

ROBB EVANS
Receiver of
Asset Protection Group, Inc., et al.
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Federal Trade Commission v. Asset Protection Group, Inc., et al.
CASE No. 4:96 CV02225 SNL

Amended Civil Contempt Order as to Contempt Defendants
Richard C. Neiswonger, William S. Reed and Asset Protection Group, Inc.

Filed July 30, 2008

defendants”), in civil contempt for violations of the Permanent Injunction; and

WHEREAS this Court found the contempt defendants in civil contempt of the Permanent Injunction, and, on April 23, 2007, issued a Memorandum Opinion, a Civil Contempt Order, an Order, and a Second Permanent Injunction Modifying Permanent Injunction as to Defendant Neiswonger (#123); and

WHEREAS this Court indicated in its Civil Contempt Order that it would amend that Order to include a monetary sanction levied against the contempt defendants, and, having considered the full record,

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED as follows:

DEFINITIONS

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

A. “Assets” means any legal or equitable interest in, right to, or claim to, any and all real and personal property of the contempt defendants, or held for the benefit of the contempt defendants, including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, inventory, checks, notes, accounts, credits, receivables, shares of stock, contracts, and all cash and currency, or other assets, or any interest therein, wherever located.

B. “Contempt defendants” means Richard C. Neiswonger, William S. Reed, and Asset Protection Group, Inc., (“APG”) and each of them, individually and jointly, and their successors and assigns.

C. “Receiver” means Robb Evans, of Robb Evans & Associates, LLC.

D. “Receivership Defendant” means APG and its subsidiaries, affiliates, divisions,

successors, and assigns.

**I.
CONTEMPT JUDGMENT AGAINST RICHARD C. NEISWONGER**

IT IS ORDERED that

A. Judgment is entered in favor of the FTC against contempt defendant Neiswonger in the amount of \$3,213,719.13 as disgorgement of Neiswonger's proceeds from his contumacious conduct. This amount is immediately due and payable.

B. All payments made to the Commission to satisfy this judgment shall be made by wire transfer in accordance with directions provided by the Commission.

C. All funds attributed to Neiswonger by the Receiver and turned over by the Receiver to the Commission or its designated agent pursuant to Section VII.D of this Order shall offset the amount set forth in Paragraph A of this Section.

D. The Commission may execute upon this judgment immediately and obtain discovery, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 69.

**II.
TURNOVER OF ASSETS
HELD BY OR FOR THE BENEFIT OF RICHARD C. NEISWONGER**

IT IS FURTHER ORDERED that if Neiswonger fails to pay the entire amount set forth in Section I.A within 10 days of entry of this Order:

A. Neiswonger shall immediately complete the sworn financial disclosure form attached as Appendix A in order to disclose all assets located in the United States or elsewhere, which are held by Neiswonger, for Neiswonger's benefit, or under Neiswonger's direct or indirect control, individually or jointly, as of the date of entry of this Order. Upon completion, Neiswonger shall immediately provide the sworn disclosure form to the FTC and the Receiver.

B. Neiswonger shall relinquish all right, title, and interest in all of the assets described in the following subparagraphs, and shall take all steps necessary, if any, to turn over such assets to the Commission or the Receiver as provided.

1. Neiswonger shall immediately cause to be transferred all assets held by Neiswonger, or for the benefit of Neiswonger, outside the territory of the United States to the Commission or its designee or agent, by wire transfer in accordance with directions provided by the Commission.

2. Neiswonger shall immediately transfer all funds held in any account(s) in his name or for his benefit as of the date of entry of this Order at A.G. Edwards, Inc., a division of Wachovia Securities, LLC, and its parent corporations, subsidiaries, or affiliates, to the Commission, or its designee or agent, by wire transfer in accordance with directions provided by the Commission.

3. Neiswonger shall, upon the expiration of 20 days after entry of this Order, cause to be transferred to the Receiver, in a form satisfactory to the Receiver, title to the real property located at 9509 Verlaine Court, Las Vegas, NV 89145, identified in Neiswonger's sworn financial statement dated August 2, 2006. The Receiver shall sell the property, use the proceeds of the sale to pay any legitimate liens and necessary expenses in connection with such sale, and add the resulting proceeds, less any administrative expenses of the Receiver, to the receivership estate. Any transfer fees, taxes, or other payments mandated from a transferor by law shall be paid from the proceeds of the sale at the time the property is sold.

4. Neiswonger shall, upon the expiration of 20 days after entry of this Order, cause to be transferred to the Receiver the following assets held by him or by others for his benefit as of the date of entry of this Order: (1) title, in a form satisfactory to the Receiver, to

any real property not set forth in Paragraph 3 of this Section; (2) title to, in a form satisfactory to the Receiver, and possession of, any motor vehicles; and (3) any other asset with a fair market value greater than \$50,000. Regarding the assets transferred to the Receiver pursuant to this Paragraph, the Receiver shall: (1) add the proceeds from any liquidated assets to the receivership estate; and (2) sell any non-liquidated assets, use the proceeds of the sale(s) to pay any legitimate liens and necessary expenses in connection with such sale(s), and add the resulting proceeds, less any administrative expenses of the Receiver, to the receivership estate. Any transfer fees, taxes, or other payments mandated from a transferor by law shall be paid from the proceeds of the sale at the time the asset is sold.

5. Neiswonger shall immediately upon demand of the Receiver, cause to be transferred to the Receiver any asset held by or for the benefit of Neiswonger that is identified: (1) by the Receiver; or (2) by Neiswonger in the accounting provided pursuant to Section II.A.

Provided, however, that the Receiver shall have the discretion, with the concurrence of the Commission, to decline to accept a transfer of any asset by or for the benefit of Neiswonger pursuant to this Section, and, to the extent the Receiver does not accept an asset, Neiswonger shall no longer have an obligation to transfer such asset.

Provided further, that if the value of assets turned over pursuant to this Section, after liquidation, exceeds the amount of the monetary judgment against Neiswonger set forth in Section I.A, Neiswonger shall be refunded any amount in excess of such judgment.

**III.
CONTEMPT JUDGMENT AGAINST WILLIAM S. REED AND
ASSET PROTECTION GROUP, INC.**

IT IS FURTHER ORDERED that

- A. Judgment is entered in favor of the FTC against contempt defendants Reed and APG jointly and severally in the amount of \$5,752,093.77 as disgorgement of Reed and APG's proceeds from their contumacious conduct. This amount is immediately due and payable.
- B. All payments made to the Commission to satisfy this judgment shall be made by wire transfer in accordance with directions provided by the Commission.
- C. All funds attributed to Reed or APG by the Receiver and turned over by the Receiver to the Commission or its designated agent pursuant to Section VII.D of this Order shall offset the amount set forth in Paragraph A of this Section.
- D. The Commission may execute upon this judgment immediately and obtain discovery, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 69.

**IV.
TURNOVER OF ASSETS
HELD BY OR FOR THE BENEFIT OF WILLIAM S. REED**

IT IS FURTHER ORDERED that if Reed fails to pay the amount set forth in Section III.A within 10 days of entry of this Order:

- A. Reed shall immediately complete the sworn financial disclosure form attached as Appendix A in order to disclose all assets located in the United States or elsewhere, which are held by Reed, for Reed's benefit, or under Reed's direct or indirect control, individually or jointly, as of the date of entry of this Order. Upon completion, Reed shall immediately provide the sworn disclosure form to the FTC and the Receiver.
- B. Reed shall relinquish all right, title, and interest in all of the assets described in

the following subparagraphs, and shall take all steps necessary, if any, to turn over such assets to the Commission or the Receiver as provided.

1. Reed shall immediately cause to be transferred all assets held by Reed, or for the benefit of Reed, located outside the territory of the United States to the Commission or its designee or agent, by wire transfer in accordance with directions provided by the Commission.

2. Reed shall immediately cause to be transferred to the Receiver, in a form satisfactory to the Receiver, title to the real properties identified in the Declaration of Brick Kane Constituting Special Report of Receiver Dated March 26, 2008 (#236) located at: (1) 9700 Royal Lamb Drive, Las Vegas, NV; (2) 9716 Royal Lamb Drive, Las Vegas, NV; and (3) 555 E. Arrellaga #7, Santa Barbara, CA. The Receiver shall sell those properties, use the proceeds of the sales to pay any legitimate liens and necessary expenses in connection with such sales, and add the resulting proceeds, less any administrative expenses of the Receiver, to the receivership estate. Any transfer fees, taxes, or other payments mandated from a transferor by law shall be paid from the proceeds of the sale at the time the property is sold.

3. Reed shall, upon the expiration of 20 days after entry of this Order, cause to be transferred to the Receiver: (1) title, in a form satisfactory to the Receiver, to the 2003 BMW 540i automobile and (2) title, in a form satisfactory to the Receiver, to the 2002 BMW R1150RT motorcycle identified in Reed's sworn financial statement dated July 31, 2006. The Receiver shall sell the automobile and motorcycle, use the proceeds of the sales to pay any legitimate liens and necessary expenses, and add the resulting proceeds, less any administrative expenses of the Receiver, to the receivership estate. Any transfer fees, taxes, or other payments mandated from a transferor by law shall be paid from the proceeds of the sale at the time the vehicle and motorcycle are sold.

4. Reed shall, upon the expiration of 20 days after entry of this Order, cause to be transferred to the Receiver the following assets held by him or by others for his benefit as of the date of entry of this Order: (1) title, in a form satisfactory to the Receiver, to any real property not set forth in Paragraph 2 of this Section; (2) title to, in a form satisfactory to the Receiver, and possession of, any motor vehicles not set forth in Paragraph 3 of this section; and (3) any other asset with a fair market value greater than \$50,000. Regarding the assets transferred to the Receiver pursuant to this Paragraph, the Receiver shall: (1) add the proceeds from any liquidated assets to the receivership estate; and (2) sell any non-liquidated assets, use the proceeds of the sale(s) to pay any legitimate liens and necessary expenses in connection with such sale(s), and add the resulting proceeds, less any administrative expenses of the Receiver, to the receivership estate. Any transfer fees, taxes, or other payments mandated from a transferor by law shall be paid from the proceeds of the sale at the time the asset is sold.

5. Reed shall immediately, upon demand of the Receiver, cause to be transferred to the Receiver any asset held by or for the benefit of Reed that is identified: (1) by the Receiver; or (2) by Reed in the accounting provided pursuant to Section IV.A.

Provided, however, that the Receiver shall have the discretion, with the concurrence of the Commission, to decline to accept a transfer of any asset by or for the benefit of Reed pursuant to this Section, and, to the extent the Receiver does not accept an asset, Reed shall no longer have an obligation to transfer such asset.

Provided further, that if the value of assets turned over pursuant to this Section, after liquidation, exceeds the amount of the monetary judgment against Reed set forth in Section III, Reed shall be refunded any amount in excess of such judgment.

**V.
TURNOVER OF ASSETS
HELD BY OR FOR THE BENEFIT OF ASSET PROTECTION GROUP, INC.**

IT IS FURTHER ORDERED that, in partial satisfaction of the contempt judgment against APG set forth in Section III, within 10 days of receiving notice of this Order, any financial or brokerage institution, escrow agent, title company, commodity trading company, trust, entity, or person that holds, controls, or maintains custody of any account, asset, fund, or property that is owned by, or held for the benefit of, contempt defendant APG, shall deliver possession and custody of all such accounts, assets, funds, or properties to the Receiver.

**VI.
ASSET FREEZE**

IT IS FURTHER ORDERED that the asset freeze imposed in Section III of the Preliminary Injunction entered by the Court on June 12, 2007 shall remain in effect, as follows:

A. As to contempt defendant Neiswonger until he complies with the provisions of Section II of this Order and the FTC files a notice with the Court certifying, or the Court otherwise finds upon motion, that Neiswonger has complied with the provisions of Section II, at which time the asset freeze shall dissolve without further order of the Court; and

B. As to contempt defendant Reed until he complies with the provisions of Section IV of this Order and the FTC files a notice with the Court certifying, or the Court otherwise finds upon motion, that Reed has complied with the provisions of Section IV, at which time the asset freeze shall dissolve without further order of the Court;

Provided, however, that the contempt defendants may transfer assets to the Commission and the Receiver pursuant to Sections I through V of this Order.

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**VII.
COMPLETION OF RECEIVERSHIP**

IT IS FURTHER ORDERED that the Receiver shall continue to operate under all prior orders of the Court and:

A. The Receiver is directed to take all steps advisable to locate and liquidate all assets of the Receivership Defendant and add them to the receivership estate, to the extent the Receiver has not already done so, including canceling the Receivership Defendant's contracts, collecting on amounts owed to the Receivership Defendant, and taking such other steps necessary to terminate and dissolve the receivership defendant efficiently;

B. The Receiver is directed to continue to exercise full control of the Receivership Defendant until the Receivership is terminated pursuant to Paragraph C of this Section, including carrying out all of the duties listed in Sections V, VI, and XIII of the Court's June 12, 2007 Preliminary Injunction. The Receiver may continue to file periodic requests for payment of reasonable compensation as provided for in Section XV of the Preliminary Injunction, until submission of the Final Report described in Paragraph C of this Section.

C. The Receiver is directed to, within 180 days of the date of this Order, unless good cause is shown to extend the receivership beyond 180 days, file and serve on the parties a final report (the "Final Report") and request for fees and expenses. Any party may object within 15 days of receipt of the Final Report. Upon submission of the Final Report or upon this Court's Order for final payment, whichever is later, the Receivership shall terminate.

D. The Receiver is directed to transfer, after payment of the Receiver's compensation and expenses, all remaining funds of the receivership estate to the Commission, or its designee or agent, by wire transfer in accordance with directions provided by the

Commission. Receivership estate funds shall include the amounts collected from or for the benefit of contempt defendants pursuant to Sections II, IV, and V of this Order. The Receiver shall set forth, in a document filed with this Court, the total amount of funds collected by the Receiver pursuant to Sections II, IV, and V of this Order that are attributed to each contempt defendant.

E. All funds paid to the Commission or its agent as disgorgement pursuant to Sections I through V and VII of this Order shall be deposited to the United States Treasury.

F. Contempt defendants Neiswonger and Reed shall cooperate fully with the Receiver in: (1) pursuing any and all claims by the receivership against third parties; (2) assisting the Receiver in defending any and all actions or claims brought against the receivership by third parties; and (3) executing any documents necessary to transfer assets or ownership interests to the Receiver pursuant to the terms of this Order.

G. The Receiver has obtained a tax identification number for a Qualified Settlement Fund ("QSF"). The Court hereby approves the QSF and effective July 17, 2006, the receivership estate shall be taxed as a QSF as provided in Internal Revenue Code Section 468B and Treasury Regulation Section 1.468B-1. The Receiver is authorized, in the Receiver's discretion, to have assets of the receivership estate, including the assets to be transferred pursuant to this Order, transferred to the QSF.

VIII. SEVERABILITY

IT IS FURTHER ORDERED that the provisions of this Order are separate and severable from one another. If any provision is stayed or determined to be invalid, the remaining provisions shall remain in full force and effect.

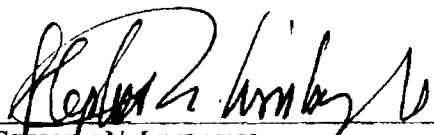
**IX.
RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

**X.
ENTRY OF ORDER**

IT IS FURTHER ORDERED that there is no just reason for delay of entry of this Order, and, pursuant to Fed. R. Civ. P. 54(b), the Clerk shall enter this Order immediately.

IT IS SO ORDERED, this 30th day of July, 2008.


STEPHEN N. LIMBAUGH
Senior United States District Judge
United States District Court for the
Eastern District of Missouri