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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

**Plaintiff's Response to Receiver's Application for Order to Show Cause
Against Contempt Defendant Reed**

Filed February 7, 2007

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI**

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FEDERAL TRADE COMMISSION,)	
)	
	Plaintiff,)	Case No. 4:96CV02225 SNL
	v.)	
)	Judge Limbaugh
RICHARD C. NEISWONGER, et al.,)	
)	
	Defendants.)	
<hr/>)	

**PLAINTIFF'S RESPONSE TO RECEIVER'S APPLICATION
FOR ORDER TO SHOW CAUSE AGAINST CONTEMPT DEFENDANT REED**

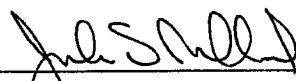
Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), hereby responds to, and formally joins in, the receiver's January 26, 2007 Application for an Order to Show Cause ("Application") against contempt defendant William S. Reed ("Reed").

Contempt defendant Reed has flouted the Court's Temporary Restraining Order, dated July 17, 2006. As the receiver's Application demonstrates, Reed has covertly cashed checks, secretly opened bank accounts, surreptitiously transacted certain business of the receivership defendant, silently diverted assets subject to the Court's jurisdiction, and engaged in other contumacious conduct, without the knowledge or permission of the receiver, in violation of the Temporary Restraining Order. *See, e.g.*, Appl. at 2-4, 7-13.

The Court should not countenance contempt defendant Reed's violations of the Temporary Restraining Order. Reed's recent violations mark yet another chapter in his

history of contumacious and dishonest conduct.¹ Most disturbingly, Reed's violations of the Temporary Restraining Order have frustrated the Court's mandate to its receiver to "assume full control of the Receivership Defendant," and to "[c]onserve, hold, and manage all receivership assets . . . in order to prevent any irreparable loss, damage, or injury to consumers." TRO at 10 ¶¶ VI.A., VI.D. The relief requested by the receiver is necessary and appropriate to remedy the harm caused by Reed's most recent contumacious conduct. Accordingly, the Commission respectfully joins the receiver's Application for an Order to Show Cause.

Respectfully submitted,



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Date: February 7, 2007

* Mr. Millard and Ms. Claybaugh are attorneys employed by the United States Federal Trade Commission. They are licensed to practice law in states other than Missouri, and appear in this matter consistent with E.D. Mo. L.R. 83-12.01(A).

¹ The Commission already has submitted substantial evidence of Reed's prior violations of the Permanent Injunction, his false and misleading statement that he had "no knowledge" of the Permanent Injunction, and his continued suspension from the practice of law for dishonesty in state judicial proceedings. See Pl.'s Findings of Fact & Concls. of Law (Nov. 6, 2006); see also PX04, *Colorado v. Reed*, 942 P.2d 1204, 1205 (Colo. 1997) (reporting that "a district judge ruled that the respondent actually received substantial sums of money from [his firm], and that the respondent and his firm failed to disclose this information wilfully and with the intent to defraud").

CERTIFICATE OF SERVICE

I certify that on February 7, 2007, the foregoing was filed electronically with the Clerk of Court to be served by operation of the Court's electronic filing system upon the following:

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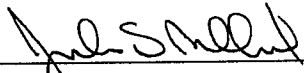
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I further certify that on February 7, 2007, the foregoing was mailed by United States Postal Service to the following non-participants in Electronic Case Filing:

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