

1 UNITED STATES DISTRICT COURT
2 CENTRAL DISTRICT OF CALIFORNIA

3 FEDERAL TRADE COMMISSION,

4 Plaintiff,

5 v.

6
7 M&T FINANCIAL GROUP, a
8 corporation, also d/b/a StuDebt, Student
9 Debt Relief Group, SDRG, Student
10 Loan Relief Counselors, SLRC, and
11 Capital Advocates Group,

12 AMERICAN COUNSELING CENTER
13 CORP., a corporation, also d/b/a
14 StuDebt, Student Debt Relief Group,
15 SDRG, Student Loan Relief Counselors,
16 SLRC, and Capital Advocates Group,
17 and

18 SALAR TAHOUR, individually, and as
19 an officer of M&T FINANCIAL
20 GROUP and AMERICAN
21 COUNSELING CENTER CORP.,

22 Defendants.

Case No. CV17-6855-ODW(PLAx)

Stipulated Preliminary Injunction

23 Plaintiff, the Federal Trade Commission (“FTC” or the “Commission”) and
24 Defendants M&T Financial Group, American Counseling Center Corp., and Salar
25 Tahour (“Defendants”) have stipulated to entry of this Stipulated Preliminary
26 Injunction (“Order”). This court, having considered the parties’ Stipulation (ECF
27 No. 36), and the other filings in this case, and for other cause appearing, hereby
28 orders that:

FINDINGS OF FACT

By stipulation of the parties, the Court finds as follows:

1 1. The FTC and Defendants have stipulated and agreed to the entry of
2 this preliminary injunction order without any admission of wrongdoing or violation
3 of law, and without a finding by the Court of law or fact other than stated below;

4 2. This Court has jurisdiction over the subject matter of this case and
5 over the parties;

6 3. Venue in this district is proper;

7 4. The FTC asserts there is good cause to believe that Defendants have
8 engaged in and are likely to engage in acts or practices that violate Section 5(a) of
9 the FTC Act, 15 U.S.C. § 45(a), and the FTC’s Telemarketing Sales Rule (“TSR”),
10 16 C.F.R. Part 310, and that the Plaintiff is therefore likely to prevail on the merits
11 of this action;

12 4. The FTC asserts there is good cause to believe that immediate and
13 irreparable harm will result from Defendants’ ongoing violations of Section 5(a) of
14 the FTC Act and the TSR unless Defendants are restrained and enjoined by order
15 of this Court;

16 5. The FTC asserts there is good cause to believe that immediate and
17 irreparable damage to the Court’s ability to grant effective final relief for
18 consumers, including monetary restitution, rescission, and disgorgement of ill-
19 gotten gains, will occur from the transfer, dissipation, or concealment by
20 Defendants of their assets or business records unless Defendants are immediately
21 restrained and enjoined by order of this Court, and therefore, the FTC asserts, there
22 is good cause for an asset freeze and continuing the appointment the Receiver over
23 the Receivership Defendants, as that term is defined herein;

24 6. The FTC asserts that the entry of a preliminary injunction is in the
25 public interest; and

26 7. The FTC is an independent agency of the United States of America
27 and no security is required of any agency of the United States for the issuance of a
28 preliminary injunction. Fed. R. Civ. P. 65(c).

1 **DEFINITIONS**

2 For the purpose of this Order , the following definitions shall apply:

3 1. **“Asset”** or **“Assets”** means any legal or equitable interest in, right to,
4 or claim to, any real or personal property, including “goods,” “instruments,”
5 “equipment,” “fixtures,” “general intangibles,” “inventory,” “checks,” or “notes”
6 (as these terms are defined in the Uniform Commercial Code), lines of credit,
7 chattels, leaseholds, contracts, mail or other deliveries, shares of stock, lists of
8 consumer names, accounts, credits, premises, receivables, funds, and all cash,
9 wherever located.

10 2. **“Commission”** or **“FTC”** means the Federal Trade Commission.

11 3. **“Corporate Defendants”** means M&T Financial Group, also d/b/a
12 StuDebt, Student Debt Relief Group, SDRG, Student Loan Relief Counselors,
13 SLRC, Capital Advocates Group, Student Loan Financial Aid, and SLFAid, and
14 American Counseling Center Corp., also d/b/a StuDebt, Student Debt Relief
15 Group, SDRG, Student Loan Relief Counselors, SLRC, Capital Advocates Group,
16 Student Loan Financial Aid, and SLFAid, and their successors and assigns, as well
17 as any subsidiaries, and any fictitious business entities or business names created
18 or used by these entities, or any of them.

19 4. **“Debt Relief Service”** means any program or service represented,
20 directly or by implication, to renegotiate, settle, or in any way alter the terms of
21 payment or other terms of the debt between a person and one or more unsecured
22 creditors or debt collectors, including, but not limited to, a reduction in the balance,
23 interest rate, or fees owed by a person to an unsecured creditor or debt collector.

24 5. **“Defendant(s)”** means the Individual Defendant and the Corporate
25 Defendants, individually, collectively, or in any combination.

26 6. **“Document(s)”** is equal in scope and synonymous in meaning to the
27 usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
28 drawings, graphs, charts, photographs, audio and video recordings, computer

1 records, and any other data compilations from which information can be obtained
2 and translated, if necessary, through detection devices into reasonably usable form.
3 A draft or non-identical copy is a separate document within the meaning of the
4 term.

5 7. **“Financial Institution”** means any bank, savings and loan institution,
6 credit union, or any financial depository of any kind, including any brokerage
7 house, trustee, broker-dealer, escrow agent, title company, commodity trading
8 company, or precious metal dealer.

9 8. **“Individual Defendant”** means Salar Tahour, by whatever names he
10 may be known.

11 9. **“Person”** means a natural person, organization, or other legal entity,
12 including a corporation, limited liability company, partnership, sole proprietorship,
13 association, cooperative, or any other group or combination acting as an entity.

14 10. **“Plaintiff”** means the Federal Trade Commission.

15 11. **“Receiver”** or **“Permanent Receiver”** means the permanent receiver
16 appointed in Section VIII of this Order and any deputy receivers that shall be
17 named by the permanent receiver.

18 12. **“Receivership Defendants”** means Defendants M&T Financial
19 Group, also d/b/a StuDebt, Student Debt Relief Group, SDRG, Student Loan Relief
20 Counselors, SLRC, Capital Advocates Group, Student Loan Financial Aid,
21 SLFAid, and American Counseling Center Corp., also d/b/a StuDebt, Student Debt
22 Relief Group, SDRG, Student Loan Relief Counselors, SLRC, Capital Advocates
23 Group, Student Loan Financial Aid, and SLFAid, and their successors and assigns,
24 as well as any subsidiaries, affiliates, divisions, or sales or customer service
25 operations, and any fictitious business entities or business names created or used
26 by these entities.

27 13. **“Seller”** means any person who, in connection with a Telemarketing
28 transaction, provides, offers to provide, or arranges for others to provide goods or

1 services to the customer in exchange for consideration, whether or not such person
2 is under the jurisdiction of the Commission.

3 14. “**Telemarketer**” means any person who, in connection with
4 telemarketing, initiates or receives telephone calls to or from a customer or donor.

5 15. “**Telemarketing**” means any plan, program, or campaign that is
6 conducted to induce the purchase of goods or services or a charitable contribution
7 by use of one or more telephones.

8 16. “**Telemarketing Sales Rule**” or “**TSR**” means the Telemarketing
9 Sales Rule set forth in 16 C.F.R. Part 310.

10 17. “**Temporary Restraining Order**” or “**TRO**” means the *Ex Parte*
11 Temporary Restraining Order with Asset Freeze, Appointment of a Receiver,
12 Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction
13 Should Not Issue entered by this Court on September 19, 2017. (ECF No. 18).

14 **I.**

15 **PROHIBITED BUSINESS ACTIVITIES**

16 **IT IS ORDERED** that Defendants, Defendants’ officers, agents, employees,
17 and attorneys, and all other persons in active concert or participation with any of
18 them, who receive actual notice of this Order, whether acting directly or indirectly,
19 in connection with the telemarketing, advertising, marketing, promoting, offering
20 for sale, sale, or provision of student loan debt relief services, are restrained and
21 enjoined from:

22 A. Misrepresenting, or assisting others in misrepresenting, expressly or
23 by implication, any material fact, including that:

24 1. Defendants are affiliated or work directly with, or endorsed or
25 sponsored by, the government or the Department of Education;

26 2. Defendants will enroll consumers in a student loan repayment
27 or forgiveness program that will have their monthly payments reduced to a fixed
28 amount for a fixed number of years;

1 3. The government repayment or forgiveness program requires
2 consumers to pay a fee to enroll;

3 4. Consumers' monthly payments to Defendants will be applied
4 toward consumers' student loans; and

5 5. Defendants will assume responsibility for the servicing of
6 consumers' student loans;

7 B. Making, or assisting others in making, any representation, expressly
8 or by implication, about the benefits, performance, or efficacy of any product or
9 service, unless the representation is non-misleading and, at the time such
10 representation is made, Defendants possess and rely upon competent and reliable
11 evidence that is sufficient in quality and quantity based on standards generally
12 accepted in the relevant fields, when considered in light of the entire body of
13 relevant and reliable evidence, to substantiate that the representation is true; and

14 C. Requesting or receiving payment of any fee or consideration for debt
15 relief services until and unless:

16 1. Defendants have renegotiated, settled, reduced, or otherwise
17 altered the terms of at least one debt pursuant to a settlement agreement, debt
18 management plan, or other such valid contractual agreement executed by the
19 customer;

20 2. The customer has made at least one payment pursuant to that
21 settlement agreement, debt management plan, or other valid contractual agreement
22 between the customer and the creditor or debt collector; and

23 3. To the extent that debts enrolled in a service are renegotiated,
24 settled, reduced, or otherwise altered individually, the fee or consideration either:

25 a. Bears the same proportional relationship to the total fee for
26 renegotiating, settling, reducing, or altering the terms of the entire debt balance as
27 the individual debt amount bears to the entire debt amount. The individual debt
28 amount and the entire debt amount are those owed at the time the debt was enrolled

1 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
2 selling, concealing, dissipating, disbursing, assigning, spending, withdrawing,
3 granting a lien or security interest or other interest in, or otherwise disposing of any
4 funds, real or personal property, accounts, contracts, shares of stock, lists of
5 consumer names, or other assets, or any interest therein, wherever located,
6 including outside the United States, that are:

7 1. Owned, controlled or held by, in whole or in part, for the benefit
8 of, or subject to access by, or belonging to, any Defendant;

9 2. In the actual or constructive possession of any Defendant; or

10 3. In the actual or constructive possession of, or owned, controlled, or
11 held by, or subject to access by, or belonging to, any other corporation,
12 partnership, trust, or any other entity directly or indirectly owned, managed, or
13 controlled by, or under common control with, any Defendant, including any assets
14 held by or for any Defendant in any account at any bank or savings and loan
15 institution, or with any credit card processing agent, automated clearing house
16 processor, network transaction processor, bank debit processing agent, customer
17 service agent, commercial mail receiving agency, or mail holding or forwarding
18 company, or any credit union, retirement fund custodian, money market or mutual
19 fund, storage company, trustee, or with any broker-dealer, escrow agent, title
20 company, commodity trading company, precious metal dealer, or other financial
21 institution or depository of any kind, either within or outside the territorial United
22 States;

23 B. Opening or causing to be opened any safe deposit boxes, commercial
24 mail boxes, or storage facilities titled in the name of any Defendant, or subject to
25 access by any Defendant or under any Defendant's control, without providing
26 Plaintiff prior notice and an opportunity to inspect the contents in order to
27 determine that they contain no assets covered by this Section;

1 C. Cashing any checks or depositing or processing any payments from
2 customers of Defendants;

3 D. Incurring charges or cash advances on any credit card issued in the
4 name, singly or jointly, of any Defendant; or

5 E. Incurring liens or encumbrances on real property, personal property,
6 or other assets in the name, singly or jointly, of any Defendant or of any
7 corporation, partnership, or other entity directly or indirectly owned, managed, or
8 controlled by any Defendant.

9 Notwithstanding the asset freeze provisions of Section III.A through E
10 above, and subject to prior written agreement with Plaintiff, Individual Defendant
11 may, upon compliance with Section V (Financial Statements) *infra*, pay from their
12 individual personal funds reasonable, usual, ordinary, and necessary living
13 expenses.

14 The funds, property, and assets affected by this Section shall include: (1) all
15 assets of the Defendants as of the time this Order is entered; and (2) for assets
16 obtained after the time this Order is entered, those assets of the Defendants that are
17 derived, directly or indirectly, from the Defendants' activities related to any
18 activity that is the subject of Plaintiff's Complaint or prohibited by the TRO,
19 including any activity related to Telemarketing or the marketing or sale of any
20 student loan debt relief product or service.

21 **IV.**

22 **DUTIES OF THIRD PARTIES HOLDING DEFENDANTS' ASSETS**

23 **IT IS FURTHER ORDERED** that any financial institution, business entity,
24 or person maintaining or having custody or control of any account or other asset of
25 any Defendant, or any corporation, partnership, or other entity directly or indirectly
26 owned, managed, or controlled by, or under common control with any Defendant,
27 which is served with a copy of this Order, or otherwise has actual or constructive
28 knowledge of this Order, shall:

1 A. Hold and retain within its control and prohibit the withdrawal,
2 removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement,
3 dissipation, conversion, sale, liquidation, or other disposal of any of the assets,
4 funds, documents, or other property held by, or under its control:

5 1. On behalf of, or for the benefit of, any Defendant or any other
6 party subject to Section III above;

7 2. In any account maintained in the name of, or for the benefit of,
8 or subject to withdrawal by, any Defendant or other party subject to Section III
9 above; and

10 3. That are subject to access or use by, or under the signatory
11 power of, any Defendant or other party subject to Section III above;

12 B. Deny Defendants access to any safe deposit boxes or storage facilities
13 that are either:

14 1. Titled in the name, individually or jointly, of any Defendant, or
15 other party subject to Section III above; or

16 2. Subject to access by any Defendant or other party subject to
17 Section III above;

18 C. Provide Plaintiff, within five (5) days of the date of service of this
19 Order, a sworn statement setting forth:

20 1. The identification number of each account or asset titled in the
21 name, individually or jointly, of any Defendant, or held on behalf of, or for the
22 benefit of, any Defendant or other party subject to Section III above, including all
23 trust accounts managed on behalf of any Defendant or subject to any Defendant's
24 control;

25 2. The balance of each such account, or a description of the nature
26 and value of such asset;

27 3. The identification and location of any safe deposit box,
28 commercial mail box, or storage facility that is either titled in the name,

1 individually or jointly, of any Defendant, or is otherwise subject to access or
2 control by any Defendant or other party subject to Section III above, whether in
3 whole or in part; and

4 4. If the account, safe deposit box, storage facility, or other asset
5 has been closed or removed, the date closed or removed and the balance on said
6 date;

7 D. Within five (5) days of a request from Plaintiff, provide Plaintiff with
8 copies of all records or other documents pertaining to each such account or asset,
9 including originals or copies of account applications, account statements, corporate
10 resolutions, signature cards, checks, drafts, deposit tickets, transfers to and from
11 the accounts, all other debit and credit instruments or slips, currency transaction
12 reports, 1099 forms, and safe deposit box logs; and

13 E. Plaintiff may properly serve this Order on any financial or brokerage
14 institution, business entity or person that holds, controls or maintains custody of
15 any account or asset of any Defendant or has held, controlled or maintained
16 custody of any account or asset of any Defendant at any time since January 2014,
17 by facsimile transmission, hand delivery or overnight carrier. This Section shall
18 apply to existing accounts and assets, assets deposited or accounts opened after the
19 effective date of this Order, and any accounts or assets maintained, held or
20 controlled three years prior to the effective date of this Order. This Section shall
21 not prohibit transfers in accordance with any provision of this Order, any further
22 order of the Court, or by written agreement of the parties.

23 **V.**

24 **FINANCIAL STATEMENTS**

25 **IT IS FURTHER ORDERED** that, unless previously submitted in full
26 compliance with the TRO, each Defendant shall serve upon counsel for Plaintiff,
27 no later than five (5) business days after entry of this Order or October 11, 2017,
28 whichever is later, a completed financial statement accurate as of the date of entry

1 of this Order, on the forms served on Defendants with the TRO for the Individual
2 Defendant and for Corporate Defendants, as the case may be, signed under penalty
3 of perjury.

4 The financial statements shall include assets held outside the territory of the
5 United States, shall be accurate as of the date of the entry of this Order, and shall
6 be verified under oath. Defendants shall attach to these completed financial
7 statements copies of all local, state, provincial, and federal income and property tax
8 returns, with attachments and schedules, as called for by the instructions to the
9 financial statements.

10 VI.

11 **MAINTAIN RECORDS AND REPORT NEW BUSINESS ACTIVITY**

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

16 A. Failing to make and keep books, records, accounts, bank statements,
17 current accountants' reports, general ledgers, general journals, cash receipts
18 ledgers, cash disbursements ledgers and source documents, documents indicating
19 title to real or personal property, and any other data which, in reasonable detail,
20 accurately and fairly reflect the incomes, disbursements, transactions, dispositions,
21 and uses of Defendants' assets;

22 B. Destroying, erasing, mutilating, concealing, altering, transferring, or
23 otherwise disposing of, in any manner, directly or indirectly, any documents,
24 including electronically stored materials, that relate in any way to the business
25 practices or business or personal finances of Defendants; to the business practices
26 or finances of entities directly or indirectly under the control of Defendants; or to
27 the business practices or finances of entities directly or indirectly under common
28 control with any other Defendant; and

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

9 **VII.**

10 **PROHIBITION ON DISCLOSING CUSTOMER INFORMATION**

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

15 A. Selling, renting, leasing, transferring, or otherwise disclosing the
16 name, address, birth date, telephone number, e-mail address, Social Security
17 number, credit card number, bank account number, or other financial or identifying
18 personal information of any person from whom or about whom any Defendant
19 obtained such information in connection with activities alleged in Plaintiff's
20 Complaint; and

21 B. Benefiting from or using the name, address, birth date, telephone
22 number, e-mail address, Social Security number, credit card number, bank account
23 number, or other financial or identifying personal information of any person from
24 whom or about whom any Defendant obtained such information in connection with
25 activities alleged in Plaintiff's Complaint;

26 *Provided, however,* that Defendants may disclose such financial or
27 identifying personal information to a law enforcement agency or as required by
28 any law, regulation, or court order.

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VIII.

PERMANENT RECEIVER

A. APPOINTMENT OF PERMANENT RECEIVER

IT IS FURTHER ORDERED that Robb Evans & Associates LLC is appointed Permanent Equity Receiver (“Receiver”) for Receivership Defendants and any of their affiliates, subsidiaries, divisions, or sales or customer service operations, wherever located, with the full power of an equity receiver. The Receiver shall be the agent of this Court, and solely the agent of this Court, in acting as Receiver under this Order. The Receiver shall be accountable directly to this Court. The Receiver shall comply with all Local Rules of this Court governing receivers.

B. RECEIVERSHIP DUTIES

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

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

2. 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 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, that the Receiver shall not attempt to collect any amount from a consumer, if the Receiver believes the

1 consumer was a victim of the unfair or deceptive acts or practices alleged in the
2 Complaint in this matter;

3 3. Use any means necessary to take possession of and to secure all
4 areas of the business premises of the Receivership Defendants. Such steps may
5 include the following as the Receiver deems necessary or advisable: (a) serving
6 this Order; (b) completing a written inventory of all receivership assets; (c)
7 obtaining pertinent information from all employees and other agents of the
8 Receivership Defendants, including the name, home address, Social Security
9 number, job description, method of compensation, and all accrued and unpaid
10 commissions and compensation of each such employee or agent; (d) videotaping
11 all portions of the locations; (e) securing the locations by changing the locks and
12 disconnecting any computer modems or other means of access to the computer or
13 other records maintained at the locations; (f) requiring any persons present on the
14 premises at the time this Order is served to leave the premises, to provide the
15 Receiver with proof of identification, or to demonstrate to the satisfaction of the
16 Receiver that such persons are not removing from the premises documents or
17 assets of the Receivership Defendants; and/or (g) employ the assistance of law
18 enforcement officers as the Receiver deems necessary to implement the provisions
19 of this Order;

20 4. Conserve, hold, and manage all receivership assets, and
21 perform all acts necessary or advisable to preserve the value of those assets, in
22 order to prevent any irreparable loss, damage, or injury to consumers or to
23 creditors of the Receivership Defendants, including obtaining an accounting of the
24 assets and preventing transfer, withdrawal, or misapplication of assets, and
25 including the authority to liquidate or close out any open securities or commodity
26 futures positions of the Receivership Defendants;

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

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

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

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

12 9. Make payments and disbursements from the receivership estate
13 that are necessary or advisable for carrying out the directions of, or exercising the
14 authority granted by, this Order. The Receiver shall apply to the Court for prior
15 approval of any payment of any debt or obligation incurred by the Receivership
16 Defendants prior to the date of entry of this Order, except payments that the
17 Receiver deems necessary or advisable to secure assets of the Receivership
18 Defendants, such as rental payments;

19 10. Determine and implement the manner in which the
20 Receivership Defendants will comply with, and prevent violations of, this Order
21 and all other applicable laws;

22 11. Institute, compromise, adjust, appear in, intervene in, or
23 become party to such actions or proceedings in state, federal or foreign courts that
24 the Receiver deems necessary and advisable to preserve or recover the assets of the
25 Receivership Defendants or that the Receiver deems necessary and advisable to
26 carry out the Receiver's mandate under this Order;

27 12. Defend, compromise, adjust, or otherwise dispose of any or all
28 actions or proceedings instituted in the past or in the future against the Receiver in

1 his or her role as Receiver, or against the Receivership Defendants that the
2 Receiver deems necessary and advisable to preserve the assets of the Receivership
3 Defendants or that the Receiver deems necessary and advisable to carry out the
4 Receiver's mandate under this Order;

5 13. Continue and conduct the business of the Receivership
6 Defendants in such manner, to such extent, and for such duration as the Receiver
7 may 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 Receiver's good faith
10 determination that the business can be lawfully operated at a profit using the assets
11 of the receivership estate;

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

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

19 16. Maintain accurate records of all receipts and expenditures that
20 he or she makes as Receiver;

21 17. Cooperate with reasonable requests for information or
22 assistance from any state or federal law enforcement agency, including Plaintiff;
23 and

24 18. File reports with the Court on a timely and reasonable basis.

25 **C. COOPERATION WITH THE RECEIVER**

26 **IT IS FURTHER ORDERED** that:

27 1. Defendants, Defendants' officers, agents, employees, and
28 attorneys, and all other persons in active concert or participation with any of them,

1 who receive actual notice of this Order, whether acting directly or indirectly, shall
2 fully cooperate with and assist the Receiver. This cooperation and assistance shall
3 include, but not be limited to:

4 a. Providing any information to the Receiver that the
5 Receiver deems necessary to exercising the authority and discharging the
6 responsibilities of the Receiver under this Order;

7 b. Providing any password required to access any computer,
8 electronic file, or telephonic data in any medium; or

9 c. Advising all persons who owe money to the Receivership
10 Defendants that all debts should be paid directly to the Receiver.

11 2. Defendants, Defendants' officers, agents, employees, and
12 attorneys, and all other persons in active concert or participation with any of them,
13 who receive actual notice of this Order, whether acting directly or indirectly, are
14 restrained and enjoined from directly or indirectly:

15 a. Transacting any of the business of the Receivership
16 Defendants;

17 b. Destroying, secreting, defacing, transferring, or otherwise
18 altering or disposing of any documents of the Receivership Defendants, including
19 books, records, accounts, writings, drawings, graphs, charts, photographs, audio
20 and video recordings, computer records, and other data compilations,
21 electronically-stored records, or any other records of any kind or nature;

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

26 d. Excusing debts owed to the Receivership Defendants;

27 e. Failing to notify the Receiver of any asset, including
28 accounts, of the Receivership Defendants held in any name other than the name of

1 the Receivership Defendants, or by any person or entity other than the
2 Receivership Defendants, or failing to provide any assistance or information
3 requested by the Receiver in connection with obtaining possession, custody, or
4 control of such assets;

5 f. Doing any act or refraining from any act whatsoever to
6 interfere with the Receiver's taking custody, control, possession, or managing of
7 the assets or documents subject to this receivership; or to harass or interfere with
8 the Receiver in any way; or to interfere in any manner with the exclusive
9 jurisdiction of this Court over the assets or documents of the Receivership
10 Defendants; or to refuse to cooperate with the Receiver or the Receiver's duly
11 authorized agents in the exercise of their duties or authority under any Order of this
12 Court; or

13 g. Filing, or causing to be filed, any petition on behalf of the
14 Receivership Defendants for relief under the United States Bankruptcy Code, 11
15 U.S.C. § 101 *et seq.*, without prior permission from this Court.

16 **D. DELIVERY OF RECEIVERSHIP PROPERTY**

17 **IT IS FURTHER ORDERED** that:

18 1. Immediately upon entry of this Order upon them, or within such
19 period as may be permitted by the Receiver, Defendants or any other person or
20 entity shall transfer or deliver possession, custody, and control of the following to
21 the Receiver:

22 a. All assets of the Receivership Defendants, including
23 assets subject to repatriation pursuant to Section X, *infra*;

24 b. All documents of the Receivership Defendants, including
25 books and records of accounts, all financial and accounting records, balance sheets,
26 income statements, bank records (including monthly statements, canceled checks,
27 records of wire transfers, and check registers), client lists, title documents and
28 other papers;

1 c. All assets belonging to members of the public now held
2 by the Receivership Defendants; and

3 d. All keys, codes, and passwords necessary to gain or to
4 secure access to any assets or documents of the Receivership Defendants,
5 including access to their business premises, means of communication, accounts,
6 computer systems (onsite and remote), commercial and post office mail boxes,
7 virtual offices, electronic data hosts, or other property.

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

17 **E. TRANSFER OF FUNDS TO THE RECEIVER**

18 **IT IS FURTHER ORDERED** that, upon service of a copy of this Order, all
19 financial institutions, finance companies, commercial lending companies, credit
20 card processing agents or agents providing electronic funds transfer services or
21 automated clearing house processing, brokerage houses, escrow agents, money
22 market or mutual funds, title companies, commodity futures merchants,
23 commodity trading companies, precious metal dealers, trustees, or other financial
24 institutions or depositories of any kind, shall cooperate with all reasonable requests
25 of the Receiver relating to implementation of this Order, including transferring
26 funds at his or her direction and producing records related to the assets of the
27 Receivership Defendants.

1 **F. STAY OF ACTIONS**

2 **IT IS FURTHER ORDERED** that:

3 1. Except by leave of this Court, during pendency of the
4 receivership ordered herein, Defendants and all other persons and entities be and
5 hereby are stayed from taking any action to establish or enforce any claim, right, or
6 interest for, against, on behalf of, in, or in the name of, the Receivership
7 Defendants, any of its subsidiaries, affiliates, partnerships, assets, documents, or
8 the Receiver or the Receiver's duly authorized agents acting in their capacities as
9 such, including the following actions:

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

13 b. Accelerating the due date of any obligation or claimed
14 obligation; filing, perfecting or enforcing any lien; taking or attempting to take
15 possession, custody, or control of any asset; attempting to foreclose, forfeit, alter,
16 or terminate any interest in any asset, whether such acts are part of a judicial
17 proceeding, are acts of self-help, or otherwise, or setoff of any debt owing to the
18 Receivership Defendants that arose before the date of this Order against any claim
19 against the Receivership Defendants;

20 c. Executing, issuing, serving, or causing the execution,
21 issuance or service of, any legal process, including attachments, garnishments,
22 subpoenas, writs of replevin, writs of execution, or any other form of process
23 whether specified in this Order or not; or

24 d. Doing any act or thing whatsoever to interfere with the
25 Receiver taking custody, control, possession, or management of the assets or
26 documents subject to this receivership, or to harass or interfere with the Receiver
27 in any way, or to interfere in any manner with the exclusive jurisdiction of this
28 Court over the assets or documents of the Receivership Defendants.

1 2. This Order does not stay:

2 a. The commencement or continuation of a criminal action
3 or proceeding;

4 b. The commencement or continuation of an action or
5 proceeding by a governmental unit to enforce such governmental unit's police or
6 regulatory power; or

7 c. The enforcement of a judgment, other than a money
8 judgment, obtained in an action or proceeding by a governmental unit to enforce
9 such governmental unit's police or regulatory power.

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

16 **G. COMPENSATION OF RECEIVER**

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

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X.

REPATRIATION OF ASSETS AND DOCUMENTS

IT IS FURTHER ORDERED that Defendants shall:

A. Unless previously completed in full compliance with the TRO, within three (3) business days following entry of this Order, take such steps as are necessary to repatriate to the territory of the United States of America all documents and assets that are located outside such territory and are held by or for Defendants or are under Defendants' direct or indirect control, jointly, severally, or individually;

B. Within three (3) business days following entry of this Order, provide Plaintiff with a full accounting of all documents and assets that are located outside of the territory of the United States of America or that have been transferred to the territory of the United States of America pursuant to Subsection A above and are held by or for any Defendant or are under any Defendant's direct or indirect control, jointly, severally, or individually, including the names and addresses of any foreign or domestic financial institution or other entity holding the documents and assets, along with the account numbers and balances;

C. Hold and retain all such documents and assets and prevent any transfer, disposition, or dissipation whatsoever of any such documents or assets; and

D. Within three (3) business days following entry of this Order, provide Plaintiff access to Defendants' records and documents held by financial institutions or other entities outside the territory of the United States of America, by signing and delivering to Plaintiff's counsel the Consent to Release of Financial Records attached to the TRO as Attachment A.

1 **XI.**

2 **INTERFERENCE WITH REPATRIATION**

3 **IT IS FURTHER ORDERED** that Defendants are restrained and enjoined
4 from taking any action, directly or indirectly, which may result in the encumbrance
5 or dissipation of foreign assets, or in the hindrance of the repatriation required by
6 the preceding Section X of this Order, including:

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

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

16 **XII.**

17 **EXPEDITED DISCOVERY**

18 **IT IS FURTHER ORDERED** that pursuant to Federal Rules of Civil
19 Procedure 30(a), 31(a), 34, and 45, and notwithstanding the provisions of Federal
20 Rules of Civil Procedure 26(d) and (f), 30(a)(2)(A), and 31(a)(2)(A), the parties are
21 granted leave, at any time after entry of this Order to:

22 A. Take the deposition of any person, whether or not a party, for the
23 purpose of discovering the nature, location, status, and extent of the assets of
24 Defendants, and Defendants’ affiliates and subsidiaries; the nature and location of
25 documents reflecting the business transactions of Defendants, and Defendants’
26 affiliates and subsidiaries; the location of any premises where Defendants, directly
27 or through any third party, conduct business operations; the Defendants’
28 whereabouts; and/or the applicability of any evidentiary privileges to this action;

1 and

2 B. Demand the production of documents from any person, whether or not
3 a party, relating to the nature, status, and extent of the assets of Defendants, and
4 Defendants' affiliates and subsidiaries; the nature and location of documents
5 reflecting the business transactions of Defendants, and Defendants' affiliates and
6 subsidiaries; the location of any premises where Defendants, directly or through
7 any third party, conduct business operations; the Defendants' whereabouts; and/or
8 the applicability of any evidentiary privileges to this action.

9 Three (3) days notice shall be deemed sufficient for any such deposition,
10 five (5) days notice shall be deemed sufficient for the production of any such
11 documents, and twenty-four (24) hours notice shall be deemed sufficient for the
12 production of any such documents that are maintained or stored only as electronic
13 data. The provisions of this Section shall apply both to parties to this case and to
14 non-parties. The limitations and conditions set forth in Federal Rules of Civil
15 Procedure 30(a)(2)(A)(ii) and 31(a)(2)(A)(ii) regarding subsequent depositions of
16 an individual shall not apply to depositions taken pursuant to this Section. Any
17 such depositions taken pursuant to this Section shall not be counted toward any
18 limit on the number of depositions under the Federal Rules of Civil Procedure,
19 including those set forth in Federal Rules of Civil Procedure 30(a)(2)(A) and
20 31(a)(2)(A). Service of discovery upon a party, taken pursuant to this Section,
21 shall be sufficient if made through the means described in Section XIV of this
22 Order.

23 **XIII.**

24 **DISTRIBUTION OF ORDER BY DEFENDANTS**

25 **IT IS FURTHER ORDERED** that Defendants shall immediately provide a
26 copy of this Order to each of their corporations, subsidiaries, affiliates, partners,
27 divisions, sales entities, successors, assigns, members, officers, directors,
28 independent contractors, agents, servants, attorneys, spouses, representatives, and

1 any other persons in active concert or participation with them. Within five (5)
2 calendar days following entry of this Order, Defendants shall file with this Court
3 and serve on Plaintiff an affidavit identifying the name, title, addresses, telephone
4 numbers, date of service, and manner of service of the persons and entities
5 Defendants have served with a copy of this Order in compliance with this
6 provision.

7 **XIV.**

8 **SERVICE OF THIS ORDER**

9 IT IS FURTHER ORDERED that copies of this Order may be distributed by
10 United States First Class Mail, overnight delivery, facsimile, electronic mail, or
11 personally, by agents or employees of Plaintiff, by agents or employees of the
12 Receiver, by any law enforcement agency, or by private process server, upon any
13 person, financial institution, or other entity that may have possession or control of
14 any property, property right, document, or asset of any Defendant, or that may be
15 subject to any provision of this Order. Service upon any branch or office of any
16 financial institution or entity shall effect service upon the entire financial
17 institution or entity.

18 **XV.**

19 **CONSUMER REPORTING AGENCIES**

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

23 **XVI.**

24 **SERVICE UPON PLAINTIFF**

25 IT IS FURTHER ORDERED that Defendants shall serve all pleadings,
26 memoranda, correspondence, affidavits, declarations, or other documents related to
27 this Order or Plaintiff's motion for a preliminary injunction by: (1) e-mail to
28 jwei@ftc.gov, slevine1@ftc.gov, or aaustin2@ftc.gov; and (2) facsimile

1 transmission to (312) 960-5600, hand delivery to the offices of the Federal Trade
2 Commission, at 230 S. Dearborn Street, Room 3030, Chicago, Illinois 60604, to
3 the attention of Joannie Wei, or overnight shipment through a third-party
4 commercial carrier for delivery at the address listed above.


5 **XVII.**

6 **RETENTION OF JURISDICTION**

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

9
10 In light of the parties' Stipulation and this Order, the Court **DISCHARGES**
11 the Order to Show Cause Regarding Preliminary Injunction (ECF No. 18 at 28)
12 and **VACATES** the hearing set for October 16, 2017.

13
14 **IT IS SO ORDERED**, this 10th day of October, 2017.

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17 _____
18 GEORGE H. WU, U.S. District Judge for
19 OTIS D. WRIGHT, II, U.S. District Judge
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