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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

| | | |
|---------------------------|---|---------------------------------------|
| FEDERAL TRADE COMMISSION, |) | |
| |) | CV-00--11324 GAF (CWx) |
| Plaintiff, |) | |
| |) | <u>EX PARTE</u> TEMPORARY RESTRAINING |
| v. |) | ORDER FREEZING ASSETS, PROHIBITING |
| |) | DESTRUCTION OR ALTERATION OF BOOKS |
| WESTERN UNITED SERVICE |) | AND RECORDS, GRANTING ACCESS AND |
| CORPORATION d/b/a |) | INSPECTION, AND ORDERS APPOINTING A |
| TITAN BUSINESS SOLUTIONS, |) | TEMPORARY RECEIVER, PERMITTING |
| and |) | EXPEDITED DISCOVERY AND TO SHOW |
| SCOTT FORD, |) | CAUSE WHY A PRELIMINARY INJUNCTION |
| |) | SHOULD NOT ISSUE AND WHY A |
| Defendants, |) | PERMANENT RECEIVER SHOULD NOT BE |
| _____ |) | APPOINTED |

Plaintiff Federal Trade Commission ("Commission"), pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b), 57b, filed a complaint for permanent injunction and other relief, including consumer redress, and applied ex parte for a temporary restraining order with asset freeze and order appointing a temporary receiver, and for an order to show cause why a preliminary injunction should not be granted pursuant to Rule 65 of the Federal Rules of Civil Procedure, and why a permanent receiver should not be appointed

FINDINGS OF FACT

The Court has considered the Complaint for Permanent Injunction, Application for ex parte Restraining Order and appointment of Temporary Receiver, Memorandum of Points and Authorities with supporting Exhibits and attachments, and all other papers filed herein, and it appears to the satisfaction of the Court that:

1. This Court has jurisdiction over the subject matter of the case and there is good cause to believe it will have jurisdiction over all parties.
2. The June 22, 1999, bankruptcy petition filed by WESTERN UNITED SERVICE CORPORATION does not impact this Court's power to exercise jurisdiction in this case because the case involves the FTC's exercise of regulatory authority.

3. There is good cause to believe Defendants WESTERN UNITED BUSINESS CORPORATION d/b/a TITAN BUSINESS SOLUTIONS and SCOTT FORD [hereinafter referred to collectively as "Defendants"] have engaged in and are likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a) and that the Commission is likely to prevail on the merits of this action, and that these actions have continued after the filing of the bankruptcy petition.
4. There is good cause to believe that immediate and irreparable harm, specifically, injury to consumers, will result from Defendants' ongoing violations of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a) unless Defendants are restrained and enjoined by Order of this Court.
5. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers in the form of monetary redress will occur from the dissipation or concealment of assets or the disposition, destruction, alteration or concealment by Defendants of their records unless the Defendants are immediately restrained and enjoined by Order of this Court.
6. There is thus good cause for issuing this Order without prior notice to the Defendants of the Commission's application, pursuant to Federal Rule of Civil Procedure 65(b) and Local Rule 7.18.2.
7. Good cause exists for the appointment of a Temporary Receiver for TITAN BUSINESS SOLUTIONS.
8. Weighing the equities and considering the Commission's likelihood of success in its causes of action, this Temporary Restraining Order is in the public interest.
9. The Commission is an independent agency of the United States of America and no security is required of any agency of the United States of America for issuance of a restraining order under Fed. R. Civ. P. 65(c).

ORDER

Definitions

1. **“Assets”** means any legal or equitable interest in, right to, or claim to, any real and personal property, including but not limited to chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, receivables, and all cash, wherever located.
2. **“Document”** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.
3. **“Named Defendants”** means WESTERN UNITED SERVICE CORPORATION d/b/a TITAN BUSINESS SOLUTIONS and SCOTT FORD.
4. **“Defendants”** means the Named Defendants and their officers, agents, servants, employees, attorneys, and all persons or entities directly or indirectly under their control or under common control with them, and all other persons or entities in active concert or participation with them.
5. **“Receivership Defendant”** means WESTERN UNITED SERVICE CORPORATION d/b/a TITAN BUSINESS SOLUTIONS.
6. **“Business Venture”** means any written or oral business arrangement, however denominated, which consists of the payment of any consideration for: (a) the right or means to offer, sell or distribute goods or services (whether or not identified by a trademark, service mark, trade name, advertising, or other commercial

symbol); and (b) assistance to any person or entity in connection with or incident to the establishment, maintenance, or operation of a new business or the entry by an existing business into a new line or type of business.

I PROHIBITED BUSINESS ACTIVITIES

IT IS THEREFORE ORDERED that Defendants, who receive actual notice of this order by personal service or otherwise, in connection with the advertising, promotion, offering for sale or sale of any employment opportunity, business venture, or any work-at-home product or service, are hereby restrained and enjoined from:

- A. Making, or assisting in the making of, expressly or by implication, orally or in writing, any statement or representation of material fact that is false or misleading, including but not limited to, any misrepresentation that:
1. that consumers who purchase the medical billing employment opportunity from Defendants will receive a complete package suitable for a consumer to start his or her own medical billing business;
 2. that Defendants will furnish consumers with the names and addresses of pre-screened physicians who are likely to use the consumers to process their medical claims; or
 3. that consumers, by use of Defendants' medical billing employment opportunity, will earn specific high levels of earnings; or
- B. Making, or assisting in the making of, expressly or by implication, orally or in writing, any statement or representation of material fact that is false or misleading, including but not limited to, any misrepresentation about any other fact material to a consumer's decision to purchase any business venture, employment opportunity or any work-at-home product or service.

II. ASSET FREEZE

IT IS FURTHER ORDERED that Named Defendants are hereby temporarily restrained and enjoined from:

- A. Transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, accounts, contracts, shares of stock or other assets, wherever located, that are:
1. Owned or controlled by Named Defendants, or their affiliates or subsidiaries (without limitation), in whole or in part;
 2. In the actual or constructive possession of Named Defendants, or their affiliates or subsidiaries (without limitation); or
 3. Owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Named Defendant, including but not limited to, Western United Service Corp., dba Titan Business Solutions and Scott Ford, and Scomark, Inc. and Affordable Merchant Services, Inc.

This paragraph shall include, but not be limited to, any assets held for, on behalf of, for the benefit of, or by Named Defendants, or their affiliates or subsidiaries, at any bank or savings and loan institution, or with any broker, dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution or depository of any kind, including without limitation any assets set forth in Attachment 1.

- B. Opening or causing to be opened any safe deposit boxes titled in the name of any Named Defendant, or their companies, affiliates or subsidiaries, or subject to access by any of these defendants.

C. Notwithstanding the provisions of this Paragraph, Named Defendants may make transfers as directed by any Temporary Receiver appointed by this Court, or as otherwise ordered by this Court upon proper showing and after notice to the Commission.

D. Provided further that this Section shall be construed to apply to assets that Named Defendants acquire following entry of this Order only if such assets are derived from the operation of any activity prohibited by this Order or derived from any other violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a).

III. FINANCIAL REPORTS

IT IS FURTHER ORDERED that Named Defendants shall each, within forty-eight hours after entry of this Order, prepare and deliver a Financial Statement to this Court, counsel for the Commission and the Temporary Receiver. A Financial Statement shall be completed for each Named Defendant and for each business entity under which they conduct business, or of which they are an officer, and of each trust for which they are a trustee. The Financial Statements shall be accurate as of the date of the entry of this Order and shall be verified under oath.

A. Any corporate Defendant shall complete and deliver the “Financial Statement of Corporate Defendant” a form of which is attached to this Order as Attachment 2, provided that any corporate Defendant need not separately complete this form if it is provided by an individual Defendant pursuant to Part B of this Paragraph; and

B. Any individual Defendant shall, for himself,

1. Complete and deliver the “Financial Statement of Individual Defendant” a form of which is attached to this Order as Attachment 3; and

2. for each business entity he owns, controls, operates, or of which he is any officer, and for each trust of which he or she is a trustee, complete and deliver the “Financial Statement of Corporate Defendant” that is attached to this Order as Attachment 2.

IV. REPATRIATION OF ASSETS

IT IS FURTHER ORDERED that within 48 hours of the service of this Order, the Defendants shall:

A. Provide Commission and the Temporary Receiver access to the Named Defendants’ records and documents held by financial institutions outside the territory of the United States by signing the Consent to Release of Financial Records attached to this Order as Attachment 4;

B. Transfer to the territory of the United States all funds, documents and assets in foreign countries held either: (a) by them, (b) for their benefit, or (c) under their direct or indirect control, jointly or singly;

C. Hold and retain all such repatriated funds and prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds in full compliance with Section II of this Order until further Order of this Court;

D. Provide Commission and the Temporary Receiver with a full accounting of all funds, documents and assets outside of the territory of the United States which are held either (1) by them, (2) for their benefit, or (3) under their direct or indirect control, jointly or singly; and

E. Specifically notify the Court, the Commission and the Temporary Receiver of the location of the transferred funds within the United States.

V. PRESERVATION OF RECORDS

IT IS FURTHER ORDERED that Defendants are hereby temporarily restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or personal finances of any Named Defendant and to the business practices of entities directly or indirectly under control of a Named Defendant, including but not limited to Western United Business Service Copr. dba Titan Business Solutions, Scott Ford and Scomark, Inc. and Affordable Merchant Services, Inc., or under common control with a Named Defendant and all other persons in active concert or participation with them.

**VI.
RECORD KEEPING/BUSINESS OPERATIONS**

IT IS FURTHER ORDERED that the Named Defendants are hereby temporarily restrained and enjoined from:

- A. Failing to make, keep, and provide to the Commission and the Temporary Receiver, an accurate accounting for themselves and any business or entity owned or controlled, in whole or in part, directly or indirectly, by them, including but not limited to Scomark, Inc. and Affordable Merchant Services, Inc., which accounting shall included the creation and retention of documents that, in reasonable detail, accurately, fairly, and completely reflect all assets received (including, but not limited to, loans, gifts and revenue), disbursements, transfers, transactions, and expenditures, beginning immediately upon service or actual notice of this Order; and
- B. Creating, operating, or exercising any control over any business entity, including but not limited to any partnership, limited partnership, joint venture, sole proprietorship or corporation, without first providing the Commission and Temporary Receiver with a written statement disclosing:
1. the name of the business entity;
 2. the address and telephone number of the business entity;
 3. the names of the business entity's officers, directors, principals, managers and employees; and
 4. a detailed description of the business entity's intended activities.

**VII.
REQUIRED DISTRIBUTION OF ORDER BY DEFENDANTS**

IT IS FURTHER ORDERED that the Named Defendants shall immediately provide a copy of this Order to each affiliate, subsidiary, division, sales entity, successor, assign, officer, director, employee, independent contractor, agent, attorney, and representative of the Named Defendants, and shall, within five calendar days from the date from service of this Order, provide the Commission and the Temporary Receiver with a sworn statement that the Named Defendants have complied with this provision of the Order. The statement shall include the names and addresses of each such person or entity who received a copy of the Order. No obligation is imposed on the Temporary Receiver under this section.

**VIII.
APPOINTMENT OF TEMPORARY RECEIVER**

IT IS HEREBY ORDERED that Robb Evans & Associates is appointed Temporary Receiver for Defendant WESTERN UNITED SERVICE CORPORATION d/b/a TITAN BUSINESS SOLUTIONS.

IT IS FURTHER ORDERED THAT:

- A. The Temporary Receiver shall have the full power, without limitation, of an equity receiver, that he shall act as the agent of this Court and solely the agent of this Court, that he shall be accountable directly to this Court and that he shall comply with all Local Rules of this Court governing receivers;

B. The Temporary Receiver shall assume all the powers of the Receivership Defendant's officers, directors and managers, whose powers and authority are hereby suspended;

C. The Temporary 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 Defendant and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of the Receivership Defendant. The Temporary Receiver is fully authorized to effect a change in the rights to use any and all post office boxes or private mail facilities in use by the Receivership Defendant; and

D. The Temporary Receiver shall allow representatives of the Commission and the Named Defendants' attorneys access to inspect the premises of the Receivership Defendant, and to copy books, records, accounts and other property of the Receivership Defendant, wherever located, at such times and in such manner as determined solely at the discretion of the Temporary Receiver.

IT IS FURTHER ORDERED that the Temporary Receiver shall not attempt to collect any amount from a consumer if the Temporary Receiver believes the consumer was a victim of the deceptive acts or practices alleged in the Complaint in this matter, without prior court approval.

IX. RECEIVERSHIP AUTHORITY AND DUTIES

IT IS FURTHER ORDERED that the Temporary Receiver is directed and authorized as follows:

A. To assume full control of the Receivership Defendant by removing, as the Temporary Receiver deems necessary or advisable, Defendants and any officer, director, independent contractor, employee, or agent of any of the Receivership Defendant, including any Named Defendant, from control of, management of, or participation in, the affairs of the Receivership Defendant;

B. To take exclusive custody, control and possession of all assets and documents of, or in the possession, custody, or under the control of, the Receivership Defendant, wherever situated;

C. To immediately return to consumers without further court order any funds that are identifiable as received from specific consumers following the Temporary Receiver's appointment or that are received at the Receivership Defendant's premises or mailboxes or forwarded to the Temporary Receiver after entry of this Order and that were, based upon the Temporary Receiver's good faith determination, procured by use of the unfair or deceptive acts or practices alleged in the Complaint in this matter. Likewise, upon the Temporary Receiver's appointment, the Temporary Receiver shall take all reasonable steps to halt immediately the debit of consumer bank accounts or charges to consumer credit cards that in the Temporary Receiver's good faith determination were procured by use of the unfair or deceptive acts or practices alleged in the Complaint in this matter;

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

E. Enter into contracts and purchase insurance as advisable or necessary;

F. Prevent the inequitable distribution of assets and determine, adjust, and protect the interests of consumers and creditors who have transacted business with the Receivership Defendant;

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

- H. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Temporary Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;
- I. Request the assistance of Federal and State officers in the execution of this Order;
- J. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Temporary Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Defendant prior to the date of entry of this Order, except payments that the Temporary Receiver deems necessary or advisable to secure assets of the Receivership Defendant, such as rental payments;
- K. Determine and implement the manner in which the Receivership Defendant will comply with, and prevent violations of, this Order and all other applicable laws, including but not limited to, revising sales materials and implementing monitoring procedures;
- L. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that the Temporary Receiver deems necessary and advisable to preserve or recover the assets of the Receivership Defendant or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Order;
- M. Defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Temporary Receiver in his role as Temporary Receiver, or against the Receivership Defendant that the Temporary Receiver deems necessary and advisable to preserve the assets of the Receivership Defendant or that the Temporary Receiver deems necessary and advisable to carry out the Temporary Receiver's mandate under this Order;
- N. Continue and conduct the business of the Receivership Defendant in such manner, to such extent, and for such duration as the Temporary Receiver may in good faith deem to be necessary or appropriate to operate the business profitably and lawfully, if at all; provided that the continuation and conduct of the business shall be conditioned upon the Temporary Receiver's good faith determination that the businesses can be lawfully operated at a profit using the assets of the receivership estate;
- O. Issue subpoenas to obtain documents and records pertaining to the receivership, and conduct discovery in this action on behalf of the receivership estate;
- P. Open one or more bank accounts in Los Angeles County as designated depositories for funds of the Receivership Defendant. The Temporary Receiver shall deposit all funds of the Receivership Defendant in such a designated account and shall make all payments and disbursements from the receivership estate from such an account; and
- Q. Maintain accurate records of all receipts and expenditures that he makes as Temporary Receiver;

IT IS FURTHER ORDERED THAT the Temporary Receiver will be responsible for maintaining the chain of custody of all of Defendants' records in his possession, pursuant to procedures to be established in writing with the approval of the Commission. In the event that the Temporary Receiver is made custodian of records obtained pursuant to a criminal warrant, then the Temporary Receiver will comply with the procedures of the criminal agency.

X.
AUTHORITY OF TEMPORARY RECEIVER
TO SECURE BUSINESS PREMISES

IT IS FURTHER ORDERED THAT the Commission's representatives, agents, and assistants, as well as Named Defendants and their representatives shall have reasonable access to any premises operating on behalf of or for the benefit of the Receivership Defendant, including without limitation, 4410 W. Victory Blvd., Burbank, CA. The purpose

of this access shall be to inspect and copy any and all material that may be relevant to this action, including without limitation, documents, books, records, accounts, computer data, tapes, and any materials relating to any of the Named Defendant's assets.

IT IS FURTHER ORDERED THAT the Temporary Receiver is authorized to take all steps necessary to secure the business premises of the Receivership Defendant, including but not limited to the premises located at 4410 W. Victory Blvd., Burbank, CA. Such steps may include, but are not limited to, any of the following as the Temporary Receiver deems necessary or advisable:

- A. serving and filing this Order,
- B. completing a written inventory of all receivership assets,
- C. obtaining pertinent information from all employees and other agents of the Receivership Defendant, including, but not limited to, the name, home address, social security number, job description, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent,
- D. video taping all portions of the location including persons present at the location,
- E. securing the location by changing the locks and disconnecting any computer modems or other means of access to the computer or other records maintained at that location, or
- F. requiring any persons present on the premises at the time this Order is served to leave the premises, to provide the Temporary Receiver with proof of identification, or to demonstrate to the satisfaction of the Temporary Receiver that such persons are not removing from the premises documents or assets of the Receivership Defendant.

XI. CONSUMER CREDIT REPORTS

IT IS FURTHER ORDERED that pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency served with this Order shall promptly furnish consumer reports as requested concerning Defendant Scott Ford to counsel for the Commission and to the Temporary Receiver.

XII. COOPERATION WITH THE TEMPORARY RECEIVER

IT IS HEREBY ORDERED that Named Defendants shall fully cooperate with and assist the Temporary Receiver in the exercise of his duties

- A. The Named Defendants' cooperation and assistance shall include, but not be limited to:
 1. providing any information to the Temporary Receiver that the Temporary Receiver deems necessary to exercising the authority and discharging the responsibilities of the Temporary Receiver under this Order;
 2. providing any password required to access any computer or electronic files in any medium; and
 3. advising all persons who owe money to the Receivership Defendant that all debts should be paid directly to the Temporary Receiver.
- B. The Named Defendants are hereby restrained and enjoined from directly or indirectly:
 1. Transacting any of the business of the Receivership Defendant;
 2. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of the Receivership Defendant, including, but not limited to, books, records, accounts, or any other papers of any kind or nature;

3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Defendant, or the Temporary Receiver;
4. Excusing debts owed to the Receivership Defendant;
5. Failing to notify the Temporary Receiver of any asset, including accounts of the Receivership Defendant held in any name other than the name of the Receivership Defendant, or by any person or entity other than the Receivership Defendant, or failing to provide any assistance or information requested by the Temporary Receiver in connection with obtaining possession, custody, or control of such assets;
6. Doing any act or refraining from any act whatsoever to interfere with the Temporary Receiver's taking custody, control, possession, or managing of the assets or documents subject to this receivership; or to harass or interfere with the Temporary Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendant; or
7. Refusing to cooperate with the Temporary Receiver or the Temporary Receiver's duly authorized agents in the exercise of their duties or authority under any Order of this Court.

XIII.
DELIVERY OF RECEIVERSHIP PROPERTY

IT IS FURTHER ORDERED THAT:

- A. Immediately upon service of this Order upon them, or within a period permitted by the Temporary Receiver, Defendants or any other person or entity, including but not limited to banks and brokerages, shall transfer or deliver possession, custody, and control of the following to the Temporary Receiver:
 1. All assets of the Receivership Defendant;
 2. All documents of the Receivership Defendant, including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;
 3. All assets belonging to members of the public now held by the Receivership Defendant; and
 4. All keys and codes necessary to gain or to secure access to any assets or documents of the Receivership Defendant, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.
- B. In the event any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Paragraph, the Temporary Receiver may file ex parte an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Temporary Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county (pursuant to Fed. R. Civ. P. 4(c)(1) and Local Rule 4.1) to seize the asset, document, or other thing and to deliver it to the Temporary Receiver.

XIV.
BANKRUPTCY PETITIONS

IT IS FURTHER ORDERED that, in light of the appointment of the Temporary Receiver, the Named Defendants are hereby prohibited from filing, or causing to be filed, a petition for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., without prior permission from this Court.

XV.
TRANSFER OF FUNDS TO THE RECEIVER

IT IS FURTHER ORDERED that, upon service of a copy of this Order, all banks, broker-dealers, savings and loans, escrow agents, title companies, commodity trading companies, or other financial institutions shall cooperate with all reasonable requests of the Temporary Receiver relating to implementation of this Order, including transferring funds at his direction and producing records related to the assets of the Receivership Defendant.

XVI.
STAY OF ACTIONS

IT IS FURTHER ORDERED that except by leave of this Court, during pendency of the receivership ordered herein, Defendants and all other persons and entities be and hereby are stayed from taking any action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, any of the Receivership Defendant, any of their subsidiaries, affiliates, partnerships, assets, documents, or the Temporary Receiver or the Temporary Receiver's duly authorized agents acting in their capacities as such, including, but not limited to, the following actions:

- A. Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;
- B. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any asset, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;
- C. Executing, issuing, serving, or causing the execution, issuance or service of, any legal process, including, but not limited to, attachments, garnishments, subpoenas, writs of replevin, writs of execution, or any other form of process whether specified in this Order or not; or
- D. Doing any act or thing whatsoever to interfere with the Temporary Receiver taking custody, control, possession, or management of the assets or documents subject to this receivership, or to harass or interfere with the Temporary Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Defendant;
- E. Except that this paragraph shall not stay:
 - 1. The commencement or continuation of a criminal action or proceeding;
 - 2. The commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power;
 - 3. The enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power;
 - 4. The commencement of any action by the Secretary of the United States Department of Housing and Urban Development to foreclose a mortgage or deed of trust in any case in which the mortgage or deed of trust held by the Secretary is insured or was formerly insured under the National Housing Act and covers property, or combinations of property, consisting of five or more living units; or
 - 5. The issuance to a Receivership Defendant of a notice of tax deficiency.

Except as otherwise provided in this Order, all persons and entities in need of documentation from the Temporary Receiver shall, in all instances, first attempt to secure such information by submitting a formal

written request to the Temporary Receiver, and, if such request has not been responded to within thirty (30) days of receipt by the Temporary Receiver, any such person or entity may thereafter seek an Order of this Court with regard to the relief requested.

**XVII.
COMPENSATION OF TEMPORARY RECEIVER**

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

**XVIII.
RECEIVER'S BOND**

IT IS FURTHER ORDERED that the Temporary Receiver shall file with the Clerk of this Court a bond in the sum of \$25,000 with sureties to be approved by the Court, conditioned that the Temporary Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

**XIX.
SERVICE OF ORDER**

IT IS FURTHER ORDERED that the Commission shall serve a copy of this Order upon the Named Defendants in accordance with Rule 4 of the Federal Rules of Civil Procedure, or in any manner provided by law on or before Noon on 10/27/2000, to be deemed good and sufficient service and notice of the hearing on the Order to Show Cause Re Preliminary Injunction. The Commission shall notify the Court seventy-two hours prior to the Hearing on the Preliminary Injunction as to which, if any, of the Named Defendants have not been served.

**XX.
SERVICE ON FINANCIAL INSTITUTIONS**

IT IS FURTHER ORDERED that copies of this Order may be served by any means, including facsimile transmission, upon any financial institution or other entity or person that may have possession, custody, or control of any documents or assets of any of the Named Defendants, or that may otherwise be subject to any provision of this Order. Service upon any branch or office of any financial institution shall effect service upon the entire financial institution. For purposes of service on anyone in possession of records, assets, property, or property rights, actual notice of this Order shall be deemed complete upon service of pages 1-36 of this Order (with Attachment 1 only).

**XXI.
RETENTION OF ASSETS AND RECORDS**

IT IS FURTHER ORDERED that, pending determination of the Commission's request for a preliminary injunction, any bank, savings and loan institution, credit union, financial institution, brokerage house, escrow agent, money market or mutual fund, title company, commodity trading company, common carrier, storage company, trustee, commercial mail receiving agency, mail holding or forwarding company, or any other partnership, corporation, or legal entity, business entity, or person, including but not limited to, Union Bank, Charter Pacific Bank, Humboldt Bank, First Regional Bank, American Express, and Novus (Discover), that holds, controls or maintains custody of any account or asset belonging to or titled in the name of any Named Defendant, or to which they are a signatory, or which is held on behalf of, or for the benefit of, any Named

Defendant, individually or jointly, or that has held, controlled or maintained custody of any such account or asset at any time since September 1, 1999, shall:

A. Prohibit the Named Defendants and their agents, servants, employees, attorneys, and all persons or entities directly or indirectly under their control, or in common control with them, from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling, or otherwise disposing of any such account or asset except:

1. as directed by further order of the Court;
2. for specific transfers authorized in writing by counsel for the Commission; or
3. as directed by the Temporary Receiver (regarding assets held in the name or for the benefit of the Receivership Defendant);

B. Deny Defendants, unless accompanied by counsel for the Federal Trade Commission, access to any safe deposit box that is:

1. titled in the name of Named Defendants, or their affiliates or subsidiaries, either individually or jointly; or
2. otherwise subject to access by Named Defendants, or their affiliates or subsidiaries;

C. Provide counsel for the Commission and the Temporary Receiver within three (3) business days of receiving a copy of this Order, a sworn statement setting forth:

1. the identification number of each such account or asset titled in the name, individually or jointly, of Named Defendants, or their corporations, affiliates or subsidiaries, or held on behalf of, or for the benefit of, any such Named Defendant, including but not limited to accounts or assets held in the names Scott Ford, Western United Service Corporation, or Titan Business Solutions;
2. the balance of each such account, or a description of the nature and value of such asset as of the time this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and
3. the identification of any safe deposit box that is either titled in the name, individually or jointly, of, Named Defendants, or their corporations, affiliates or subsidiaries, including but not limited to Scott Ford, Western United Service Corporation, or Titan Business Solutions, or is otherwise subject to access by any such Defendant;

D. Upon the request by the Temporary Receiver or the Commission, promptly provide the Temporary Receiver and the Commission with copies of all records or other documentation pertaining to such account or asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

E. Cooperate with all reasonable requests of the Temporary Receiver relating to implementation of this Order, including transferring funds at the Temporary Receiver's direction and producing records related to the accounts of the Receivership Defendant.

XXII. EXPEDITED DISCOVERY

IT IS FURTHER ORDERED that the Commission and the Temporary Receiver are granted leave at any time after service of this Order to:

A. take the deposition of any person or entity, including without limitation for the purpose of discovering the nature, location, status, and extent of assets of the Named Defendants, or their affiliates or subsidiaries and the nature and location of documents reflecting the business transactions of these Defendants,

B. demand the production of documents from any person or entity relating to the nature, status, and extent of these Defendants' assets, and the location of documents reflecting the business transactions of these Defendants.

Thirty-six (36) hours notice shall be deemed sufficient for any such deposition and forty-eight (48) hours notice shall be deemed sufficient for the production of any such documents. The limitations and conditions set forth in Fed. R. Civ. P. 30(a)(2)(B) and 31(a)(2)(B) regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this paragraph. Any such depositions taken pursuant to this paragraph shall not be counted toward the ten deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A) and 31(a)(2)(A). Service of discovery upon a party, taken pursuant to this paragraph, shall be sufficient if made by facsimile or by overnight delivery.

XXIII. SERVICE OF PLEADINGS

IT IS FURTHER ORDERED that the Commission may serve and file a supplemental memorandum of points and authorities based on evidence discovered subsequent to the filing of its Complaint by no later than 5:00 p.m. (PT) of the third business day prior to the preliminary injunction hearing. Named Defendants shall serve all memoranda, affidavits and other evidence on which they intend to rely at the preliminary injunction hearing set in this matter not later than 5:00 p.m. (PT) of the third business day prior to the hearing date. Service on the Commission shall be performed by personal delivery to counsel for the Federal Trade Commission, 10877 Wilshire Blvd., Suite 700, Los Angeles, California 90024, or by facsimile transmission to (310) 824-4380. The Commission shall serve any reply memoranda, affidavits and other evidence on all Named Defendants who have been served, or their counsel, by personal delivery or by facsimile, no later than 5:00 p.m. of the second business day prior to the hearing date.

XXIV. WITNESSES

IT IS FURTHER ORDERED that there will be no direct examination of witnesses at the preliminary injunction hearing in this matter.

XXV. DEFENSE COUNSEL'S ATTORNEY'S FEES

IT IS FURTHER ORDERED that if Named Defendants' retain counsel, the Court will consider awarding reasonable attorneys' fees to Named Defendants' counsel only upon a showing of good cause upon written motion submitted in accordance with the Local Rules of this Court. The term "reasonable," however, shall not be solely determined in light of prevailing rates in the community for the work performed, but rather, the Court will also consider what is "reasonable" in light of the totality of the circumstances, including the likelihood of success, the amount of gross receipts from consumers, and the amount of frozen assets. Named Defendants' attorney's fees shall not be paid until after Defendants' gross receipts from consumers are ascertained.

XXVI. DURATION OF TEMPORARY RESTRAINING ORDER

IT IS FURTHER ORDERED that the Temporary Restraining Order granted herein shall expire on November 3, 2000, unless within such time, the Order, for good cause shown, is extended for an additional period not to exceed ten days, or unless it is further extended pursuant to Federal Rule of Civil Procedure 65 or by stipulation of counsel.

XXVII.
ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION

IT IS FURTHER ORDERED, pursuant to Federal Rule of Civil Procedure 65(b), that each of the Named Defendants shall appear before this Court on the 3rd day of November, 2000, at 2:00 p.m., before the Honorable Gary Allen Feess, Courtroom 740, United States District Court, Central District of California, Los Angeles, California 90012 to show cause, if there is any, why a Preliminary Injunction should not be granted in accordance with the prayer for relief contained in the Complaint, and to show cause why an order should not be made continuing the Temporary Restraining Order enjoining Defendants from further violations of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a), continuing the asset freeze, appointing Robb Evans & Associates as permanent receiver, with all the powers of an Equity Receiver and such other powers as the Court shall find necessary and appropriate for the Permanent Receiver to administer the receivership estate, and imposing such additional relief as may be appropriate, pending final ruling on the Complaint.

XXVIII.
RETENTION OF JURISDICTION

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

SO ORDERED, this 25th day of October, 2000, at 3:20 p.m.

/signed/ **GARY FEESS**

UNITED STATES DISTRICT COURT JUDGE

Presented by:

/signed/ JENNIFER LARABEE

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