

AUG - 9 2006

CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission,

Plaintiff,

v.

Dennis Connelly, et al.,

Defendants.

SACV 06-701 DOC (RNBx)

~~Proposed~~ **TEMPORARY
RESTRAINING ORDER WITH
ASSET FREEZE, APPOINTMENT
OF TEMPORARY RECEIVER
AND MONITOR AND OTHER
EQUITABLE RELIEF, AND
ORDER TO SHOW CAUSE WHY
A PRELIMINARY INJUNCTION
SHOULD NOT ISSUE AND A
PERMANENT RECEIVER
SHOULD NOT BE APPOINTED**

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), has filed a complaint for permanent injunction and other equitable relief, including consumer redress, and 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.

FINDINGS OF FACT

The Court has considered the Complaint, ex parte Application for Temporary Restraining Order and Appointment of Temporary Receiver, Memorandum of Points and Authorities with supporting Declarations, exhibits, attachments, and all other

1 papers filed herein, and it appears to the satisfaction of the Court that:

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

5 2. There is good cause to believe Defendants **DENNIS CONNELLY,**
6 **RICHARD WADE TORKELSON, a/k/a WADE TORKELSON, JOANNE**
7 **GARNEAU, a/k/a JOANNE TORKELSON, HOMELAND FINANCIAL**
8 **SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT**
9 **RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA DEBT**
10 **CO, LLC, a/k/a USADEBT.CO.COM, (collectively, "Defendants")** have engaged
11 in and are likely to continue to engage in acts and practices that violate Section 5(a)
12 of the FTC Act, 15 U.S.C. § 45(a) by making misrepresentations in the course of the
13 offer and sale of their debt negotiation services.

14 3. There is good cause to believe that the Commission is likely to prevail
15 on the merits of this action.

16 4. There is good cause to believe that immediate and irreparable harm will
17 result from Defendants' ongoing violations of Section 5(a) of the FTC Act, 15 unless
18 Defendants are restrained and enjoined by Order of this Court.

19 5. There is good cause to believe that immediate and irreparable damage
20 to the Court's ability to grant effective final relief for consumers – including
21 consumer redress, refunds, rescission, restitution, disgorgement and other equitable
22 monetary relief– will occur from the dissipation or concealment of assets or the
23 disposition, destruction, alteration or concealment by Defendants of their records
24 unless the Defendants are immediately restrained and enjoined by Order of this
25 Court.

26 6. Pursuant to Federal Rule of Civil Procedure 65(b) and Local Rule
27 7-19.2, there is thus good cause for issuing this Order without prior notice to the
28 Defendants of the Commission's application.

1 7. Good cause exists for the appointment of a Temporary Receiver over
2 Defendants **HOMELAND FINANCIAL SERVICES** ("Homeland"), **NATIONAL**
3 **SUPPORT SERVICES, LLC** ("NSS"), **UNITED DEBT RECOVERY, LLC**
4 ("United"), **FREEDOM FIRST FINANCIAL, LLC** ("Freedom First"), **USA**
5 **DEBT CO, LLC**, a/k/a **USADEBT.CO.COM** ("USA Debt") and over the business
6 assets and operations of **PROSPER FINANCIAL SOLUTIONS** ("Prosper").

7 8. Weighing the equities and considering the Commission's likelihood of
8 success in its causes of action, this Temporary Restraining Order is in the public
9 interest.

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

13 **ORDER**

14 **Definitions**

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

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

27 3. "**Defendants**" means Defendants **DENNIS CONNELLY, RICHARD**
28

1 WADE TORKELSON, a/k/a WADE TORKELSON, JOANNE GARNEAU,
2 a/k/a JOANNE TORKELSON dba PROSPER FINANCIAL SOLUTIONS,
3 HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES,
4 LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL,
5 LLC, and USA DEBT CO, LLC, a/k/a USADEBTCO.COM, and each of them.

6 4. "**Individual Defendants**" refers to DENNIS CONNELLY,
7 RICHARD WADE TORKELSON, a/k/a WADE TORKELSON, and JOANNE
8 GARNEAU a/k/a JOANNE TORKELSON.

9 5. "**Corporate Defendants**" means Defendants HOMELAND
10 FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED
11 DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA
12 DEBT CO, LLC, a/k/a USADEBTCO.COM..

13 6. "**Receivership Entities**" means Corporate Defendants and PROSPER
14 FINANCIAL SOLUTIONS.

15 7. "**Debt Negotiation**" means

16 a. the business or practice of receiving, in return for consideration, or the
17 scheduled receipt, of a debtor's monies, or evidences thereof, for the
18 purpose of distribution among certain specified creditors in payment, or
19 partial payment, of the debtor's obligations; or

20 b. the business or practice of acting or offering or attempting to act as an
21 intermediary between a debtor and his creditors for the purpose of
22 settling, negotiating, or in any way altering the terms of payment of any
23 debt of a debtor.

24 8. The terms "**and**" and "**or**" have both conjunctive and disjunctive
25 meanings.

26 9. "**Assisting others**" means knowingly providing any of the following
27 goods or services to another person or entity:

28 a. performing customer service functions, including, but not limited to,

- 1 receiving or responding to consumer complaints; or
2 b. formulating or providing, or arranging for the formulation or provision
3 of, any telephone sales script or any other marketing material; or
4 c. providing names of, or assisting in the generation of, potential
5 customers; or
6 d. performing marketing services of any kind.

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8 **I.**

9 **PROHIBITED BUSINESS ACTIVITIES**

10 **IT IS THEREFORE ORDERED** that Defendants and their successors,
11 assigns, officers, agents, servants, employees, and attorneys, and those persons or
12 entities in active concert or participation with any of them who receive actual notice
13 of this Order by personal service or otherwise, whether acting directly or through
14 any corporation, subsidiary, division, or other device, in connection with the
15 advertising, marketing, promotion, offering for sale or sale of any service or
16 program providing debt negotiation, debt consolidation, debt reduction, debt
17 management, or credit repair, **are hereby temporarily restrained and enjoined**
18 from falsely representing, or from knowingly assisting others who are falsely
19 representing, any of the following:

- 20 A. That by enrolling in any debt-negotiation program, it is likely that
21 consumers will be able to pay off their credit-card or other unsecured
22 debts for a substantially reduced amount, such as 40 to 60 percent of
23 the total amount owed to their creditors; or
24 B. That consumers' creditors are likely to negotiate settlements under
25 which the creditors will agree to accept substantially less than the
26 amount the consumer owes on an account to settle the account; or
27 C. That any Defendant or any other person operating a debt-negotiation
28 program is able to negotiate more favorable settlements with

- 1 consumers' creditors than the consumer can negotiate himself; or
- 2 D. That any Defendant or any other person operating a debt-negotiation
- 3 program has an established relationship with any creditor that gives the
- 4 person an advantage in negotiating favorable settlements with the
- 5 creditor; or
- 6 E. That any negative information that appears on a consumer's credit
- 7 report as a result of participating in any debt-negotiation program will
- 8 be removed upon completion of the program or shortly thereafter; or
- 9 F. That any negative effect from participating in any debt-negotiation
- 10 program on a consumer's credit rating, credit score or credit report is
- 11 likely to be either minimal or short-term; or
- 12 G. That creditors are unlikely to sue consumers who participate in any
- 13 debt-negotiation program or who otherwise fail to make their minimum
- 14 monthly payments to their creditors; or
- 15 H. That participating in any debt-negotiation program is likely to end most
- 16 or all harassment or contact from creditors; or
- 17 I. That consumers' creditors will not contact the consumer after a
- 18 consumer sends the creditor a notice to cease contacting the consumer;
- 19 or
- 20 J. That consumers who participate in any debt-negotiation program do not
- 21 need to worry about balances on their credit accounts increasing while
- 22 they are in the program; or
- 23 K. That any Defendant or any other person will begin negotiating with all
- 24 of a consumer's creditors immediately upon the consumer's enrollment
- 25 in any debt-negotiation program; or
- 26 L. Any other fact material to a consumer's decision to participate in any
- 27 debt-negotiation, debt consolidation, debt reduction, debt management,
- 28 or credit repair program.

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II.

PROHIBITION AGAINST MATERIAL OMISSIONS

IT IS FURTHER ORDERED that Defendants and their successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any service or program providing debt negotiation, debt consolidation, debt reduction, or debt management, **are hereby temporarily restrained and enjoined** from failing to disclose, clearly and conspicuously, before consumers pay, or contract to pay, any fee for such service or program, all information material to a consumer's decision to participate in or purchase the service or program, including but not limited to the following:

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- A. The likelihood that, if consumers stop paying their creditors, one or more of their creditors will sue the consumer;
 - B. The fact that federal law prohibits creditors from misrepresenting a consumer's payment history to credit reporting agencies, and that creditors are permitted to report negative information such as delinquencies and charge-offs for seven years;

III.

ASSET FREEZE AS TO DEFENDANT DENNIS CONNELLY

IT IS FURTHER ORDERED that Defendant DENNIS CONNELLY is hereby temporarily restrained and enjoined from:

- A. Transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, accounts, contracts, shares of stock or other assets, wherever located, that are:

- 1 1. Owned or controlled by any Individual Defendant, Receivership
2 Entity or their affiliates or subsidiaries (without limitation), in
3 whole or in part;
- 4 2. In the actual or constructive possession of any Individual
5 Defendant, Receivership Entity or their affiliates or subsidiaries
6 (without limitation); or
- 7 3. Owned, controlled by, or in the actual or constructive possession
8 of any corporation, partnership, or other entity directly or
9 indirectly owned, managed, or controlled by, or under common
10 control with, any Individual Defendant or Receivership Entity.

11 This section shall include, but not be limited to, any assets held for, on
12 behalf of, for the benefit of, or by any Individual Defendant, or any
13 other Defendant, or their affiliates or subsidiaries, at any bank or
14 savings and loan institution, or with any broker, dealer, escrow agent,
15 title company, commodity trading company, precious metal dealer, or
16 other financial institution or depository of any kind;

- 17 B. Opening or causing to be opened, unless accompanied by counsel for
18 the Commission, any safe deposit boxes titled in the name of any
19 Individual Defendant or Receivership Entity, or their companies,
20 affiliates or subsidiaries, or subject to access by any of these
21 Defendants or Receivership Entities.
- 22 C. Notwithstanding the provisions of this Paragraph, Defendant Connelly
23 may make transfers as otherwise ordered by this Court upon proper
24 showing and after notice to the Commission.
- 25 D. Provided further, that this Section shall apply to assets acquired by
26 Defendant Connelly or Receivership Entity following entry of this
27 Order only if such assets are derived from the operation of any activity
28 prohibited by this Order or derived from any other violation of Section

1 5(a) of the FTC Act, 15 U.S.C. § 45(a).

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3 **IV.**

4 **ORDER TO SHOW CAUSE RE: ASSET FREEZE**
5 **AS TO DEFENDANTS TORKELSON AND GARNEAU**

6 **IT IS FURTHER ORDERED** that Individual Defendants Richard Wade
7 Torkelson a/k/a Wade Torkelson and Joanne Garneau a/k/a Joanne Torkelson shall
8 appear before this Court on the 14th day of August, 2006 at 3:00 p.m. before the
9 Honorable David O. Carter, Courtroom 9D , UNITED STATES DISTRICT
10 COURT, CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION,
11 SANTA ANA COURTHOUSE, 411 WEST FOURTH STREET, SANTA ANA,
12 CALIFORNIA 92701-4516, and show cause, if any, why this Court should not enter
13 an asset freeze, as set forth in Section III, above, against each of them. Until such
14 time of the hearing, Individual Defendants Torkelson and Garneau are directed to
15 create and maintain an accounting of all expenditures and receipts for whatever
16 purpose from whatever source. The accounting shall be made available at the
17 hearing re: asset freeze.

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19 **V.**

20 **FINANCIAL REPORTS**

21 **IT IS FURTHER ORDERED** that Defendant shall each, within 48 hours
22 after service of this Order, prepare and deliver a Financial Statement to counsel for
23 the Commission and to the Temporary Receiver, as follows:

- 24 A. Each Individual Defendant shall, for him or herself,
- 25 1. Complete and deliver the "Financial Statement of Individual
26 Defendant" for himself or herself that is attached to this Order as
27 Attachment 1; and
- 28 2. for each business entity he or she owns, controls, operates, or of

1 assets in foreign countries held:

- 2 1. by them,
- 3 2. for their benefit, or
- 4 3. under their direct or indirect control, jointly or singly;

5 C. Hold and retain all such repatriated funds and prevent any transfer,
6 disposition, or dissipation whatsoever of any such assets or funds in full
7 compliance with **Section III (Asset Freeze)** of this Order as to
8 Defendant Connelly and in compliance with Section IV of this Order as
9 to Defendants Torkelson and Garneau until further Order of this Court;

10 D. Provide the Commission and the Temporary Receiver with a full
11 accounting of all funds, documents and assets outside of the territory of
12 the United States which are held:.....

- 13 1. by them,
- 14 2. for their benefit, or
- 15 3. under their direct or indirect control, jointly or singly; and

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

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20 **VII.**

21 **PRESERVATION OF RECORDS**

22 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
23 servants, employees, attorneys, and all persons or entities directly or indirectly under
24 their control or under common control with them, and all other persons in active
25 concert or participation with them who receive actual notice of this Order, are
26 hereby temporarily restrained and enjoined from destroying, erasing, mutilating,
27 concealing, altering, transferring or otherwise disposing of, in any manner, directly
28 or indirectly, any documents that relate to the business practices or business or

1 finances of any of the Defendants or the Receivership Entities, and to the business
2 practices of entities that are directly or indirectly under control of any of the
3 Defendants or Receivership Entities, or under common control with any of the
4 Defendants.

5 This section specifically applies to all documents displayed on or accessible
6 from, all Internet websites owned or controlled by Defendants, including but not
7 limited to any of the websites with the following domain names:
8 nationalsupportservices.net; homelandfinancial.net; uniteddebtrecovery.com;
9 uniteddebtrecovery.org; united-debt-recovery.com; freedomfirstfinancial.com;
10 prosperfinancial.org; prosperfinancial.net; uniteddebtservices.com; usadebtco.com;
11 prosperfinancial.net/espanol; homelandfinancial.net/espanol, or
12 nationwidedebtservices.com. For the purposes of this section, the Commission
13 may provide third parties with notice of this Order by any means sufficient to
14 provide actual notice, including by facsimile, email or other electronic transmission.

16 VIII.

17 RECORD KEEPING/BUSINESS OPERATIONS

18 **IT IS FURTHER ORDERED** that the Individual Defendants are hereby
19 temporarily restrained and enjoined from:

- 20 A. Failing to make, keep, and provide, upon request, to the Commission
21 and the Temporary Receiver, an accurate accounting for themselves
22 (and for any business or entity owned or controlled, in whole or in part,
23 directly or indirectly, by them), which accounting shall include the
24 creation and retention of documents that, in reasonable detail,
25 accurately, fairly, and completely reflect all assets received (including,
26 but not limited to, income, loans, gifts and revenue), disbursements,
27 transfers, transactions, and expenditures, beginning immediately upon
28 service or actual notice of this Order;

1 B. Creating, operating, or exercising any control over any business entity,
2 including but not limited to any partnership, limited partnership, joint
3 venture, sole proprietorship or corporation, without first providing the
4 Commission and the Temporary Receiver with a written statement
5 disclosing:

- 6 1. the name of the business entity;
- 7 2. the address and telephone number of the business entity;
- 8 3. the names of the business entity's officers, directors, principals,
9 managers and employees; and
- 10 4. a detailed description of the business entity's intended activities;
11 and

12 C. Each of the Individual Defendants shall notify the Commission at least
13 seven (7) days prior to affiliating with, becoming employed by, or
14 performing any work for any business that is not a named Defendant in
15 this action. Each notice shall include the Individual Defendant's new
16 business address and a statement of the nature of the business or
17 employment and the nature of his or her duties and responsibilities in
18 connection with that business or employment.

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20 **IX.**

21 **REQUIRED DISTRIBUTION OF ORDER**

22 **BY INDIVIDUAL DEFENDANTS**

23 **IT IS FURTHER ORDERED** that the Individual Defendants shall
24 immediately provide a copy of this Order to each affiliate, subsidiary, division, sales
25 entity, successor, assign, officer, director, employee, independent contractor, agent,
26 attorney, and representative of the Defendants, and shall, within five calendar days
27 from the date from service of this Order, provide the Commission and the
28 Temporary Receiver with a sworn statement that the Individual Defendants have

1 complied with this provision of the Order. The statement shall include the names
2 and addresses of each such person or entity who received a copy of the Order. No
3 obligation is imposed on the Temporary Receiver under this paragraph.
4

5 **X.**

6 **APPOINTMENT OF TEMPORARY RECEIVER**

7 **IT IS HEREBY ORDERED** that **ROBB EVANS** and **ROBB EVANS LLC**
8 (“Temporary Receiver”) is appointed Temporary Receiver for Corporate Defendants
9 **HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES,**
10 **LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL,**
11 **LLC, and USA DEBT CO, LLC, a/k/a USADEBTCO.COM.,** and for the business
12 assets and operations of **PROSPER FINANCIAL SOLUTIONS** (all of the
13 companies referred to in this paragraph referred to collectively as “Receivership
14 Entities.”) their affiliates, subsidiaries, successors and assigns and any other
15 corporations or businesses under the control of any of them.

16 **IT IS FURTHER ORDERED** that:

- 17 A. The Temporary Receiver shall assume the full power, without
18 limitation, of an equity receiver, that he shall act as the agent of this
19 Court and solely the agent of this Court, that he shall be accountable
20 directly to this Court and that he shall comply with all Local Rules of
21 this Court governing receivers;
- 22 B. The Temporary Receiver shall have all the powers of the Receivership
23 Entities' officers, directors and managers, whose powers and authority
24 are hereby suspended;
- 25 C. The Temporary Receiver shall assume full control of the Receivership
26 Entities by removing, as the Temporary Receiver deems necessary or
27 advisable, any officer, director, manager, independent contractor,
28 employee, or agent of the Receivership Entities, including Defendants

1 DENNIS CONNELLY, RICHARD WADE TORKELSON a/k/a
2 WADE TORKELSON and JOANNE GARNEAU a/k/a JOANNE
3 TORKELSON from control of, management of, or participation in, the
4 affairs of the Receivership Entities;

5 D. The Temporary Receiver shall have full power to divert mail and to sue
6 for, collect, receive, take in possession, hold, and manage all assets and
7 documents of the Receivership Entities and other persons or entities
8 whose interests are now held by or under the direction, possession,
9 custody, or control of the Receivership Entities. The Temporary
10 Receiver is fully authorized to effect a change in the rights to use any
11 and all post office boxes or private mail facilities in use by the
12 Receivership Entities;

13 E. The Temporary Receiver shall allow representatives of the Commission
14 and the Defendants' attorneys access to inspect the premises of the
15 Receivership Entities, and to copy books, records, accounts and other
16 property of the Receivership Entities, wherever located, at such times
17 and in such manner as determined solely at the discretion of the
18 Temporary Receiver.

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

23
24 **XI.**

25 **RECEIVERSHIP AUTHORITY AND DUTIES**

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

28 A. To take exclusive custody, control and possession of all assets and

1 documents of, or in the possession, custody, or under the control of, the
2 Receivership Entities, wherever situated;

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

16 C. To conserve, hold, and manage all receivership assets, and perform all
17 acts necessary or advisable to preserve the value of those assets, in
18 order to prevent any irreparable loss, damage, or injury to consumers or
19 to creditors of the Receivership Entities, including, but not limited to,
20 obtaining an accounting of the assets and preventing transfer,
21 withdrawal, or misapplication of assets;

22 D. To enter into contracts and purchase insurance as advisable or
23 necessary;

24 E. To prevent the inequitable distribution of assets and determine, adjust,
25 and protect the interests of consumers and creditors who have
26 transacted business with the Receivership Entities;

27 F. To manage and administer the business of the Receivership Entities
28 until further order of this Court by performing all incidental acts that

1 the Temporary Receiver deems to be advisable or necessary, which
2 includes retaining, hiring, or dismissing any attorneys, employees,
3 independent contractors, or agents;

4 G. To choose, engage, and employ attorneys, accountants, appraisers, and
5 other independent contractors and technical specialists, as the
6 Temporary Receiver deems advisable or necessary in the performance
7 of duties and responsibilities under the authority granted by this Order;

8 H. To request the assistance of Federal and State officers in the execution
9 of this Order;

10 I. To make payments and disbursements from the receivership estate that
11 are necessary or advisable for carrying out the directions of, or
12 exercising the authority granted by, this Order. The Temporary
13 Receiver shall apply to the Court for prior approval of any payment of
14 any debt or obligation incurred by the Receivership Entities prior to the
15 date of entry of this Order, except payments that the Temporary
16 Receiver deems necessary or advisable to secure assets of the
17 Receivership Entities, such as rental payments;

18 J. To determine and implement the manner in which the Receivership
19 Entities will comply with, and prevent violations of, this Order and all
20 other applicable laws, including but not limited to, revising sales
21 materials and implementing monitoring procedures;

22 K. To institute, compromise, adjust, appear in, intervene in, or become
23 party to such actions or proceedings in state, federal or foreign courts
24 that the Temporary Receiver deems necessary and advisable to preserve
25 or recover the assets of the Receivership Entities or that the Temporary
26 Receiver deems necessary and advisable to carry out the Temporary
27 Receiver's mandate under this Order;

28 L. Defend, compromise, adjust, or otherwise dispose of any or all actions

1 or proceedings instituted in the past, or in the future, against the
2 Temporary Receiver in his role as Temporary Receiver, or against the
3 Receivership Entities, or by the Receivership Entities, that the
4 Temporary Receiver deems necessary and advisable to preserve the
5 assets of the Receivership Entities or that the Temporary Receiver
6 deems necessary and advisable to carry out the Temporary Receiver's
7 mandate under this Order;

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

16 N. Issue subpoenas to obtain documents and records pertaining to the
17 receivership, and conduct discovery in this action on behalf of the
18 receivership estate;

19 O. Open one or more bank accounts in Los Angeles or Orange County as
20 designated depositories for funds of the Receivership Entities. The
21 Temporary Receiver shall deposit all funds of the Receivership Entities
22 in such a designated account and shall make all payments and
23 disbursements from the receivership estate from such an account; and

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

26 **IT IS FURTHER ORDERED** that the Temporary Receiver will be
27 responsible for maintaining the chain of custody of all of Defendants' records in his
28 possession, pursuant to procedures to be established in writing with the approval of

1 the Commission.

2
3 **XII.**

4 **APPOINTMENT OF A MONITOR**

5 **OVER NATIONWIDE SUPPORT SERVICES, INC.**

6 **IT IS HEREBY ORDERED** that **ROBB EVANS** and **ROBB EVANS LLC**
7 (“Monitor”) is appointed to monitor the activities of **NATIONWIDE SUPPORT**
8 **SERVICES INC.** (“Nationwide”) with full and immediate access to all business
9 records and business premises, where ever situated.

10 **IT IS FURTHER ORDERED** that:

- 11 A. All employees, officers and directors of Nationwide shall cooperate
12 fully with monitor;
- 13 B. All employees, officers and directors of Nationwide shall preserve all
14 records of Nationwide;
- 15 C. Nationwide may make payments in the normal course of business with
16 the consent of the Monitor. In the event of a disagreement as the
17 propriety of a payment, the Monitor shall seek immediate instruction
18 from the Court;
- 19 D. The Monitor is directed to review the business operation of Nationwide
20 to determine the viability, including but not limited to an assessment of
21 liquidity; review of sales practices; assessment of the negotiations
22 process and procedures; status of consumers currently enrolled in the
23 program (including fees paid, number of creditors and status of debt
24 negotiations) and report to this Court as soon as practicable;
- 25 E. The Monitor is directed to promptly report directly to the Court any
26 failure by any individual to comply with this Order.

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XIII.

**AUTHORITY OF TEMPORARY RECEIVER
TO SECURE BUSINESS PREMISES**

IT IS FURTHER ORDERED THAT the Commission's representatives, agents, and assistants, as well as Defendants and their representatives, shall have reasonable access to any premises operating on behalf of or for the benefit of the Receivership Entities, including without limitation, those located at: 2850 Red Hill Avenue, #220, Santa Ana, California 92705; 2151 Michaelson Drive, Suite 170, Irvine, California 92612; 1274 Center Court Drive, Suite 107, Covina, California 91724; 1031 Calle Recodo, Suites D and G, San Clemente, California 92705. The purpose of this access shall be to inspect and copy any and all material that may be relevant to this action, including without limitation, documents, books, records, accounts, computer data, tapes, and any materials relating to any of the Defendants' assets and business records.

IT IS FURTHER ORDERED THAT the Temporary Receiver is authorized to take all steps necessary to secure the business premises of the Receivership Entities, including but not limited to the premises described above. Such steps may include, but are not limited to, any of the following as the Temporary Receiver deems necessary or advisable:

- A. serving and filing this Order,
- B. completing a written inventory of all receivership assets,
- C. obtaining pertinent information from all employees and other agents of the Receivership Entities, including, but not limited to, the name, home address, social security number, job description, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent,
- D. videotaping all portions of the location including any persons present at the location,

- 1 E. securing the location by changing the locks and disconnecting any
2 computer modems or other means of access to the computer or other
3 records maintained at that location, or
- 4 F. requiring any persons present on the premises at the time this Order is
5 served to leave the premises, to provide the Temporary Receiver with
6 proof of identification, or to demonstrate to the satisfaction of the
7 Temporary Receiver that such persons are not removing from the
8 premises documents or assets of the Receivership Entities.

9
10 **XIV.**

11 **COOPERATION WITH THE TEMPORARY RECEIVER**
12 **AND MONITOR**

13 **IT IS HEREBY ORDERED** that Defendants and their officers, agents,
14 servants, employees, attorneys, and all persons or entities directly or indirectly under
15 their control or under common control with them, and all other persons or entities in
16 active concert or participation with them, who receive actual notice of this Order by
17 personal service or otherwise, shall fully cooperate with and assist the Temporary
18 Receiver and the Monitor in the exercise of his duties.

- 19 A. Such cooperation and assistance shall include, but not be limited to:
- 20 1. Providing any information to the Temporary Receiver or Monitor
21 that he deems necessary to exercise the authority and discharge
22 the responsibilities of the Temporary Receiver or Monitor under
23 this Order;
 - 24 2. Providing all passwords required to access any computer or
25 electronic files in any medium; or
 - 26 3. Advising all persons who owe money to the Receivership
27 Entities that all debts should be paid directly to the Temporary
28 Receiver.

1 B. The Defendants and their officers, agents, servants, employees,
2 attorneys, and all persons or entities directly or indirectly under their
3 control or under common control with them, and all other persons or
4 entities in active concert or participation with them, who receive actual
5 notice of this order by personal service or otherwise, are hereby
6 restrained and enjoined from directly or indirectly:

- 7 1. Transacting any of the business of the Receivership Entities or
8 transacting business under the names **Homeland, Homeland**
9 **Financial Services, Homeland Financial Group, National**
10 **Support Services, LLC, United Debt Recovery, LLC,**
11 **Freedom First Financial, LLC, and Usa Debt Co, LLC, a/k/a**
12 **Usadebtco.com., Prosper Financial Solutions, NSS** or any
13 substantially similar name;
- 14 2. Destroying, secreting, defacing, transferring, or otherwise
15 altering or disposing of any documents of the Receivership
16 Entities, including, but not limited to, books, records, accounts,
17 or any other papers of any kind or nature;
- 18 3. Transferring, receiving, altering, selling, encumbering, pledging,
19 assigning, liquidating, or otherwise disposing of any assets
20 owned, controlled, or in the possession or custody of, or in which
21 an interest is held or claimed by, the Receivership Entities, or the
22 Temporary Receiver;
- 23 4. Excusing debts owed to the Receivership Entities;
- 24 5. Failing to notify the Temporary Receiver of any asset, including
25 accounts of the Receivership Entities held in any name other than
26 the name of the Receivership Entities, or by any person or entity
27 other than the Receivership Entities, or failing to provide any
28 assistance or information requested by the Temporary Receiver

1 in connection with obtaining possession, custody, or control of
2 such assets;

- 3 6. Doing any act or refraining from any act whatsoever to interfere
4 with the Temporary Receiver's taking custody, control,
5 possession, or managing of the assets or documents subject to
6 this receivership, or to harass or interfere with the Temporary
7 Receiver in any way, or to interfere in any manner with the
8 exclusive jurisdiction of this Court over the assets or documents
9 of the Receivership Entities; or
10 7. Refusing to cooperate with the Temporary Receiver, the Monitor
11 or the duly authorized agents of the Temporary Receiver or of the
12 Monitor in the exercise of their duties or their authority under
13 any Order of this Court.

14
15 **XV.**

16 **DELIVERY OF RECEIVERSHIP PROPERTY**

17 **IT IS FURTHER ORDERED** that:

- 18 A. Immediately upon service of this Order upon them, or within a period
19 permitted by the Temporary Receiver, Defendants or any other person
20 or entity, including but not limited to banks and brokerages, shall
21 transfer or deliver possession, custody, and control of the following to
22 the Temporary Receiver:
- 23 1. All assets of the Receivership Entities;
 - 24 2. All documents of the Receivership Entities, including, but not
25 limited to, books and records of accounts, all financial and
26 accounting records, balance sheets, income statements, bank
27 records (including monthly statements, canceled checks, records
28 of wire transfers, and check registers), client lists, title documents

1 and other papers;

2 3. All assets belonging to members of the public now held by the
3 Receivership Entities; and

4 4. All keys and codes necessary to gain or to secure access to any
5 assets or documents of the Receivership Entities, including, but
6 not limited to, access to their business premises, means of
7 communication, accounts, computer systems, or other property.

8 B. In the event any person or entity fails to deliver or transfer any asset or
9 otherwise fails to comply with any provision of this Paragraph, the
10 Temporary Receiver may file, on an ex parte basis, an Affidavit of Non-
11 Compliance regarding the failure. Upon filing of the affidavit, the
12 Court may authorize, without additional process or demand, Writs of
13 Possession or Sequestration or other equitable writs requested by the
14 Temporary Receiver. The writs shall authorize and direct the United
15 States Marshal or any sheriff or deputy sheriff of any county, pursuant
16 to Fed. R. Civ. P. 4(c)(1), to seize the asset, document, or other thing
17 and to deliver it to the Temporary Receiver.

18
19 **XVI.**

20 **BANKRUPTCY PETITIONS**

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

25
26 **XVII.**

27 **TRANSFER OF FUNDS TO THE RECEIVER**

28 **IT IS FURTHER ORDERED** that, upon service of a copy of this Order, all

1 banks, broker-dealers, savings and loans, escrow agents, title companies, commodity
2 trading companies, or other financial institutions shall cooperate with all reasonable
3 requests of the Temporary Receiver relating to implementation of this Order,
4 including transferring funds at his direction and producing records related to the
5 assets of the Receivership Entities.

6
7 **XVIII.**

8 **CONSUMER CREDIT REPORTS**

9 **IT IS FURTHER ORDERED** that pursuant to Section 604(a)(1) of the Fair
10 Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency
11 served with this Order shall promptly furnish consumer reports as requested
12 concerning individual Defendants **DENNIS CONNELLY, RICHARD WADE**
13 **TORKELSON a/k/a WADE TORKELSON** and **JOANNE GARNEAU a/k/a**
14 **JOANNE TORKELSON** to counsel for the Commission and to the Temporary
15 Receiver.

16
17 **XIX.**

18 **STAY OF ACTIONS**

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

- 27 A. Commencing, prosecuting, continuing, entering, or enforcing any suit
28 or proceeding, except that such actions may be filed to toll any

1 applicable statute of limitations;

2 B. Accelerating the due date of any obligation or claimed obligation; filing
3 or enforcing any lien; taking or attempting to take possession, custody,
4 or control of any asset; attempting to foreclose, forfeit, alter, or
5 terminate any interest in any asset, whether such acts are part of a
6 judicial proceeding, are acts of self-help, or otherwise;

7 C. Executing, issuing, serving, or causing the execution, issuance or
8 service of, any legal process, including, but not limited to, attachments,
9 garnishments, subpoenas, writs of replevin, writs of execution, or any
10 other form of process whether specified in this Order or not; or

11 D. Doing any act or thing whatsoever to interfere with the Temporary
12 Receiver taking custody, control, possession, or management of the
13 assets or documents subject to this receivership, or to harass or interfere
14 with the Temporary Receiver in any way, or to interfere in any manner
15 with the exclusive jurisdiction of this Court over the assets or
16 documents of the Receivership Entities;

17 E. Provided that, this paragraph does not stay:

- 18 1. The commencement or continuation of a criminal action or
19 proceeding;
- 20 2. The commencement or continuation of an action or proceeding
21 by a governmental unit to enforce such governmental unit's
22 police or regulatory power;
- 23 3. The enforcement of a judgment, other than a money judgment,
24 obtained in an action or proceeding by a governmental unit to
25 enforce such governmental unit's police or regulatory power;
- 26 4. The commencement of any action by the Secretary of the United
27 States Department of Housing and Urban Development to
28 foreclose a mortgage or deed of trust in any case in which the

1 mortgage or deed of trust held by the Secretary is insured or was
2 formerly insured under the National Housing Act and covers
3 property, or combinations of property, consisting of five or more
4 living units; or

- 5 5. The issuance to a Receivership Entities of a notice of tax
6 deficiency.

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

13
14 **XX.**

15 **COMPENSATION OF TEMPORARY RECEIVER**
16 **AND THE MONITOR**

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

28 **IT IS FURTHER ORDERED** that the Monitor and all personnel hired by

1 the Monitor as herein authorized, including counsel to the Monitor and accountants,
2 are entitled to reasonable compensation for the performance of duties pursuant to
3 this Order and for the cost of actual out-of-pocket expenses incurred by them, from
4 the assets now held by or in the possession or control of or which may be received
5 by Nationwide. The Monitor shall file with the Court and serve on the parties
6 periodic requests for the payment of such reasonable compensation, with the first
7 such request filed no more than sixty days after the date of this Order. The Monitor
8 shall not increase the hourly rates used as the bases for such fee applications without
9 prior approval of the Court.

10
11 **XXI.**

12 **RECEIVER'S BOND**

13 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with
14 the Clerk of this Court a bond in the sum of \$ 5,000 with sureties to be
15 approved by the Court, conditioned that the Temporary Receiver will well and truly
16 perform the duties of the office and abide by and perform all acts the Court directs.

17
18 **XXII.**

19 **IMMEDIATE ACCESS TO DEFENDANTS' PREMISES,**
20 **BOOKS AND RECORDS**

21 **IT IS HEREBY ORDERED** that the Individual Defendants, the
22 Receivership Entities and their officers, agents, servants, employees, attorneys, and
23 all persons or entities directly or indirectly under their control or under common
24 control with them, and all other persons or entities in active concert or participation
25 with them who receive actual notice of this Order, whether by personal service or
26 otherwise, whether acting directly or through any corporation, subsidiary, division,
27 or other device, and the Temporary Receiver, shall:

28 A. Immediately identify to the Commission's counsel:

1. all of the Individual Defendants' and Receivership Entities' business premises;
2. any premises where Individual Defendants and Receivership Entities conduct business or telephone sales operations;
3. any premises where documents related to Individual Defendants' and Receivership Entities' businesses are stored or maintained;
4. any premises where assets belonging to any of the Individual Defendants' and Receivership Entities' are stored or maintained;

B. Allow the Commission's representatives (including attorneys, investigators, paralegals and other staff) immediate access to:

1. all of Individual Defendants' and Receivership Entities' business premises, including but not limited to, those located at: 2850 Red Hill Avenue, #220, Santa Ana, California 92705; 2151 Michaelson Drive, Suite 170, Irvine, California 92612; 1274 Center Court Drive, Suite 107, Covina, California 91724; 1031 Calle Recodo, Suites D and G, San Clemente, California 92705;
2. any other premises where Individual Defendants and Receivership Entities conduct their telephone sales operations or their debt negotiation business;
3. any premises where documents related to Individual Defendants' and Receivership Entities' businesses are stored or maintained; and
4. any documents located at any of the locations described in this section;

C. Produce to Plaintiff and the Temporary Receiver any records or property relating to Individual Defendants' and Receivership Entities' business or assets that are located in the personal residence of any of the Individual Defendants, within forty-eight (48) hours of service of

1 this Order, at a location designated by Plaintiff and the Temporary
2 Receiver, including but not limited to the following:

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

15 2. All computers and data in whatever form, used by defendants, in
16 whole or in part, relating to Individual Defendants' and
17 Receivership Entities' business and assets.

18 D. Fully cooperate with, and assist, the Commission's representatives with
19 regard to this section;

20 E. Provide the Commission's counsel with any and all passwords and other
21 assistance necessary to obtain access to any computer records, and
22 other data compilations from which information can be obtained and
23 translated, if necessary, through detection devices into reasonably
24 usable form;

25 F. Upon request, provide assistance and support to the Commission's
26 representatives as necessary to allow them to efficiently copy to disk,
27 tape or other medium, any and all computer files, however stored, and
28 any and all audio recordings or digital audio files, which are in the

1 Individual Defendants' or Receivership Entities' custody, control or
2 possession.

3 **IT IS FURTHER ORDERED** that the Commission's representatives may
4 remove documents from Receivership Entities' premises to be inspected or copied,
5 but shall not, without good cause shown, retain any such documents beyond 72
6 hours after removing them.

7 **IT IS FURTHER ORDERED** that the Commission's representatives may
8 photograph and videotape the inside and outside of all premises to which they are
9 permitted access by this Order, and all documents and other items found on such
10 premises.

11 **IT IS FURTHER ORDERED** that law enforcement personnel, including but
12 not limited to the United States Marshal Service, may accompany the Commission's
13 representatives in implementing the provisions of this Paragraph in order to keep the
14 peace and maintain the security of the Commission's representatives. No one shall
15 interfere with the Commission's inspection of Individual Defendants' and
16 Receivership Entities' documents.

17 **IT IS FURTHER ORDERED** that the Commission's access to Defendants'
18 documents pursuant to this provision shall not provide grounds for any Defendant to
19 object to any subsequent request for documents served by the Commission pursuant
20 to Rule 34 of the Federal Rules of Civil Procedure. Provided, however, that the
21 Commission shall not subsequently request that any Individual Defendant or
22 Receivership Entity produce any document that the Commission copied pursuant to
23 this provision. The records to be inspected, reviewed and copied pursuant to this
24 paragraph include, but are not limited to documents which refer or relate to:

- 25 A. The offer and sale of Individual Defendants' and Receivership Entities'
26 debt consolidation, debt reduction, debt negotiation, debt management,
27 or credit repair services, including but not limited to flyers,
28 telemarketing or customer service scripts;

- 1 B. Communications between Individual Defendants and Receivership
2 Entities and consumers, including but not limited to letters, complaints,
3 and email communications;
- 4 C. Communications between Individual Defendants and Receivership
5 Entities and any creditor of any consumers, including but not limited to
6 letters and email communications;
- 7 D. Consumer complaints, including but not limited to complaints
8 forwarded to Individual Defendants and Receivership Entities by law
9 enforcement agencies or consumer advocacy organizations such as the
10 Better Business Bureau;
- 11 E. Communications between Individual Defendants and Receivership
12 Entities and law enforcement agencies or consumer advocacy
13 organizations such as the Better Business Bureau;
- 14 F. Consumer testimonials or the experiences of consumers who have
15 purchased Individual Defendants' and Receivership Entities' debt
16 consolidation, debt reduction, debt negotiation, or credit repair services;
- 17 G. Communications between Individual Defendants and Receivership
18 Entities and merchant account processors, including but not limited to
19 information relating to chargebacks by consumers against amounts
20 billed by Individual Defendants and Receivership Entities; or
- 21 H. Communications between any Individual Defendant and Receivership
22 Entity and any financial institution.

23
24 **XXIII.**

25 **SERVICE ON FINANCIAL INSTITUTIONS,**
26 **ENTITIES OR PERSONS**

27 **IT IS FURTHER ORDERED** that copies of this Order may be served by any
28 means, including facsimile transmission, upon any financial institution or other

1 entity or person that may have possession, custody, or control of any documents or
2 assets of any of the Individual Defendants or Receivership Entities, or that may
3 otherwise be subject to any provision of this Order. Service upon any branch or
4 office of any financial institution shall effect service upon the entire financial
5 institution. For purposes of service on anyone in possession of records, assets,
6 property, or property rights, actual notice of this Order shall be deemed complete
7 upon service of pages 1- 40 of this Order.

8
9 **XXIV.**

10 **FINANCIAL INSTITUTIONS**

11 **IT IS FURTHER ORDERED** that, pending determination of the
12 Commission's request for a preliminary injunction, any bank, savings and loan
13 institution, credit union, financial institution, brokerage house, escrow agent, money
14 market or mutual fund, title company, commodity trading company, common carrier,
15 storage company, trustee, commercial mail receiving agency, mail holding or
16 forwarding company, or any other partnership, corporation, or legal entity, business
17 entity, or person, that holds, controls or maintains custody of any account or asset
18 belonging to or titled in the name of Individual Defendant **DENNIS CONNELLY**, ,
19 or in the names of any of the Receivership Entities (including without limitation any
20 accounts or assets held in the name of "DK Ventures," "DK Ventures, Inc."), or to
21 which any of them is a signatory, or which is held on behalf of, or for the benefit of,
22 any of them, individually or jointly, or that has held, controlled or maintained
23 custody of any such account or asset at any time since September 12, 2001, shall:

- 24 A. Prohibit each of the aforementioned persons or entities, and their
25 agents, servants, employees, attorneys, and all persons or entities
26 directly or indirectly under their control, or in common control with
27 them, or any third party from withdrawing, removing, assigning,
28 transferring, pledging, encumbering, disbursing, dissipating,

1 converting, selling, or otherwise disposing of any such account or asset
2 except:

- 3 1. as directed by further order of the Court; or
- 4 2. for specific transfers authorized in writing by counsel for the
5 Commission;

6 B. Deny the aforementioned persons or entities, unless accompanied by
7 counsel for the Federal Trade Commission, access to any safe deposit
8 box that is:

- 9 1. titled in the name of Individual Defendants, Receivership Entities
10 or their affiliates or subsidiaries, either individually or jointly; or
- 11 2. otherwise subject to access by Individual Defendants,
12 Receivership Entities or their affiliates or subsidiaries;

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

- 15 1. the identification number of each such account or asset titled in
16 the name, individually or jointly, of Individual Defendants,
17 Receivership Entities or their corporations, affiliates or
18 subsidiaries, or held on behalf of, or for the benefit of, any such
19 Individual Defendant or Receivership Entity;
- 20 2. the balance of each such account, or a description of the nature
21 and value of such asset as of the time this Order is served, and, if
22 the account or other asset has been closed or removed, the date
23 closed or removed, the total funds removed in order to close the
24 account, and the name of the person or entity to whom such
25 account or other asset was remitted; and
- 26 3. the identification of any safe deposit box that is either titled in
27 the name, individually or jointly, of, Individual Defendants,
28 Receivership Entity, or their corporations, affiliates or

1 subsidiaries, or is otherwise subject to access by any such
2 Individual Defendant or Receivership Entity;

- 3 D. Upon the request by the Commission, provide to the Commission
4 within 48 hours copies of all records or other documentation pertaining
5 to such account or asset, including but not limited to originals or copies
6 of account applications, account statements, signature cards, checks,
7 drafts, deposit tickets, transfers to and from the accounts, all other debit
8 and credit instruments or slips, currency transaction reports, 1099
9 forms, and safe deposit box logs.

10
11 **XXV.**

12 **LIMITED EXPEDITED DISCOVERY**

13 **IT IS FURTHER ORDERED** that the Commission and the
14 Receiver/Monitor is granted leave at any time after service of this Order to:

- 15 A. Take the deposition of any person or entity, without limitation, for the
16 purpose of:
- 17 1. discovering the nature, location, status, and extent of assets of
18 any of the Defendants, including Receivership Entities, or of
19 their affiliates or of their subsidiaries,
 - 20 2. discovering the nature, location, status and extent of documents
21 reflecting the business transactions of any of the Defendants or
22 Receivership Entities;
 - 23 3. discovering the nature and extent of Defendants' business
24 activities, and
- 25 B. Demand the production of documents from any person or entity relating
26 to the nature, status, location and extent of any of the Defendants'
27 assets, and the location of any documents reflecting the Defendants'
28 business transactions or the nature and extent of Defendants' business

1 operations.

2 Seven (7) days notice shall be deemed sufficient for any such deposition and
3 for the production of any such documents. The limitations and conditions set forth
4 in Fed. R. Civ. P. 30(a)(2)(B) and 31(a)(2)(B) shall not apply to depositions taken
5 pursuant to this paragraph. Any such depositions taken pursuant to this paragraph
6 shall not be counted toward the ten deposition limit set forth in Fed. R. Civ. P.
7 30(a)(2)(A) and 31(a)(2)(A). Service of discovery taken pursuant to this paragraph
8 shall be sufficient if made by facsimile or by overnight delivery.

9
10 **XXVI.**

11 **CORRESPONDENCE**

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

14 Jennifer Larabee
15 John D. Jacobs
16 Federal Trade Commission
17 10877 Wilshire Blvd., #700
18 Los Angeles, CA 90024
19 Fax: (310) 824-4380

20 **XXVII.**

21 **DEFENSE COUNSEL'S ATTORNEY'S FEES**

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

1 XXVIII.

2 PRELIMINARY INJUNCTION HEARING

3 IT IS FURTHER ORDERED that Defendants DENNIS CONNELLY,
4 RICHARD WADE TORKELESON a/k/a WADE TORKELESON, JOANNE
5 GARNEAU, a/k/a JOANNE TORKELESON, HOMELAND FINANCIAL
6 SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT
7 RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA DEBT
8 CO, LLC, a/k/a USADEBT.CO.COM shall appear before this Court on the 28 day
9 of AUGUST, 2006 at 4:00 a.m.~~(p.m.)~~ before the Honorable
10 DAVID O. CAETEE Courtroom 9D, UNITED STATES DISTRICT
11 COURT, CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION,
12 SANTA ANA COURTHOUSE, 411 WEST FOURTH STREET, SANTA ANA,
13 CALIFORNIA 92701-4516, to show cause, if any there be, why this Court should
14 not enter a preliminary injunction, pending final ruling on the Complaint, against
15 said Defendants enjoining them from violations of Section 5(a) of the FTC Act,
16 15 U.S.C. § 45(a), imposing such additional relief as may be appropriate, and
17 appointing a permanent receiver over Defendants HOMELAND FINANCIAL
18 SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT
19 RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, USA DEBT CO,
20 LLC, a/k/a USADEBT.CO.COM, and PROSPER FINANCIAL SOLUTIONS.

21 IT IS FURTHER ORDERED that, in support of its application for a
22 preliminary injunction, Plaintiff may submit supplemental evidence discovered
23 subsequent to the filing of its application for a TRO, as well as a supplemental
24 memorandum. Plaintiff shall file and serve any supplemental evidence by no later
25 than 5:00 p.m. on the sixth court day prior to the preliminary injunction hearing as
26 scheduled above. Such documents may be served on each named Defendant by
27 faxing or delivering the document(s) to the attorney for the Defendant, or, if the
28 Defendant is not represented by counsel, to a fax number previously designated by

1 the Defendant in writing to counsel for Plaintiff; if the Defendant has not so
2 designated a fax number, service may be effected by mailing the documents to an
3 address designated in writing by the Defendant to counsel for Plaintiff; if no address
4 has been so designated, service shall be complete upon filing of the documents with
5 this Court.

6 **IT IS FURTHER ORDERED** that named Defendants shall file and serve
7 any opposition to the issuance of a preliminary injunction and the appointment of a
8 permanent receiver over the Receivership Entities, including any declarations,
9 exhibits, memoranda or other evidence on which they intend to rely, and objections
10 to any evidence submitted by Plaintiff, by no later than 5:00 p.m. of the fourth court
11 day prior to the hearing on the preliminary injunction. Such documents shall be
12 served by fax to 310-824-4380 or by personal delivery upon Plaintiff's counsel.

13 **IT IS FURTHER ORDERED** that Plaintiff shall file and serve any reply to
14 Defendants' opposition by no later than the second court day prior to the preliminary
15 injunction hearing.

16
17 **XXIX.**

18 **WITNESSES**

19 **IT IS FURTHER ORDERED** that there will be no direct examination of
20 witnesses at the preliminary injunction hearing in this matter. Any party wishing to
21 conduct cross-examination of any witness at the hearing on a preliminary injunction
22 in this matter shall comply fully with Local Rule 7-8 subject to the following
23 modification. Defendants shall serve any request to cross-examine any declarant on
24 the Commission, and file with the Court, by 12:00 noon (PT) of the third court day
25 prior to the hearing on the issuance of the preliminary injunction. Service on the
26 Commission shall be performed by personal delivery, or confirmed facsimile
27 transmission, to Jennifer Larabee, Esq. and John Jacobs, Esq. at 10877 Wilshire
28 Blvd. Suite 700, Los Angeles, California 90024, (310) 824-4380 (fax number). The

1 Commission shall serve any request on Defendants by personal delivery, or
2 confirmed facsimile, no later than 9:00 a.m. (PT) on the second court day prior to
3 the hearing on the issuance of the preliminary injunction. In accordance with the
4 Local Rules, the offering party shall be under no obligation to produce the declarant
5 unless the Court has granted the request to cross-examine by written order, by 5:00
6 pm (PT) on the second court day prior to the hearing. Any request by any party to
7 cross examine any witness much be made in good faith, subject to sanctions for
8 abuse.

9
10 **XXX.**

11 **SERVICE OF ORDER**

12 **IT IS FURTHER ORDERED** that the Commission shall serve a copy of this
13 Order upon the Defendants in accordance with Rule 4 of the Federal Rules of Civil
14 Procedure, or in any manner provided by law on or before AUGUST 10, 2006
15 to be deemed good and sufficient service and notice of the hearing on the Order to
16 Show Cause Re Preliminary Injunction. The Commission shall notify the Court 72
17 hours prior to the Hearing on the Preliminary Injunction as to which, if any, of the
18 Defendants have not been served.

19
20 **XXXI.**

21 **DURATION OF TEMPORARY RESTRAINING ORDER**

22 **IT IS FURTHER ORDERED** that the Temporary Restraining Order granted
23 herein shall expire within ten (10) court days after entry unless within such time, the
24 Order, for good cause shown, is extended for an additional period not to exceed ten
25 (10) days, or unless it is further extended pursuant to Federal Rule of Civil
26 Procedure 65 or by stipulation of counsel.

27 //

28 //

1 XXXII.

2 RETENTION OF JURISDICTION

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

5 SO ORDERED, this 9 day of August, 2006, at 1:40pm.

6
7 Harold O. Carter
8 United States District Court Judge

9 Presented by:

10 J. Jacobs
11 Jennifer Larabee
12 John D. Jacobs
13 Federal Trade Commission
14 10877 Wilshire Boulevard, Suite 700
15 Los Angeles, California 90024
16 ph: (310) 824-4343
17 fax: (310) 824-4380
18 Attorneys for Plaintiff
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