

1 FAYE CHEN BARNOUW, Cal. Bar No. 168631  
2 JENNIFER M. BRENNAN, Cal. Bar No. 225473  
3 FEDERAL TRADE COMMISSION  
4 10877 Wilshire Blvd., Suite 700  
5 Los Angeles, CA 90024  
6 Telephone: (310) 824-4343  
7 Facsimile: (310) 824-4380

8 Attorneys for Plaintiff  
9 FEDERAL TRADE COMMISSION

10 **LODGED**  
11 MAY - 1 2006  
12 CLERK, U.S. DISTRICT COURT  
13 CENTRAL DISTRICT OF CALIFORNIA  
14 SOUTHERN DIVISION AT SANTA ANA  
15 BY \_\_\_\_\_ DEPUTY

16 FILED  
17 CLERK, U.S. DISTRICT COURT  
18 MAY - 8 2006  
19 CENTRAL DISTRICT OF CALIFORNIA  
20 BY \_\_\_\_\_ DEPUTY

21 UNITED STATES DISTRICT COURT  
22 CENTRAL DISTRICT OF CALIFORNIA

23 FEDERAL TRADE COMMISSION,  
24 Plaintiff,

25 v.

26 UNIVERSAL PREMIUM SERVICES,  
27 INC., a California corporation (also  
28 known as Premier Benefits, Inc.);  
29 CONSUMER REWARD NETWORK,  
30 INC., a California corporation;  
31 STAR COMMUNICATIONS LLC, a  
32 California limited liability company;  
33 MEMBERSHIP SERVICES DIRECT,  
34 INC., a Nevada corporation (also known  
35 as Continuity Partners, Inc.);  
36 CONNECT2USA, INC., a Nevada  
37 corporation;  
38 BRIAN K. MACGREGOR;  
39 HARIJINDER SIDHU;  
40 JOSEPH F. LAROSA, JR.;  
41 PRANOT SANGPRASIT;  
42 WILLIAM THOMAS HEICHERT;  
43 MICHAEL HOWARD CUSHING;  
44 PAUL P. TOSI; and  
45 MANH CAO,

46 Defendants.

47 Case no. CV06-0849 SJO (OPx)

48 ✓ *EX PARTE* APPLICATION FOR  
49 LEAVE TO FILE AMENDED  
50 COMPLAINT; MEMORANDUM OF  
51 POINTS AND AUTHORITIES;  
52 THIRD DECLARATION OF BRET  
53 SMART

54 [STATEMENT RE NOTICE TO  
55 COUNSEL PURSUANT TO LOCAL  
56 RULE 7-19.1]

57 NOTE CHANGES MADE BY COURT

58 ✓ *Anderson*  
59 *lc*

60 Priority \_\_\_\_\_  
61 Send \_\_\_\_\_  
62 Enter \_\_\_\_\_  
63 Closed \_\_\_\_\_  
64 JS-5/JS-6 \_\_\_\_\_  
65 JS-2/JS-3 \_\_\_\_\_  
66 Scan Only \_\_\_\_\_

67 FILED  
68 MAY 9 2006  
69 BY \_\_\_\_\_  
70 006

71 97

1 **TO THE COURT AND ALL PARTIES:**

2 Plaintiff Federal Trade Commission ("FTC") hereby applies *ex parte* for leave  
3 to file an Amended Complaint in the above-captioned case.

4 The proposed Amended Complaint, lodged concurrently herewith in  
5 compliance with Local Rule 15-1, adds one count alleging that defendant Brian  
6 MacGregor fraudulently transferred assets (including real property) to Christine  
7 MacGregor and her company Midwest Properties, Inc. in violation of the Federal  
8 Debt Collection Procedures Act, adds Christine MacGregor and Midwest Properties,  
9 Inc. as proposed "Fraudulent Transfer Defendants," and adds four corporate entities  
10 as defendants alleged to have engaged in the deceptive and abusive business  
11 practices described in the original Complaint.

12 Plaintiff FTC has recently learned that Christine MacGregor and Midwest  
13 Properties, Inc. are in the process of selling at least one of the properties in dispute  
14 (28981 Cliffside Drive, Malibu, CA 90265, APN: 4466-010-001). That real property  
15 was listed for sale on March 14, 2006, the day after the preliminary injunction  
16 hearing in this case, and, as of April 19, 2006, is currently in escrow.<sup>1</sup> Thus, leave of  
17 Court is being sought on an *ex parte* basis so that Plaintiff FTC may record a *lis*  
18 *pendens* against that real property and others owned by the proposed Fraudulent  
19 Transfer Defendants. After the notice is filed, anyone who purchases property  
20 described in the notice takes subject to the ultimate decision of this action.

21  
22 **COMPLIANCE WITH LOCAL RULES**

23 In compliance with Local Rule 15-1, the original and one copy of the  
24 Amended Complaint are being lodged separately.

25 Pursuant to Local Rule 7-19.1, undersigned counsel represents that Plaintiff  
26 FTC has provided notice of this *ex parte* application to defendants and proposed  
27 defendants as follows:

28  

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<sup>1</sup> See "Third Declaration of Bret Smart," attached hereto as pages 13-16.

- 1           – Defendants Brian MacGregor and Membership Services Direct, Inc.  
2           (aka Continuity Partners, Inc.), on May 1, 2006, by voice mail message  
3           prior to 9:30 a.m. and by e-mail prior to 10:00 a.m., to their counsel  
4           Tom Brown;
- 5           – Defendant Harijinder Sidhu, on May 1, 2006, by voice mail message  
6           prior to 9:30 a.m. and by e-mail prior to 10:00 a.m., to his counsel Jeff  
7           Riffer;
- 8           – unrepresented defendant Connect2USA, Inc., by letter sent by FedEx  
9           overnight delivery to its registered agent on May 1, 2006, and on May 1,  
10          2006, by voice mail message prior to 9:30 a.m. and by e-mail prior to  
11          10:00 a.m., to Jeff Riffer, counsel for this entity's owner, officer, and  
12          director, Harijinder Sidhu;
- 13          – Defendants Joseph LaRosa, Pranot Sangprasit, William Heichert,  
14          Michael Cushing, Paul Tosi, and Manh Dac Cao, on May 1, 2006, by  
15          voice mail message prior to 9:30 a.m. to their counsel John Genga, and  
16          by e-mail prior to 10:00 a.m., to their counsel John Genga and Don  
17          Moody;
- 18          – unrepresented defendant Universal Premium Services, Inc. (aka Premier  
19          Benefits, Inc.), by letter sent by FedEx overnight delivery to its  
20          registered agent on May 1, 2006, and by voice mail message prior to  
21          9:30 a.m. to John Genga, and by e-mail prior to 10:00 a.m., to John  
22          Genga and Don Moody, counsel for Pranot Sangprasit, this entity's  
23          owner, officer, and director;
- 24          – unrepresented defendant Star Communications LLC, by letter sent by  
25          FedEx overnight delivery to its registered agent on May 1, 2006, and by  
26          voice mail message prior to 9:30 a.m. to John Genga, and by e-mail  
27          prior to 10:00 a.m., to John Genga and Don Moody, counsel for Manh  
28          Dac Cao, this entity's owner, officer, and director;

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- 1       – proposed defendant All Star Access, Inc., by letter sent by FedEx  
2       overnight delivery on May 1, 2006 to its registered agent, and by voice  
3       mail message prior to 9:30 a.m. to John Genga, and by e-mail prior to  
4       10:00 a.m., to John Genga and Don Moody, counsel for Pranot  
5       Sangpravit, this entity's owner, officer, and director.
- 6       – proposed defendants Christine MacGregor and Midwest Properties, Inc.,  
7       on May 1, 2006 prior to 9:30 a.m. by telephone call with, and by e-mail  
8       to, their counsel John McCoy; and
- 9       – proposed defendants Merchant Risk Management, Inc., Pantel One  
10      Corporation, and Prime Time Ventures, Inc., by letter sent by FedEx  
11      overnight delivery to their last known registered agents and officers and  
12      directors on May 1, 2006.

13       Each party and each of the proposed defendants also are being served with a  
14      copy of this *ex parte* application and the proposed Amended Complaint.

15  
16                                    **GROUND FOR REQUESTED RELIEF**

17       Plaintiff FTC requests leave of Court to file the Amended Complaint lodged  
18      concurrently herewith. This *ex parte* application is being made in good faith in the  
19      interest of justice. As set forth in the attached Memorandum of Points and  
20      Authorities, the defendants will not be prejudiced by the filing of the Amended  
21      Complaint.

22       The Amended Complaint reiterates the allegations and counts set forth in the  
23      Complaint. In addition, it:

- 24      (1) includes a new count to set aside fraudulent transfers that defendant  
25      Brian MacGregor made to Christine MacGregor and Midwest Properties, Inc.;
- 26      (2) names two additional new defendants – Christine MacGregor and  
27      Midwest Properties, Inc. – as “Fraudulent Transfer Defendants”; and


DECLINING

1 (3) names four new defendants – Merchant Risk Management, Inc., Pantel  
 2 One Corporation, All Star Access, Inc., and Prime Time Ventures, Inc. – and alleges  
 3 that these defendants directly participated in the deceptive and abusive business  
 4 practices alleged in the proposed amended complaint with defendants Universal  
 5 Premium Services, Inc. (a/k/a Premier Benefits, Inc.), Consumer Reward Network,  
 6 Star Communications, LLC, Connect2USA, Inc., Brian K. MacGregor, Harijinder  
 7 Sidhu, Joseph F. LaRosa, Jr., Pranot Sangprasit, William Heichert, Michael H.  
 8 Cushing, Paul P. Tosi, and Manh Dac Cao.

9 WHEREFORE, Plaintiff FTC respectfully requests that the Court grant leave  
 10 to file the Amended Complaint.

11  
 12 Dated: May 1, 2006

Respectfully submitted,

13  
 14   
 15 \_\_\_\_\_  
 16 Faye Chen Barnouw  
 17 Jennifer M. Brennan  
 18 Attorneys for Plaintiff FTC  
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1 MEMORANDUM OF POINTS AND AUTHORITIES

PLAINTIFF

2  
3 I. INTRODUCTION

4 Plaintiff FTC seeks leave to file an Amended Complaint which adds one count  
5 to set aside fraudulent transfers that defendant Brian MacGregor made to Christine  
6 MacGregor and Midwest Properties, Inc. in violation of the Federal Debt Collection  
7 Procedures Act. The Amended Complaint names Christine MacGregor and Midwest  
8 Properties, Inc. as "Fraudulent Transfer Defendants." It also names Merchant Risk  
9 Management, Inc., Pantel One Corporation, All Star Access, Inc., and Prime Time  
10 Ventures, Inc. as four new corporate defendants directly involved in the defendants'  
11 deceptive and abusive business practices.

12 Plaintiff FTC seeks leave on an *ex parte* basis because it has recently learned  
13 that Christine MacGregor and Midwest Properties, Inc. are s in the process of selling  
14 at least one of the alleged fraudulently transferred assets (28981 Cliffside Drive,  
15 Malibu, CA 90265, APN: 4466-010-001). This property is currently in escrow.<sup>2</sup>  
16 Through this *ex parte* application, Plaintiff FTC seeks to file the amended complaint  
17 and record a *lis pendens* against the property, which has substantial equity, before  
18 escrow closes.

19  
20  
21  
22  
23 <sup>2</sup> According to business records provided by Combined L.A./Westside  
24 Multiple Listing Service, Inc. ("CLAW"), this property, located at 28981 Cliffside  
25 Dr., Malibu, CA 90265 (MLS # 06-017457), was listed on the regional residential  
26 real property listing service on March 14, 2006, the day after the preliminary  
27 injunction hearing in this case. Third Smart Declaration ¶ 2. It was first offered at  
28 \$4,650,000, but earlier this month, the offering price was reduced to \$4,495,000. *Id.*  
As of April 27, 2006, CLAW's records show that the status of the listing is "looking  
for backup." *Id.*

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1 Because some of the defendants have already responded to the Complaint,<sup>3</sup>  
2 pursuant to Rule 15 of the Federal Rules of Civil Procedure, Plaintiff must obtain the  
3 written consent of the defendants or leave of Court to file an amended complaint.

4 The parties represented by attorneys Jeff Riffer and John Genga consent to the  
5 FTC's filing of a proposed Amended Complaint. Proposed defendants Christine  
6 MacGregor and Midwest Properties, Inc. provisionally oppose it. Plaintiff FTC does  
7 not know whether defendants Brian MacGregor, Membership Services Direct, Inc.  
8 (a/k/a Continuity Partners, Inc.), Universal Premium Services, Inc. (a/k/a Premier  
9 Benefits, Inc.), Consumer Reward Network, Inc., Star Communications LLC, and  
10 Connect2USA, Inc. and proposed defendants Merchant Risk Management, Inc.,  
11 Pantel One Corporation, All Star Access, Inc., and Prime Time Ventures, Inc.  
12 consent to or oppose the FTC's filing of the proposed Amended Complaint.

13 **II. LEGAL DISCUSSION**

14 **A. FRCP 15(a) allows the Court to freely grant leave to amend the**  
15 **complaint where justice so requires**

16 Rule 15(a) of the Federal Rules of Civil Procedure provides that a party may  
17 amend its pleading once as a matter of course at any time before a responsive  
18 pleading is served. "Otherwise a party may amend the party's pleading only by  
19 leave of court or by written consent of the adverse party; and leave shall be freely  
20 given when justice so requires." FRCP 15(a). Although not automatic, this policy  
21 "should be applied with 'extraordinary liberality.'" *In re Circuit Breaker Litigation*,  
22 175 F.R.D. 547, 550 (C.D. Cal. 1997) (quoting *Morongo Band of Mission Indians v.*  
23  
24

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25 <sup>3</sup> Defendant Harijinder Sidhu's Answer was filed on or about March 15,  
26 2006. Defendants Brian MacGregor's and Membership Services Direct's joint  
27 Answer was filed on or about April 7, 2006. The Answers of Defendants Joseph  
28 LaRosa, Pranot Sangprasit, William Heichert, Michael Cushing, Paul Tosi, and  
Manh Dac Cao were filed on or about April 27, 2006.

1 *Rose*, 893 F.2d 1074, 1079 (9<sup>th</sup> Cir. 1990)). See also *Eminence Capital, LLC v.*  
2 *Aspeon, Inc.*, 316 F.3d 1048, 1051 (9<sup>th</sup> Cir. 2003).

3  
4 **B. The Court should apply the factors set forth in the Supreme Court's**  
5 ***Foman* decision in its determination of whether leave to amend**  
6 **should be granted**

7 The Supreme Court has identified several factors that a district court should  
8 consider when evaluating whether to grant leave to amend: undue delay, bad faith or  
9 dilatory motive on the part of the movant, repeated failure to cure deficiencies by  
10 amendments previously allowed, undue prejudice, and futility of amendment.  
11 *Foman v. Davis*, 381 U.S. 178, 182, 83 S. Ct. 227, 230 (1962).

12 In the Ninth Circuit, the factors set forth in *Foman* have been distilled into a  
13 four-part test: undue delay, prejudice to the opposing party, bad faith or dilatory  
14 motive, and futility of amendment. *Lay v. Treasource Industries, Inc.*, 143 Fed.  
15 Appx. 786, 789 (9<sup>th</sup> Cir. 2005); *In re Circuit Breaker Litigation*, 175 F.R.D. at 550.  
16 The court should also consider whether the moving party was afforded prior  
17 opportunities to amend. *Id.* These factors are to be applied with a view toward "the  
18 strong policy in favor of allowing amendment." *Lockheed Martin Corp. v. Network*  
*Solutions, Inc.*, 175 F.R.D. 640, 643 (C.D. Cal. 1997).

19 "A district court may find one factor or a combination of factors sufficient to  
20 deny leave to amend. If a district court denies leave to amend, it must clearly state  
21 by written findings its reason for denial." *In re Circuit Breaker Litigation*, 175  
22 F.R.D. at 550 (citing *Foman*, 371 U.S. at 182).

23  
24 **C. Upon *prima facie* showing by Plaintiff FTC of grounds for the filing**  
25 **the Amended Complaint, the burden shifts to Defendants**

26 As a threshold matter, a party seeking leave to amend should state the grounds  
27 for the amendment, and that "justice so requires." *In re Circuit Breaker Litigation*,  
28 175 F.R.D. at 550. The burden then shifts to the opposing party to show the court



1 that justice requires denial, unless considerable time has passed between the filing of  
2 the original pleading and the motion to amend, in which case the burden remains  
3 with the movant to show a valid reason for the delay. *In re Circuit Breaker*  
4 *Litigation*, 175 F.R.D. at 550.

5 **D. The Amended Complaint is timely and is not a result of undue delay**

6 “Delay in bringing a motion to amend is relevant to the inquiry as to whether a  
7 trial court abuses its discretion in denying a motion for leave to amend.” *In re*  
8 *Circuit Breaker Litigation*, 175 F.R.D. at 550 (citing *Morongo Band of Mission*  
9 *Indians v. Rose*, 893 F.2d at 1079). “However, while undue delay is a valid reason  
10 for denying leave to amend, delay is usually not sufficient alone to deny a motion to  
11 amend.” *In re Circuit Breaker Litigation*, 175 F.R.D. at 550 (citing *Contact Lumber*  
12 *Co. V. P.T. Moges Shipping Co. Ltd.*, 918 F.2d 1446, 1454 (9<sup>th</sup> Cir. 1990) and  
13 *Morongo Band of Mission Indians v. Rose*, 893 F.2d at 1079 (internal quotations  
14 omitted)).

15 Plaintiff FTC is acting in a timely manner in moving for leave to file the  
16 Amended Complaint. The Complaint was filed on February 14, 2006. The  
17 scheduling conference, set for June 5, 2006, has not yet occurred. Discovery has not  
18 commenced. There is thus no undue delay present in this case.

19 **E. The proposed amendments will not unduly prejudice Defendants**

20 Whether leave to amend would result in prejudice to the opposing party is “by  
21 far the most important and most common reason for upholding a district court’s  
22 decision to deny leave to amend.” *In re Circuit Breaker Litigation*, 175 F.R.D. at  
23 551. *See also Howey v. United States*, 481 F.2d 1187, 1190 (9<sup>th</sup> Cir. 1973) (where  
24 there was no showing of prejudice, it was appropriate to grant leave to amend third  
25 party complaint five years after the third party complaint had been filed). The  
26 opposing party must show that the prejudice will be substantial. *Id.* The need for  
27  
28

1 additional discovery is insufficient by itself to deny a proposed amended pleading.  
2 *In re Circuit Breaker Litigation*, 175 F.R.D. at 551 (citing *U.S. v. Continental Ill.*  
3 *Nat'l Bank & Trust*, 889 F.2d 1248, 1255 (2<sup>nd</sup> Cir. 1989)).

4 Plaintiff FTC respectfully submits that the defendants will not be able to show  
5 that the proposed amendments would impose any undue prejudice on them.  
6 Defendants have not commenced discovery, nor are they prevented from conducting  
7 discovery on the issues raised by the proposed amendments.

8 The proposed additional count in the Amended Complaint alleges that  
9 defendant Brian MacGregor fraudulently transferred assets to his wife Christine  
10 MacGregor and her company, Midwest Properties, Inc., and that he assumed sole  
11 liability of liabilities for which they are jointly liable, all in violation of the Federal  
12 Debt Collection Procedures Act, 28 U.S.C. §§ 3001, *et seq.* This count is supported  
13 by public records and financial information that defendants Brian MacGregor and  
14 Membership Services Direct, Inc. (aka Continuity Partners, Inc), and proposed  
15 defendants Christine MacGregor and Midwest Properties, Inc. have provided to  
16 Plaintiff FTC. Plaintiff FTC anticipates that resolution of this proposed count will  
17 also involve discovery as to the ownership and control of the transferred assets. To  
18 the extent that any of the defendants require discovery on this issue, they are not  
19 prejudiced by any pending discovery cut-off dates.

20 The Amended Complaint also names Merchant Risk Management, Inc., Pantel  
21 One Corporation, Prime Time Ventures, Inc., and All Star Access, Inc., four of the  
22 corporate entities which, on March 13, 2006, the Court placed into permanent  
23 receivership. To the FTC's knowledge, none of the defendants, nor any other  
24 person, has claimed ownership of, the first three of these entities.<sup>4</sup> This amendment  
25 is supported by business records that FTC staff reviewed at the defendants' business  
26

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27 <sup>4</sup> Defendant Pranot Sangprasit has informed Plaintiff FTC that he is the  
28 sole owner, officer and director of proposed defendant All Star Access, Inc.

1 premises, as set forth in the "Supplemental Brief in Support of FTC's Application for  
2 Preliminary Injunction and Appointment of Permanent Receiver" and "Second  
3 Declaration of Bret Smart," filed on March 3, 2006.

4  
5 **F. Plaintiff FTC is acting in good faith in seeking to amend the  
6 complaint**

7 "A court may consider whether a party seeks leave to amend in bad faith or  
8 with a dilatory motive. Under Fed. R. Civ. P. 11, a party may not interpose an  
9 amendment to its pleadings solely for delay. Likewise, it cannot seek to amend  
10 claims that it cannot in good faith support." *In re Circuit Breaker Litigation*, 175  
11 F.R.D. at 551. *See also Lockheed Martin*, 175 F.R.D. at 645 (amendment may not  
12 be used as a device to prevent speedy and efficient resolution of cases).

13 This case is in its early stages. Discovery has not yet commenced. Plaintiff  
14 FTC respectfully submits that it is entirely appropriate to seek leave to amend the  
15 complaint at this juncture of the case. Moreover, the amendments are based on facts  
16 established through Plaintiff's review of the defendants' business records. Thus,  
17 these amendments are supported by the facts and are made in good faith.

18 **G. Plaintiff's proposed amendments are not "futile"**

19 A proposed amendment "is futile only if no set of facts can be proved under  
20 the amendment that would constitute a valid claim." *In re Circuit Breaker*  
21 *Litigation*, 175 F.R.D. at 551. Plaintiff's proposed new count alleges that defendant  
22 Brian MacGregor fraudulently transferred assets to proposed defendants Christine  
23 MacGregor and her company, Midwest Properties, Inc. Taken as true, the  
24 allegations of the Amended Complaint state a claim for violation of the Federal Debt  
25 Collection Procedures Act and provide a basis for the Court to award such relief as  
26 the Court finds necessary to secure these assets for redress or disgorgement,  
27 including an order setting aside defendant Brian MacGregor's transfers of his interest  
28

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1 in assets, including real property, to Christine MacGregor and Midwest Properties,  
2 Inc. Thus, the amendments are not futile.

3  
4 **H. This is Plaintiff FTC's first request to amend the complaint**

5 A reviewing court "will also take into consideration whether the district court  
6 afforded the moving party prior opportunities to amend." *In re Circuit Breaker*  
7 *Litigation*, 175 F.R.D. at 552. Thus, the court may take into account whether a party  
8 has amended a pleading several times already. *See, e.g., Mir v. Fosburg*, 646 F.2d  
9 342, 347 (9<sup>th</sup> Cir. 1980).

10 The Amended Complaint would be the first amendment filed by Plaintiff FTC.  
11 For this reason and the other reasons stated above, leave to amend is appropriate in  
12 this case.

13  
14 **III. CONCLUSION**

15 Plaintiff FTC seeks leave to file an amended complaint in the interests of  
16 justice, in good faith, and in a timely manner. Defendants will not suffer any undue  
17 prejudice, nor are there any other reasons which would argue against granting this  
18 motion. For the foregoing reasons, leave to file the Amended Complaint is  
19 appropriate and should be granted.

20 *FIRST Amended Complaint is deemed  
Filed this date*

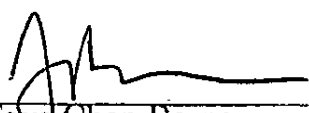
21 Dated: May 1, 2006

Respectfully submitted,

22 *Good Cause being  
found*

23 IT IS SO ORDERED

24 Dated 5/4/06

25   
Faye Chen Barnouw  
Jennifer M. Brennan  
Attorneys for Plaintiff FTC

26   
United States District Judge



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Declaration of Combined L.A./Westside Multiple Listing Service, Inc.

I hereby certify that the attached document(s) is a true and correct copy of records that were created and kept in the course of regularly conducted business activity by Combined L.A./Westside Multiple Listing Service, Inc. It is the regular practice of Combined L.A./Westside Multiple Listing Service, Inc. to make and keep such records.

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

27<sup>th</sup> day of April, 2006, in Los Angeles, California.



(Signature)

GIGI HERWA

(Print name)

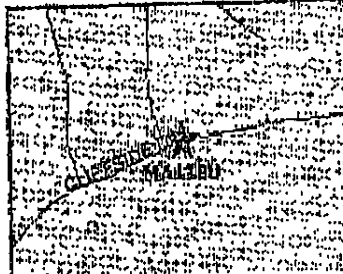
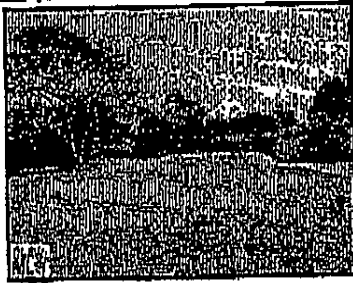
DIRECTOR OF OPERATIONS

(Title)

STATUS: Looking For Backup

ADDRESS: 28981 CLIFFSIDE DR , MALIBU 90265

LP: \$4,495,000



Add'l Photos

Larger Map Plat Map

RESIDENTIAL SINGLE FAMILY  
STYLE: Ranch  
APN: 4456-010-001  
ADP:  
APX ACREAGE: 1.10  
HORSE PROP: Yes  
ELEM: SMMUSD

AREA: (33) Malibu  
SUB:  
ZONE: LCRA1\*  
VU: Yes  
GH: None  
LSE:  
JRHS: SMMUSD

MLS#: 06-017457  
PUD:  
HOD: \$0.00  
PL: Yes  
FP: 2  
LOP:  
SRHS: SMMUSD

MAP: 867/E4  
YB: 1952  
STO: 1  
APX LDM:  
FUR: No

BR: 3  
BA: 3.00  
APX SF: 2,724/AS  
APX LSZ: 47,916/AS  
PKGT: 9  
PKGC:4

DIRECTIONS: PCH NORTH - LEFT AT HEATHERCLIFF RD - LEFT AT DUME DR - LEFT AT CLIFFSIDE DR  
REMARKS: COVETED PT DUME LOCATION WITH BEACH KEY. SHABBY CHIC STYLE RANCH HOME WITH POOL ON PRIVATE AND GATED 1.10 ACRES. SUNNY AND LIGHT INTERIORS W/PLANTATION SHUTTERS, HARDWOOD FLOORS, LARGE LIVINGROOM, VAULTED CEILINGS. BASEMENT COULD BE POSSIBLE WINE CELLAR. FLAT GRASSY YARD, ROOM FOR TENNIS COURT, HORSES. EXPANSION POSSIBILITIES ARE ENDLESS. EASY WALK TO BEACH AND SCHOOL. A RARE AND SPECIAL PROPERTY.

ROOMS: Basement,Den,Dining,Living,Patio Open  
EQUIP: Dishwasher,Garbage Disposal,Range/Oven,Refrigerator  
AIR: None  
FLOOR: Hardwood  
FIREPL: Living Room,Master Bedroom  
POOL: Private  
PARK: Attached,Garage  
VIEW TYPE: Mountains  
SEC: Gated  
SEWER: Septic  
DISC: As Is  
OCC/SHOW: Listing Agent Accompanes

HEAT: Central  
LAUNDRY: Garage  
ROOF: Other  
TENNIS: Room For  
SPA: None  
WATERFRONT: None  
FIN: Cash To New Loan  
POSS: Close Of Escrow  
SZONE: Coastal Commission

LP: \$4,495,000      DOM: 36      SP:      SSP:      OLP: \$4,650,000  
LD: 03/14/2006      CD: 04/19/2006      SD:      WD:

LA1: Gall Copley      LA1#: 310-589-2465      LA1 CELL: 310-210-9336      LA1 OTHER:  
LA2:      LA2#:      LA2 CELL:      LA2 OTHER:  
LA1 EMAIL: gailcopley@bol.com      LA2 EMAIL:  
LO1: Coldwell Banker-Malibu West      LO1#: 310-457-6550  
LO2:      LO2#:      LO1#: 310-457-6550  
CSO: 2.5%      LT: ER      LBA: No      BAC: Yes      LS: No      EO: No      PROBATE:

Broker/Agent does not guarantee the accuracy of the square footage, lot size or other information concerning the conditions or features of the property provided by the seller or obtained from Public Records or other sources. Buyer is advised to independently verify the accuracy of all information through personal inspection and with appropriate professionals. Copyright © 2006 by Combined LA/Westside MLS, Inc. Information deemed reliable but not guaranteed.

ATTACHMENT 1

MLS#: 06-017457 - 28981 CLIFFSIDE DR, MALIBU 90265

MLS #	APN	Address	Office / Agent	Change Type	Change Date	Status Date	LP	SP	DOM
06-017457	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	Looking For Backup	04/19/2006	04/19/2006	\$4,495,000		36
06-017457	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	Price Change	04/03/2006	03/14/2006	\$4,495,000		36
06-017457	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	Active	03/22/2006	03/14/2006	\$4,650,000		20
06-017457	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	New Listing	03/15/2006	03/14/2006	\$4,650,000		7

APN#: 4466-010-001 - 28981 CLIFFSIDE DR, MALIBU 90265

MLS #	APN	Address	Office / Agent	Change Type	Change Date	Status Date	LP	SP	DOM
99-024871	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Sold	06/15/1999	06/15/1999	\$5,500	\$5,700	22
99-024871	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Active	06/01/1999	05/24/1999	\$5,500		7
99-024871	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	New Listing	05/24/1999	05/24/1999	\$5,500		0
06-017457*	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	Looking For Backup	04/19/2006	04/19/2006	\$4,495,000		36
06-017457*	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	Price Change	04/03/2006	03/14/2006	\$4,495,000		36
06-017457*	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	Active	03/22/2006	03/14/2006	\$4,650,000		20
06-017457*	4466-010-001	28981 CLIFFSIDE DR	M2000133 / M90641	New Listing	03/13/2006	03/14/2006	\$4,650,000		7
05-038671	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Sold	09/23/2005	09/23/2005	\$4,250,000	\$4,250,000	26
05-038671	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Looking For Backup	08/10/2005	08/09/2005	\$4,250,000		26
05-038671	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Active	07/22/2005	07/14/2005	\$4,250,000		27
04-079830	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	New Listing	08/11/2004	07/14/2004	\$7,500	\$7,500	7
04-079830	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Sold	07/17/2004	07/09/2004	\$7,500		33
04-079830	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Active	07/09/2004	07/09/2004	\$7,500		7
03-200751	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	New Listing	08/08/2003	08/07/2003	\$6,800	\$6,800	7
03-200751	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Sold	07/09/2003	07/01/2003	\$6,800		1
03-200751	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Active	07/02/2003	07/01/2003	\$6,800		1
03-200731	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	Withdrawn	07/02/2003	07/02/2003	\$6,800		1
03-200731	4466-010-001	28981 CLIFFSIDE DR	M2000133 / X10490	New Listing	07/02/2003	07/01/2003	\$6,800		1

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1 **CERTIFICATE OF SERVICE**

2 I, Faye Chen Barnouw, certify as follows:

3 I am over the age of 18 and am an attorney for the Federal Trade  
4 Commission. My business address is 10877 Wilshire Boulevard, Suite 700, Los  
5 Angeles, California 90024. On May 1, 2006, I caused the attached document  
6 entitled "Ex Parte Application for Leave to File Amended Complaint; Memorandum  
7 of Points and Authorities and Declaration of Bret Smart in Support Thereof" to be  
8 served to:

9  
10 Tom Brown  
Brown & White LLP  
333 S. Hope Street, 36th Floor  
11 Los Angeles, CA 90071  
12 e-mail: [tbrown@brownwhitelaw.com](mailto:tbrown@brownwhitelaw.com)

*Via e-mail by consent of the recipient  
Counsel for Defendants Brian  
MacGregor and Membership Services  
Direct, Inc. (aka Continuity Partners,  
Inc.)*

13 John Genga and Don C. Moody  
Genga & Associates, P.C.  
15260 Ventura Blvd., 20th Floor  
14 Sherman Oaks, CA 91403  
15 e-mail: [jgenga@gengalaw.com](mailto:jgenga@gengalaw.com)  
e-mail: [donm@gengalaw.com](mailto:donm@gengalaw.com)

*Via e-mail by consent of the recipient  
Counsel for Defendants Pranot  
Sangprasit, Joseph LaRosa, and Paul  
Tosi*

16 Jeffrey K. Riffer  
Jeffer Mangels et al LLP  
17 1900 Ave Of The Stars 7FL  
Los Angeles, CA 90067-4301  
18 e-mail: [jriffer@jmbm.com](mailto:jriffer@jmbm.com)

*Via e-mail by consent of the recipient  
Counsel for Defendant Harijinder Sidhu*

19 Kent Johnson and Brick Kane  
Robb Evans & Associates LLC  
20 11450 Sheldon St  
Simi Valley 91352  
21 e-mail:  
[kenton.johnson@robbevans.com](mailto:kenton.johnson@robbevans.com)  
22 e-mail: [brick\\_kane@robbevans.com](mailto:brick_kane@robbevans.com)

*Via e-mail by consent of the recipient  
Permanent Receiver*

23 Gary O. Caris and Lesley A. Hawes  
McKenna Long & Aldridge  
24 444 South Flower Street, 8th Floor  
Los Angeles, CA 90071-2901  
25 e-mail: [gcaris@mckennalong.com](mailto:gcaris@mckennalong.com)  
26 e-mail: [lhawes@mckennalong.com](mailto:lhawes@mckennalong.com)

*Via e-mail by consent of the recipient  
Counsel for Permanent Receiver*

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John M. McCoy  
Bird, Marella, Boxer, Wolpert, Nessim,  
Drooks & Lincenberg, P.C.  
1875 Century Park East, 23rd Floor  
Los Angeles, California 90067-2561  
e-mail: [jmm@birdmarella.com](mailto:jmm@birdmarella.com)

*By U.S. Mail and e-mail:*  
Counsel for Defendants  
Christine MacGregor and Midwest  
Properties, Inc.

Merchant Risk Management, Inc.  
C/O Nevada First Holdings, Inc.  
4535 W. Sahara Ave., Suite 100  
Las Vegas, NV 89102

*By FedEx overnight delivery*

Pantel One Corporation  
C/O Nevada First Holdings, Inc.  
4535 W. Sahara Ave., Suite 100  
Las Vegas, NV 89102

*By FedEx overnight delivery*

All Star Access, Inc.  
C/O Pacific Registered Agents, Inc.  
300 S. Jackson St., Suite 100  
Denver, CO 80209

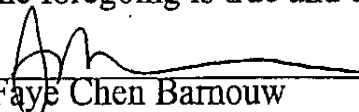
*By FedEx overnight delivery*

Prime Time Ventures, Inc.  
C/O Nevada First Holdings, Inc.  
4535 W. Sahara Ave., Suite 100  
Las Vegas, NV 89102

*By FedEx overnight delivery*

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

Dated: May 1, 2006

  
\_\_\_\_\_  
Faye Chen Barnouw