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

UNITED STATES OF AMERICA,

Plaintiff,

v.

INTERNET TRANSACTION
SERVICES, INC., et al.,

Defendants.

Civil Case No. 21-6582-JFW (KSx)

**FINAL ORDER OF PERMANENT
INJUNCTION AS TO
DEFENDANT HAROLD SOBEL**

1 On August 13, 2021, the United States of America filed its Complaint for
2 Temporary Restraining Order, Preliminary and Permanent Injunctions, and Other
3 Equitable Relief (the “Complaint”) against Defendant Harold Sobel (“Defendant
4 Sobel” or “Defendant”) and other named Defendants, pursuant to 18 U.S.C. §
5 1345, based on Defendants’ alleged violations of 18 U.S.C. §§ 1343, 1344, and
6 1349. On August 20, 2021, the Court issued its Order granting the United States’
7 Ex Parte Application for a Temporary Restraining Order. On September 2, 2021,
8 the Court issued a Preliminary Injunction.

9 On August 31, 2021, the United States served Defendant Sobel pursuant to
10 Rule 4 of the Federal Rules of Civil Procedure. Under Rule 12, Defendant Sobel’s
11 answer was due on September 21, 2021. To date, Defendant Sobel has failed to
12 appear, answer, or otherwise defend this action. The United States requested entry
13 of default by the clerk on September 22, 2021, and the clerk entered default on
14 September 23, 2021. On October 19, 2021, the government moved for default
15 judgment and the entry of a permanent injunction.

16 **FINDINGS OF FACT AND STATEMENT OF DECISION**

17 The Court, having considered the Complaint, the United States’ motion for
18 default judgment and other filings, and being otherwise advised, finds that:

19 A. This Court has jurisdiction over the United States’ claims against
20 Defendant Sobel.

21 B. Defendant Sobel has failed to answer or otherwise contest the
22 allegations in the Complaint. As such, for purposes of this litigation, those
23 allegations are taken as true. *See Pepsico, Inc. v. California Sec. Cans*, 238 F.
24 Supp. 2d 1172, 1175 (C.D. Cal. 2002) (citing *TeleVideo Systems, Inc. v.*
25 *Heidenthal*, 826 F.2d 915, 917–18 (9th Cir. 1987)) (“Upon entry of default, the
26 well-pleaded allegations of the complaint relating to a defendant’s liability are
27 taken as true[.]”).

1 C. The Complaint alleges, and Defendant Sobel has not contested, that
2 Defendant Sobel has engaged in and is likely to engage in acts or practices that
3 violate 18 U.S.C. §§ 1343, 1344, and 1349. Further, the evidence submitted in this
4 matter, including the Declaration of Postal Inspector Ashlea Bowens (ECF No. 12-
5 1, the “Bowens Declaration”) and the exhibits thereto, demonstrates that Defendant
6 Sobel has taken part in a multi-year fraud scheme through which Defendants have
7 stolen millions of dollars from American consumers and their federally insured
8 financial institutions by making unauthorized debits against consumers’ bank
9 accounts. *See, e.g.*, Bowens Decl. ¶¶ 8, 87. The evidence and pleadings reflect that
10 Defendant Sobel has registered sham entities for use in the scheme, opened bank
11 accounts in the names of those sham entities, and provided co-conspirators control
12 of those accounts, with the intention and knowledge that they would be used to
13 charge unauthorized debits against victims’ accounts. *See* Bowens Decl. ¶¶ 12, 49–
14 69, Exs. 15, 20; Compl. ¶¶ 45–46, 96–100. The evidence and pleadings also
15 demonstrate that Defendant Sobel has engaged in material misrepresentations in
16 furtherance of the scheme, including *via* interstate wire transmission. *See id.* The
17 evidence and pleadings further demonstrate that Defendant Sobel has supervised
18 the scheme’s fraudulent customer service call center, in which capacity he has lied
19 to consumer victims regarding unauthorized debits charged by Defendants. *See id.*

20 D. The evidence and admitted pleadings also reflect that assets held in
21 accounts registered to Shell Entities (as defined below) are the proceeds of bank
22 and wire fraud, which Defendants are likely to attempt to alienate. *See, e.g.*,
23 Bowens Decl. ¶¶ 87–92, Ex. 25.

24 E. 18 U.S.C. § 1345 provides this Court with broad power to order
25 injunctive relief designed to prevent future fraud and preclude the alienation of
26 stolen assets. In light of Defendant Sobel’s pattern of fraudulent conduct, the Court
27 finds it likely that absent a permanent injunction, he will resume fraudulent
28 activities. As such, permanent injunctive relief is necessary.

1 **DEFINITIONS**

2 For the purpose of this Order:

3 A. "Asset" means any legal or equitable interest in, right to, or claim to,
4 any property, wherever located and by whomever held.

5 B. "Corporate Entities" means Defendants Internet Transaction
6 Services, Inc., Intertrans.com, Inc., and each of the "Shell Entities" defined below.

7 C. "Payment Processing Services" means handling credit card
8 transactions, debit card transactions, Automated Clearing House (ACH)
9 transactions, check transactions, money orders, or cash transactions.

10 D. "Person" means any individual, corporation, a partnership, or any
11 other entity.

12 E. "Receiver" means Thomas W. McNamara, and any deputy receivers
13 that shall be named by him.

14 F. "Receivership Entities" means Defendants Internet Transaction
15 Services, Inc.; Intertrans.com, Inc.; as well as any other entity that has conducted
16 any business related to Intertrans' participation in the scheme that is the subject of
17 the Complaint in this matter, including receipt of Assets derived from any activity
18 that is the subject of the Complaint in this matter, and that the Receiver
19 determines is controlled or owned by Intertrans.

20 G. "Shell Entities" means Defendants Be a Kloud LLC; Blue Water
21 LLC; CBX International Inc. (Delaware); CBX International, Inc. (Florida); Delta
22 Cloud LLC; Dollar Web Sales LLC; ECloud Secure LLC; Eastgate View LLC; I-
23 Support Group LLC; My Kloud Box LLC; Newagecloudservices LLC; NRG
24 Support LLC; Silver Safe Box LLC; Silver Safe Box Inc.; Storage VPN LLC; and
25 VPN Me Now LLC.

1 **ORDER**

2 **I. PROHIBITED ACTIVITIES**

3 IT IS ORDERED that Defendant, his agents and attorneys, and all other
4 persons in active concert or participation with him, who receive actual notice of
5 this Order by personal service or otherwise, are permanently restrained and
6 enjoined from:

7 A. Committing or conspiring to commit wire fraud, as defined by 18
8 U.S.C. §§ 1343 and 1349;

9 B. Committing or conspiring to commit bank fraud, as defined by 18
10 U.S.C. §§ 1344 and 1349;

11 C. Charging or debiting any person or entity on behalf of any Shell
12 Entities or for the purported purchase of any Shell Entities' services;

13 D. Debiting funds from consumers' bank accounts without their prior
14 authorization;

15 E. Engaging in any tactics to avoid fraud and risk monitoring programs
16 established by any financial institution, payment processors, or the operators of any
17 payment system, including by using sham transactions, such as the "micro
18 transactions" described in the Complaint, to reduce a bank account's return or
19 chargeback rate, or by using shell corporations to open bank accounts;

20 F. Incorporating or creating any corporate entity for the purpose of
21 debiting funds from consumers' bank accounts without their prior authorization;

22 G. Selling, renting, leasing, transferring, or otherwise disclosing, the
23 name, address, birth date, telephone number, email address, credit card number,
24 bank account number, Social Security number, IP address, or other financial or
25 identifying information of any person that any Defendant obtained in connection
26 with any activity that pertains to the subject matter of the Complaint in this case
27 and this Order; and

1 H. Providing any support or substantial assistance to any Person that
2 Defendant knows is engaged in any of the above activities.

3 **II. COOPERATION WITH RECEIVER AND ASSET FREEZE**

4 For any Corporate Entities' or Receivership Entities' Assets within the
5 control of Defendant, his agents and attorneys, and/or all other persons in active
6 concert or participation with him, Defendant shall:

7 A. Hold, preserve, and retain within his control and prohibit the
8 withdrawal, removal, alteration, assignment, transfer, pledge, encumbrance,
9 disbursement, dissipation, relinquishment, conversion, sale, or other disposal of
10 any Asset, as well as all Documents or other property related to such Assets,
11 except by further order of this Court or by direction of the Receiver;

12 B. Fully cooperate with and assist the Receiver in taking and maintaining
13 possession, custody, or control of the Receivership Entities' Assets; and

14 **III. COMPLIANCE MONITORING**

15 For a period of five (5) years after the date of entry of this Order, Defendant
16 must notify the United States if he:

17 A. Creates, operates, is employed by, or otherwise becomes involved in
18 any business or entity that provides, or consults or provides advice regarding
19 Payment Processing Services;

20 B. Creates, operates, is employed by, or otherwise becomes involved in
21 any business or entity that monitors return or chargeback rates for any other
22 business or corporate entity; and/or provides advice or consulting on how to lower
23 or manage return or chargeback rates for any business or corporate entity;

24 C. Creates, operates, is employed by, or otherwise becomes involved in
25 any business or entity that purports to offer cloud computing services, identity theft
26 protection services, or technology support services; and/or

27 D. Creates, operates, or exercises control over any business entity,
28 whether newly formed or previously inactive. Defendant must also provide the

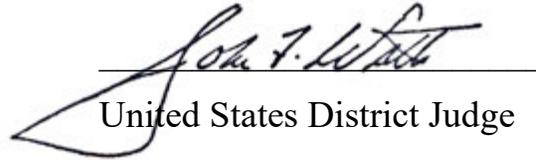
1 United States with a written statement disclosing: (1) the name of the business
2 entity; (2) the address and telephone number of the business entity; (3) the names
3 of the business entity's officers, directors, principals, managers, and employees;
4 and (4) a detailed description of the business entity's intended activities.

5 **IV. RETENTION OF JURISDICTION**

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

8
9 SO ORDERED

10
11 DATED this 18th day of November, 2021

12
13 
14 United States District Judge