

ROBB EVANS & ASSOCIATES LLC

Receiver of

**Homeland Financial Services, National Support Services, LLC, United Debt Recovery, LLC,
Freedom First Financial, LLC, Prosper Financial Solutions,
USA Debt Co, LLC, aka USADEBT.CO.COM and
Monitor of Nationwide Support Services, Inc.**

11450 Sheldon Street

Sun Valley, California 91352-1121

Telephone No.: (818) 768-8100

Facsimile No.: (818) 768-8802

**Federal Trade Commission v. Dennis Connelly, et al.
CASE No. SACV 06-701 DOC (RNBx)**

**Stipulated Preliminary Injunction as to Defendants Freedom First
Financial, LLC, and USA Debt Co, LLC, a/k/a usadebtco.com**

Filed October 12, 2006

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U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

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CLERK, U.S. DISTRICT COURT

OCT 12 2006

CENTRAL DISTRICT OF CALIFORNIA
BY *[Signature]* DEPUTY

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

v.
Dennis Connelly, et al.,

Defendants.

Case No. SACV 06-701 DOC (RNB)

BY FAX

~~Proposed~~ **STIPULATED
PRELIMINARY INJUNCTION AS
TO DEFENDANTS FREEDOM
FIRST FINANCIAL, LLC, and USA
DEBT CO, LLC, a/k/a
USADEBT.COM**

On August 3, 2006, Plaintiff Federal Trade Commission ("FTC" or "Commission"), pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), filed a complaint for permanent injunction and other equitable relief, including consumer redress, applied ex parte for a temporary restraining order with asset freeze 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. On August 9, 2006, this Court having considered the Complaint, ex parte Application for Temporary Restraining Order and all papers filed therewith, entered a Temporary Restraining Order freezing the assets of defendant Dennis Connelly, appointing Robb Evans and Associates LLC ("Robb Evans") as temporary receiver over corporate defendants **National Support Services, Homeland Financial Services,**

DOCKETED ON CM

OCT 13 2006

BY *[Signature]* 178

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1 **United Debt Recovery, LLC, Freedom First Financial, LLC, Prosper Financial**
2 **Solutions and USA Debt Co, LLC, a/k/a UsaDebtCo.com** and as monitor over
3 **Nationwide Support Services.** The Order set this matter for hearing on August 28,
4 2006 at 4:00 p.m. as to why a preliminary injunction should not issue against all of
5 the Defendants.

6 Subsequently, the parties stipulated to continue the hearing on the issuance of
7 the preliminary injunction ("PI"), stipulating that the Temporary Restraining Order
8 ("TRO"), entered on August 11, 2006, would continue in full force and effect until
9 such time as the Court issues a decision on the Preliminary Injunction ("PI"). The
10 hearing was continued again, by order of the Court, to October 11, 2006.

11 In an effort to minimize unnecessary litigation, Plaintiff Commission and
12 Defendants **FREEDOM FIRST FINANCIAL LLC** and **USA DEBT CO, LLC**
13 have agreed to enter into this Stipulated Preliminary Injunction.

14 Plaintiff Commission, negotiating through its counsel, and Defendants
15 **FREEDOM FIRST FINANCIAL, LLC** ("Freedom First") and **USA DEBT CO,**
16 **LLC, a/k/a USADEBTCO.COM** doing business as "Carefirst Financial" ("USA
17 Debt"), negotiating through their counsel, stipulate to the entry of a preliminary
18 injunction as to **FREEDOM FIRST** and **USA DEBT**, the appointment of a monitor,
19 and other relief with the following findings of fact and order:

20 **FINDINGS OF FACT**

21 1. This Court has jurisdiction over the subject matter of the case. There is
22 good cause to believe it will have jurisdiction over all parties and that venue in this
23 district is proper.

24 2. Defendants **FREEDOM FIRST** and **USA DEBT** were properly served
25 with the Complaint, Summons and TRO in this matter.

26 3. Neither Defendant **FREEDOM FIRST** nor Defendant **USA DEBT**
27 have admitted to liability as to the charges in the Complaint, and their consent to
28 entry of this preliminary injunction shall not be interpreted to constitute an

1 admission that they have engaged in any violations of any law or regulations.

2 4. The parties believe that the appointment of a Monitor over Defendants
3 **FREEDOM FIRST** and **USA DEBT** is an appropriate at this time as a means of
4 ensuring Defendants' compliance with relevant law and the terms of this Order.

5 5. The Commission contends that this Preliminary Injunction is in the
6 public interest.

7 6. The Commission is an independent agency of the United States of
8 America and no security is required of any agency of the United States of America
9 for issuance of a restraining order under Fed. R. Civ. P. 65(c).

10 11 **ORDER**

12 For purposes of this order, the following **Definitions** apply:

13 1. "**Assets**" means any legal or equitable interest in, right to, or claim to,
14 any real and personal property, including but not limited to chattel, goods,
15 instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or
16 other deliveries, inventory, checks, notes, accounts, credits, receivables, and all
17 cash, wherever located.

18 2. "**Document**" is synonymous in meaning and equal in scope to the usage
19 of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
20 drawings, graphs, charts, photographs, audio and video recordings, electronic email
21 ("email"), computer records, and other data compilations from which information
22 can be obtained and translated, if necessary, through detection devices into
23 reasonably usable form. A draft or non-identical copy is a separate "document"
24 within the meaning of the term.

25 3. "**Monitored Entities**" means **FREEDOM FIRST FINANCIAL,**
26 **LLC,** and **USA DEBT CO, LLC,** a/k/a **USADEBTCO.COM** doing business as
27 "Carefirst Financial" and each of them.

28 4. "**Individual Defendants**" refers to **DENNIS CONNELLY,**

1 RICHARD WADE TORKELSON, a/k/a WADE TORKELSON, and JOANNE
2 GARNEAU a/k/a JOANNE TORKELSON.

3 5. "Corporate Defendants" means Defendants HOMELAND
4 FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED
5 DEBT RECOVERY, LLC and PROSPER FINANCIAL SOLUTIONS,
6 FREEDOM FIRST and USA DEBT and each of them.

7 6. "Debt Negotiation" means

- 8 a. the business or practice of receiving, in return for consideration, or the
9 scheduled receipt, of a debtor's monies, or evidences thereof, for the
10 purpose of distribution among certain specified creditors in payment, or
11 partial payment, of the debtor's obligations; or
12 b. the business or practice of acting or offering or attempting to act as an
13 intermediary between a debtor and his creditors for the purpose of
14 settling, negotiating, or in any way altering the terms of payment of any
15 debt of a debtor.

16 7. The terms "and" and "or" have both conjunctive and disjunctive
17 meanings.

18 8. "Assisting others" means knowingly providing any of the following
19 goods or services to another person or entity:

- 20 a. performing customer service functions, including, but not limited to,
21 receiving or responding to consumer complaints; or
22 b. formulating or providing, or arranging for the formulation or provision
23 of, any telephone sales script or any other marketing material; or
24 c. providing names of, or assisting in the generation of, potential
25 customers; or
26 d. performing marketing services of any kind.

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1 I.

2 **PROHIBITED BUSINESS ACTIVITIES**

3 **IT IS THEREFORE ORDERED** that Monitored Entities and their
4 successors, assigns, officers, agents, servants, employees, and attorneys, and those
5 persons or entities in active concert or participation with any of them who receive
6 actual notice of this Order by personal service or otherwise, whether acting directly
7 or through any corporation, subsidiary, division, or other device, in connection with
8 the advertising, marketing, promotion, offering for sale or sale of any service or
9 program providing debt negotiation, debt reduction or debt management **are hereby**
10 **temporarily restrained and enjoined** from falsely representing, or from knowingly
11 assisting others who are falsely representing, any of the following:

- 12 A. That by enrolling in any debt-negotiation program, it is likely that
13 consumers will be able to pay off their credit-card or other unsecured
14 debts for a substantially reduced amount, such as 40 to 60 percent of
15 the total amount owed to their creditors; or
- 16 B. That consumers' creditors are likely to negotiate settlements under
17 which the creditors will agree to accept substantially less than the
18 amount the consumer owes on an account to settle the account; or
- 19 C. That any Defendant or any other person operating a debt-negotiation
20 program is able to negotiate more favorable settlements with
21 consumers' creditors than the consumer can negotiate himself; or
- 22 D. That any Defendant or any other person operating a debt-negotiation
23 program has an established relationship with any creditor that gives the
24 person an advantage in negotiating favorable settlements with the
25 creditor; or
- 26 E. That any negative information that appears on a consumer's credit
27 report as a result of participating in any debt-negotiation program will
28 be removed upon completion of the program or shortly thereafter; or

- 1 F. That any negative effect from participating in any debt-negotiation
2 program on a consumer's credit rating, credit score or credit report is
3 likely to be either minimal or short-term; or
- 4 G. That creditors are unlikely to sue consumers who participate in any
5 debt-negotiation program or who otherwise fail to make their minimum
6 monthly payments to their creditors; or
- 7 H. That participating in any debt-negotiation program is likely to end most
8 or all harassment or contact from creditors; or
- 9 I. That consumers' creditors will not contact the consumer after a
10 consumer sends the creditor a notice to cease contacting the consumer;
11 or
- 12 J. That consumers who participate in any debt-negotiation program do not
13 need to worry about balances on their credit accounts increasing while
14 they are in the program; or
- 15 K. That any Defendant or any other person will begin negotiating with all
16 of a consumer's creditors immediately upon the consumer's enrollment
17 in any debt-negotiation program; or
- 18 L. Any other fact material to a consumer's decision to participate in any
19 debt-negotiation, debt reduction or debt management.

20 **II.**

21 **PROHIBITION AGAINST MATERIAL OMISSIONS**

22 **IT IS FURTHER ORDERED** that Monitored Entities and their successors,
23 assigns, officers, agents, servants, employees, and attorneys, and those persons or
24 entities in active concert or participation with any of them who receive actual notice
25 of this Order by personal service or otherwise, whether acting directly or through
26 any corporation, subsidiary, division, or other device, in connection with the
27 advertising, marketing, promotion, offering for sale or sale of any service or
28 program providing debt negotiation, debt reduction, or debt management, **are**

1 **hereby temporarily restrained and enjoined** from failing to disclose, clearly and
2 conspicuously, before consumers pay, or contract to pay, any fee for such service or
3 program, all information material to a consumer's decision to participate in or
4 purchase the service or program, including but not limited to the following:

5 A. The likelihood that, if consumers stop paying their creditors, one or
6 more of their creditors will sue the consumer;

7 B. The fact that federal law prohibits creditors from misrepresenting a
8 consumer's payment history to credit reporting agencies, and that
9 creditors are permitted to report negative information such as
10 delinquencies and charge-offs for seven years.

11 **III.**

12 **FINANCIAL REPORTS**

13 **IT IS FURTHER ORDERED** that, if they have not already done so pursuant
14 to Section V of the Temporary Restraining Order entered on August 11, 2006
15 ("August 11 TRO"), each Monitored Entity shall, within 48 hours after service of
16 this Order, prepare and deliver the "Financial Statement of Corporate Defendant,"
17 attached to the August 11 TRO as Attachment 2, to counsel for the Commission and
18 the Monitor and shall also file with the Court a Proof of Service certifying
19 compliance with this paragraph. A Financial Statement shall be completed for each
20 Monitored Entity and for each business entity under which they conduct business.
21 The Financial Statements shall be accurate as of the date of the entry of this Order
22 and shall be verified under oath.

23 **IV.**

24 **APPOINTMENT OF A MONITOR OVER**

25 **FREEDOM FIRST FINANCIAL, LLC,**

26 **and USA DEBT CO, LLC, a/k/a USADEBTCO.COM**

27 **IT IS FURTHER ORDERED** that Robb Evans and Associates, LLC is
28 appointed to monitor the activities of **FREEDOM FIRST** and **USA DEBT**, their

1 affiliates, subsidiaries, successors and assigns and any other corporations or
2 businesses under the control of any of them ("Monitored Entities"), including but
3 not limited to Carefirst Financial, a Wyoming corporation, with full and immediate
4 access to all business premises and business records, wherever situated.

5 **IT IS FURTHER ORDERED** that:

6 A. All employees, officers and directors of the Monitored Entities shall
7 cooperate fully with the Monitor;

8 B. The Monitor is directed to review the business operations of the
9 Monitored Entities to determine the entities' viability, including but not
10 limited to an assessment of liquidity; review of sales practices;
11 assessment of the negotiations process and procedures; status of the
12 accounts of consumers currently enrolled in the program (including but
13 not limited to fees paid, number of creditors and status of debt
14 negotiations) and report to this Court and to the attorneys for the
15 Commission as soon as practicable;

16 C. All employees, officers and directors of the Monitored Entities shall
17 preserve all records of the Monitored Entities;

18 D. The Monitored Entities may make payments in the normal course of
19 business with the consent of the Monitor. The Monitor and the
20 Monitored Entities shall implement procedures to facilitate the timely
21 payment of the Monitored Entities' debts. In the event of a
22 disagreement as to the propriety of any payment, the Monitor shall seek
23 immediate instruction from the Court;

24 E. The Monitor is directed to promptly report directly to the Court any
25 failure by any individual to comply with this Order.

26 **V.**

27 **COOPERATION WITH THE MONITOR**

28 **IT IS HEREBY ORDERED** that Defendants and their officers, agents,

1 servants, employees, attorneys, and all persons or entities directly or indirectly under
2 their control or under common control with them, and all other persons or entities in
3 active concert or participation with them, who receive actual notice of this Order by
4 personal service or otherwise, shall fully cooperate with and assist the Monitor in
5 the exercise of his duties.

6 A. Such cooperation and assistance shall include, but not be limited to:

- 7 1. Providing any information to the Monitor that he deems
8 necessary to exercise the authority and discharge the
9 responsibilities of the Monitor under this Order; or
- 10 2. Providing the Monitor with any and all passwords and other
11 assistance necessary to obtain access to any computer records,
12 and other data compilations from which information can be
13 obtained and translated, if necessary, through detection devices
14 into reasonably usable form;
- 15 3. Upon request, provide assistance and support to the Monitor's
16 representatives as necessary to allow them to efficiently copy to
17 disk, tape or other medium, any and all computer files, however
18 stored, and any and all audio recordings or digital audio files,
19 which are in the Monitored Entities' custody, control or
20 possession.

21 B. The Monitored Entities' shall identify and, if requested, produce to the
22 Monitor, for inspection and copying, any records or property relating to
23 Monitored Entities' business or assets that are located in the personal
24 residence of any of the officers, directors or employees of the
25 Monitored Entities, within forty-eight (48) hours of service of this
26 Order, at a location designated by the Monitor , including but not
27 limited to the following:

- 28 1. All contracts, accounting data, written or electronic

1 correspondence, advertisements, computer tapes, discs, or other
2 computerized or electronic records, books, written or printed
3 records, handwritten notes, telephone logs, telephone scripts,
4 telephone bills, receipt books, ledgers, membership records and
5 lists, refund records, receipts, ledgers, bank records (including
6 monthly statements, canceled checks, records of wire transfers,
7 and check registers), appointment books, copies of federal, state,
8 and local business or property tax returns, 1099 forms, title
9 records, and other documents or records of any kind that relate to
10 defendants' business and assets; and

11 2. All computers and data in whatever form, used by Monitored
12 Entities, by any Individual or Corporate Defendant, in whole or
13 in part, relating to Individual Defendants', Corporate Defendants
14 or Monitored Entities' business and assets.

15 C. The Monitored Entities and their officers, agents, servants, employees,
16 attorneys, and all persons or entities directly or indirectly under their
17 control or under common control with them, and all other persons or
18 entities in active concert or participation with them, who receive actual
19 notice of this order by personal service or otherwise, are hereby
20 restrained and enjoined from directly or indirectly:

- 21 1. Transacting any business under the names **Homeland,**
22 **Homeland Financial Services, Homeland Financial Group,**
23 **National Support Services, LLC, United Debt Recovery,**
24 **LLC., Prosper Financial Solutions, Nationwide Support**
25 **Services, NSS** or any substantially similar name;
26 2. Destroying, secreting, defacing, transferring, or otherwise
27 altering or disposing of any documents of the Monitored Entities
28 or of any Individual or Corporate Defendant in this litigation or

1 of **Nationwide Support Services**, including, but not limited to,
2 books, records, accounts, or any other papers of any kind or
3 nature;

4 3. Transferring, receiving, altering, selling, encumbering, pledging,
5 assigning, liquidating, or otherwise disposing of any assets
6 owned, controlled, or in the possession or custody of, or in which
7 an interest is held or claimed by, any of the Corporate
8 Defendants;

9 4. Excusing debts owed to any of the Corporate Defendants;

10 5. Failing to notify the Monitor of any asset of the Monitored
11 Entities, including accounts of the Monitored Entities held in any
12 name other than the name of the Monitored Entities, or by any
13 person or entity other than the Monitored Entities, or failing to
14 provide any assistance or information requested by the Monitor
15 in connection with obtaining possession, custody, or control of
16 such assets;

17 6. Doing any act or refraining from any act whatsoever to interfere
18 with the Monitor's supervision and review of the business
19 activities and practices of the Monitored Entities, or to harass or
20 interfere with the Monitor in any way, or to interfere in any
21 manner with the exclusive jurisdiction of this Court over the
22 assets or documents of the Monitored Entities; or

23 7. Refusing to cooperate with the Monitor or the Monitor's duly
24 authorized agents in the exercise of their duties or their authority
25 under any Order of this Court.

26 **VI.**

27 **REPATRIATION OF ASSETS**

28 **IT IS FURTHER ORDERED** that, if they have not already done so pursuant

1 persons in active concert or participation with them who receive actual notice of this
2 Order, are hereby temporarily restrained and enjoined from destroying, erasing,
3 mutilating, concealing, altering, transferring or otherwise disposing of, in any
4 manner, directly or indirectly, any documents that relate to the business practices or
5 business or finances of any of the Individual or Corporate Defendants in this action
6 or of the Monitored Entities or of Nationwide Debt Services or Nationwide Support
7 Services, or to the business practices of entities that are directly or indirectly under
8 control of any of the Individual or Corporate Defendants or Receivership Entities or
9 Monitored Entities, or under common control with any of the Defendants.

10 This section specifically applies to all documents displayed on or accessible
11 from, all Internet websites owned or controlled by Defendants, including but not
12 limited to any website with the domain names: freedomfirstfinancial.com or
13 carefirstfinancial.com or usadebtco.com. Nothing herein shall be prohibit
14 Monitored Entities from altering their websites to ensure compliance with this Order
15 so long as Monitored Entities create an image or otherwise preserve in electronic or
16 hard copy format a duplicate of all web sites as they existed prior to any changes.
17 Further Monitored Entities shall notify the Monitor within twenty-four (24) hours of
18 any changes being made to any web site. For the purposes of this section, the
19 Commission may provide third parties with notice of this Order by any means
20 sufficient to provide actual notice, including by facsimile, email or other electronic
21 transmission.

22 VIII.

23 RECORD KEEPING/BUSINESS OPERATIONS

24 **IT IS FURTHER ORDERED** that the Monitored Entities are hereby
25 temporarily restrained and enjoined from:

- 26 A. Failing to make, keep, and provide, upon request, to the Commission
27 and the Monitor, an accurate accounting for themselves (and for any
28 business or entity owned or controlled, in whole or in part, directly or

1 indirectly, by them), which accounting shall include the creation and
2 retention of documents that, in reasonable detail, accurately, fairly, and
3 completely reflect all assets received (including, but not limited to,
4 income, loans, gifts and revenue), disbursements, transfers,
5 transactions, and expenditures, beginning immediately upon service or
6 actual notice of this Order, and

7 B. Creating, operating, or exercising any control over any business entity,
8 including but not limited to any partnership, limited partnership, joint
9 venture, sole proprietorship or corporation, without first providing the
10 Commission and the Monitor with a written statement disclosing:

- 11 1. the name of the business entity;
- 12 2. the address and telephone number of the business entity;
- 13 3. the names of the business entity's officers, directors, principals,
14 managers and employees; and
- 15 4. a detailed description of the business entity's intended activities.

16 IX.

17 REQUIRED DISTRIBUTION OF ORDER

18 BY MONITORED ENTITIES

19 **IT IS FURTHER ORDERED** that the Monitored Entities shall immediately
20 provide a copy of this Order to each affiliate, subsidiary, division, sales entity,
21 successor, assign, officer, director, employee, independent contractor, agent,
22 attorney, and representative of the Monitored Entities, and shall, within five
23 calendar days from the date of service of this Order, provide the Commission and
24 the Monitor with a sworn statement that the Monitored Entities have complied with
25 this provision of the Order. The statement shall include the names and addresses of
26 each such person or entity who received a copy of the Order. No obligation is
27 imposed on the Monitor under this paragraph.

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X.

AUTHORITY TO MONITOR COMPLIANCE

IT IS FURTHER ORDERED that the Commission is authorized to monitor compliance with this Order, and with Section 5 of the FTC Act, by all lawful means, including but not limited to the following means:

- A. Plaintiff is authorized, without further leave of Court, to obtain discovery from any person in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 26 - 37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of monitoring and investigating Monitored Entities or Defendants' compliance with any provision of this Order;
- B. Plaintiff is authorized to conduct surveillance of the Monitored Entities' business activities and sales solicitations, by using representatives posing as consumers of the Monitored Entities, Monitored Entities' employees, or any entity where any Monitored Entity is the majority owner, or where any officer or director or owner of a Monitored Entity directly or indirectly controls the entity and where the entity is engaging in debt negotiation, without the necessity of identification or prior notice;
- C. In the course of conducting their surveillance of the Monitored Entities' business activities and sales solicitations, Plaintiff is authorized to, and the parties agree that Plaintiff must, electronically record all portions of conversations with the Monitored Entities' employees, without the necessity of identification or prior notice or permission of the Monitored Entities or the Monitored Entities' employees or any entity where any Monitored Entity is the majority owner, or where any officer or director or owner of a Monitored Entity directly or indirectly controls the entity and that entity is engaging in debt negotiation.

1 **XI.**

2 **BANKRUPTCY PETITIONS**

3 **IT IS FURTHER ORDERED** that, in light of the appointment of the
4 Monitor, the Monitored Entities are hereby prohibited from filing, or causing to be
5 filed, a petition for relief under the United States Bankruptcy Code, 11 U.S.C. § 101
6 et seq., without prior permission from this Court.

7 **XII.**

8 **COMPENSATION OF MONITOR**

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

19 **XIII.**

20 **ACCESS BY PLAINTIFF TO MONITORED ENTITIES'**

21 **PREMISES, BOOKS AND RECORDS**

22 **IT IS HEREBY ORDERED** that the Monitored Entities and their officers,
23 agents, servants, employees, attorneys, and all persons or entities directly or
24 indirectly under its control, and the Monitor, shall, in accordance with the terms and
25 conditions specified below, allow representatives of the Commission access during
26 normal business hours to any office, or facility storing documents, of any business
27 where either Monitored Entity is the majority owner of the business, or where the
28 business is directly or indirectly controlled by either Monitored Entity, and where

1 the business is engaged in the sale or provision of any debt negotiation product or
2 service, including without limitation the business premises located at 801 Corporate
3 Center, Pomona, California. The following terms and conditions shall apply to the
4 access required pursuant to this Section:

5 A. Notice: In seeking access to the Monitored Entities' business
6 premises, the Commission's representatives shall contact the Monitored
7 Entities' counsel and attempt to arrange for an inspection at a mutually
8 convenient date. Both the Commission and the Monitored Entities shall
9 attempt in good faith to agree on a date, with the Monitored Entities'
10 consent not to be unreasonably withheld. Three to seven business days
11 shall be presumed to be sufficient notice, absent extraordinary
12 circumstances. If the parties are unable to reach agreement, the
13 Commission may seek the intervention of the Court on an expedited
14 basis.

15 B. Scope of Inspection:

16 1. In providing such access, the Monitored Entities shall permit
17 representatives of the Commission to inspect and copy all non-
18 privileged documents relevant to any matter contained in this
19 Order, including, without limitation, any of the following:

- 20 a. Documents that refer or relate to the offer, promotion,
21 advertising, marketing, sale, of any debt-consolidation,
22 debt-reduction, debt-negotiation, or debt-management
23 program or service, including but not limited to flyers, web
24 sites, telemarketing scripts, or customer-service scripts;
- 25 b. Customer or client records;
- 26 c. Communications between consumers and any of the
27 Individual Defendants, Corporate Entities, Receivership
28 Entities, Monitored Entities, and/or Nationwide Support

1 Services, including but not limited to letters, complaints,
2 and email communications;

3 d. Communications between any creditor of any consumers
4 and any of the Individual Defendants, Corporate Entities,
5 Receivership Entities, Monitored Entities, and/or
6 Nationwide Support Services, including but not limited to
7 letters and email communications;

8 e. Consumer complaints, including but not limited to
9 complaints forwarded to any of the Individual Defendants,
10 Corporate Entities, Receivership Entities, Monitored
11 Entities, and/or Nationwide Support Services by law
12 enforcement agencies or consumer advocacy organizations
13 such as the Better Business Bureau;

14 f. Communications between any law enforcement agencies or
15 consumer advocacy organizations such as the Better
16 Business Bureau and any of the Individual Defendants,
17 Corporate Entities, Receivership Entities, Monitored
18 Entities, Nationwide Support Services;

19 g. Consumer testimonials or the experiences of consumers
20 who have purchased any debt-consolidation, debt-
21 reduction, debt-negotiation, or debt-management program
22 or service offered, sold or performed by any of the
23 Individual Defendants, Corporate Entities, Receivership
24 Entities, Monitored Entities and/or Nationwide Support
25 Services;

26 h. Communications between any merchant account
27 processors and any of the Individual Defendants,
28 Corporate Entities, Receivership Entities, Monitored

1 Entities and/or Nationwide Support Services, including but
2 not limited to information relating to chargebacks by
3 consumers against amounts billed by Individual
4 Defendants, Corporate Entities, Receivership Entities,
5 Monitored Entities and/or Nationwide Support Services;

6 i. Communications between any financial institution and any
7 Individual Defendant, and/or any Corporate Entity, and/or
8 Receivership Entity, and/or the Monitored Entity and/or
9 Nationwide Support Services; or

10 j. Communications between any Individual Defendant and
11 any of the Corporate Entities, Receivership Entities, and/or
12 the Monitored Entity and/or Nationwide Support Services.

13 2. Any such inspection shall not exceed a total of twenty-four (24)
14 business hours without good cause shown. Thereafter, absent
15 agreement from either Monitored Entity, the Commission may
16 petition the Court for additional access, which shall be granted
17 only for good cause shown.

18 C. Copying: The Commission's representatives may remove documents
19 from the Monitored Entities' premises to be inspected or copied, but
20 shall not, absent good cause shown, retain any such documents beyond
21 72 hours after removing them.

22 D. Minimization of Disruption: In the event of an inspection, the
23 Commission's representatives shall attempt in good faith to avoid
24 unnecessary disruption of the Monitored Entities' business activities. If
25 the Monitored Entities believe in good faith that the Commission's
26 inspection is unduly disruptive, it may seek the court's intervention on
27 an expedited basis.

28 E. Cooperation: The Monitored Entities, and its officers, directors,

1 employees, and agents, shall fully cooperate with, and assist, the
2 Commission's representatives with regard to this section. No one shall
3 interfere with the Commission's inspection of Monitored Entities'
4 documents.

5 F. Effect on Other Discovery: The Commission's access to the
6 Monitored Entities' documents pursuant to this provision shall not
7 provide grounds for any Defendant to object to any subsequent request
8 for documents served by the Commission pursuant to Rule 34 of the
9 Federal Rules of Civil Procedure. Provided, however, that the
10 Commission shall not subsequently request that the Monitored Entities
11 produce any document that the Commission copied pursuant to this
12 provision.

13 XXIV.

14 FINANCIAL INSTITUTIONS

15 **IT IS FURTHER ORDERED** that, any bank, savings and loan institution,
16 credit union, financial institution, brokerage house, escrow agent, money market or
17 mutual fund, title company, commodity trading company, common carrier, storage
18 company, trustee, commercial mail receiving agency, mail holding or forwarding
19 company, or any other partnership, corporation, or legal entity, business entity, or
20 person, that holds, controls or maintains custody of any account or asset belonging
21 to or titled in the name of any Monitored Entity or to which any of them is a
22 signatory, or which is held on behalf of, or for the benefit of, any of them,
23 individually or jointly, or that has held, controlled or maintained custody of any such
24 account or asset at any time since September 12, 2001, shall:

- 25 A. provide counsel for the Commission within three (3) days of receiving a
26 copy of this Order, a sworn statement setting forth:
- 27 1. the identification number of each such account or asset titled in
28 the name, individually or jointly, of any Monitored Entity or their

1 corporations, affiliates or subsidiaries, or held on behalf of, or for
2 the benefit of, any such Monitored Entity;

3 2. the balance of each such account, or a description of the nature
4 and value of such asset as of the time this Order is served, and, if
5 the account or other asset has been closed or removed, the date
6 closed or removed, the total funds removed in order to close the
7 account, and the name of the person or entity to whom such
8 account or other asset was remitted; and

9 3. the identification of any safe deposit box that is either titled in
10 the name, individually or jointly, of, Monitored, or their
11 corporations, affiliates or subsidiaries, or is otherwise subject to
12 access by any such Monitored Entity;

13 B. Upon the request by the Commission, provide to the Commission
14 within 48 hours copies of all records or other documentation pertaining
15 to such account or asset, including but not limited to originals or copies
16 of account applications, account statements, signature cards, checks,
17 drafts, deposit tickets, transfers to and from the accounts, all other debit
18 and credit instruments or slips, currency transaction reports, 1099
19 forms, and safe deposit box logs.

20 **XXV.**

21 **LIMITED EXPEDITED DISCOVERY**

22 **IT IS FURTHER ORDERED** that the Commission is granted leave at any
23 time after service of this Order to:

24 A. Take the deposition of any person or entity, without limitation, for the
25 purpose of:

26 1. discovering the nature, location, status, and extent of assets of
27 any of the Monitored Entities, or of their affiliates or of their
28 subsidiaries,

1 **XXVII.**

2 **RETENTION OF JURISDICTION**

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

5
6 **SO STIPULATED:**

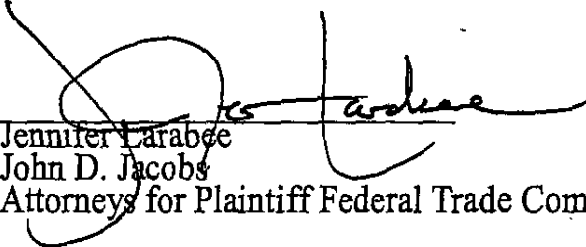
7
8 October __, 2006

Anthony J Fusco, in his capacity as an Officer and
9 Director, on behalf of Defendants **Freedom First**
10 **Financial, LLC**, and **USAdebt Co, LLC**, a/k/a
UsaDebtCo.com

11 October __, 2006

Sophia Licon, in her capacity as an Officer and
12 Director, on behalf of Defendants **Freedom First**
13 **Financial, LLC**, and **USAdebt Co, LLC**, a/k/a
14 **UsaDebtCo.com**

15 October 12, 2006


16 Jennifer Carabee
17 John D. Jacobs
18 Attorneys for Plaintiff Federal Trade Commission

19 **APPROVED AS TO FORM**

20 October __, 2006

Michael L. Mallow
21 Attorney for Defendants **Freedom First Financial,**
22 **LLC** and **USAdebt Co, LLC**, a/k/a
UsaDebtCo.com

23 **SO ORDERED,**

24 October __, 2006

The Honorable David O. Carter
25 United States District Court Judge
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XXVII.

RETENTION OF JURISDICTION

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

SO STIPULATED:

October 11, 2006


Anthony Pasco, in his capacity as an Officer and Director, on behalf of Defendants Freedom First Financial, LLC, and USADebt Co, LLC, a/k/a UsaDebtCo.com

October __, 2006

Sophia Licon, in her capacity as an Officer and Director, on behalf of Defendants Freedom First Financial, LLC, and USADebt Co, LLC, a/k/a UsaDebtCo.com

October __, 2006

Jenniter Larabee
John D. Jacobs
Attorneys for Plaintiff Federal Trade Commission

APPROVED AS TO FORM

October __, 2006

Michael L. Mallow
Attorney for Defendants Freedom First Financial, LLC and USADebt Co, LLC, a/k/a UsaDebtCo.com

SO ORDERED,

October __, 2006

The Honorable David O. Carter
United States District Court Judge

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XXVII.

RETENTION OF JURISDICTION

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

SO STIPULATED:

October __, 2006

Anthony J Fusco, in his capacity as an Officer and Director, on behalf of Defendants Freedom First Financial, LLC, and USADebt Co, LLC, a/k/a UsaDebtCo.com

October 11, 2006



Sophia Licon, in her capacity as an Officer and Director, on behalf of Defendants Freedom First Financial, LLC, and USADebt Co, LLC, a/k/a UsaDebtCo.com

October __, 2006

Jennifer Larabee
John D. Jacobs
Attorneys for Plaintiff Federal Trade Commission

APPROVED AS TO FORM

October 11, 2006



Michael L. Malow
Attorney for Defendants Freedom First Financial, LLC and USADebt Co, LLC, a/k/a UsaDebtCo.com

SO ORDERED,

October 12, 2006


The Honorable David O. Carter
United States District Court Judge

1 **CERTIFICATE OF SERVICE**

2 I, Jennifer Larabee, certify as follows:

3 I am over the age of 18 and am employed by the Federal Trade Commission. My
4 business address is 10877 Wilshire Boulevard, Suite 700, Los Angeles, California
5 90024. On October 10, 2006, I caused the attached document entitled [Proposed]
6 STIPULATED PRELIMINARY INJUNCTION AS TO DEFENDANTS FREEDOM
7 FIRST FINANCIAL LLC AND USA DEBT CO. LLC AKA USADEBT.CO.COM to be
8 served by regular US mail to:

9 Gary O. Caris, Esq.
10 Leslie Hawes, Esq.
11 McKenna Long & Aldridge, LLP
12 444 South Flower Street, 8th Floor
13 Los Angeles, CA 90071

Counsel for Temporary Receiver and Monitor
E-mail: gcaris@mckennalong.com
Lhawes@mckennalong.com
Fax: 213-243-6330

14 Robb Evans & Associates LLP
15 P.O. Box 880
16 Sun Valley, CA 91353-0880

Temporary Receiver
E-mail: brick.kane@robbevans.com
E-mail: kenton.johnson@robbevans.com

17 Michael Mallow
18 Loeb&Loeb
19 10100 Santa Monica Blvd., Suite 2200
20 Los Angeles, CA 90067-4120

Attorney for Defendants Freedom First Financial & USA Debt
E-Mail: mmallow@loeb.com
Fax: 310.919.3883

21 H. Dean Steward
22 107 Avenida Miramar, Suite C
23 San Clemente, CA 92672

Attorney for Defendant Dennis Connelly, Homeland Financial,
& National Support Services LLC
email: deansteward@fea.net
fax: 949-496-6753

24 David W. Wiechert
25 107 Avenida Miramar, Suite A
26 San Clemente, CA 92672

Attorney for Defendant Richard Wade Torkelson
email: dwiechert@aol.com
Fax: 949-496-6753

27 William R. Mitchell
28 Berger Kahn
2 Park Plaza, Suite 650
Irvine, CA 92614

Attorney for Defendants Joanne Garneau, Prosper & Nationwide
E-mail: bmitchell@bergerkahn.com
fax: 949-474-7265

Ted Atkinson, Of Counsel
Venable, LLP
575 7th Street N.W.
Washington D.C. 20004-1601

Attorney for Defendants Joanne Garneau, Prosper & Nationwide
Email: twatkinson@venable.com
Fax: 202- 344-8300

29 I declare under penalty of perjury that the foregoing is true and correct.

30 Dated October 12, 2006


Jennifer Larabee