

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

GRANT CONNECT, LLC; GLOBAL GOLD,
INC.; HORIZON HOLDINGS, LLC;
O'CONNELL GRAY, LLC; PINK LP; VANTEX
GROUP, LLC; VERTEK GROUP, LLC;
RACHAEL A. COOK; JAMES J. GRAY;
STEVEN R. HENRIKSEN; JULIETTE M.
KIMOTO; AND RANDY D. O'CONNELL,

Defendants.

No. 2:09-CV-01349-PMP-RJJ

**STIPULATED PRELIMINARY INJUNCTION AS TO
DEFENDANTS GRANT CONNECT, LLC; HORIZON HOLDINGS, LLC;
O'CONNELL GRAY, LLC; JAMES J. GRAY; AND RANDY D. O'CONNELL**

THIS MATTER comes before the Court upon the stipulation of the Plaintiff, the Federal Trade Commission ("FTC"), and Defendants, Grant Connect, LLC, Horizon Holdings, LLC, O'Connell Gray, LLC, James J. Gray, and Randy D. O'Connell (collectively "Reno Defendants") for the entry of a Preliminary Injunction against the Reno Defendants.

WHEREAS, the FTC has filed its Complaint for Injunction and Other Equitable Relief pursuant to Sections 13(b) of the Federal Trade Commission Act, 15 U.S.C. §§ 53(b), and applied for a Preliminary Injunction with asset freeze pursuant to Rule 65(a) of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 65(a);

WHEREAS, on July 28, 2009, the Court, having considered the Complaint, the FTC's *ex parte* application for a temporary restraining order and preliminary injunction, declarations, exhibits, and the memorandum of points and authorities filed in support thereof, and being otherwise advised, granted a Temporary Restraining Order ("TRO") against all Defendants named in the FTC's Complaint, including the Reno Defendants;

1 WHEREAS, this Court has jurisdiction over the subject matter of this case, and there is
2 good cause to believe it will have jurisdiction of all parties hereto and that venue in this district is
3 proper;

4 WHEREAS, there is good cause to believe that Defendants Grant Connect, LLC; Global
5 Gold, Inc.; Horizon Holdings, LLC; O'Connell Gray, LLC; Pink LP; Vantex Group, LLC;
6 Vertek Group, LLC; Rachael A. Cook; James J. Gray; Steven R. Henriksen; Juliette M. Kimoto;
7 and Randy D. O'Connell, (collectively "Defendants") have engaged in and are likely to engage
8 in acts and practices that violate Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. §
9 45(a), Section 907(a) of the Electronic Funds Transfer Act, 15 U.S.C. §§ 1693e(a) ("EFTA");
10 and Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b) ("Regulation E"), and the
11 Commission is therefore likely to prevail on the merits of this action;

12 WHEREAS, there is good cause to believe that immediate and irreparable harm will
13 result from Reno Defendants' ongoing violations of the FTC Act, the EFTA, and Regulation E
14 unless Defendants are restrained and enjoined by Order of this Court;

15 WHEREAS, there is good cause to believe that immediate and irreparable damage to this
16 Court's ability to grant effective final relief for consumers, including monetary restitution,
17 rescission or refunds, will occur from the sale, transfer, or other disposition or concealment by
18 Defendants of their assets or records without an injunction;

19 WHEREAS, good cause exists for (a) the continued appointment of a Receiver over the
20 Reno Defendants; (b) the freezing of the Reno Defendants' assets; and (c) ancillary relief;

21 WHEREAS, weighing the equities and considering Plaintiff's likelihood of ultimate
22 success on the merits, a preliminary injunction with an asset freeze, the appointment of a
23 Receiver, and other equitable relief is in the public interest;

24 WHEREAS, Plaintiff FTC is an independent agency of the United States of America and
25 no security is required of any agency of the United States for the issuance of a preliminary

1 injunction. Fed. R. Civ. P. 65(c);

2 WHEREAS, the FTC and the Reno Defendants, each of which is represented by counsel
3 for purposes of this stipulation, HEREBY STIPULATE TO THE FOLLOWING:

4 **ORDER**

5 **DEFINITIONS**

6 For the purpose of this Preliminary Injunction (“Order”), the following definitions shall
7 apply:

- 8 1. “**Asset**” means any legal or equitable interest in, right to, or claim to, any real,
9 personal, or intellectual property including, but not limited to, chattel, goods,
10 instruments, equipment, fixtures, general intangibles, effects, leaseholds, contracts,
11 mail or other deliveries, shares or stock, securities, inventory, checks, notes, accounts,
12 credits, receivables (as those terms are defined in the Uniform Commercial Code),
13 cash, trusts, including but not limited to asset protection trusts, and reserve funds or
14 other accounts associated with any payments processed on behalf of any Defendant,
15 including, but not limited to, such reserve funds held by a payment processor, credit
16 card processor, or bank.
- 17 2. “**Assisting others**” includes knowingly providing any of the following goods or
18 services to another entity: (1) performing customer service functions, including, but
19 not limited to, charging consumers for products or services, or receiving or
20 responding to consumer complaints; (2) formulating or providing, or arranging for the
21 formulation or provision of, any promotional material; (3) providing names of, or
22 assisting in the generation of, potential customers; or (4) performing promotional or
23 marketing services of any kind, including but not limited to, creating, hosting, or
24 maintaining websites, or recruiting affiliates; or (5) processing credit and debit card
25 payments.

1 3. **“Charge”** means any amount charged or debited to a consumer’s credit card,
2 debit card, checking, savings, share or similar financial account, or collected from a
3 consumer by any other method.

4 4. **“Clearly and Conspicuously”**

5 a. with regard to print advertisements, solicitations, or other
6 promotional material, the disclosure shall be in a type size and location
7 sufficiently noticeable for an ordinary consumer to read and comprehend
8 it, in print that contrasts with the background against which it appears; and
9 in multi-page promotional materials, the disclosure shall appear on the
10 cover or first page;

11 b. with regard to Internet advertisements, solicitations, or other
12 promotional material, the disclosure shall be made next to any advertised
13 price or cost (including free), and where consumers’ financial account
14 information is required, without the use of pop-up windows or hyperlinks
15 to other electronic pages to display Material information.

16 5. **“Continuity Program”** means any plan, arrangement, or system under which a
17 consumer is periodically charged for products or services, including but not limited to
18 access to a “member only” website, without prior notification by the seller before
19 each charge, regardless of any trial or approval period allowing the consumer to
20 cancel the program

21 6. **“Defendants”** means Grant Connect, LLC; Global Gold, Inc.; Horizon Holdings,
22 LLC; O’Connell Gray, LLC; Pink LP; Vantex Group, LLC; Vertek Group, LLC;
23 Rachael A. Cook; James J. Gray; Steven R. Henriksen; Juliette M. Kimoto; and
24 Randy D. O’Connell.

1 7. **“Document”** is synonymous in meaning and equal in scope to the usage of the
2 term in the Federal Rules of Civil Procedure 34(a), and includes writing, drawings,
3 graphs, charts, Internet sites, Web pages, Web sites, electronic correspondence,
4 including e-mail and instant messages, photographs, audio and video recordings,
5 contracts, accounting data, advertisements (including, but not limited to,
6 advertisements placed on the World Wide Web), FTP Logs, Server Access Logs,
7 USENET Newsgroup postings, World Wide Web pages, books, written or printed
8 records, handwritten notes, telephone logs, telephone scripts, receipt books, ledgers,
9 personal and business canceled checks and check registers, bank statements,
10 appointment books, computer records, and other data compilations from which
11 information can be obtained and translated, if necessary, through detection devices
12 into reasonably usable form. A draft or non-identical copy is a separate document
13 within the meaning of the term.

14 8. **“Host”** or **“Hosting Company”** means the person or entity that provides the
15 infrastructure for a computer service. With respect to Web pages and websites, a Host
16 or Hosting Company maintains “Web servers” - the computers on which websites and
17 pages reside. The Host or Hosting Company also maintains the communication lines
18 required to link the server to the Internet.

19 9. **“Material”** means likely to affect a person’s choice of, or conduct regarding,
20 goods or services;

21 10. **“Negative Option feature”** means, in an offer or agreement to sell or provide any
22 goods or services, a provision under which the customer's silence or failure to take an
23 affirmative action to reject goods or services or to cancel the agreement is interpreted
24 by the seller as acceptance of the offer;

25

1 Representatives, whether acting directly or through any entity, corporation, subsidiary, division,
2 director, manager, member, affiliate, independent contractor, accountant, financial advisor, or
3 other device, are **hereby preliminarily restrained and enjoined from:**

4 **A.** Misrepresenting, directly or indirectly, expressly or by implication, or from assisting
5 others who are misrepresenting, any consumer's eligibility to receive, or the likelihood of
6 receiving, a grant or other financial assistance from the government or any other source;

7 **B.** Making any representation, expressly or by implication, concerning Defendants'
8 success rate in securing grants or any person's likelihood of receiving a grant, unless Reno
9 Defendants possess and rely upon reliable evidence that substantiates the representation at the
10 time the representation is made;

11 **C.** Failing to disclose, Clearly and Conspicuously, all applicable material terms
12 regarding any and all products and services sold, marketed, promoted, or distributed by
13 Defendants, including but not limited to:

- 14 **1.** all products and services that are part of the sales offer, including but not
15 limited to, all goods and services provided by third parties and/or affiliates;
- 16 **2.** all Continuity Programs associated with the sales offer;
- 17 **3.** in conjunction with any Continuity Program:
 - 18 **a.** that consumers are signing up for a Continuity Program;
 - 19 **b.** the length of any trial period;
 - 20 **c.** that consumers who do not take affirmative action to cancel the
21 Continuity Program within the trial period will incur a Charge by
22 Defendants;
 - 23 **d.** the Charge(s) that Defendants impose on consumers who do not
24 cancel within the trial period, and the date(s) the Charge(s) will be
25 submitted for payment; and

1 e. the specific steps consumers must follow to cancel enrollment in all
2 Continuity Programs to avoid incurring any Charge;

3 4. any other Negative Option feature of any product or service that is part of the
4 sales offer;

5 5. the amount of all Charges for all products and services that are part of the
6 sales offer, including but not limited to, any Continuity Program, and goods
7 and services provided by third parties; and

8 6. Defendants' refund policy.

9 D. Continuing to charge the credit card of any consumer for the purchase of Defendants'
10 grant-related publications, products, goods, services, or programs;

11 E. Charging the credit or debit card, or debiting the bank account, of any consumer who
12 was enrolled in any Continuity Program without receiving clear and conspicuous disclosures, as
13 described in this Section, of the material terms of such program; and

14 F. Misrepresenting, directly or indirectly, expressly or by implication, or from
15 knowingly assisting other who are misrepresenting, any other fact material to a consumer's
16 decision to purchase Defendants' products or services.

17 **II.**

18 **ACTIVITIES PROHIBITED PURSUANT TO**
19 **THE ELECTRONIC FUNDS TRANSFER ACT**

20 **IT IS FURTHER ORDERED** that Reno Defendants and their Representatives, whether
21 acting directly or through any entity, corporation, subsidiary, division, director, manager,
22 member, affiliate, independent contractor, accountant, financial advisor, or other device, **are**
23 **hereby preliminarily restrained and enjoined from:**

24 A. Failing to obtain written authorization for preauthorized Electronic Fund Transfers
25 from a consumer's account before initiating any Preauthorized Electronic Fund Transfer, as

1 required by Section 907(a) of EFTA, 15 U.S.C. § 1693e(a) and Section 205.10(b) of Regulation
2 E, 12 C.F.R. § 205.10(b) as more fully set out in Section 205.10 of the Federal Reserve Board's
3 Official Staff Commentary to Regulation E, 12 C.F.R. § 205, Supp. I; and

4 **B.** Failing to provide a copy of a valid written authorization to the consumer for
5 preauthorized Electronic Fund Transfers from a consumer's account, as required by Section
6 907(a) of EFTA, 15 U.S.C. § 1693e(a) and Section 205.10(b) of Regulation E, 12 C.F.R.
7 § 205.10(b), as more fully set out in Section 205.10 of the Federal Reserve Board's Official Staff
8 Commentary to Regulation E, 12 C.F.R. § 205, Supp. I.

9 **III.**

10 **ASSET FREEZE**

11 **IT IS FURTHER ORDERED** that Reno Defendants and their Representatives, whether
12 acting directly or through any entity, corporation, subsidiary, division, director, manager,
13 member, affiliate, independent contractor, accountant, financial advisor, or other device, are
14 **hereby preliminarily restrained and enjoined** from:

15 **A.** Transferring, liquidating, converting, encumbering, pledging, loaning, selling,
16 concealing, dissipating, disbursing, assigning, relinquishing, spending, withdrawing, granting a
17 lien or security interest in, or otherwise disposing of any funds, real or personal property,
18 accounts, contracts, shares of stock, lists of consumer names, or other assets, but wherever
19 located, including outside the United States, that are:

- 20 1. owned or controlled, in whole or in part by any Defendant;
- 21 2. held for the benefit of, directly or indirectly, any Defendant, in whole or in
- 22 part;
- 23 3. in the actual or constructive possession of any Defendant;
- 24 4. held by an agent of any Defendant as a retainer for the agent's provision of
- 25 services to Defendants; or

- 1 5. owned or controlled by, or in the actual or constructive possession of or
2 otherwise held for the benefit of, any corporation, partnership, asset protection
3 trust, or other entity that is directly or indirectly owned, managed, controlled
4 by any of the Defendants, or of which any Defendant is an Officer, Director,
5 Member, or Manager. This includes, but is not limited to, any assets held by,
6 for, or subject to access by, any of the Defendants at any bank or savings and
7 loan institution, or with any broker-dealer, escrow agent, title company,
8 commodity trading company, precious metal dealer, or other financial
9 institution or depository of any kind; or
10 6. held in any account for which any Defendant is an authorized signer.

11 **B.** Opening or causing to be opened, unless accompanied by Counsel for the
12 Commission, any safe deposit boxes titled in the name of any Defendant, either individually or
13 jointly, or subject to access by any Defendant;

14 **C.** Obtaining a personal or secured loan encumbering the assets of any Defendant, or
15 subject to access by any Defendant;

16 **D.** Incurring liens or other encumbrances on real property, personal property, or
17 other assets in the name, singly or jointly, of any Defendant or of any corporation, partnership, or
18 other entity directly or indirectly owned, managed, or controlled by any Defendant; or

19 **E.** Incurring charges or cash advances on any credit or bank card issued in the name,
20 individually or jointly, of any Reno Corporate Defendant or any corporation, partnership, or
21 other entity directly or indirectly owned, managed, or controlled by any Defendant or of which
22 any Defendant is an Officer, Director, Member, or Manager. This includes, but is not limited to,
23 any corporate bank or credit card account for which any Reno Defendant is an authorized signor.

24 **IT IS FURTHER ORDERED** that the assets affected by this Section shall include
25 assets (a) existing as of July 28, 2009, or (b) acquired by any Defendant on or after July 28,

1 2009, if such assets are derived from any activity that is the subject of or is prohibited by this
2 Order.

3 **IV.**

4 **DUTIES OF ASSET HOLDERS**

5 **IT IS FURTHER ORDERED** that any financial or brokerage institution, credit card
6 processing company, payment processor, merchant bank, acquiring bank, business entity, or
7 person served with a copy of this Order that (a) holds, controls, or maintains custody of any
8 account or asset of any Reno Defendant, (b) holds, controls, or maintains custody of any asset
9 associated with credit or debit card charges made on behalf of Reno Defendants, including but
10 not limited to, reserve funds held by payment processors, or (c) that has held, controlled, or
11 maintained custody of any such account or asset at any time since the date of entry of this Order
12 shall:

13 **A.** Hold and retain within its control and prohibit the withdrawal, removal, assignment,
14 transfer, pledge, encumbrance, disbursement, dissipation, relinquishing, conversion, sale, or
15 other disposal of any such asset except by further order of this Court;

16 **B.** Deny any person, except the Receiver acting pursuant to Section XII of this Order
17 access to any safe deposit box that is:

- 18 **1.** titled in the name of any Reno Defendant, either individually or jointly; or
19 **2.** otherwise subject to access by any Reno Defendant;

20 **C.** Unless already provided pursuant to the TRO entered on July 28, 2009, provide the
21 FTC's counsel, within ten (10) business days of receiving a copy of this Order, a sworn
22 statement setting forth:

23 **1.** the identification number of each account or asset:

- 24 **a)** titled in the name, individually or jointly, of any of the Reno
25 Defendants;

1 themselves individually, and **Attachment B** (Financial Statement of Corporate Defendant) for
2 each business entity under which they conduct business or of which they are an officer, and for
3 each trust for which any Defendant is a trustee. The financial statements shall be accurate as of
4 the date of entry of the TRO. Each Reno Defendant shall include in the financial statements a
5 full accounting of all funds and assets, whether located inside or outside of the United States, that
6 are: (a) titled in the name of such Reno Defendant, jointly, severally, or individually; (b) held by
7 any person or entity for the benefit of such Reno Defendant; or (c) under the direct or indirect
8 control of such Reno Defendant.

9 **VI.**

10 **REPATRIATION OF ASSETS AND DOCUMENTS**

11 **IT IS FURTHER ORDERED** that upon entry of this Order, each Reno Defendant shall:

- 12 **A.** Unless already provided pursuant to the TRO entered on July 28, 2009, provide the
13 Commission and the Receiver with a full accounting of all funds, documents, and
14 assets outside of the United States which are: (1) titled in the name, individually or
15 jointly, of any Defendant; or (2) held by any person or entity for the benefit of any
16 Defendant; or (3) under the direct or indirect control, whether jointly or singly, of any
17 Defendant;
- 18 **B.** Transfer to the territory of the United States and deliver to the Receiver all funds,
19 documents, and assets located in foreign countries which are: (1) titled in the name
20 individually or jointly of any Reno Defendant; or (2) held by any person or entity, for
21 the benefit of any Reno Defendant; or (3) under the direct or indirect control of any
22 Reno Defendant, whether jointly or singly;
- 23 **C.** Unless already provided pursuant to the TRO entered on July 28, 2009, provide the
24 Commission access to all records of accounts or assets of any Reno Defendant held
25

1 by financial institutions located outside the territorial United States by signing the
2 Consent to Release of Financial Records appended to this Order as **Attachment C**.

3 **VII.**

4 **NONINTERFERENCE WITH REPATRIATION**

5 **IT IS FURTHER ORDERED** that Reno Defendants and their Representatives, whether
6 acting directly or through any entity, corporation, subsidiary, division, director, manager,
7 member, affiliate, independent contractor, accountant, financial advisor, or other device, are
8 hereby preliminarily restrained and enjoined from taking any action, directly or indirectly, which
9 may result in the encumbrance or dissipation of foreign assets, or in the hindrance of the
10 repatriation required by Section VI of this Order, including, but not limited to:

11 **A.** Sending any statement, letter, fax, email or wire transmission, or telephoning or
12 engaging in any other act, directly or indirectly, that results in a determination by a foreign
13 trustee or other entity that a “duress” event has occurred under the terms of a foreign trust
14 agreement until such time that all assets have been fully repatriated pursuant to Section VI of this
15 Order; or

16 **B.** Notifying any trustee, protector or other agent of any foreign trust or other related
17 entities of either the existence of this Order, or of the fact that repatriation is required pursuant to
18 a court order, until such time that all assets have been fully repatriated pursuant to Section VI of
19 this Order.

20 **VIII.**

21 **CONSUMER CREDIT REPORTS**

22 **IT IS FURTHER ORDERED** that pursuant to Section 604(1) of the Fair Credit
23 Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency served with this Order
24 shall promptly furnish consumer reports as requested concerning any Reno Defendant to the
25 counsel for the Commission.

1 **IX.**

2 **PRESERVATION OF RECORDS**

3 **IT IS FURTHER ORDERED** that Reno Defendants and their Representatives, whether
4 acting directly or through any entity, corporation, subsidiary, division, director, manager,
5 member, affiliate, independent contractor, accountant, financial advisor, or other device, are
6 hereby preliminarily restrained and enjoined from:

7 **A.** destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing
8 of, in any manner, directly or indirectly, documents that relate to the business, business
9 practices, assets, or business or personal finances of any Defendant; and

10 **B.** Failing to create and maintain documents that, in reasonable detail, accurately, fairly, and
11 completely reflect Reno Defendants' incomes, disbursements, transactions, and use of
12 money.

13 **X.**

14 **PROHIBITION ON RELEASE OF CUSTOMER INFORMATION**

15 **OR CUSTOMER LISTS**

16 **IT IS FURTHER ORDERED** that that Reno Defendants and their Representatives,
17 whether acting directly or through any entity, corporation, subsidiary, division, director,
18 manager, member, affiliate, independent contractor, accountant, financial advisor, or other
19 device, are hereby preliminarily restrained and enjoined from selling, renting, leasing,
20 transferring, or otherwise disclosing the name, address, telephone number, credit card number,
21 bank account number, e mail address, or other identifying information of any person who paid
22 money to any Defendant for grant-related services, programs, or products or who were contacted
23 or are on a list to be contacted by any of the Defendants; provided that the Reno Defendants may
24 disclose such identifying information to a law enforcement agency or as required by any law,
25 regulation, or court order.

1 **XI.**

2 **APPOINTMENT OF RECEIVER**

3 **IT IS FURTHER ORDERED** that Robb Evans of Robb Evans and Associates, LLC is
4 appointed receiver for the Reno Receivership Defendants. The Receiver shall be the agent of
5 this Court, and solely the agent of this Court, in acting as Receiver under this Order. The
6 Receiver shall be accountable directly to this Court.

7 **XII.**

8 **RECEIVER'S DUTIES**

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

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

15 B. Take exclusive custody, control, and possession of all assets and documents of, or
16 in the possession, custody, or under the control of, the Reno Receivership Defendants, wherever
17 situated. The Receiver shall have full power to divert mail and to sue for, collect, receive, take in
18 possession, hold, and manage all assets and documents of the Reno Receivership Defendants and
19 other persons or entities whose interests are now under the direction, possession, custody, or
20 control of, the Reno Receivership Defendants. The Receiver shall assume control over the
21 income and profits therefrom and all sums of money now or hereafter due or owing to the Reno
22 Receivership Defendants. Provided, however, that the Receiver shall not attempt to collect any
23 amount from a consumer if the Receiver believes the consumer was a victim of the unfair or
24 deceptive acts or practices or other violations of law alleged in the Complaint in this matter,
25 without prior Court approval;

1 C. Take all steps necessary to secure and take exclusive custody of each location
2 from which the Reno Receivership Defendants operate their business. Such steps may include,
3 but are not limited to, any of the following, as the Receiver deems necessary or advisable: (1)
4 serving this Order; (2) completing a written inventory of all Receivership assets; (3) obtaining
5 pertinent information from all employees and other agents of the Reno Receivership Defendants,
6 including, but not limited to, the name, home address, Social Security Number, job description,
7 passwords or access codes, method of compensation, and all accrued and unpaid commissions
8 and compensation of each such employee or agent; (4) photographing and video taping any or all
9 portions of the location; (5) securing the location by changing the locks and disconnecting any
10 computer modems or other means of access to the computer or other records maintained at that
11 location; and (6) requiring any persons present on the premises at the time this Order is served to
12 leave the premises, to provide the Receiver with proof of identification, or to demonstrate to the
13 satisfaction of the Receiver that such persons are not removing from the premises documents or
14 assets of the Reno Receivership Defendants. Law enforcement personnel, including, but not
15 limited to, police or sheriffs, may assist the Receiver in implementing these provisions in order
16 to keep the peace and maintain security. If requested by the Receiver, the United States Marshal
17 will provide appropriate and necessary assistance to the Receiver to implement this Order and is
18 authorized to use any necessary and reasonable force to do so;

19 D. Conserve, hold, and manage all assets of the Reno Receivership Defendants, and
20 perform all acts necessary or advisable to preserve the value of those assets in order to prevent
21 any irreparable loss, damage, or injury to consumers or creditors of the Reno Receivership
22 Defendants, including, but not limited to, obtaining an accounting of the assets and preventing
23 the unauthorized transfer, withdrawal, or misapplication of assets;

24 E. Enter into and cancel contracts, and purchase insurance as advisable or necessary;
25

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

4 G. Manage and administer the business of the Reno Receivership Defendants until
5 further order of this Court by performing all incidental acts that the Receiver deems to be
6 advisable or necessary, which includes but is not limited to retaining, hiring, or dismissing any
7 employees, independent contractors, or agents;

8 H. Prevent the destruction or erasure of any web page or website registered to and
9 operated, in whole or in part, by Reno Defendants;

10 I. Take all steps necessary to ensure that any of Reno Defendants' web pages or
11 websites relating to grants can not be accessed by the public, or are modified for consumer
12 education and/or informational purposes.

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

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

22 L. Suspend business operations of the Reno Receivership Defendants if in the
23 judgment of the Receiver such operations cannot be continued legally and profitably;

24 M. Institute, compromise, adjust, appear in, intervene in, or become party to such
25 actions or proceedings in state, federal or foreign courts or arbitration proceedings as the

1 Receiver deems necessary and advisable to preserve or recover the assets of the Reno
2 Receivership Defendants, or that the Receiver deems necessary and advisable to carry out the
3 Receiver's mandate under this Order, including but not limited to, actions challenging fraudulent
4 or voidable transfers;

5 N. Defend, compromise, adjust, or otherwise dispose of any or all actions or
6 proceedings instituted in the past or in the future against the Receiver in his role as Receiver, or
7 against the Reno Receivership Defendants, as the Receiver deems necessary and advisable to
8 preserve the assets of the Reno Receivership Defendants, or as the Receiver deems necessary and
9 advisable to carry out the Receiver's mandate under this Order;

10 O. Issue subpoenas to obtain documents and records pertaining to the Receivership,
11 and conduct discovery in this action on behalf of the Receivership estate;

12 P. Open one or more bank accounts as designated depositories for funds of the Reno
13 Receivership Defendants. The Receiver shall deposit all funds of the Reno Receivership
14 Defendants in such a designated account and shall make all payments and disbursements from
15 the Receivership estate from such an account. The Receiver shall serve copies of monthly
16 account statements on all parties;

17 Q. Maintain accurate records of all receipts and expenditures incurred as Receiver;
18 and

19 R. Cooperate with reasonable requests for information or assistance from any state or
20 federal law enforcement agency.

21 **XIII.**

22 **TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER**

23 **IT IS FURTHER ORDERED** that the Reno Defendants, their Representatives, and any
24 other person, with possession, custody or control of property of or records relating to the Reno
25 Receivership Defendants shall upon notice of this Order by personal service or otherwise

1 immediately notify the Receiver of, and, upon receiving a request from the Receiver,
2 immediately transfer or deliver to the Receiver possession, custody, and control of, the
3 following:

- 4 A. All assets of the Reno Receivership Defendants;
- 5 B. All documents of the Reno Receivership Defendants, including, but not limited to, books
6 and records of accounts, all financial and accounting records, balance sheets, income
7 statements, bank records (including monthly statements, canceled checks, records of wire
8 transfers, and check registers), client lists, title documents and other papers;
- 9 C. All computers and data in whatever form used to conduct the business of the Reno
10 Receivership Defendants;
- 11 D. All assets belonging to other persons or entities whose interests are now under the
12 direction, possession, custody, or control of, the Reno Receivership Defendants; and
- 13 E. All keys, codes, and passwords necessary to gain or to secure access to any assets or
14 documents of the Reno Receivership Defendants, including, but not limited to, access to
15 their business premises, means of communication, accounts, computer systems, or other
16 property.

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

2 **PROVISION OF INFORMATION TO RECEIVER**

3 **IT IS FURTHER ORDERED** that Reno Defendants shall provide to the Receiver,
4 immediately upon request, the following:

5 A. A list of all assets and property, including accounts, of the Reno Receivership
6 Defendants that are held in any name other than the name of a Reno Receivership Defendant, or
7 by any person or entity other than a Reno Receivership Defendant; and

8 B. A list of all agents, employees, officers, servants or those persons in active
9 concert and participation with the Reno Individual Defendants and Reno Receivership
10 Defendants, who have been associated or done business with the Reno Receivership Defendants.

11 **XV.**

12 **COOPERATION WITH THE RECEIVER**

13 **IT IS FURTHER ORDERED** that Reno Defendants, their Representatives, and any
14 other person served with a copy of this Order shall fully cooperate with and assist the Receiver in
15 taking and maintaining possession, custody, or control of the assets of the Reno Receivership
16 Defendants. This cooperation and assistance shall include, but not be limited to: providing
17 information to the Receiver that the Receiver deems necessary in order to exercise the authority
18 and discharge the responsibilities of the Receiver under this Order; providing any password
19 required to access any computer, electronic file, or telephonic data in any medium; advising all
20 persons who owe money to the Reno Receivership Defendants that all debts should be paid
21 directly to the Receiver; and transferring funds at the Receiver's direction and producing records
22 related to the assets and sales of the Reno Receivership Defendants. The entities obligated to
23 cooperate with the Receiver under this provision include, but are not limited to, banks, broker-
24 dealers, savings and loans, escrow agents, title companies, commodity trading companies,
25 precious metals dealers and other financial institutions and depositories of any kind, and all

1 common carriers, third-party billing agents, including but not limited to, payment processors, and
2 other telecommunications companies, that have transacted business with the Reno Receivership
3 Defendants.

4 **XVI.**

5 **INTERFERENCE WITH THE RECEIVER**

6 **IT IS FURTHER ORDERED** that Reno Defendants and their Representatives,
7 corporations, subsidiaries, divisions, or affiliates, are hereby restrained and enjoined from
8 directly or indirectly:

9 **A.** Interfering with the Receiver managing, or taking custody, control, or possession of,
10 the assets or documents subject to this Receivership;

11 **B.** Transacting any of the business of the Reno Receivership Defendants;

12 **C.** Transferring, receiving, altering, selling, encumbering, pledging, assigning,
13 liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or
14 custody of, or in which an interest is held or claimed by, the Reno Receivership Defendants, or
15 the Receiver; and

16 **D.** Refusing to cooperate with the Receiver or the Receiver's duly authorized agents in
17 the exercise of their duties or authority under any order of this Court.

18 **XVII.**

19 **STAY OF ACTIONS AGAINST RENO RECEIVERSHIP DEFENDANTS**

20 **IT IS FURTHER ORDERED** that, except by leave of this Court, during pendency of
21 the Receivership ordered herein, the Reno Defendants, their Representatives, corporations,
22 subsidiaries, divisions, or affiliates, and all investors, creditors, stockholders, lessors, customers
23 and other persons seeking to establish or enforce any claim, right, or interest against or on behalf
24 of the Reno Defendants, and all others acting for or on behalf of such persons, are hereby
25 enjoined from taking action that would interfere with the exclusive jurisdiction of this Court over

1 shall file with the Court and serve on the parties periodic requests for the payment of such
2 reasonable compensation, with the first such request filed no more than sixty (60) days after the
3 date of entry of this Order. The Receiver shall not increase the hourly rates used as the bases for
4 such fee applications without prior approval of the Court.

5 **XIX.**

6 **RECEIVER'S BOND**

7 **IT IS FURTHER ORDERED** that the Receiver, to the extent not already done pursuant
8 to the TRO, shall file with the Clerk of this Court a bond in the sum of \$10,000 with sureties to
9 be approved by the Court, conditioned that the Receiver will well and truly perform the duties of
10 the office and abide by and perform all acts the Court directs. 28 U.S.C. § 754.

11 **XX.**

12 **ACCESS TO BUSINESS OFFICES AND RECORDS**

13 **IT IS FURTHER ORDERED** that, the Receiver shall continue to have access to the
14 business premises of the Reno Receivership Defendants, including but not limited to: 1135
15 Terminal Way, Suite 203, Reno, Nevada. The Commission and the Receiver, and their
16 representatives, agents, and assistants, are authorized to remove documents from the Reno
17 Receivership Defendants' premises in order that they may be inspected, inventoried, and copied
18 for the purpose of preserving discoverable material in connection with this action, following
19 which they will be returned to the premises from which they were removed.

20 Furthermore, the Receiver shall allow the Reno Defendants reasonable access to the
21 premises and business records of the Reno Receivership Defendants within his possession for the
22 purpose of inspecting and copying materials relevant to this action. The Receiver shall have the
23 discretion to determine the time, manner, and reasonable conditions of such access.

1 **XXI.**

2 **DISTRIBUTION OF ORDER BY DEFENDANTS**

3 **IT IS FURTHER ORDERED** that Reno Defendants shall immediately provide a copy
4 of this Order to each affiliate, sales entity, successor, assign, member, officer, director,
5 employee, agent, independent contractor, client company, servant, attorney, spouse, subsidiary,
6 division, and representative of any Reno Defendant, and shall, within ten (10) days from the date
7 of entry of this Order, provide the FTC with a sworn statement that Reno Defendants have
8 complied with this provision of the Order, which statement shall include the names and
9 addresses of each such person or entity who received a copy of this Order. Furthermore, Reno
10 Defendants shall not take any action that would encourage officers, agents, members, directors,
11 employees, salespersons, independent contractors, attorneys, subsidiaries, affiliates, successors,
12 assigns or other persons or entities in active concert or participation with them to disregard this
13 Order or believe that they are not bound by its provisions.

14 **XXII.**

15 **SERVICE ON FINANCIAL INSTITUTIONS,**
16 **ENTITIES OR PERSONS**

17 **IT IS FURTHER ORDERED** that copies of this Order may be served by any means,
18 including facsimile transmission, email, and overnight delivery service, upon any financial
19 institution or other entity or person that may have possession, custody, or control of any
20 documents or assets of any Reno Defendant, or that may otherwise be subject to any provision of
21 this Order. Service upon any branch or office of any financial institution shall effect service
22 upon the entire financial institution.
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1 **XXIII.**

2 **CORRESPONDENCE**

3 **IT IS FURTHER ORDERED** that, for the purpose of this Order, all correspondence
4 and service of pleadings on Plaintiff shall be addressed to:

5
6 Roberto Anguizola and Tracey Thomas
7 Federal Trade Commission
8 600 Pennsylvania Avenue NW, #286
9 Washington, DC 20580
10 FAX: 202-326-3395
11 Email: ranguizola@ftc.gov, tthomas@ftc.gov

12 **XXIV.**

13 **DURATION OF THE PRELIMINARY INJUNCTION**

14 **IT IS FURTHER ORDERED** that this Order shall remain in full force and effect
15 pending trial on the merits unless sooner modified or dissolved.

16 **XXV.**

17 **RETENTION OF JURISDICTION**

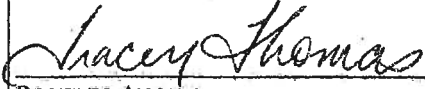
18 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for
19 all purposes.

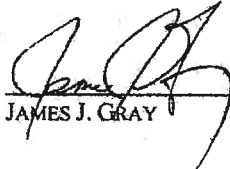
20 **IT IS SO ORDERED:**

21
22 _____
The Honorable Philip M. Pro
UNITED STATES DISTRICT JUDGE

23 DATED: _____
24
25

1 **IT IS SO STIPULATED:**

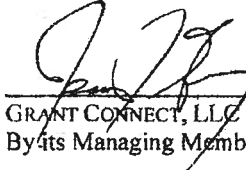
2 



3 ROBERTO ANGUIZOLA
4 TRACEY THOMAS
5 FEDERAL TRADE COMMISSION
6 600 Pennsylvania Avenue, NW, H-286
7 Washington, DC 20580
8 Telephone: (202) 326-3284 (Anguizola)
9 (202) 326-2704 (Thomas)
10 E-mail: ranguizola@ftc.gov
11 tthomas@ftc.gov
12 Facsimile: (202) 326-3395
13 **Attorneys for Plaintiff Federal Trade
14 Commission**

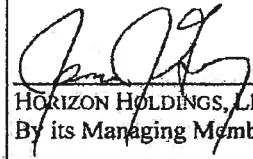
JAMES J. GRAY

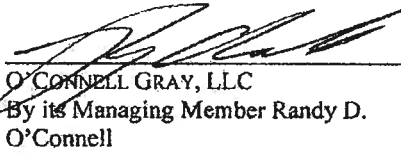
11 



12 RANDY D. O'CONNELL

GRANT CONNECT, LLC
By its Managing Member James J. Gray

14 



15 HORIZON HOLDINGS, LLC
16 By its Managing Member James J. Gray

O'CONNELL GRAY, LLC
By its Managing Member Randy D.
O'Connell

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