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17
18 UNITED STATES DISTRICT COURT
19 CENTRAL DISTRICT OF CALIFORNIA

20 Consumer Financial Protection Bureau,
21 Plaintiff,
22 v.

23 Chance Edward Gordon, an individual,
and also d/b/a Gordon & Associates,
24 The Law Offices of Chance E. Gordon,
The Law Offices of C. Edward Gordon,
25 The C.E.G. Law Firm, National Legal
Source, Resource Law Center, Resource
26 Law Group, and Resource Legal Group;
27 The Gordon Law Firm, P.C.,
28

Case No.12CV 06147-RSWL
(MRWx)_____

**EX PARTE TEMPORARY
RESTRAINING ORDER WITH
ASSET FREEZE, APPOINTMENT
OF TEMPORARY RECEIVER,
EXPEDITED DISCOVERY, AND
OTHER EQUITABLE RELIEF AND
ORDER TO SHOW CAUSE WHY
PRELIMINARY INJUNCTION
SHOULD NOT ISSUE**



1 a professional corporation;

(FILED UNDER SEAL)

2 Abraham Michael Pessar, an individual;

3 Division One Investment and Loan,
4 Inc.,
5 a corporation, and also d/b/a Division
6 One Business Solutions, D1
7 Companies; Division One, Division 1,
8 Home Savers National, D1 Marketing
9 Solutions and Relief Council; and

10 Processing Division, L.L.C.,
11 a limited liability company, and also
12 d/b/a Qualification Intake Department,
13 Division One, The Relief Network, and
14 Relief Network;

15 Defendants.

16 Plaintiff, the Consumer Financial Protection Bureau (“CFPB” or “Bureau”),
17 pursuant to: (1) Sections 1031(a), 1036(a), 1054, and 1055 of the Consumer Financial
18 Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a), 5536(a), 5564, and 5565; and
19 (2) Section 626 of the Omnibus Appropriations Act, 2009, as amended by Section 1097
20 of the CFPA, 12 U.S.C. § 5538, and the Mortgage Assistance Relief Services Rule, 16
21 C.F.R. Part 322, recodified as 12 C.F.R. Part 1015 (“Regulation O”), has filed a
22 Complaint for preliminary and permanent injunctive relief, rescission or reformation of
23 contracts, the refund of monies paid, restitution, disgorgement of ill-gotten monies, and
24 other equitable relief for Defendants’ acts or practices in violation of the CFPA and
25 Regulation O in connection with the marketing and sale of their mortgage assistance
26 relief services, and has applied for a temporary restraining order pursuant to Rule 65(b)
27 of the Federal Rules of Civil Procedure.
28

1 **FINDINGS OF FACT**

2 This Court, having considered the Bureau’s Complaint, *ex parte* application,
3 declarations, exhibits, and memoranda filed in support of the Bureau’s application, and
4 the evidence presented by all parties, finds that:

5 1. This Court has jurisdiction over the subject matter of this case, there is good
6 cause to believe it will have jurisdiction over all the parties hereto, and venue in this
7 district is proper;

8 2. There is good cause to believe that Defendants (a) Chance Edward Gordon,
9 an individual also d/b/a Gordon & Associates, The Law Offices of Chance E. Gordon,
10 The Law Offices of C. Edward Gordon, The C.E.G. Law Firm, National Legal Source,
11 Resource Law Center, Resource Law Group, and Resource Legal Group; (b) The Gordon
12 Law Firm P.C., a California professional corporation; (c) Abraham Michael Pessar, an
13 individual; (d) Division One Investment and Loan, Inc., d/b/a Division One Business
14 Solutions, D1 Companies, Division One, Division 1, Home Savers National, D1
15 Marketing Solutions and Relief Council (“Division One Investment”), a corporation; and
16 (e) Processing Division, L.L.C., a limited liability company, and also d/b/a Qualification
17 Intake Department, Division One, The Relief Network, and Relief Network (collectively
18 “Defendants”), have engaged and are likely to continue to engage in acts or practices that
19 violate section 1036 of the CFPA, 12 U.S.C. § 5536, and Regulation O, 12 C.F.R. Part
20 1015, and that the Bureau is therefore likely to prevail on the merits of this action;

21 3. There is good cause to believe that immediate and irreparable harm will
22 result from Defendants’ ongoing violations of the CFPA and Regulation O unless
23 Defendants are restrained and enjoined by Order of this Court;

24 4. There is good cause to believe that immediate and irreparable damage to the
25 Court’s ability to grant effective final relief for consumers in the form of monetary
26 restitution and disgorgement or compensation for unjust enrichment will occur from the
27 transfer, dissipation, or concealment by Defendants of their assets or business records

1 unless Defendants continue to be restrained and enjoined by Order of this Court; and that
2 in accordance with Fed. R. Civ. P. 65(b), the interest of justice requires that the Bureau's
3 application be heard *ex parte* without prior notice to Defendants. Therefore, there is good
4 cause for relieving the Bureau of the duty to provide Defendants with prior notice of the
5 Bureau's application;

6 5. Good cause exists for appointing a temporary receiver over The Gordon Law
7 Firm P.C., Division One Investment and Loan, Inc., and Processing Division, L.L.C.;
8 permitting the Bureau immediate access to Defendants' business premises; and
9 permitting the Bureau to take expedited discovery;

10 6. Weighing the equities and considering the Bureau's likelihood of ultimate
11 success on the merits and the likelihood of irreparable harm in the absence of preliminary
12 relief, the balance of hardships favors the Bureau, and a temporary restraining order with
13 an asset freeze, expedited discovery as to the existence and location of assets and
14 documents, and other equitable relief is in the public interest; and

15 7. No security is required of any agency of the United States for issuance of a
16 restraining order. Fed. R. Civ. P. 65.

17 **ORDER**

18 **DEFINITIONS**

19 8. For the Purposes of this Order, the following definitions shall apply:

- 20 a. "Assets" means any legal or equitable interest in, right to or claim to any
21 real, personal, or intellectual property owned or controlled by, or held, in
22 whole or in part for the benefit of, or subject to access by any Defendant,
23 wherever located, whether in the United States or abroad, including, but not
24 limited to, chattel, goods, instruments, equipment, fixtures, general
25 intangibles, effects, leaseholds, contracts, mail or other deliveries, shares of
26 stock, commodities, futures, inventory, checks, notes, accounts, credits,
27 receivables (as those terms are defined in the Uniform Commercial Code),
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1 funds, cash, and trusts, including but not limited to any trust held for the
2 benefit of any Defendant, any of the Individual Defendants' minor children,
3 or any of the Individual Defendants' spouses, and shall include both existing
4 assets and assets acquired after the date of entry of this Order;

5 b. "Corporate Defendants" means The Gordon Law Firm P.C., Division One
6 Investment and Loan, Inc., and Processing Division, L.L.C.;

7 c. "Defendants" means the Individual Defendants and all of the Corporate
8 Defendants, individually, collectively, or in any combination, and each of
9 them by whatever names each might be known.

10 d. "Document" and "Electronically Stored Information" are synonymous in
11 meaning and equal in scope to the usage of the terms in Rule 34(a) of the
12 Federal Rules of Civil Procedure and include but are not limited to:

13 i. The original or a true copy of any written, typed, printed,
14 electronically stored, transcribed, taped, recorded, filmed, punched, or
15 graphic matter or other data compilations of any kind, including, but
16 not limited to, letters, email or other correspondence, messages,
17 memoranda, paper, interoffice communications, notes, reports,
18 summaries, manuals, magnetic tapes or discs, tabulations, books,
19 records, checks, invoices, work papers, journals, ledgers, statements,
20 returns, reports, schedules, files, charts, logs, electronic files, stored in
21 any medium; and

22 ii. Any electronically created or stored information, including but not
23 limited to electronic mail, instant messaging, videoconferencing,
24 SMS, MMS, or other text messaging, and other electronic
25 correspondence (whether active, archived, unsent, or in a deleted
26 items folder), word processing files, spreadsheets, databases,
27 unorganized data, document metadata, presentation files, and sound
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1 recordings, whether stored on any cell phones, smartphones, flash
2 drives, personal digital assistants (“PDAs”), cards, desktop personal
3 computer and workstations, laptops, notebooks and other portable
4 computers, or other electronic storage media, backup disks and tapes,
5 archive disks and tapes, and other forms of offline storage, whether
6 assigned to individuals or in pools of computers available for shared
7 use, or personally owned but used for work-related purposes, whether
8 stored on-site with the computer used to generate them, stored offsite
9 in another company facility, or stored, hosted, or otherwise
10 maintained off-site by a third party; and computers and related offline
11 storage used by Defendants or Defendants’ participating associates,
12 which may include persons who are not employees of the company or
13 who do not work on company premises.

14 e. “Electronic Data Host” means any person or entity that stores, hosts, or
15 otherwise maintains electronically stored information.

16 f. “Financial institution” means any bank, savings and loan institution, credit
17 union, or any financial depository of any kind, including, but not limited to,
18 any brokerage house, trustee, broker-dealer, escrow agent, title company,
19 commodity trading company, or precious metal dealer.

20 g. “Individual Defendants” means Chance Edward Gordon and Abraham
21 Michael Pessar, individually, collectively, or in any combination, and each
22 of them by any other names by which they might be known.

23 h. “Material fact” means any fact that is likely to affect a person’s choice of, or
24 conduct regarding, goods or services.

25 i. “Mortgage assistance relief product or service” means any product, service,
26 plan, or program, offered or provided to the consumer in exchange for
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1 consideration, that is represented, expressly or by implication, to assist or
2 attempt to assist the consumer with any of the following:

- 3 i. stopping, preventing, or postponing any mortgage or deed of trust
4 foreclosure sale for the consumer's dwelling, any repossession of the
5 consumer's dwelling, or otherwise saving the consumer's dwelling
6 from foreclosure or repossession;
- 7 ii. negotiating, obtaining, or arranging a modification of any term of
8 dwelling loan, including a reduction in the amount of interest,
9 principal balance, monthly payments, or fees;
- 10 iii. obtaining any forbearance or modification in the timing of payments
11 from any dwelling loan holder or servicer on any dwelling loan;
- 12 iv. negotiating, obtaining, or arranging any extension of the period of
13 time within which the consumer may (i) cure his or her default on a
14 dwelling loan, (ii) reinstate his or her dwelling loan, (iii) redeem a
15 dwelling, or (iv) exercise any right to reinstate a dwelling loan or
16 redeem a dwelling;
- 17 v. obtaining any waiver of an acceleration clause or balloon payment
18 contained in any promissory note or contract secured by any dwelling;
19 or
- 20 vi. negotiating, obtaining, or arranging (i) a short sale of a dwelling, (ii) a
21 deed in lieu of foreclosure, (iii) or any other disposition of a dwelling
22 loan other than a sale to a third party that is not the dwelling loan
23 holder.

24 The foregoing shall include any manner of claimed assistance, including, but
25 not limited to, auditing or examining a consumer's mortgage or home loan
26 application.

1 j. "Person" means an individual, partnership, company, corporation,
2 association (incorporated or unincorporated), trust, estate, cooperative
3 organization, or other entity.

4 k. "Receivership Defendants" means The Gordon Law Firm P.C., Division
5 One Investment and Loan, Inc., and Processing Division, L.L.C., and their
6 successors, assigns, affiliates, or subsidiaries, and each of them by whatever
7 names each might be known, provided that the Temporary Receiver has
8 reason to believe they are owned or controlled in whole or in part by any of
9 the Defendants.

10 l. The words "and" and "or" shall be understood to have both conjunctive and
11 disjunctive meanings as necessary to make the applicable phrase or sentence
12 inclusive rather than exclusive.

13 **I.**

14 **PROHIBITED REPRESENTATIONS**

15 **IT IS THEREFORE ORDERED** that Defendants and their successors, assigns,
16 officers, agents, servants, employees, and attorneys, and those persons in active concert
17 or participation with any of them who receive actual notice of this Order by personal
18 service, facsimile transmission, email, or otherwise, whether acting directly or through
19 any corporation, subsidiary, division, or other device, in connection with the advertising,
20 marketing, promotion, offering for sale, sale, or performance of any mortgage assistance
21 relief product or service, are hereby temporarily restrained and enjoined from falsely
22 representing, or from assisting others who are falsely representing, expressly or by
23 implication, any of the following:

24 A. That any Defendant or any other person:

25 1. will or likely will obtain for consumers mortgage loan modifications
26 that substantially reduce consumers' mortgage payments or interest rates or
27 help consumers avoid foreclosure;

1 A. Representing, expressly or by implication, that a consumer cannot or should
2 not contact or communicate with his or her lender or servicer, in violation of 12
3 C.F.R. § 1015.3(a);

4 B. Failing to make the following disclosure clearly and prominently in all
5 general and consumer-specific commercial communications: “[Name of Company]
6 is not associated with the government, and our service is not approved by the
7 government or your lender,” in violation of 12 C.F.R. §§ 1015.4(a)(1),
8 1015.4(b)(2);

9 C. Failing to make the following disclosure clearly and prominently in all
10 general and consumer-specific commercial communications: “Even if you accept
11 this offer and use our service, your lender may not agree to change your loan,” in
12 violation of 12 C.F.R. §§ 1015.4(a)(2), 1015.4(b)(3);

13 D. Failing to make the following disclosure clearly and prominently in all
14 consumer-specific commercial communications: “You may stop doing business
15 with us at any time. You may accept or reject the offer of mortgage assistance we
16 obtain from your lender [or servicer]. If you reject the offer, you do not have to
17 pay us. If you accept the offer, you will have to pay us [insert amount or method
18 for calculating the amount] for our services.” For the purposes of this section, the
19 amount “you will have to pay” shall consist of the total amount the consumer must
20 pay to purchase, receive, and use all of the mortgage assistance relief services that
21 are the subject of the sales offer, including but not limited to, all fees and charges,
22 in violation of 12 C.F.R. § 1015.4(b)(1);

23 E. Failing, in all general commercial communications, consumer-specific
24 commercial communications, and other communications in cases where any
25 Defendant or person has represented, expressly or by implication, in connection
26 with the advertising, marketing, promotion, offering for sale, sale, or performance
27 of any mortgage assistance relief service, that the consumer should temporarily or
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1 permanently discontinue payments, in whole or in part, on a dwelling loan, to place
2 clearly and prominently, and in close proximity to any such representation the
3 following disclosure: "If you stop paying your mortgage, you could lose your
4 home and damage your credit rating," in violation of 12 C.F.R. § 1015.4(c); and
5 F. Any other conduct in violation of 12 C.F.R. § 1015 *et seq.*

6 **III.**

7 **PROHIBITION ON COLLECTION OF ADVANCE FEES**

8 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
9 servants, employees, independent contractors, and attorneys, and those persons in active
10 concert or participation with any of them who receive actual notice of this Order by
11 personal service, facsimile transmission, email, or otherwise, whether acting directly or
12 through any corporation, subsidiary, division, or other device, in connection with the
13 advertising, marketing, promotion, offering for sale, sale, or performance of any
14 mortgage assistance relief service, are hereby temporarily restrained and enjoined from
15 asking for or receiving payment before consumers have executed a written agreement
16 between the consumer and the loan holder or servicer that incorporates the offer obtained
17 by Defendants.

18 **IV.**

19 **PRESERVATION OF RECORDS AND TANGIBLE THINGS**

20 **IT IS FURTHER ORDERED** that Defendants and their successors, assigns,
21 officers, agents, servants, employees, independent contractors, and attorneys, and those
22 persons in active concert or participation with any of them who receive actual notice of
23 this Order by personal service, facsimile transmission, email, or otherwise, whether
24 acting directly or through any entity, corporation, subsidiary, division, affiliate, or other
25 device, are hereby temporarily enjoined from destroying, erasing, mutilating, concealing,
26 altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any
27 Documents or records that relate to the business practices, or business or personal

1 finances of any Defendant, or other entity directly or indirectly under the control of any
2 Defendant.

3 **V.**

4 **DISABLEMENT OF WEBSITES**

5 **IT IS FURTHER ORDERED** that, immediately upon service of the Order upon
6 them and pending determination of the Bureau's request for a preliminary injunction, (1)
7 any person hosting any Internet website for, or on behalf of, any Defendant, and (2)
8 Defendants and their successors, assigns, officers, agents, servants, employees,
9 independent contractors, and attorneys, and those persons in active concert or
10 participation with any of them who receive actual notice of this Order by personal
11 service, facsimile transmission, email, or otherwise, whether acting directly or through
12 any corporation, subsidiary, division, or other device, shall:

13 A. Immediately do whatever is necessary to ensure that any Internet website
14 used by Defendants for the advertising, marketing, promotion, offering for sale,
15 sale, or performance of any mortgage assistance relief service, including but not
16 limited to www.reliefcouncil.org, www.thereliefnetwork.org, www.prelitlaw.com,
17 www.resourcelawgroup.com, www.resourcelawcenter.com,
18 www.resourcelegalgroup.com, and www.nationallegalsource.com, containing
19 statements, representations, or omissions prohibited by Sections I and II of this
20 Order cannot be accessed by the public;

21 B. Prevent the destruction or erasure of any Internet website used by
22 Defendants for the advertising, marketing, promotion, offering for sale, sale, or
23 performance of any mortgage assistance relief service, by preserving such website
24 in the format in which it is maintained currently; and

25 C. Immediately notify in writing counsel for the Bureau of any other Internet
26 website operated or controlled by any Defendant not listed in Subsections V.A
27 above.

1 **VI.**

2 **SUSPENSION OF INTERNET DOMAIN NAME REGISTRATIONS**

3 **IT IS FURTHER ORDERED** that, pending determination of the Bureau's
4 request for a preliminary injunction, any domain name registrar shall suspend the
5 registration of any internet website used by Defendants for the advertising, marketing,
6 promotion, offering for sale, sale, or performance of any mortgage assistance relief
7 service, and containing statements, representations, or omissions prohibited by Sections I
8 and II of this Order, including, but not limited to www.reliefcouncil.org,
9 www.thereliefnetwork.org, www.prelitlaw.com, www.resourcelawgroup.com,
10 www.resourcelawcenter.com, www.resourcelegalgroup.com, and
11 www.nationallegalsource.com, and provide immediate notice to counsel for the Bureau
12 of any other Internet domain names registered or controlled by any Defendants.

13 **VII.**

14 **ASSET FREEZE**

15 **IT IS FURTHER ORDERED** that Defendants and their successors, assigns,
16 officers, agents, servants, employees, independent contractors, and attorneys, and all
17 persons directly or indirectly under the control of any of them, including any financial
18 institution, and all other persons in active concert or participation with any of them who
19 receive actual notice of this Order by personal service, facsimile, email, or otherwise, are
20 hereby temporarily restrained and enjoined from directly or indirectly:

- 21 A. Selling, liquidating, assigning, transferring, converting, loaning,
22 hypothecating, disbursing, gifting, conveying, encumbering, pledging, concealing,
23 dissipating, spending, withdrawing, or otherwise disposing of any Asset that is:
- 24 1. in the actual or constructive possession of any Defendant; or
 - 25 2. in the actual or constructive possession of, or owned or controlled by,
26 or subject to access by, or belonging to, any corporation, partnership, trust or
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1 other entity directly or indirectly owned, managed or controlled by any
2 Defendant;

3 B. Opening, or causing to be opened, any safe deposit box, commercial mail
4 box, or storage facility belonging to, for the use or benefit of, controlled by, or
5 titled in the name of any Defendant, or subject to access by any Defendant;

6 C. Incurring charges or cash advances on any credit card, stored value card,
7 debit card or charge card issued in the name, singly or jointly, of any Defendant or
8 any other entity directly or indirectly owned, managed, or controlled by any
9 Defendant; or

10 D. Cashing any checks from consumers, clients, or customers of any Defendant.
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12 **IT IS FURTHER ORDERED** that the Assets affected by this Section shall
13 include: (a) all Assets of each Defendant as of the time this Order is entered, and (b)
14 those Assets obtained or received after entry of this Order that are derived, directly or
15 indirectly, from the actions alleged in Plaintiff's Complaint. This Section does not
16 prohibit transfers to the Temporary Receiver, as specifically required in Section XVII
17 (Delivery of Receivership Property), nor does it prohibit the Repatriation of Foreign
18 Assets, as specifically required in Section XI of this Order.

19 **VIII.**

20 **RETENTION OF ASSETS AND RECORDS BY FINANCIAL INSTITUTIONS**
21 **AND OTHER THIRD PARTIES**

22 **IT IS FURTHER ORDERED** that, except as otherwise ordered by this Court,
23 any financial or brokerage institution, business entity, electronic data host, Internet or "e-
24 currency" payment processor, or person served with a copy of this Order, or who
25 otherwise has actual or constructive knowledge of this Order, that holds, controls, or
26 maintains custody of any account, Document, or Asset of, on behalf of, in the name of,
27 for the benefit of, subject to withdrawal by, subject to access or use by, or under the
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1 signatory power of any Defendant or other party subject to Section VII above, or has
2 held, controlled, or maintained any such account, Document, or Asset at any time since
3 January 1, 2010, shall:

4 A. Hold, preserve, and retain within such person's control, and prohibit the
5 withdrawal, removal, alteration, assignment, transfer, pledge, hypothecation,
6 encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other
7 disposal of such account, Document, or Asset held by or under such person's
8 control, except as directed by further order of the Court or as directed in writing by
9 the Temporary Receiver regarding accounts, Documents, or Assets held in the
10 name of or benefit of any Receivership Defendant;

11 B. Provide the Temporary Receiver, the Temporary Receiver's agents, the
12 Bureau, and the Bureau's agents immediate access to Documents, including those
13 electronically stored, hosted, or otherwise maintained on behalf of Defendants for
14 forensic imaging or copying;

15 C. Deny access to any safe deposit box, commercial mail box, or storage
16 facility belonging to, for the use or benefit of, controlled by, or titled in the name
17 of any Defendant, or subject to access by any Defendant or other party subject to
18 Section VII (Asset Freeze) above;

19 D. Provide to counsel for the Bureau and the Temporary Receiver, within one
20 (1) business day, a sworn statement setting forth:

21 1. the identification of each account or Asset titled in the name,
22 individually or jointly, or held on behalf of or for the benefit of, subject to
23 withdrawal by, subject to access or use by, or under the signatory power of
24 any Defendant or other party subject to Section VII above, whether in whole
25 or in part;

1 2. the balance of each such account, or a description of the nature and
2 value of such Asset, as of the close of business on the day on which this
3 Order is served;

4 3. the identification of any safe deposit box, commercial mail box, or
5 storage facility belonging to, for the use or benefit of, controlled by, or titled
6 in the name of any Defendant, or subject to access by any Defendant or other
7 party subject to Section VII above, whether in whole or in part; and

8 4. if the account, safe deposit box, or other Asset has been closed or
9 removed, the date closed or removed, the balance on said date, and the name
10 or the person or entity to whom such account or other Asset was remitted;

11 E. Provide to counsel for the Bureau and the Temporary Receiver, within three
12 (3) business days after being served with a request, copies of all Documents
13 pertaining to such account or Asset, including but not limited to originals or copies
14 of account applications, account statements, signature cards, checks, drafts, deposit
15 tickets, transfers to and from the accounts, all other debit and credit instruments or
16 slips, currency transaction reports, 1099 forms, and safe deposit box logs; provided
17 that such institution or custodian may charge a reasonable fee; and

18 F. Cooperate with all reasonable requests of the Temporary Receiver relating to
19 this Order's implementation.

20 G. The accounts subject to this provision include: (a) all Assets of each
21 Defendant deposited as of the time this Order is entered, and (b) those Assets
22 deposited after entry of this Order that are derived from the actions alleged in
23 Plaintiff's Complaint. This Section does not prohibit transfers to the Temporary
24 Receiver, as specifically required in Section XVII (Delivery of Receivership
25 Property), nor does it prohibit the Repatriation of Foreign Assets, as specifically
26 required in Section XI of this Order.

1 H. The Bureau is granted leave, pursuant to Fed. R. Civ. P. 45, to subpoena
2 Documents immediately from any financial or brokerage institution, business
3 entity, electronic data host, or person served with a copy of this Order that holds,
4 controls, or maintains custody of any account, Document, or Asset of, on behalf of,
5 in the name of, for the benefit of, subject to withdrawal by, subject to access or use
6 by, or under the signatory power of any Defendant or other party subject to Section
7 VII above, or has held, controlled, or maintained any such account, Document, or
8 Asset at any time since January 1, 2010, and such financial or brokerage
9 institution, business entity, electronic data host or person shall respond to such
10 subpoena within three (3) business days after service.

11 **IX.**

12 **FINANCIAL STATEMENTS AND ACCOUNTING**

13 **IT IS FURTHER ORDERED** that each Defendant, within three (3) business days of
14 service of this Order, shall prepare and deliver to counsel for the Bureau:

15 A. For each Individual Defendant, a completed financial statement accurate as
16 of the date of service of this Order upon such Defendant on the form of Attachment
17 A to this Order captioned "Financial Statement of Individual Defendant."

18 B. For each Corporate Defendant, a completed financial statement accurate as
19 of the date of service of this Order upon such Defendant (unless otherwise agreed
20 upon with Bureau counsel) in the form of Attachment B to this Order captioned
21 "Financial Statement of Corporate Defendant."

22 C. A list of all officers and directors of each Corporate Defendant and all other
23 individuals or entities with authority to direct the operations of each Corporate
24 Defendant or withdraw money from the account of each Corporate Defendant.

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X.

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), the Bureau may obtain credit reports concerning any Defendant, and that, upon written request, any credit reporting agency from which such reports are requested shall provide them to the Bureau.

XI.

REPATRIATION OF FOREIGN ASSETS

IT IS FURTHER ORDERED that, within three (3) business days following the service of this Order, each Defendant shall:

- A. Provide counsel for the Bureau and the Temporary Receiver with a full accounting of all Assets, accounts, and Documents outside of the territory of the United States that are held either: (1) by Defendants; (2) for their benefit; (3) in trust by or for them, individually or jointly; or (4) under their direct or indirect control, individually or jointly;
- B. Transfer to the territory of the United States all Assets, accounts, and Documents in foreign countries held either: (1) by Defendants; (2) for their benefit; (3) in trust by or for them, individually or jointly; or (4) under their direct or indirect control, individually or jointly;
- C. All repatriated Assets, accounts, and Documents are subject to Section VII of this Order; and
- D. Provide the Bureau access to all records of accounts or Assets of the Corporate Defendants and Individual Defendants held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order as Attachment C.

1 **XII.**

2 **NONINTERFERENCE WITH REPATRIATION**

3 **IT IS FURTHER ORDERED** that Defendants and their successors, assigns,
4 officers, agents, servants, employees, independent contractors, and attorneys, and those
5 persons in active concert or participation with any of them who receive actual notice of
6 this Order by personal service or otherwise, whether acting directly or through any
7 corporation, subsidiary, division, or other device, are hereby temporarily restrained and
8 enjoined from taking any action, directly or indirectly, which may result in the
9 encumbrance or dissipation of foreign Assets, or in the hindrance of the repatriation
10 required by the preceding Section XI of this Order, including, but not limited to:

- 11 A. Sending any statement, letter, fax, email or wire transmission, or telephoning
12 or engaging in any other act, directly or indirectly, that results in a determination
13 by a foreign trustee or other entity that a “duress” event has occurred under the
14 terms of a foreign trust agreement until such time that all Assets have been fully
15 repatriated pursuant to Section XI of this Order; or
16 B. Notifying any trustee, protector, or other agent of any foreign trust or other
17 related entities of either the existence of this Order, or of the fact that repatriation
18 is required pursuant to a court order, until such time that all Assets have been fully
19 repatriated pursuant to Section XI of this Order.

20 **XIII.**

21 **APPOINTMENT OF A TEMPORARY RECEIVER**

22 **IT IS FURTHER ORDERED** that Robb Evans & Associates, 11450 Sheldon
23 Street, Sun Valley, CA 91352-1121 is appointed Temporary Receiver for the business
24 activities of Receivership Defendants with the full power of an equity receiver. The
25 Temporary Receiver shall be the agent of this Court and solely the agent of this Court in
26 acting as Temporary Receiver under this Order. The Temporary Receiver shall be
27 accountable directly to this Court. The Temporary Receiver shall comply with all laws

1 and Local Rules of this Court governing federal equity receivers, including but not
2 limited to Local Rules 66-1 through 66-5.1 and Local Rule 66-8.

3 **XIV.**

4 **DUTIES AND AUTHORITY OF TEMPORARY RECEIVER**

5 **IT IS FURTHER ORDERED** that the Temporary Receiver is directed and
6 authorized to accomplish the following:

7 A. Assume full control of the Receivership Defendants by removing, as the
8 Temporary Receiver deems necessary or advisable, any director, officer,
9 independent contractor, employee, or agent of any of the Receivership Defendants,
10 including any named Defendant, from control of, management of, or participation
11 in, the affairs of the Receivership Defendants;

12 B. Take exclusive custody, control, and possession of all Assets and
13 Documents of, or in the possession, custody, or under the control of, the
14 Receivership Defendants, wherever situated. The Temporary Receiver shall have
15 full power to divert mail and to sue for, collect, receive, take into possession, hold,
16 and manage all Assets and Documents of the Receivership Defendants and other
17 persons whose interests are now held by or under the direction, possession,
18 custody, or control of the Receivership Defendants. *Provided, however,* that the
19 Temporary Receiver shall not attempt to collect or receive any amount from a
20 consumer if the Temporary Receiver believes the consumer was a victim of the
21 unlawful conduct alleged in the complaint in this matter;

22 C. Take all steps necessary to secure the business premises of the Receivership
23 Defendants. Such steps may include, but are not limited to, the following, as the
24 Temporary Receiver deems necessary or advisable:

- 25 1. serving and filing this Order;
- 26 2. completing a written inventory of all Receivership Assets;

1 3. obtaining pertinent information from all employees and other agents
2 of the Receivership Defendants, including, but not limited to, the name,
3 home address, social security number, job description, method of
4 compensation, and all accrued and unpaid commissions and compensation of
5 each such employee or agent, and all computer hardware and software
6 passwords;

7 4. videotaping and/or photographing all portions of the location;

8 5. securing the location by changing the locks and disconnecting any
9 computer modems or other means of access to the computer or other records
10 maintained at that location;

11 6. requiring any persons present on the premises at the time this Order is
12 served to leave the premises, to provide the Temporary Receiver with proof
13 of identification, or to demonstrate to the satisfaction of the Temporary
14 Receiver that such persons are not removing from the premises Documents
15 or Assets of the Receivership Defendants; and

16 7. requiring all employees, independent contractors, and consultants of
17 the Receivership Defendants to complete a Questionnaire submitted by the
18 Temporary Receiver;

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

24 E. Liquidate any and all securities or commodities owned by or for the benefit
25 of the Receivership Defendants as the Temporary Receiver deems to be advisable
26 or necessary;

1 F. Enter into contracts and purchase insurance as the Temporary Receiver
2 deems to be advisable or necessary;

3 G. Prevent the inequitable distribution of Assets and determine, adjust, and
4 protect the interests of consumers and creditors who have transacted business with
5 the Receivership Defendants;

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

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

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

21 K. Determine and implement measures to ensure that the Receivership
22 Defendants comply with, and prevent violations of, this Order and all other
23 applicable laws, including, but not limited to, revising sales materials and
24 implementing monitoring procedures;

25 L. Institute, compromise, adjust, appear in, intervene in, or become party to
26 such actions or proceedings in state, federal, or foreign courts that the Temporary
27 Receiver deems necessary and advisable to preserve or recover the Assets of the
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1 Receivership Defendants, or that the Temporary Receiver deems necessary and
2 advisable to carry out the Temporary Receiver's mandate under this Order;

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

9 N. Continue and conduct the business of the Receivership Defendants in such
10 manner, to such extent, and for such duration as the Temporary Receiver may in
11 good faith deem to be necessary or appropriate to operate the business profitably
12 and lawfully, if at all; *provided, however*, that the continuation and conduct of the
13 business shall be conditioned upon the Temporary Receiver's good faith
14 determination that the businesses can be lawfully operated at a profit using the
15 Assets of the receivership estate;

16 O. Take depositions and issue subpoenas to obtain Documents and records
17 pertaining to the receivership estate and compliance with this Order. Subpoenas
18 may be served by agents or attorneys of the Temporary Receiver and by agents of
19 any process server retained by the Temporary Receiver;

20 P. Open one or more bank accounts as designated depositories for funds of the
21 Receivership Defendants. The Temporary Receiver shall deposit all funds of the
22 Receivership Defendants in such a designated account and shall make all payments
23 and disbursements from the receivership estate from such account(s);

24 Q. Maintain accurate records of all receipts and expenditures that he makes as
25 Temporary Receiver;

26 R. Cooperate with reasonable requests for information or assistance from any
27 state or federal law enforcement agency; and

1 S. Maintain the chain of custody of all of Defendants' records in their
2 possession.

3 **XV.**

4 **IMMEDIATE ACCESS TO BUSINESS PREMISES AND RECORDS**

5 **IT IS FURTHER ORDERED** that the Bureau, the Temporary Receiver, and their
6 respective representatives, agents, contractors, or assistants, are permitted immediate
7 access to Defendants' business premises; and

8 **IT IS FURTHER ORDERED** that the Defendants and their successors, assigns,
9 officers, directors, agents, servants, employees, attorneys, and all other persons directly
10 or indirectly, in whole or in part, under their control, and all other persons in active
11 concert or participation with them who receive actual notice of this Order by personal
12 service, facsimile, email, or otherwise, whether acting directly or through any
13 corporation, subsidiary, division, or other entity, shall:

14 A. Allow the Bureau and the Temporary Receiver, and their respective
15 representatives, agents, attorneys, investigators, paralegals, contractors, or
16 assistants immediate access to:

- 17 1. All of the Defendants' business premises, including but not limited to:
18 a) 5455 Wilshire Boulevard, Suites 1814, 2005, 2010, 2012, 2025,
19 and 2122, Los Angeles, CA 91210;
20 b) 5757 Wilshire Boulevard, #636, Los Angeles, CA;
21 c) Any storage facilities; and
22 d) such other business locations that are wholly or partially
23 owned, rented, leased, or under the temporary or permanent control of
24 any Defendant;
25 2. Any other premises where the Defendants conduct business, sales
26 operations, or customer service operations;

1 3. Any premises where Documents related to the Defendants' businesses
2 are stored or maintained, including but not limited to a storage unit;

3 4. Any premises where Assets belonging to any Defendant are stored or
4 maintained; and

5 5. Any Documents located at any of the locations described in this
6 Section.

7 B. Immediately identify to the Bureau's counsel and the Temporary Receiver:

8 1. All of Defendants' business premises and storage facilities;

9 2. Any non-residence premises where any Defendant conducts business,
10 sales operations, or customer service operations;

11 3. Any non-residence premises where Documents related to the business,
12 sales operations, or customer service operations of any Defendant are
13 hosted, stored, or otherwise maintained, including but not limited to the
14 name and location of any electronic data hosts; and

15 4. Any non-residence premises where Assets belonging to any
16 Defendant are stored or maintained.

17 C. Provide the Bureau and the Temporary Receiver, and their respective
18 representatives, agents, attorneys, investigators, paralegals, contractors, or
19 assistants with any necessary means of access to, copying of, and forensic imaging
20 of Documents, including, without limitation, the locations of Receivership
21 Defendants' business premises, keys and combinations to business premises locks,
22 passwords to devices that hold Electronically Stored Information, computer access
23 codes of all computers used to conduct Receivership Defendants' business, access
24 to (including but not limited to execution of any Documents necessary for access to
25 and forensic imaging of) any data stored, hosted or otherwise maintained by an
26 electronic data host, and storage area access information.

1 D. The Bureau and the Temporary Receiver are authorized to employ the
2 assistance of law enforcement officers, including, but not limited to, the United
3 States Postal Inspection Service, Internal Revenue Service, Federal Bureau of
4 Investigation, the United States Marshal's service, and the Sheriff or deputy of any
5 county or other federal or state law enforcement office to effect service, to
6 implement peacefully the provisions of this Order, and to keep the peace. The
7 Temporary Receiver shall immediately allow the Bureau and its representatives,
8 agents, contractors, or assistants into the premises and facilities described in this
9 Section to inspect, inventory, image, and copy Documents relevant to any matter
10 contained in this Order, wherever they may be situated and whether they are on the
11 person of Defendants Gordon, Pessar, or others. The Temporary Receiver may
12 exclude Defendants and their agents and employees from the business premises
13 and facilities during the immediate access. No one shall interfere with the Bureau's
14 or Temporary Receiver's inspection of the Defendants' premises or documents.

15 E. The Temporary Receiver and the Bureau shall have the right to remove any
16 Documents, including any devices containing Electronically Stored Information,
17 related to Defendants' business practices from the premises in order that they may
18 be inspected, inventoried, and copied. The materials so removed shall be returned
19 within five (5) business days of completing said inventory and copying. If any
20 property, records, Documents, or computer files relating to the Receivership
21 Defendants' finances or business practices are located in the residence of any
22 Defendant or are otherwise in the custody or control of any Defendant, then such
23 Defendant shall produce them to the Temporary Receiver within twenty-four (24)
24 hours of service of this Order. In order to prevent the destruction of computer data,
25 upon service of this Order upon Defendants, any such computers may be powered
26 down (turned off) in the normal course for the operating systems used on such
27 computers and shall not be powered up or used again until produced for copying

1 and inspection, along with any codes needed for access. The Bureau's and the
2 Temporary Receiver's representatives may also photograph and videotape the
3 inside and outside of all premises to which they are permitted access by this Order,
4 and all Documents and other items found on such premises.

5 F. The Bureau's access to the Defendants' Documents pursuant to this
6 provision shall not provide grounds for any Defendant to object to any subsequent
7 request for Documents served by the Bureau.

8 G. The Temporary Receiver shall allow the Defendants and their
9 representatives reasonable access to the premises of the Receivership Defendants.
10 The purpose of this access shall be to inspect, inventory, and copy any and all
11 Documents and other property owned by or in the possession of the Receivership
12 Defendants, provided that those Documents and property are not removed from the
13 premises. The Temporary Receiver shall have the discretion to determine the time,
14 manner, and reasonable conditions of such access.

15 XVI.

16 COOPERATION WITH TEMPORARY RECEIVER

17 **IT IS FURTHER ORDERED** that:

18 A. Defendants, and their successors, assigns, officers, agents, directors,
19 servants, employees, salespersons, independent contractors, attorneys, and
20 corporations, and all other persons or entities in active concert or participation with
21 them, who receive actual notice of this Order by personal service or otherwise,
22 whether acting directly or through any trust, corporation, subsidiary, division, or
23 other device, or any of them, shall fully cooperate with and assist the Temporary
24 Receiver. Defendants' cooperation and assistance shall include, but not be limited
25 to:

- 26 1. Providing any information to the Temporary Receiver that the
27 Temporary Receiver deems necessary to exercising the authority and

1 discharging the responsibilities of the Temporary Receiver under this Order,
2 including but not limited to allowing the Temporary Receiver to inspect
3 Documents and Assets and to partition office space;

4 2. Providing any username or password and executing any documents
5 required to access any computer or electronic files in any medium, including
6 but not limited to electronically stored information stored, hosted or
7 otherwise maintained by an electronic data host; and

8 3. Advising all persons who owe money to the Receivership Defendants
9 that all debts should be paid directly to the Temporary Receiver.

10 B. Defendants and their successors, assigns, officers, directors, agents, servants,
11 employees, attorneys, and all other persons or entities directly or indirectly, in
12 whole or in part, under their control, and all other persons in active concert or
13 participation with who receive actual notice of this Order by personal service or
14 otherwise, shall not interfere in any manner, directly or indirectly with the custody,
15 possession, management, or control by the Temporary Receiver of Assets and
16 Documents, and are hereby temporarily restrained and enjoined from directly or
17 indirectly:

18 1. Transacting any of the business of the Receivership Defendants;

19 2. Destroying, secreting, erasing, mutilating, defacing, concealing,
20 altering, transferring or otherwise disposing of, in any manner, directly or
21 indirectly, any Documents or equipment of the Receivership Defendants,
22 including but not limited to contracts, agreements, consumer files, consumer
23 lists, consumer addresses and telephone numbers, correspondence,
24 advertisements, brochures, sales material, sales presentations, Documents
25 evidencing or referring to Defendants' services, training materials, scripts,
26 data, computer tapes, disks, or other computerized records, books, written or
27 printed records, handwritten notes, telephone logs, "verification" or

1 “compliance” tapes or other audio or video tape recordings, receipt books,
2 invoices, postal receipts, ledgers, personal and business canceled checks and
3 check registers, bank statements, appointment books, copies of federal, state
4 or local business or personal income or property tax returns, photographs,
5 mobile devices, electronic storage media, accessories, and any other
6 Documents, records or equipment of any kind that relate to the business
7 practices or business or personal finances of the Receivership Defendants or
8 any other entity directly or indirectly under the control of the Receivership
9 Defendants;

10 3. Transferring, receiving, altering, selling, encumbering, pledging,
11 assigning, liquidating, or otherwise disposing of any Assets owned,
12 controlled, or in the possession or custody of, or in which an interest is held
13 or claimed by, the Receivership Defendants, or the Temporary Receiver;

14 4. Excusing debts owed to the Receivership Defendants;

15 5. Failing to notify the Temporary Receiver of any Asset, including
16 accounts, of a Receivership Defendant held in any name other than the name
17 of the Receivership Defendant, or by any person or entity other than the
18 Receivership Defendant, or failing to provide any assistance or information
19 requested by the Temporary Receiver in connection with obtaining
20 possession, custody, or control of such Assets;

21 6. Failing to create and maintain books, records, and accounts which, in
22 reasonable detail, accurately, fairly, and completely reflect the incomes,
23 assets, disbursements, transactions and use of monies by the Defendants or
24 any other entity directly or indirectly under the control of the Defendants;

25 7. Doing any act or refraining from any act whatsoever to interfere with
26 the Temporary Receiver’s taking custody, control, possession, or managing
27 of the Assets or Documents subject to this Receivership; or to harass or to
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1 interfere with the Temporary Receiver in any way; or to interfere in any
2 manner with the exclusive jurisdiction of this Court over the Assets or
3 Documents of the Receivership Defendants; or to refuse to cooperate with
4 the Temporary Receiver or the Temporary Receiver's duly authorized agents
5 in the exercise of their duties or authority under any Order of this Court; and
6 8. Filing, or causing to be filed, any petition on behalf of the
7 Receivership Defendants for relief under the United States Bankruptcy
8 Code, 11 U.S.C. § 101 *et seq.*, without prior permission from this Court.

9 **XVII.**

10 **DELIVERY OF RECEIVERSHIP PROPERTY**

11 **IT IS FURTHER ORDERED** that immediately upon service of this Order upon
12 them or upon their otherwise obtaining actual knowledge of this Order, or within a period
13 permitted by the Temporary Receiver, Defendants and any other person or entity,
14 including but not limited to financial institutions and electronic data hosts, shall transfer
15 or deliver access to, possession, custody, and control of the following to the Temporary
16 Receiver:

- 17 A. All Assets of the Receivership Defendants;
- 18 B. All Documents of the Receivership Defendants, including, but not limited to,
19 books and records of accounts, all financial and accounting records, balance sheets,
20 income statements, bank records (including monthly statements, canceled checks,
21 records of wire transfers, records of ACH transactions, and check registers), client
22 or customer lists, title documents and other papers;
- 23 C. All Assets belonging to members of the public now held by the Receivership
24 Defendants;
- 25 D. All keys, computer and other passwords, user names, entry codes,
26 combinations to locks required to open or gain or secure access to any Assets or
27 Documents of the Receivership Defendants, wherever located, including, but not
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1 limited to, access to their business premises, means of communication, accounts,
2 computer systems, or other property; and

3 E. Information identifying the accounts, employees, properties, or other assets
4 or obligations of the Receivership Defendants.
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6 In the event any person or entity fails to deliver or transfer immediately any asset
7 or otherwise fails to comply with any provision of this Section XVII, the Temporary
8 Receiver may file *ex parte* with the Court an Affidavit of Non-Compliance regarding the
9 failure. Upon filing of the affidavit, the Court may authorize, without additional process
10 or demand, Writs of Possession or Sequestration or other equitable writs requested by the
11 Temporary Receiver. The writs shall authorize and direct the United States Marshal or
12 any sheriff or deputy sheriff of any county to seize the Asset, Document, or other thing
13 and to deliver it to the Temporary Receiver.

14 XVIII.

15 COMPENSATION FOR TEMPORARY RECEIVER

16 **IT IS FURTHER ORDERED** that the Temporary Receiver and all personnel
17 hired by the Temporary Receiver as herein authorized, including counsel to the
18 Temporary Receiver and accountants, are entitled to reasonable compensation for the
19 performance of duties pursuant to this Order, and for the cost of actual out-of-pocket
20 expenses incurred by them, from the assets now held by or in the possession or control of,
21 or which may be received by, the Receivership Defendants. The Temporary Receiver
22 shall file with the Court and serve on the parties periodic requests for the payment of such
23 reasonable compensation, with the first such request filed no more than sixty (60) days
24 after the date of this Order. The Temporary Receiver shall not increase the hourly rates
25 used as the bases for such fee applications without prior approval of the Court.
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1 **XIX.**

2 **TEMPORARY RECEIVER'S REPORTS**

3 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to
4 this Court on or before the date set for the hearing to Show Cause regarding the
5 Preliminary Injunction, regarding: (1) the steps taken by the Temporary Receiver to
6 implement the terms of this Order; (2) the value of all liquidated and unliquidated assets
7 of the Receivership Defendants; (3) the sum of all liabilities of the Receivership
8 Defendants; (4) the steps the Temporary Receiver intends to take in the future to: (a)
9 prevent any diminution in the value of assets of the Receivership Defendants, (b) pursue
10 receivership assets from third parties, and (c) adjust the liabilities of the Receivership
11 Defendants, if appropriate; (5) the Temporary Receiver's assessment of whether the
12 business can be operated in compliance with this Order; and (6) any other matters which
13 the Temporary Receiver believes should be brought to the Court's attention. *Provided,*
14 *however,* if any of the required information would hinder the Temporary Receiver's
15 ability to pursue receivership assets, the portions of the Temporary Receiver's report
16 containing such information may be filed under seal and not served on the parties.

17 **XX.**

18 **WITHDRAWAL OF TEMPORARY RECEIVER**

19 **IT IS FURTHER ORDERED** that the Temporary Receiver and any Professional
20 retained by the Temporary Receiver, including but not limited to his or her attorneys and
21 accountants, be and are hereby authorized to withdraw from his or her respective
22 appointments or representations and apply for payment of their professional fees and
23 costs at any time after the date of this Order, for any reason in their sole and absolute
24 discretion, by sending written notice seven (7) days prior to the date of the intended
25 withdrawal to the Court and to the parties along with a written report reflecting the
26 Temporary Receiver's work, findings, and recommendations, as well as an accounting for
27 all funds and assets in possession or control of the Temporary Receiver. The Temporary
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1 Receiver and Professionals shall be relieved of all liabilities and responsibilities, and the
2 Temporary Receiver shall be exonerated and the receivership deemed closed seven (7)
3 days from the date of the mailing of such notice of withdrawal. The Court will retain
4 jurisdiction to consider the fee applications, report, and accounting submitted by the
5 Temporary Receiver and the Professionals. The written notice shall include an interim
6 report indicating the Temporary Receiver's actions and reflect the knowledge gained
7 along with the fee applications of the Temporary Receiver and his or her Professionals.
8 The report shall also contain the Temporary Receiver's recommendations, if any.

9 **XXI.**

10 **TEMPORARY RECEIVER'S BOND/LIABILITY**

11 **IT IS FURTHER ORDERED** that no bond shall be required in connection with
12 the appointment of the Temporary Receiver. Except for an act of gross negligence, the
13 Temporary Receiver and the Professionals shall not be liable for any loss or damage
14 incurred by any of the Defendants, their officers, agents, servants, employees, and
15 attorneys or any other person, by reason of any act performed or omitted to be performed
16 by the Temporary Receiver and the Professionals in connection with the discharge of his
17 or her duties and responsibilities, including but not limited to their withdrawal from the
18 case under Section XX.

19 **XXII.**

20 **PROHIBITION ON RELEASE OF CONSUMER INFORMATION**

21 **IT IS FURTHER ORDERED** that, except as required by a law enforcement
22 agency law, regulation or court order, Defendants, and their successors, assigns, officers,
23 agents, servants, employees, and attorneys, and all other persons in active concert or
24 participation with any of them who receive actual notice of this Order by personal service
25 or otherwise, are temporarily restrained and enjoined from disclosing, using, or
26 benefitting from consumer information, including the name, address, telephone number,
27 email address, social security number, other identifying information, or any data that

1 enables access to a consumer's account (including a credit card, bank account, or other
2 financial account), of any person which any Defendant obtained prior to entry of this
3 Order in connection with any mortgage assistance relief product.

4 **XXIII.**

5 **STAY OF ACTIONS**

6 **IT IS FURTHER ORDERED** that:

7 A. Except by leave of this Court, during pendency of the Receivership ordered
8 herein, Defendants and all other persons and entities be and hereby are stayed from
9 taking any action to establish or enforce any claim, right, or interest for, against, on
10 behalf of, in, or in the name of, the Receivership Defendants, any of their
11 subsidiaries, affiliates, partnerships, Assets, Documents, or the Temporary
12 Receiver or the Temporary Receiver's duly authorized agents acting in their
13 capacities as such, including, but not limited to, the following actions:

- 14 1. Commencing, prosecuting, continuing, entering, or enforcing any suit
15 or proceeding, except that such actions may be filed to toll any applicable
16 statute of limitations;
- 17 2. Accelerating the due date of any obligation or claimed obligation;
18 filing or enforcing any lien; taking or attempting to take possession, custody,
19 or control of any asset; attempting to foreclose, forfeit, alter, or terminate
20 any interest in any asset, whether such acts are part of a judicial proceeding,
21 are acts of self-help, or otherwise;
- 22 3. Executing, issuing, serving, or causing the execution, issuance or
23 service of, any legal process, including, but not limited to, attachments,
24 garnishments, subpoenas, writs of replevin, writs of execution, or any other
25 form of process whether specified in this Order or not; or
- 26 4. Doing any act or thing whatsoever to interfere with the Temporary
27 Receiver taking custody, control, possession, or management of the Assets

1 or Documents subject to this Receivership, or to harass or interfere with the
2 Temporary Receiver in any way, or to interfere in any manner with the
3 exclusive jurisdiction of this Court over the Assets or Documents of the
4 Receivership Defendants;

5 B. This Section XXIII does not stay:

- 6 1. The commencement or continuation of a criminal action or
7 proceeding;
- 8 2. The commencement or continuation of an action or proceeding by the
9 State Bar of California to enforce its police or regulatory power;
- 10 3. The commencement or continuation of an action or proceeding by a
11 governmental unit to enforce such governmental unit's police or regulatory
12 power;
- 13 4. The enforcement of a judgment, other than a money judgment,
14 obtained in an action or proceeding by a governmental unit to enforce such
15 governmental unit's police or regulatory power; or
- 16 5. The issuance to a Receivership Defendant of a notice of tax
17 deficiency; and

18 C. Except as otherwise provided in this Order, all persons and entities in need
19 of documentation from the Temporary Receiver shall in all instances first attempt
20 to secure such information by submitting a formal written request to the
21 Temporary Receiver, and, if such request has not been responded to within thirty
22 (30) days of receipt by the Temporary Receiver, any such person or entity may
23 thereafter seek an Order of this Court with regard to the relief requested.

24 **XXIV.**

25 **LIMITED EXPEDITED DISCOVERY**

26 **IT IS FURTHER ORDERED** that the Bureau is granted leave to conduct certain
27 expedited discovery, and that, commencing with the time and date of this Order, in lieu of
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1 the time periods, notice provisions, and other requirements of Rules 19, 26, 30, 34, and
2 45 of the Federal Rules of Civil Procedure, and applicable Local Rules, the Bureau is
3 granted leave to:

4 A. Take the deposition, on three (3) days' notice, of any person or entity,
5 whether or not a party, for the purpose of discovering: (1) the nature, location,
6 status, and extent of Assets of Defendants or their affiliates or subsidiaries; (2) the
7 nature and location of Documents and business records of Defendants or their
8 affiliates or subsidiaries; and (3) compliance with this Order. The limitations and
9 conditions set forth in Fed. R. Civ. P. 30(a)(2) and 31(a)(2) regarding subsequent
10 depositions shall not apply to depositions taken pursuant to this Section. In
11 addition, any such depositions taken pursuant to this Section shall not be counted
12 toward the ten deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A)(i) and
13 31(a)(2)(A)(i) and shall not preclude the Bureau from subsequently deposing the
14 same person or entity in accordance with the Federal Rules of Civil Procedure.
15 Service of discovery upon a party, taken pursuant to this Section, shall be sufficient
16 if made by facsimile, email or by overnight delivery. Any deposition taken
17 pursuant to this sub-section that has not been reviewed and signed by the deponent
18 may be used by any party for purposes of the preliminary injunction hearing;

19 B. Serve upon parties requests for production of documents or inspection that
20 require production or inspection within three (3) calendar days of service, and may
21 serve subpoenas upon non-parties that direct production or inspection within five
22 (5) calendar days of service, for the purpose of discovering: (1) the nature,
23 location, status, and extent of assets of Defendants or their affiliates or
24 subsidiaries; (2) the nature and location of Documents and business records of
25 Defendants or their affiliates or subsidiaries; and (3) compliance with this Order,
26 *provided that* twenty-four (24) hours' notice shall be deemed sufficient for the
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1 production of any such Documents that are maintained or stored only as electronic
2 data;

3 C. Serve deposition notices and other discovery requests upon the parties to this
4 action by facsimile or overnight courier, and take depositions by telephone or other
5 remote electronic means; and

6 D. If a Defendant fails to appear for a properly noticed deposition or fails to
7 comply with a request for production or inspection, seek to prohibit that Defendant
8 from introducing evidence at any subsequent hearing.

9 **XXV.**

10 **MONITORING**

11 **IT IS FURTHER ORDERED** that agents or representatives of the Bureau may
12 contact Defendants directly or anonymously for the purpose of monitoring compliance
13 with this Order, and may tape record any oral communications that occur in the course of
14 such contacts.

15 **XXVI.**

16 **DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

17 **IT IS FURTHER ORDERED** that Defendants shall immediately provide a copy
18 of this Order to each affiliate, subsidiary, division, sales entity, successor, assign, officer,
19 director, employee, independent contractor, client company, electronic data host, agent,
20 attorney, spouse, and representative of Defendants and shall, within three (3) calendar
21 days from the date of entry of this Order, provide counsel for the Bureau with a sworn
22 statement that: (a) confirms that Defendants have provided copies of the Order as
23 required by this Section and (b) lists the names and addresses of each entity or person to
24 whom Defendants provided a copy of the Order. Furthermore, Defendants shall not take
25 any action that would encourage officers, agents, directors, employees, salespersons,
26 independent contractors, attorneys, subsidiaries, affiliates, successors, assigns, or other
27

1 persons or entities in active concert or participation with Defendants to disregard this
2 Order or believe that they are not bound by its provisions.

3 **XXVII.**

4 **DURATION OF TEMPORARY RESTRAINING ORDER**

5 **IT IS FURTHER ORDERED** that the Temporary Restraining Order granted
6 herein shall expire on the 1st day of August, 2012, at 5 o'clock p.m., unless within such
7 time, the Order, for good cause shown, is extended with the consent of the parties, or for
8 an additional period not to exceed fourteen (14) calendar days, or unless it is further
9 extended pursuant to Federal Rule of Civil Procedure 65.

10 **XXVIII.**

11 **ORDER TO SHOW CAUSE REGARDING PRELIMINARY INJUNCTION**

12 **IT IS FURTHER ORDERED** that, pursuant to Federal Rule of Civil Procedure
13 65(b), each of the Defendants shall appear before this Court on the 1st day of
14 August, 2012 at 10 o'clock a.m., to show cause, if there is any, why this Court should
15 not enter a preliminary injunction enjoining the violations of law alleged in the Bureau's
16 Complaint, continuing the freeze of their assets, and imposing such additional relief as
17 may be appropriate.

18 **XXIX.**

19 **SERVICE OF PLEADINGS, MEMORANDA, AND OTHER EVIDENCE**

20 **IT IS FURTHER ORDERED** that Defendants shall file any answering affidavits,
21 pleadings, or legal memoranda with the Court and serve the same on counsel for the
22 Bureau no later than five (5) business days prior to the preliminary injunction hearing in
23 this matter. The Bureau may file responsive or supplemental pleadings, materials,
24 affidavits, or memoranda with the Court and serve the same on counsel for Defendants no
25 later than one (1) business day prior to the preliminary injunction hearing in this matter.
26 *Provided that* service shall be performed by personal or overnight delivery, facsimile, or
27
28

1 email, and documents shall be delivered so that they shall be received by the other parties
2 no later than 4 p.m. (Pacific Time) on the appropriate dates listed in this Section XXIX.

3 **XXX.**

4 **LIVE TESTIMONY; WITNESS IDENTIFICATION**

5 **IT IS FURTHER ORDERED** that the question of whether this Court should
6 enter a preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure
7 enjoining the Defendants during the pendency of this action shall be resolved on the
8 pleadings, declarations, exhibits, and memoranda filed by, and oral argument of, the
9 parties. Live testimony shall be heard only on further order of this Court on motion filed
10 with the Court and served on counsel for the other parties at least five (5) business days
11 prior to the preliminary injunction hearing in this matter. Such motion shall set forth the
12 name, address, and telephone number of each proposed witness, a detailed summary or
13 affidavit disclosing the substance of each proposed witness' expected testimony, and an
14 explanation of why the taking of live testimony would be helpful to this Court. Any
15 papers opposing a timely motion to present live testimony or to present live testimony in
16 response to live testimony to be presented by another party shall be filed with this Court
17 and served on the other parties at least three (3) business days prior to the preliminary
18 injunction hearing in this matter. *Provided that* service shall be performed by personal
19 or overnight delivery or by facsimile or email, and documents shall be delivered so that
20 they shall be received by the other parties no later than 4 p.m. (Pacific Time) on the
21 appropriate dates listed in this Subsection. *Provided further,* however, that an
22 evidentiary hearing on the Bureau's request for a preliminary injunction is not necessary
23 unless Defendants demonstrate that they have, and intend to introduce, evidence that
24 raises a genuine material factual issue.

25 **XXXI.**

26 **CORRESPONDENCE WITH PLAINTIFF**

27 **IT IS FURTHER ORDERED** that, for the purposes of this Order, because mail

1 addressed to the Bureau is subject to delay due to heightened security screening, all
2 correspondence and service of pleadings on Plaintiff shall be sent either via electronic
3 submission or via overnight express delivery to:

4
5 Laura Schneider
6 Consumer Financial Protection Bureau
7 1700 G Street, NW, ATTN: 1750 PA
8 Washington, DC 20552
9 ATTN: Office of Enforcement
10 Laura.schneider@cfpb.gov

11 with a copy to:

12 Kent Kawakami - Local Counsel, CA Bar # 149803
13 United States Attorney's Office
14 Central District of California - Civil Division
15 300 North Los Angeles Street, Room 7516
16 Los Angeles, CA 90012
17 Kent.Kawakami@usdoj.gov

18 **XXXII.**

19 **SERVICE OF THIS ORDER**

20 **IT IS FURTHER ORDERED** that copies of this Order may be served by
21 facsimile transmission, email, personal or overnight delivery, or U.S. Mail, by agents
22 and employees of the Bureau or any state or federal law enforcement agency or by
23 private process server, upon any financial institution or other entity or person that may
24 have possession, custody, or control of any Documents or Assets of any Defendant, or
25 that may otherwise be subject to any provision of this Order. Service upon any branch or
26 office of any financial institution shall effect service upon the entire financial institution.

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1 **XXXIII.**

2 **RETENTION OF JURISDICTION**

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

5
6 **IT IS SO ORDERED**, this 18th day of July, 2012, at 2:20 o'clock p.m.

7
8 Date July 18, 2012

RONALD S.W. LEW

9
10 Senior, U.S. District Court Judge