 AMD Financial Network, Inc.; SBM Management, Inc.; Media Urge, Inc.;  
20 Adageo, LLC; Calenergy, Inc.; KAI Media, Inc.; Insight Medial, Inc.; and

1 their successors and assigns, as well as any subsidiaries, fictitious business  
2 entities, or business names created or used by these entities or by the  
3 Individual Defendants that are related to, or receive funds from, the sale of  
4 skincare or other products online.

5 5. “**Document**” means the complete original and any non-identical  
6 copy (whether different from the original because of notations or otherwise) of  
7 any **electronically stored information** or filmed, graphic, imaged, printed,  
8 punched, texted, transcribed, typed, written, matter of every type and description,  
9 including but not limited to writings, drawings, graphs, charts, photographs, sound  
10 records, images, and other data or data compilations that are stored in any medium  
11 from which information can be obtained either directly or indirectly or, if  
12 necessary, translated into a reasonably usable form.

13 6. “**Electronic Fund Transfer**” means any transfer of funds, other than  
14 a transaction originated by check, draft, or similar paper instrument, which is  
15 initiated through an electronic terminal, telephonic instrument, or computer or  
16 magnetic tape so as to order, instruct, or authorize a financial institution to debit or  
17 credit an account. Such term includes point-of-sale transfers, automated teller  
18 machine transactions, direct deposits or withdrawals of funds, and transfers  
19 initiated by telephone. Such term does not include:  
20



1           a.     Any check guarantee or authorization service that does not  
2 directly result in a debit or credit to a consumer's account;

3           b.     Any transfer of funds, other than those processed by automated  
4 clearinghouse, made by a financial institution on behalf of a consumer by  
5 means of a service that transfers funds held at either Federal Reserve banks  
6 or other depository institutions and that is not designed primarily to transfer  
7 funds on behalf of a consumer;

8           c.     Any transaction the primary purpose of which is the purchase  
9 or sale of securities or commodities through a broker-dealer registered with  
10 or regulated by the Securities and Exchange Commission;

11          d.     Any automatic transfer from a savings account to a demand  
12 deposit account pursuant to an agreement between a consumer and a  
13 financial institution for the purpose of covering an overdraft or maintaining  
14 an agreed upon minimum balance in the consumer's demand deposit  
15 account; or

16          e.     Any transfer of funds which is initiated by a telephone  
17 conversation between a consumer and an officer or employee of a financial  
18 institution which is not pursuant to a prearranged plan and under which  
19 periodic or recurring transfers are not contemplated.  
20

1           7.     **“Financial Institution”** means an insured bank; a commercial bank  
2 or trust company; a private banker; an agency or branch of a foreign bank; a credit  
3 union; a thrift institution; a broker or dealer registered with the Securities and  
4 Exchange Commission; a broker or dealer in securities or commodities; an  
5 investment banker or investment company; a currency exchange; an issuer,  
6 redeemer, or cashier of travelers’ checks, checks, money orders, or similar  
7 instruments; an operator of a credit card system; an insurance company; a dealer  
8 in precious metals, stones, or jewels; a pawnbroker; a loan or finance company; a  
9 licensed sender of money or any other person who engages as a business in the  
10 transmission of funds, including any person who engages as a business in an  
11 informal money transfer system or any network of people who engage as a  
12 business in facilitating the transfer of money domestically or internationally  
13 outside of the conventional financial institutions system; a telegraph company; a  
14 business engaged in vehicle sales, including automobile, airplane, and boat sales;  
15 persons involved in real estate closings and settlements; the United States Postal  
16 Service; a casino, gambling casino, or gaming establishment.

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

19           9.     **“Negative Option”** means, in an offer or agreement to sell or provide  
20

1 any good or service, a provision under which the consumer’s silence or failure to  
2 take an affirmative action to reject a good or service or to cancel the agreement is  
3 interpreted by the seller or provider as acceptance or continuing acceptance of the  
4 offer or agreement.

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

9 11. **“Plaintiff”** or **“FTC”** means the Federal Trade Commission.

10 12. **“Preauthorized Electronic Fund Transfer”** means an electronic  
11 fund transfer authorized in advance to recur at substantially regular intervals.

12 13. **“Permanent Receiver”** means the receiver appointed in Section XIII  
13 of this Order and any deputy receivers that shall be named by the Permanent  
14 Receiver.

15 14. **“Stipulating Defendants”** refers to Alon Nottea and Roi  
16 Reuveni.

## 17 **ORDER**

### 18 **I. PROHIBITED BUSINESS ACTIVITIES**

19 **IT IS HEREBY ORDERED** that Stipulating Defendants and Stipulating  
20 Defendants’ officers, agents, employees, and attorneys, and all other persons in

1 active concert or participation with any of them, who receive actual notice of this  
2 Order, whether acting directly or indirectly, in connection with the sale of any  
3 good or service, are preliminarily restrained and enjoined from:

4       A.     Failing to disclose or disclose clearly and conspicuously, or assisting  
5 others in failing to disclose clearly and conspicuously, all material terms and  
6 conditions of their offer, including:

7             1.     That Defendants will use consumers' credit card or financial  
8 account information to charge consumers the full costs of a product upon  
9 the expiration of a limited trial period;

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

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

13            4.     The cost of any continuity plan and the frequency and duration  
14 of recurring charges;

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

17            6.     Requirements of their refund policies.

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

20            1.     Consumers can obtain an advertised product for "free,"

1 “risk-free,” or for only a nominal shipping and handling fee; and

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

4 C. Charging, causing to be charged, or assisting others in charging any  
5 consumer’s credit card, or debiting, causing to be debited, or assisting others in  
6 debiting any consumer’s financial account, without the consumer’s express  
7 informed consent for each charge or debit.

8 **II. PROHIBITIONS AGAINST UNFAIR AND DECEPTIVE**  
9 **NEGATIVE OPTION MARKETING PRACTICES ON THE**  
10 **INTERNET**

11 **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
12 Defendants’ officers, agents, employees, and attorneys, and all other persons in  
13 active concert or participation with any of them, who receive actual notice of this  
14 Order, whether acting directly or indirectly, in connection with the sale of any  
15 good or service are preliminarily restrained and enjoined from charging, causing  
16 to be charged, assisting others in charging , or attempting to charge any consumer  
17 in an Internet-based sale of a good or service sold through a negative option  
18 without:

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

B. Obtaining a consumer’s express informed consent to the negative

1 option features before making any charge; and

2 C. Providing a simple mechanism for a consumer to stop recurring  
3 charges from being placed on the consumer's credit card, debit card, or other  
4 financial account.

5  
6 **III. PROHIBITIONS AGAINST DEBITING CONSUMERS' BANK  
ACCOUNTS WITHOUT AUTHORIZATION**

7 **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
8 Defendants' officers, agents, employees, and attorneys, and all other persons in  
9 active concert or participation with any of them, who receive actual notice of this  
10 Order, whether acting directly or indirectly, in connection with the sale of any  
11 good or service, are preliminarily restrained and enjoined from:

12 A. Failing to timely obtain written authorization signed or similarly  
13 authenticated by the consumer for any Preauthorized Electronic Fund Transfer  
14 from a consumer's account before initiating any Preauthorized Electronic Fund  
15 Transfer; and

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

19 **IV. ASSET FREEZE**  
20

1           **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
2 Defendants' officers, agents, employees, and attorneys, and all other persons in  
3 active concert or participation with any of them, who receive actual notice of this  
4 Order, whether acting directly or indirectly, are preliminarily restrained and  
5 enjoined from directly or indirectly:

6           A.     Assigning, concealing, converting, disbursing, dissipating,  
7 encumbering, liquidating, loaning, pledging, selling, spending, transferring, or  
8 withdrawing any asset that is:

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

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

12                 3.     held as a retainer or deposit for the provision of goods or  
13                 services to any Defendant; or

14                 4.     owned, controlled by, held for the benefit of, or in the actual or  
15                 constructive possession, of any entity directly or indirectly owned,  
16                 managed, or controlled by any Defendant;

17           B.     Opening or causing to be opened any safe deposit box, commercial  
18 mail box, or storage facility belonging to, for the use or benefit of, under the  
19 control of, or subject to access by, any Defendant;

1 C. Incurring charges or cash advances on any credit card, debit card, or  
2 checking card issued in the name, singly or jointly, of any Defendant;

3 D. Obtaining or providing a personal or secured loan that encumbers an  
4 asset of any Defendant; and

5 E. Cashing any checks or depositing any money orders or cash received  
6 from consumers, clients, or customers of any Defendant.

7 The assets affected by this Section shall include all assets of Individual  
8 Defendants and Receivership Defendants as of the time this order is entered.

9 *Provided, however,* that assets obtained by Stipulating Defendants after the time  
10 this Order is entered that are not derived, directly or indirectly, from activities as  
11 described in the Commission's Complaint or activities of any Receivership  
12 Defendant, shall not be frozen.

13 **V. DUTIES OF ASSET HOLDERS**

14 **IT IS FURTHER ORDERED** that any financial institution or person that  
15 has, or that at any time since January 1, 2010, has had, custody or control over an  
16 asset belonging to, for the use or benefit of, under the control of or subject to  
17 access by any Stipulating Defendant and that is provided with a copy of this  
18 Order, or otherwise has actual or constructive knowledge of this Order shall:

19 A. Hold and retain any of Stipulating Defendants' assets that are within  
20 its control and prohibit Stipulating Defendants from assigning, concealing,



1 converting, disbursing, dissipating, encumbering, liquidating, loaning, pledging,  
2 selling, spending, transferring, or withdrawing any asset except:

3 1. as directed by further order of the Court;

4 2. as directed in writing by the Permanent Receiver (regarding an  
5 asset belonging to, for the use or benefit of, under the control of, or subject  
6 to access by a Receivership Defendant); or

7 3. by written stipulation of the Plaintiff;

8 B. Deny Defendants access to any safe deposit box, commercial mail  
9 box, or storage facility belonging to, for the use or benefit of, under the control of,  
10 or subject to access by, any Stipulating Defendant;

11 C. Within five (5) business days after receiving a copy of this Order,  
12 provide counsel for Plaintiff and the Permanent Receiver a certified statement  
13 setting forth:

14 1. the identification number of each account or asset belonging  
15 to, for the use or benefit of, under the control of, or subject to access by,  
16 any Stipulating Defendant; and

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

1 the closure or removal of funds, the total funds removed or transferred, and  
2 the name of the person to whom such account or other asset was remitted;  
3 and

4 D. Within five (5) days of a request by Plaintiff or the Permanent  
5 Receiver, provide Plaintiff and the Permanent Receiver with copies of documents  
6 relating to each asset, including, but not limited to, account applications,  
7 statements, signature cards, checks, drafts, deposit tickets, transfers to and from  
8 the accounts, all other debit and credit instruments or slips, currency transaction  
9 reports, 1099 forms, and safe deposit box logs.

10 **VI. SERVICE ON FINANCIAL INSTITUTIONS OR PERSONS**  
11 **HOLDING ASSETS**

12 **IT IS FURTHER ORDERED** that copies of this Order may be served by  
13 any means, including U.S. first class mail, overnight delivery, facsimile, electronic  
14 mail, or personally by agents or employees of the Plaintiff or the Permanent  
15 Receiver, by any law enforcement agency, or by process server, upon any person  
16 or financial institution that may have possession, custody, or control over any  
17 asset or document belonging to, for the use or benefit of, under the control of, or  
18 subject to access by, any Stipulating Defendant, or that may otherwise be subject  
19 to any provision of this Order. Service upon any branch or office of any financial  
20 institution shall effect service upon the entire financial institution.

1 **VII. FINANCIAL STATEMENTS**

2 **IT IS FURTHER ORDERED** that Stipulating Defendants shall each:

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

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

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

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

18 **IT IS FURTHER ORDERED** that immediately upon service of this  
19 Order, each Stipulating Defendant shall:  
20

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

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

7 **IX.       NONINTERFERENCE WITH REPATRIATION**

8           **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
9 Defendants’ officers, agents, employees, and attorneys, and all other persons in  
10 active concert or participation with any of them who receive actual notice of this  
11 Order, whether acting directly or indirectly, are preliminarily restrained and  
12 enjoined from taking any action that may result in the encumbrance or dissipation  
13 of foreign assets, or in the hindrance of the repatriation required by Section VIII  
14 of this Order, including:

15           A.     Sending any statement, letter, fax, email or wire transmission,  
16 telephoning, or engaging in any other act, directly or indirectly, that results in a  
17 determination by a foreign trustee or other entity that a “duress” event has  
18 occurred under the terms of a foreign trust agreement until such time as all assets  
19 have been fully repatriated according to Section VIII of this Order; or

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

5 **X.           CONSUMER CREDIT REPORTS**

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

11 **XI.          PRESERVATION OF RECORDS AND REPORT NEW  
12 BUSINESS ACTIVITY**

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

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

1 practices or finances of entities directly or indirectly under the control of  
2 Defendants; and

3 B. Creating, operating, or exercising any control over any business  
4 entity, whether newly formed or previously inactive, including any partnership,  
5 limited partnership, joint venture, sole proprietorship, or corporation, without first  
6 providing Plaintiff with a written statement disclosing: (1) the name of the  
7 business entity; (2) the address and telephone number of the business entity; (3)  
8 the names of the business entity's officers, directors, principals, managers, and  
9 employees; and (4) a detailed description of the business entity's intended  
10 activities.

11 **XII. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION  
OR CUSTOMER LISTS**

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

17 A. selling, renting, leasing, transferring, or otherwise disclosing the  
18 name, address, telephone number, credit card number, bank account number, e-  
19 mail address, or other identifying information of any person who paid money to  
20

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

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

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

11 **XIII. APPOINTMENT OF PERMANENT RECEIVER**

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

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

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

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

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

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

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



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

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

- 7 1. serving this Order;
- 8 2. completing a written inventory of all Receivership assets;
- 9 3. obtaining pertinent information from all employees and other  
10 agents of the Receivership Defendants, including the name, home address,  
11 Social Security number, job description, user names or passwords needed to  
12 access Receivership Defendants' documents, methods of compensation, and  
13 all accrued and unpaid commissions and compensation of each such  
14 employee or agent;
- 15 4. photographing and videotaping any or all portions of the  
16 location;
- 17 5. securing the location by changing the locks and disconnecting  
18 any computer modems or other means of access to the computer or other  
19 records maintained at that location;

1           6.     opening and inventorying any safe deposit box, commercial  
2     mail box, or storage facility in the name of any Receivership Defendant,  
3     either individually or jointly, or subject to access by any Receivership  
4     Defendant; and

5           7.     requiring any persons present on the premises at the time this  
6     Order is served to leave the premises, to provide the Permanent Receiver  
7     with proof of identification, or to demonstrate to the satisfaction of the  
8     Permanent Receiver that such persons are not removing from the premises  
9     assets or documents of the Receivership Defendants. Law enforcement  
10    personnel, including police or sheriffs, may assist the Permanent Receiver  
11    in implementing these provisions in order to keep the peace and maintain  
12    security. If requested by the Permanent Receiver, the United States Marshal  
13    will provide appropriate and necessary assistance to the Permanent  
14    Receiver to implement this Order;

15       E.     Conserve, hold, and manage all assets of the Receivership  
16    Defendants, and perform all acts necessary or advisable to preserve the value of  
17    those assets in order to prevent any irreparable loss, damage, or injury to  
18    consumers or creditors of the Receivership Defendants, including obtaining an  
19    accounting of the assets and preventing the unauthorized transfer, withdrawal, or  
20    misapplication of assets;

1 F. Enter into and cancel contracts, and purchase insurance as the  
2 Permanent Receiver deems advisable or necessary;

3 G. Prevent the inequitable distribution of assets and determine, adjust,  
4 and protect the interests of consumers and creditors who have transacted business  
5 with the Receivership Defendants;

6 H. Manage and administer the business of the Receivership Defendants  
7 by performing all incidental acts that the Permanent Receiver deems to be  
8 advisable or necessary, which includes retaining, hiring, or dismissing any  
9 employees, independent contractors, or agents;

10 I. Authorize the release of any copy or image of any website used or  
11 controlled by the Receivership Defendants to the FTC;

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

16 K. Make payments and disbursements from the receivership estate that  
17 are necessary or advisable for carrying out the directions of, or exercising the  
18 authority granted by, this Order. The Permanent Receiver shall apply to the Court  
19 for prior approval of any payment of any debt or obligation incurred by the  
20 Receivership Defendants prior to the date of entry of this Order, except payments

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

3 L. Institute, compromise, adjust, appear in, intervene in, or become  
4 party to such actions or proceedings in state, federal or foreign courts or  
5 arbitration proceedings as the Permanent Receiver deems necessary and advisable  
6 to preserve or recover the assets of the Receivership Defendants, or that the  
7 Permanent Receiver deems necessary and advisable to carry out the Permanent  
8 Receiver's mandate under this Order, including actions challenging fraudulent or  
9 voidable transfers;

10 M. Defend, compromise, adjust, or otherwise dispose of any or all  
11 actions or proceedings instituted in the past or in the future against the Permanent  
12 Receiver in the role of Permanent Receiver, or against the Receivership  
13 Defendants, as the Permanent Receiver deems necessary and advisable to preserve  
14 the assets of the Receivership Defendants, or as the Permanent Receiver deems  
15 necessary and advisable to carry out the Permanent Receiver's mandate under this  
16 Order;

17 N. Take depositions and issue subpoenas to obtain documents and  
18 records pertaining to the receivership estate and compliance with this Order.  
19 Subpoenas may be served by agents or attorneys of the Permanent Receiver and  
20 by agents of any process server retained by the Permanent Receiver;

1 O. Maintain accurate records of all receipts and expenditures incurred as  
2 Permanent Receiver;

3 P. Open one or more bank accounts as designated depositories for funds  
4 of the Receivership Defendants. The Permanent Receiver shall deposit all funds of  
5 the Receivership Defendants in such a designated account and shall make all  
6 payments and disbursements from the receivership estate from such account. The  
7 Permanent Receiver shall serve copies of monthly account statements on all  
8 parties; and

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

11 **XV. ACCESS TO BUSINESS OFFICES AND DOCUMENTS**

12 **IT IS FURTHER ORDERED** that:

13 A. Stipulating Defendants and their officers, agents, servants,  
14 employees, and attorneys, and all other persons in active concert or participation  
15 with any of them, who receive actual notice of this Order, whether acting directly  
16 or indirectly shall allow the Permanent Receiver, and their respective  
17 representatives, agents, attorneys, investigators, paralegals, contractors, or  
18 assistants access to:

19 1. the business premises and storage facilities owned, controlled,  
20 or used by any Receivership Defendant, including, but not limited, to the

1 offices and facilities at or in the vicinity of: (a) 6914 Canby Avenue, Suite  
2 107, Reseda, California 91335; (b) 6925 Canby Avenue, Suite 105, Reseda,  
3 California 91335; and (c) 6950 Canby Avenue, Suite 103, Reseda,  
4 California 91335, and any offsite commercial mail boxes used by any  
5 Receivership Defendant;

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

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

10 B. The Permanent Receiver, and their representatives, agents, and  
11 assistants, are authorized to employ the assistance of law enforcement as they  
12 deem necessary to effect service and to implement peacefully this Order. The  
13 Temporary Receiver may exclude Receivership Defendants and their employees  
14 from the business premises during the immediate access;

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

1           D.     The Permanent Receiver shall have the right to remove any  
2 documents related to Defendants' business practices from the premises in order  
3 that they may be inspected, inventoried, and copied. The materials so removed  
4 shall be returned within five (5) business days of completing said inventory and  
5 copying;

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

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

17          G.     The Permanent Receiver shall have the discretion to determine  
18 the time, manner, and reasonable conditions of access to the Receivership  
19 Defendants' premises.  
20

1 **XVI. PERMANENT RECEIVER’S BOND**

2 **IT IS FURTHER ORDERED** that the Permanent Receiver has filed with  
3 the Clerk of this Court a bond in the sum of \$20,000, with sureties approved by  
4 this Court, and shall well and truly perform the duties of the office and abide by  
5 and perform all acts the Court directs.

6 **XVII. DELIVERY OF RECEIVERSHIP PROPERTY**

7 **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
8 Defendants’ officers, agents, employees, and attorneys, and all other persons in  
9 active concert or participation with any of them, who receive actual notice of this  
10 Order, and any other person with possession, custody or control of assets or  
11 documents relating to the Receivership Defendants shall upon notice of this Order,  
12 by personal service or otherwise, immediately notify the Permanent Receiver of,  
13 and, upon receiving a request from the Permanent Receiver, immediately transfer  
14 or deliver to the Permanent Receiver possession, custody, and control of, the  
15 following:

16 A. All assets of the Receivership Defendants;

17 B. All documents of the Receivership Defendants, including books and  
18 records of accounts, all financial and accounting records, balance sheets, income  
19 statements, bank records (including monthly statements, canceled checks, records  
20 of wire transfers, and check registers), client lists, title documents and other



1 papers;

2 C. All computers and data in whatever form used to conduct the  
3 business of the Receivership Defendants; and

4 D. All usernames, keys, codes, and passwords necessary to gain or to  
5 secure access to any assets or documents of the Receivership Defendants,  
6 including access to their business premises, means of communication, accounts,  
7 computer systems, or other property.

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

18 **XVIII. PROVISION OF INFORMATION TO PERMANENT RECEIVER**

19 **IT IS FURTHER ORDERED** that Stipulating Defendants shall provide to  
20 the Permanent Receiver, immediately upon request, without need of any subpoena

1 or further order, the following:

2           A.     A list of all locations where documents of the Receivership  
3 Defendants are located, and the means to access such documents within five hours  
4 of the Permanent Receiver’s request; and

5  
6           B.     Within forty-eight (48) hours of service of this Order, the  
7 Stipulating Defendants shall produce to the Permanent Receiver a list of all  
8 agents, employees, officers, and those persons in active concert and participation  
9 with them, who have been associated or done business with the Receivership  
10 Defendant(s).

11 **XIX.     COOPERATION WITH THE PERMANENT RECEIVER**

12           **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
13 Defendants’ officers, agents, employees, and attorneys, and all other persons in  
14 active concert or participation with any of them, who receive actual notice of this  
15 Order, and any other person served with a copy of this Order shall fully cooperate  
16 with and assist the Permanent Receiver in taking and maintaining possession,  
17 custody, or control of the assets and documents of the Receivership Defendants.

18 This cooperation and assistance shall include:

19           A.     Providing information to the Permanent Receiver that the Permanent  
20 Receiver deems necessary in order to exercise the authority and discharge the

1 responsibilities of the Permanent Receiver under this Order;

2 B. Advising all persons who owe money to the Receivership Defendants  
3 that all debts should be paid directly to the Permanent Receiver; and

4 C. Transferring funds at the Permanent Receiver's direction and  
5 producing documents related to the assets and sales of the Receivership  
6 Defendants. The entities obligated to cooperate with the Permanent Receiver  
7 under this provision include financial institutions and persons that have transacted  
8 business with the Receivership Defendants.

9 **XX. NONINTERFERENCE WITH THE PERMANENT RECEIVER**

10 **IT IS FURTHER ORDERED** that Stipulating Defendants and Stipulating  
11 Defendants' officers, agents, employees, attorneys, and all other persons in active  
12 concert or participation with any of them, who receive actual notice of this Order,  
13 and their corporations, subsidiaries, divisions, or affiliates, are hereby restrained  
14 and enjoined from directly or indirectly:

15 A. Interfering with the Permanent Receiver managing, or taking  
16 custody, control, or possession of, the assets or documents subject to this  
17 Receivership;

18 B. Transacting any of the business of the Receivership Defendants;

19 C. Transferring, receiving, altering, selling, encumbering, pledging,  
20 assigning, liquidating, or otherwise disposing of any assets owned, controlled, or

1 in the possession or custody of, or in which an interest is held or claimed by, the  
2 Receivership Defendants, or the Permanent Receiver; and

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

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1 **XXI. PERMANENT RECEIVER'S REPORT**

2 **IT IS FURTHER ORDERED** that the Permanent Receiver shall report to  
3 this Court: (1) the steps taken by the Permanent Receiver to implement the terms  
4 of this Order; (2) the value of all liquidated and unliquidated assets of  
5 Receivership Defendants; (3) the sum of all liabilities of Receivership Defendants;  
6 (4) the steps the Permanent Receiver intends to take in the future to: (a) prevent  
7 any diminution in the value of assets of Receivership Defendants; (b) pursue  
8 receivership assets from third parties; and (c) adjust the liabilities of Receivership  
9 Defendants, if appropriate; (5) the Permanent Receiver's finding regarding the  
10 ability of the Receivership Defendants to operate legally and profitably; and (6)  
11 any other matters that the Permanent Receiver believes should be brought to the  
12 Court's attention. *Provided*, however, if any of the required information would  
13 hinder the Permanent Receiver's ability to pursue receivership assets, the portions  
14 of the Permanent Receiver's report containing the information may be filed under  
15 seal and not served on the parties.

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

17 **IT IS FURTHER ORDERED** that, except by leave of this Court, during  
18 the pendency of the Receivership ordered herein, Stipulating Defendants and  
19 Stipulating Defendants' officers, agents, employees, attorneys, and all other  
20 persons in active concert or participation with any of them, who receive actual

1 notice of this Order, and any person seeking to establish or enforce any right, title,  
2 interest, or claim against or on behalf of any Defendant, and all others acting for  
3 or on behalf of such persons, are hereby enjoined from taking action that would  
4 interfere with the exclusive jurisdiction of this Court over the assets or documents  
5 of the Defendants, including:

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

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

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

17       D.     Filing or enforcing any lien on any asset of the Defendants, taking or  
18 attempting to take possession, custody, or control of any asset of the Defendants;  
19 or attempting to foreclose, forfeit, alter, or terminate any interest in any asset of  
20 the Defendants, whether such acts are part of a judicial proceeding, are acts of

1 self-help, or otherwise; or

2 E. Initiating any other process or proceeding that would interfere with  
3 the Permanent Receiver managing or taking custody, control, or possession of, the  
4 assets or documents subject to this receivership.

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

11 **XXIII. COMPENSATION OF PERMANENT RECEIVER**

12 **IT IS FURTHER ORDERED** that the Permanent Receiver and all  
13 personnel hired by the Permanent Receiver, including counsel to the Permanent  
14 Receiver and accountants, are entitled to reasonable compensation for the  
15 performance of duties pursuant to this Order and for the cost of actual out-of-  
16 pocket expenses incurred by them solely, from the assets now held by, in the  
17 possession or control of, or which may be received by, the Receivership  
18 Defendants. The Permanent Receiver shall file with the Court and serve on the  
19 parties periodic requests for the payment of such reasonable compensation, with  
20 the first such request filed no more than sixty (60) days after the date of entry of

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

3 **XXIV. EXPEDITED DISCOVERY**

4 **IT IS FURTHER ORDERED** that, the Permanent Receiver is authorized  
5 to conduct expedited discovery concerning Receivership Defendants’ assets, the  
6 products and services offered by Receivership Defendants, and the nature and  
7 location of the Receivership Defendants’ documents and business records in  
8 accordance with the following provisions:

9 A. The Permanent Receiver may take the depositions of parties and non-  
10 parties. Forty-eight (48) hours’ notice shall be sufficient notice for such  
11 depositions;

12 B. The Permanent Receiver may serve upon parties requests for  
13 production of documents or inspection that require production or inspection within  
14 five (5) calendar days of service, and may serve subpoenas upon non-parties that  
15 direct production or inspection within five (5) calendar days of service;

16 C. The Permanent Receiver may serve deposition notices and other  
17 discovery requests upon the parties to this action by facsimile or overnight  
18 courier; and



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

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

5 **IT IS FURTHER ORDERED** that Stipulating Defendants shall  
6 immediately provide a copy of this Order to each affiliate, sales entity, successor,  
7 assign, member, officer, director, employee, agent, independent contractor, client,  
8 servant, attorney, spouse, subsidiary, division, and representative of any  
9 Defendant, and shall, within ten (10) days from the date of entry of this Order,  
10 individually provide the FTC with a sworn statement that each Defendant has  
11 complied with this provision of the Order, which statement shall include the  
12 names and addresses of each such person or entity who received a copy of this  
13 Order.

14 **XXVI. RETENTION OF JURISDICTION**

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

**SO ORDERED,**

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Dated: July 23, 2015



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**The Honorable George H. Wu**  
**United States District Judge**