

FILED-SOUTHERN DIVISION
CLERK, U.S. DISTRICT COURT
AUG 11 2006
CENTRAL DISTRICT OF CALIFORNIA
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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

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Federal Trade Commission,
Plaintiff,
v.
Dennis Connelly, et al.,
Defendants.

Case No. SACV-06-701 DOC (RNBx)

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

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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.

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FINDINGS OF FACT

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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 USADEBTCO.COM** (collectively, "Defendants") have engaged in
11 and are likely to continue to engage in acts and practices that violate Section 5(a) of
12 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 **USADEBTCO.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).

14 ORDER

15 Definitions

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

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

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

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. *AND FINANCIAL LIBERTY SERVICES, LLC.*

15 7. "Debt Negotiation" means ^{DO}

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:

- 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

IT IS FURTHER ORDERED that each of the Individual Defendants are hereby temporarily restrained and enjoined from:

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

- 1 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,
13 Receivership Entity, 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, including without
17 limitation the accounts listed on Attachment 1;

18 This section shall be construed to include, without limitation, assets or
19 accounts held in the name of or for the benefit of Financial Liberty Services, LLC,
20 TLT, DK Ventures, Robina Capital, Inc., Federal Reverse Mortgage, Inc., or any
21 similar name.

22 B. Opening or causing to be opened, unless accompanied by counsel for
23 the Commission, any safe deposit boxes titled in the name of any
24 Individual Defendant or Receivership Entity, or their companies,
25 affiliates or subsidiaries, or subject to access by any of these
26 Defendants or Receivership Entities.

27 C. Notwithstanding the provisions of this Paragraph, Defendants may
28 make transfers as otherwise ordered by this Court upon proper showing

1 and after notice to the Commission.

2 D. Provided further, that this Section shall apply to assets acquired by any
3 Individual Defendant or Receivership Entity following entry of this
4 Order only if such assets are derived from the operation of any activity
5 prohibited by this Order or derived from any other violation of Section
6 5(a) of the FTC Act, 15 U.S.C. § 45(a).

7 E. Provided further that the Individual Defendants Connelly and
8 Torkelson are ordered to return any funds they have withdrawn from
9 any bank or other financial institution, including without limitation
10 California Bank & Trust, and including without limitation any funds
11 withdrawn from any account held in the name of Financial Liberty
12 Services, LLC, and to provide documentation of such return.

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14 **IV.**

15 **ORDER TO SHOW CAUSE RE ASSET FREEZE**
16 **AS TO DEFENDANTS TORKELSON AND GARNEAU**

17 IT IS FURTHER ORDERED that Individual Defendants Richard Wade
18 Torkelson a/k/a Wade Torkelson and Joanne Garneau a/k/a Joanne Torkelson shall
19 appear before this Court on the 14th day of August, 2006 at 3:00 p.m. before this
20 Honorable David O. Carter, Courtroom 9D, United States District Court, Central
21 District of California, Southern Division, Santa Ana Courthouse, 411 West 4th
22 Street, Santa Ana, California, and show cause, if any there be, why this Court should
23 not continue the asset freeze issued against each of them in Section III above. Until
24 such time of the hearing, Individual Defendants Torkelson and Garneau shall create
25 and maintain an accounting of all expenditures and receipts regardless of the
26 purpose or the source. The accounting shall be made available at the hearing re
27 asset freeze.

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V.

FINANCIAL REPORTS

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

- A. Each Individual Defendant shall, for him or herself,
1. Complete and deliver the “Financial Statement of Individual Defendant” for himself or herself that is attached to this Order as Attachment 1; and
 2. for each business entity he or she owns, controls, operates, or of which he is any officer, and for each trust of which he or she is a trustee, complete and deliver the “Financial Statement of Corporate Defendant” that is attached to this Order as Attachment 2.
- B. Each Corporate Defendant shall complete and deliver the “Financial Statement of Corporate Defendant” that is attached to this Order as Attachment 3, provided that any corporate Defendant need not separately complete this form if it is provided by an Individual Defendant pursuant to this section; and
- C. Each Defendant shall also file with the Court a Proof of Service certifying compliance with this paragraph. A Financial Statement shall be completed for each Defendant and for each business entity under which they conduct business, or of which they are an officer, and of each trust for which they are a trustee. The Financial Statements shall be accurate as of the date of the entry of this Order and shall be verified under oath. No obligation is imposed on the Temporary Receiver under this paragraph.

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VI.

REPATRIATION OF ASSETS

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

- A. Provide the Commission and the Temporary Receiver access to the Defendants' and Receivership Entities' financial records and any documents held by financial institutions outside the territory of the United States by signing the Consent to Release of Financial Records attached to this Order as Attachment 3;
- B. Transfer to the territory of the United States all funds, documents and assets in foreign countries held:
 - 1. by them,
 - 2. for their benefit, or
 - 3. under their direct or indirect control, jointly or singly;
- C. Hold and retain all such repatriated funds and prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds in full compliance with **Section III (Asset Freeze)** of this Order until further Order of this Court;
- D. Provide the Commission and the Temporary Receiver with a full accounting of all funds, documents and assets outside of the territory of the United States which are held:
 - 1. by them,
 - 2. for their benefit, or
 - 3. under their direct or indirect control, jointly or singly; and
- E. Specifically notify the Court, the Commission and the Temporary Receiver of the location of the transferred funds within the United States.

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VII.

PRESERVATION OF RECORDS

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

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

VIII.

RECORD KEEPING/BUSINESS OPERATIONS

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

- 1 A. Failing to make, keep, and provide, upon request, to the Commission
2 and the Temporary Receiver, an accurate accounting for themselves
3 (and for any business or entity owned or controlled, in whole or in part,
4 directly or indirectly, by them), which accounting shall include the
5 creation and retention of documents that, in reasonable detail,
6 accurately, fairly, and completely reflect all assets received (including,
7 but not limited to, income, loans, gifts and revenue), disbursements,
8 transfers, transactions, and expenditures, beginning immediately upon
9 service or actual notice of this Order;
- 10 B. Creating, operating, or exercising any control over any business entity,
11 including but not limited to any partnership, limited partnership, joint
12 venture, sole proprietorship or corporation, without first providing the
13 Commission and the Temporary Receiver with a written statement
14 disclosing:
- 15 1. the name of the business entity;
 - 16 2. the address and telephone number of the business entity;
 - 17 3. the names of the business entity's officers, directors, principals,
18 managers and employees; and
 - 19 4. a detailed description of the business entity's intended activities;
20 and
- 21 C. Each of the Individual Defendants shall notify the Commission at least
22 seven (7) days prior to affiliating with, becoming employed by, or
23 performing any work for any business that is not a named Defendant in
24 this action. Each notice shall include the Individual Defendant's new
25 business address and a statement of the nature of the business or
26 employment and the nature of his or her duties and responsibilities in
27 connection with that business or employment.
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IX.

**REQUIRED DISTRIBUTION OF ORDER
BY INDIVIDUAL DEFENDANTS**

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

X.

APPOINTMENT OF TEMPORARY RECEIVER

IT IS HEREBY ORDERED that Robb Evans and Robb Evans, ^{AND ASSOCIATES} LLC ^{DBA} ("Temporary Receiver"), is appointed Temporary Receiver for Corporate Defendants **HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA DEBT CO, LLC, a/k/a USADEBTCO.COM.,** and for the business assets and operations of **PROSPER FINANCIAL SOLUTIONS** ^{AND FINANCIAL LIBERTY SERVICES, LLC.} (all of the companies referred to in this paragraph referred to collectively as "Receivership Entities") their affiliates, subsidiaries, successors and assigns and any other corporations or businesses under the control of any of them.

IT IS FURTHER ORDERED that:

- A. The Temporary Receiver shall assume the full power, without limitation, of an equity receiver, that he shall act as the agent of this Court and solely the agent of this Court, that he shall be accountable

1 directly to this Court and that he shall comply with all Local Rules of
2 this Court governing receivers;

3 B. The Temporary Receiver shall have all the powers of the Receivership
4 Entities' officers, directors and managers, whose powers and authority
5 are hereby suspended;

6 C. The Temporary Receiver shall assume full control of the Receivership
7 Entities by removing, as the Temporary Receiver deems necessary or
8 advisable, any officer, director, manager, independent contractor,
9 employee, or agent of the Receivership Entities, including Defendants
10 **DENNIS CONNELLY, RICHARD WADE TORKELSON a/k/a**
11 **WADE TORKELSON** and **JOANNE GARNEAU a/k/a JOANNE**
12 **TORKELSON** from control of, management of, or participation in, the
13 affairs of the Receivership Entities;

14 D. The Temporary Receiver shall have full power to divert mail and to sue
15 for, collect, receive, take in possession, hold, and manage all assets and
16 documents of the Receivership Entities and other persons or entities
17 whose interests are now held by or under the direction, possession,
18 custody, or control of the Receivership Entities. The Temporary
19 Receiver is fully authorized to effect a change in the rights to use any
20 and all post office boxes or private mail facilities in use by the
21 Receivership Entities;

22 E. The Temporary Receiver shall allow representatives of the Commission
23 and the Defendants' attorneys access to inspect the premises of the
24 Receivership Entities, and to copy books, records, accounts and other
25 property of the Receivership Entities, wherever located, at such times
26 and in such manner as determined solely at the discretion of the
27 Temporary Receiver.

28 **IT IS FURTHER ORDERED** that the Temporary Receiver shall not attempt

1 to collect any amount from a consumer if the Temporary Receiver believes the
2 consumer was a victim of the deceptive acts or practices alleged in the Complaint in
3 this matter, without prior court approval.

4
5 **XI.**

6 **RECEIVERSHIP AUTHORITY AND DUTIES**

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

- 9 A. To take exclusive custody, control and possession of all assets and
10 documents of, or in the possession, custody, or under the control of, the
11 Receivership Entities, wherever situated;
- 12 B. To immediately return to consumers, without further court order, any
13 funds that are identifiable as received from specific consumers
14 following the Temporary Receiver's appointment or that are received at
15 the Receivership Entities' premises or mailboxes or forwarded to the
16 Temporary Receiver after entry of this Order and that were, based upon
17 the Temporary Receiver's good faith determination, procured by use of
18 the unfair or deceptive acts or practices alleged in the Complaint in this
19 matter. Likewise, upon the Temporary Receiver's appointment, the
20 Temporary Receiver shall take all reasonable steps to halt immediately
21 the debit of consumer bank accounts or charges to consumer credit
22 cards that in the Temporary Receiver's good faith determination were
23 procured by use of the unfair or deceptive acts or practices alleged in
24 the Complaint in this matter;
- 25 C. To conserve, hold, and manage all receivership assets, and perform all
26 acts necessary or advisable to preserve the value of those assets, in
27 order to prevent any irreparable loss, damage, or injury to consumers or
28 to creditors of the Receivership Entities, including, but not limited to,

1 obtaining an accounting of the assets and preventing transfer,
2 withdrawal, or misapplication of assets;

3 D. To enter into contracts and purchase insurance as advisable or
4 necessary;

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

8 F. To manage and administer the business of the Receivership Entities
9 until further order of this Court by performing all incidental acts that
10 the Temporary Receiver deems to be advisable or necessary, which
11 includes retaining, hiring, or dismissing any attorneys, employees,
12 independent contractors, or agents;

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

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

19 I. To make payments and disbursements from the receivership estate that
20 are necessary or advisable for carrying out the directions of, or
21 exercising the authority granted by, this Order. The Temporary
22 Receiver shall apply to the Court for prior approval of any payment of
23 any debt or obligation incurred by the Receivership Entities prior to the
24 date of entry of this Order, except payments that the Temporary
25 Receiver deems necessary or advisable to secure assets of the
26 Receivership Entities, such as rental payments;

27 J. To determine and implement the manner in which the Receivership
28 Entities will comply with, and prevent violations of, this Order and all

1 other applicable laws, including but not limited to, revising sales
2 materials and implementing monitoring procedures;

3 K. To institute, compromise, adjust, appear in, intervene in, or become
4 party to such actions or proceedings in state, federal or foreign courts
5 that the Temporary Receiver deems necessary and advisable to preserve
6 or recover the assets of the Receivership Entities or that the Temporary
7 Receiver deems necessary and advisable to carry out the Temporary
8 Receiver's mandate under this Order;

9 L. Defend, compromise, adjust, or otherwise dispose of any or all actions
10 or proceedings instituted in the past, or in the future, against the
11 Temporary Receiver in his role as Temporary Receiver, or against the
12 Receivership Entities, or by the Receivership Entities, that the
13 Temporary Receiver deems necessary and advisable to preserve the
14 assets of the Receivership Entities or that the Temporary Receiver
15 deems necessary and advisable to carry out the Temporary Receiver's
16 mandate under this Order;

17 M. Continue and conduct the business of the Receivership Entities in such
18 manner, to such extent, and for such duration as the Temporary
19 Receiver may in good faith deem to be necessary or appropriate to
20 operate the business profitably and lawfully, if at all; provided that the
21 continuation and conduct of the business shall be conditioned upon the
22 Temporary Receiver's good faith determination that the businesses can
23 be lawfully operated at a profit using the assets of the receivership
24 estate;

25 N. Issue subpoenas to obtain documents and records pertaining to the
26 receivership, and conduct discovery in this action on behalf of the
27 receivership estate;

28 O. Open one or more bank accounts in Los Angeles or Orange County as

1 designated depositories for funds of the Receivership Entities. The
2 Temporary Receiver shall deposit all funds of the Receivership Entities
3 in such a designated account and shall make all payments and
4 disbursements from the receivership estate from such an account; and

- 5 P. Maintain accurate records of all receipts and expenditures that he
6 makes as Temporary Receiver;

7 **IT IS FURTHER ORDERED** that the Temporary Receiver will be
8 responsible for maintaining the chain of custody of all of Defendants' records in his
9 possession, pursuant to procedures to be established in writing with the approval of
10 the Commission.

11
12 **XII.**

13 **APPOINTMENT OF A MONITOR**

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

15 **IT IS FURTHER ORDERED** that Robb Evans and Robb Evans, LLC ^{AND ASSOCIATES.}
16 ("Monitor") is appointed to monitor the activities of NATIONWIDE SUPPORT
17 SERVICES, INC. ("Nationwide") with full and immediate access to all business
18 records and business premises, wherever situated.

19 **IT IS FURTHER ORDERED** that:

- 20 A. All employees, officers and directors of Nationwide shall cooperate
21 fully with the Monitor;
- 22 B. All employees, officers and directors of Nationwide shall preserve all
23 records of Nationwide;
- 24 C. Nationwide may make payments in the normal course of business with
25 the consent of the Monitor. In the event of a disagreement as to the
26 propriety of a payment, the Monitor shall seek immediate instruction
27 from the Court;
- 28 D. The Monitor is directed to review the business operations of

1 Nationwide to determine the company's viability, including but not
2 limited to an assessment of liquidity; review of sales practices;
3 assessment of the negotiations process and procedures; status of the
4 accounts of consumers currently enrolled in the program (including fees
5 paid, number of creditors and status of debt negotiations) and report to
6 this Court as soon as practicable;

7 E. The Monitor is directed to promptly report directly to the Court any
8 failure by and individual to comply with this Order.
9

10 **XIII.**

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

13 **IT IS FURTHER ORDERED THAT** the Commission's representatives,
14 agents, and assistants, as well as Defendants and their representatives, shall have
15 reasonable access to any premises operating on behalf of or for the benefit of the
16 Receivership Entities, including without limitation, those located at: 2850 Red Hill
17 Avenue, #220, Santa Ana, California 92705; 2151 Michaelson Drive, Suite 170,
18 Irvine, California 92612; 1274 Center Court Drive, Suite 107, Covina, California
19 91724; 1031 Calle Recodo, Suites D and G, San Clemente, California 92705. The
20 purpose of this access shall be to inspect and copy any and all material that may be
21 relevant to this action, including without limitation, documents, books, records,
22 accounts, computer data, tapes, and any materials relating to any of the Defendants'
23 assets and business records.

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

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

18
19 **XIV.**

20 **COOPERATION WITH THE TEMPORARY RECEIVER**
21 **AND MONITOR**

22 **IT IS HEREBY 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 or entities in
25 active concert or participation with them, who receive actual notice of this Order by
26 personal service or otherwise, shall fully cooperate with and assist the Temporary
27 Receiver and Monitor in the exercise of his duties.

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

- 1 1. Providing any information to the Temporary Receiver and
2 Monitor that he deems necessary to exercise the authority and
3 discharge the responsibilities of the Temporary Receiver or
4 Monitor under this Order;
- 5 2. Providing all passwords required to access any computer or
6 electronic files in any medium; or
- 7 3. Advising all persons who owe money to the Receivership
8 Entities that all debts should be paid directly to the Temporary
9 Receiver.

10 B. The Defendants and their officers, agents, servants, employees,
11 attorneys, and all persons or entities directly or indirectly under their
12 control or under common control with them, and all other persons or
13 entities in active concert or participation with them, who receive actual
14 notice of this order by personal service or otherwise, are hereby
15 restrained and enjoined from directly or indirectly:

- 16 1. Transacting any of the business of the Receivership Entities or
17 transacting business under the names **Homeland, Homeland**
18 **Financial Services, Homeland Financial Group, National**
19 **Support Services, LLC, United Debt Recovery, LLC,**
20 **Freedom First Financial, LLC, and Usa Debt Co, LLC, a/k/a**
21 **Usadebtco.com., Prosper Financial Solutions, NSS, Financial**
22 **Liberty Services, LLC, or any substantially similar name;**
- 23 2. Destroying, secreting, defacing, transferring, or otherwise
24 altering or disposing of any documents of the Receivership
25 Entities, including, but not limited to, books, records, accounts,
26 or any other papers of any kind or nature;
- 27 3. Transferring, receiving, altering, selling, encumbering, pledging,
28 assigning, liquidating, or otherwise disposing of any assets

1 owned, controlled, or in the possession or custody of, or in which
2 an interest is held or claimed by, the Receivership Entities, or the
3 Temporary Receiver;

- 4 4. Excusing debts owed to the Receivership Entities;
- 5 5. Failing to notify the Temporary Receiver of any asset, including
6 accounts of the Receivership Entities held in any name other than
7 the name of the Receivership Entities, or by any person or entity
8 other than the Receivership Entities, or failing to provide any
9 assistance or information requested by the Temporary Receiver
10 in connection with obtaining possession, custody, or control of
11 such assets;
- 12 6. Doing any act or refraining from any act whatsoever to interfere
13 with the Temporary Receiver's taking custody, control,
14 possession, or managing of the assets or documents subject to
15 this receivership, or to harass or interfere with the Temporary
16 Receiver in any way, or to interfere in any manner with the
17 exclusive jurisdiction of this Court over the assets or documents
18 of the Receivership Entities; or
- 19 7. Refusing to cooperate with the Temporary Receiver, the Monitor,
20 or the duly authorized agents of the Temporary Receiver or
21 Monitor in the exercise of their duties or their authority under
22 any Order of this Court.

23
24 **XV.**

25 **DELIVERY OF RECEIVERSHIP PROPERTY**

26 **IT IS FURTHER ORDERED** that:

- 27 A. Immediately upon service of this Order upon them, or within a period
28 permitted by the Temporary Receiver, Defendants or any other person

1 or entity, including but not limited to banks and brokerages, shall
2 transfer or deliver possession, custody, and control of the following to
3 the Temporary Receiver:

- 4 1. All assets of the Receivership Entities;
- 5 2. All documents of the Receivership Entities, including, but not
6 limited to, books and records of accounts, all financial and
7 accounting records, balance sheets, income statements, bank
8 records (including monthly statements, canceled checks, records
9 of wire transfers, and check registers), client lists, title documents
10 and other papers;
- 11 3. All assets belonging to members of the public now held by the
12 Receivership Entities; and
- 13 4. All keys and codes necessary to gain or to secure access to any
14 assets or documents of the Receivership Entities, including, but
15 not limited to, access to their business premises, means of
16 communication, accounts, computer systems, or other property.

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

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XVI.

BANKRUPTCY PETITIONS

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

XVII.

TRANSFER OF FUNDS TO THE RECEIVER

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

XVIII.

CONSUMER CREDIT REPORTS

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

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XIX.

STAY OF ACTIONS

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

- A. Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;
 - B. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any asset, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;
 - C. Executing, issuing, serving, or causing the execution, issuance or service of, any legal process, including, but not limited to, attachments, garnishments, subpoenas, writs of replevin, writs of execution, or any other form of process whether specified in this Order or not; or
 - D. Doing any act or thing whatsoever to interfere with the Temporary Receiver taking custody, control, possession, or management of the assets or documents subject to this receivership, or to harass or interfere with the Temporary Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Entities;
- Doc*

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

- 2 1. The commencement or continuation of a criminal action or
3 proceeding;
- 4 2. The commencement or continuation of an action or proceeding
5 by a governmental unit to enforce such governmental unit's
6 police or regulatory power;
- 7 3. The enforcement of a judgment, other than a money judgment,
8 obtained in an action or proceeding by a governmental unit to
9 enforce such governmental unit's police or regulatory power;
- 10 4. The commencement of any action by the Secretary of the United
11 States Department of Housing and Urban Development to
12 foreclose a mortgage or deed of trust in any case in which the
13 mortgage or deed of trust held by the Secretary is insured or was
14 formerly insured under the National Housing Act and covers
15 property, or combinations of property, consisting of five or more
16 living units; or
- 17 5. The issuance to a Receivership Entities of a notice of tax
18 deficiency.

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

1 the Clerk of this Court a bond in the sum of ^{\$1,000} ~~\$5,000.00~~ with sureties to be approved
2 by the Court, conditioned that the Temporary Receiver will well and truly perform
3 the duties of the office and abide by and perform all acts the Court directs.

4
5 **XXII.**

6 **IMMEDIATE ACCESS TO DEFENDANTS' PREMISES,**
7 **BOOKS AND RECORDS**

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

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

- 16 1. all of the Individual Defendants' and Receivership Entities'
17 business premises;
- 18 2. any premises where Individual Defendants and Receivership
19 Entities conduct business or telephone sales operations;
- 20 3. any premises where documents related to Individual Defendants'
21 and Receivership Entities' businesses are stored or maintained;
- 22 4. any premises where assets belonging to any of the Individual
23 Defendants' and Receivership Entities' are stored or maintained;

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

- 26 1. all of Individual Defendants' and Receivership Entities' business
27 premises, including but not limited to, those located at: 2850 Red
28 Hill Avenue, #220, Santa Ana, California 92705; 2151

1 Michaelson Drive, Suite 170, Irvine, California 92612; 1274
2 Center Court Drive, Suite 107, Covina, California 91724; and
3 1031 Calle Recodo, Suites D and G, San Clemente, California
4 92705;

- 5 2. any other premises where Individual Defendants and
6 Receivership Entities conduct their telephone sales operations or
7 their debt negotiation business;
- 8 3. any premises where documents related to Individual Defendants'
9 and Receivership Entities' businesses are stored or maintained;
10 and
- 11 4. any documents located at any of the locations described in this
12 section;

13 C. Produce to Plaintiff and the Temporary Receiver any records or
14 property relating to Individual Defendants' and Receivership Entities'
15 business or assets that are located in the personal residence of any of
16 the Individual Defendants, within forty-eight (48) hours of service of
17 this Order, at a location designated by Plaintiff and the Temporary
18 Receiver, including but not limited to the following:

- 19 1. All contracts, accounting data, written or electronic
20 correspondence, advertisements, computer tapes, discs, or other
21 computerized or electronic records, books, written or printed
22 records, handwritten notes, telephone logs, telephone scripts,
23 telephone bills, receipt books, ledgers, membership records and
24 lists, refund records, receipts, ledgers, bank records (including
25 personal and business monthly statements, canceled checks,
26 records of wire transfers, and check registers), appointment
27 books, copies of federal, state, and local business or personal
28 income or property tax returns, 1099 forms, title records, and

1 other documents or records of any kind that relate to defendants'
2 business and assets; and

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

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

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

13 F. Upon request, provide assistance and support to the Commission's
14 representatives as necessary to allow them to efficiently copy to disk,
15 tape or other medium, any and all computer files, however stored, and
16 any and all audio recordings or digital audio files, which are in the
17 Individual Defendants' or Receivership Entities' custody, control or
18 possession.

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

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

27 **IT IS FURTHER ORDERED** that law enforcement personnel, including but
28 not limited to the United States Marshal Service, may accompany the Commission's

1 representatives in implementing the provisions of this Paragraph in order to keep the
2 peace and maintain the security of the Commission's representatives. No one shall
3 interfere with the Commission's inspection of Individual Defendants' and
4 Receivership Entities' documents.

5 **IT IS FURTHER ORDERED** that the Commission's access to Defendants'
6 documents pursuant to this provision shall not provide grounds for any Defendant to
7 object to any subsequent request for documents served by the Commission pursuant
8 to Rule 34 of the Federal Rules of Civil Procedure. Provided, however, that the
9 Commission shall not subsequently request that any Individual Defendant or
10 Receivership Entity produce any document that the Commission copied pursuant to
11 this provision. The records to be inspected, reviewed and copied pursuant to this
12 paragraph include, but are not limited to documents which refer or relate to:

- 13 A. The offer and sale of Individual Defendants' and Receivership Entities'
14 debt consolidation, debt reduction, debt negotiation, debt management,
15 or credit repair services, including but not limited to flyers,
16 telemarketing or customer service scripts;
- 17 B. Communications between Individual Defendants and Receivership
18 Entities and consumers, including but not limited to letters, complaints,
19 and email communications;
- 20 C. Communications between Individual Defendants and Receivership
21 Entities and any creditor of any consumers, including but not limited to
22 letters and email communications;
- 23 D. Consumer complaints, including but not limited to complaints
24 forwarded to Individual Defendants and Receivership Entities by law
25 enforcement agencies or consumer advocacy organizations such as the
26 Better Business Bureau;
- 27 E. Communications between Individual Defendants and Receivership
28 Entities and law enforcement agencies or consumer advocacy

1 organizations such as the Better Business Bureau;

2 F. Consumer testimonials or the experiences of consumers who have
3 purchased Individual Defendants' and Receivership Entities' debt
4 consolidation, debt reduction, debt negotiation, or credit repair services;

5 G. Communications between Individual Defendants and Receivership
6 Entities and merchant account processors, including but not limited to
7 information relating to chargebacks by consumers against amounts
8 billed by Individual Defendants and Receivership Entities; or

9 H. Communications between any Individual Defendant and Receivership
10 Entity and any financial institution.

11
12 **XXIII.**

13 **SERVICE ON FINANCIAL INSTITUTIONS,**
14 **ENTITIES OR PERSONS**

15 **IT IS FURTHER ORDERED** that copies of this Order may be served by any
16 means, including facsimile transmission, upon any financial institution or other
17 entity or person that may have possession, custody, or control of any documents or
18 assets of any of the Individual Defendants or Receivership Entities, or that may
19 otherwise be subject to any provision of this Order. Service upon any branch or
20 office of any financial institution shall effect service upon the entire financial
21 institution. For purposes of service on anyone in possession of records, assets,
22 property, or property rights, actual notice of this Order shall be deemed complete
23 upon service of pages 1- 38 of this Order.

24 ///

1 Commission;

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

- 5 1. titled in the name of Individual Defendants, Receivership Entities
6 or their affiliates or subsidiaries, either individually or jointly; or
7 2. otherwise subject to access by Individual Defendants,
8 Receivership Entities or their affiliates or subsidiaries;

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

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

27 D. Upon the request by the Commission, provide to the Commission
28 within 48 hours copies of all records or other documentation pertaining

1 to such account or asset, including but not limited to originals or copies
2 of account applications, account statements, signature cards, checks,
3 drafts, deposit tickets, transfers to and from the accounts, all other debit
4 and credit instruments or slips, currency transaction reports, 1099
5 forms, and safe deposit box logs.

6
7 **XXV.**

8 **LIMITED EXPEDITED DISCOVERY**

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

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

26 Thirty-six (36) hours notice shall be deemed sufficient for any such deposition
27 and forty-eight (48) hours notice shall be deemed sufficient for the production of
28 any such documents. The limitations and conditions set forth in Fed. R. Civ. P.

1 30(a)(2)(B) and 31(a)(2)(B) shall not apply to depositions taken pursuant to this
2 paragraph. Any such depositions taken pursuant to this paragraph shall not be
3 counted toward the ten deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A) and
4 31(a)(2)(A). Service of discovery taken pursuant to this paragraph shall be
5 sufficient if made by facsimile or by overnight delivery.

6
7 **XXVI.**

8 **CORRESPONDENCE**

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

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

17 **XXVII.**

18 **DEFENSE COUNSEL'S ATTORNEY'S FEES**

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

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1 **XXVIII.**

2 **PRELIMINARY INJUNCTION HEARING**

3 **IT IS FURTHER ORDERED** that Defendants **DENNIS CONNELLY,**
4 **RICHARD WADE TORKELSON** a/k/a **WADE TORKELSON, JOANNE**
5 **GARNEAU, a/k/a JOANNE TORKELSON, 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 USADEBTCO.COM** shall appear before this Court on the 28th
9 day of August, 2006 at 3:00 p.m., before the Honorable David O. Carter, Courtroom
10 9D , UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF
11 CALIFORNIA, SOUTHERN DIVISION, SANTA ANA COURTHOUSE, 411
12 WEST FOURTH STREET, SANTA ANA, CALIFORNIA 92701-4516, to show
13 cause, if any there be, why this Court should not enter a preliminary injunction,
14 pending final ruling on the Complaint, against said Defendants enjoining them from
15 violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), imposing such
16 additional relief as may be appropriate, and appointing a permanent receiver over
17 Defendants **HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT**
18 **SERVICES, LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST**
19 **FINANCIAL, LLC, USA DEBT CO, LLC, a/k/a USADEBTCO.COM, and**
20 **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 attempt in good
13 faith to serve a copy of this Order upon the Defendants in accordance with Rule 4 of
14 the Federal Rules of Civil Procedure, or in any manner provided by law, as soon as
15 is practicable. The Commission shall notify the Court 72 hours prior to the Hearing
16 on the Preliminary Injunction as to which, if any, of the Defendants have not been
17 served.

18
19 **XXXI.**

20 **DURATION OF TEMPORARY RESTRAINING ORDER**

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

26 ///

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 11 day of August, 2006, at 5:30 P.m.

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

9 Presented by:

10 Jennifer Larabee
11 John D. Jacobs
12 Federal Trade Commission
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14 Los Angeles, California 90024
15 ph: (310) 824-4343
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