

ROBB EVANS & ASSOCIATES LLC

Temporary Receiver of

**World Traders Association, Inc.; United Traders Association, Inc.; International
Merchandise Group, Inc.; Trans-global Connection, Inc.; Musketeer Partners, Inc.;**
Fulfillment Options, Inc. and

Certain Real Property Assets of Sheldon Fidler and Judith T. Fidler

11450 Sheldon Street

Sun Valley, California 91352-1121

Telephone No.: (818) 768-8100

Facsimile No.: (818) 768-8802

**Federal Trade Commission v. World Traders Association, Inc, et al.
CASE No. CV-05 0591 AHM (CTx)**

***Ex Parte* Temporary Restraining Order with Asset Freeze,
Appointment of Temporary Receiver**

Filed January 25, 2005

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

ORIGINAL

CV- CV05 0591 AHM
~~PROPOSED~~
EX PARTE TEMPORARY
RESTRAINING ORDER
WITH ASSET FREEZE,
APPOINTMENT OF
RECEIVER AND OTHER
EQUITABLE RELIEF; TOGETHER
WITH RIDER A AND RIDER B
ATTACHED HERETO

FEDERAL TRADE COMMISSION,
Plaintiff,
v.
WORLD TRADERS ASSOCIATION, INC.,
et al.,
Defendants.

LOGGED
CLERK, U.S. DISTRICT COURT
JAN 25 2005
CENTRAL DISTRICT OF CALIFORNIA

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), having filed a Complaint for a Permanent Injunction and Other Relief, including redress to consumers, pursuant to Sections 13(b) and 19(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b(a), and having moved for an *Ex Parte* Temporary Restraining Order pursuant to Rule 65 of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 65, and the Court having considered the Complaint, declarations, exhibits, and memorandum of law filed in support, finds that:

1. This Court has jurisdiction of the subject matter of this case and there is good cause to believe it will have jurisdiction over all parties hereto;
2. There is good cause to believe that Defendants World Traders Association, Inc., United Traders Association, Inc., International Merchandise Group, Inc., Trans-Global Connection, Inc., Musketeer Partners, Inc., Fulfillment Options, Inc., Judith Takala Fidler, Sheldon Fidler, Shannon Holden, Jaime Klotthor, Jennifer Klotthor, and Scott Rinaldo have engaged and are likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the

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CLERK, U.S. DISTRICT COURT
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BY

1 Commission's Rule entitled Disclosure Requirements and Prohibitions
2 Concerning Franchise and Business Opportunity Ventures (the "Franchise Rule"),
3 16 C.F.R. Part 436, and that the Commission is therefore likely to prevail on the
4 merits of this action;

5 3. There is good cause to believe that immediate and irreparable harm will
6 result from Defendants' ongoing violations of Section 5 of the FTC Act and the
7 Franchise Rule unless Defendants are restrained and enjoined by Order of this
8 Court;

9 4. There is good cause to believe that immediate and irreparable damage to the
10 Court's ability to grant effective final relief for consumers in the form of monetary
11 restitution will occur from the sale, transfer, or other disposition or concealment
12 by Defendants of assets or records unless Defendants are immediately restrained
13 and enjoined by Order of this Court. Therefore, in accordance with Fed. R. Civ. P.
14 65(b), good cause and the interests of justice requires that this Order be granted
15 without prior notice to Defendants. Accordingly, the Commission is relieved of
16 the duty to provide Defendants with prior notice of the Commission's motion;

17 5. Good cause exists for appointing a temporary Receiver for the Corporate
18 Defendants World Traders Association, Inc., United Traders Association, Inc.,
19 International Merchandise Group, Inc., Trans-Global Connection, Inc., Musketeer
20 Partners, Inc., and Fulfillment Options;

21 6. Weighing the equities and considering the Commission's likelihood of
22 ultimate success, a Temporary Restraining Order with an asset freeze, appointment
23 of a temporary Receiver, and other equitable relief is in the public interest; and

24 7. No security is required of any agency of the United States for issuance of a
25 restraining order. Fed. R. Civ. P. 65(c).

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2 **DEFINITIONS**

3 1. "Assets" means any legal or equitable interest in, right to, or claim to, any
4 real and personal property, including, but not limited to chattel, goods,
5 instruments, equipment, fixtures, general intangibles, inventory, checks, notes,
6 leaseholds, effects, contracts, mail or other deliveries, shares of stock, lists of
7 consumer names, accounts, credits, premises, receivables, funds, and cash,
8 wherever located, whether in the United States or abroad;

9 2. "Business venture" means any written or oral business arrangement,
10 however denominated, regardless of whether covered by the Franchise Rule,
11 which consists of the payment of any consideration for:

- 12 a. the right or means to offer, sell, or distribute goods or services
13 (regardless of whether identified by a trademark, service mark, trade
14 name, advertising, or other commercial symbol); and
- 15 b. more than nominal assistance to any person or entity in connection
16 with or incident to the establishment, maintenance, or operation of a
17 new business or the entry by an existing business into a new line or
18 type of business;

19 2. "Corporate Defendants" means World Traders Association, Inc., United
20 Traders Association, Inc., International Merchandise Group, Inc., Trans-Global
21 Connection, Inc., Musketeer Partners, Inc., Fulfillment Options, Inc., and any
22 affiliates, fictitious names, d/b/a's, subsidiaries, successors, or assigns of the
23 aforementioned entities.

24 3. "Individual Defendants" means Judith Takala Fidler, Sheldon Fidler,
25 Shannon Holden, Jaime Klotthor, Jennifer Klotthor, and Scott Rinaldo;

26 4. "Defendants" means (a) each Corporate Defendant; (b) each Individual
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1 Defendant; (c) any person insofar as he or she is acting in the capacity of an
2 officer, agent, servant, employee or attorney of any Corporate Defendant or any
3 Individual Defendant; and (d) any persons or entities in active concert or
4 participation with any of the foregoing who receives actual notice of this Order by
5 personal service or otherwise, whether these persons or entities are acting directly
6 or through a trust, corporation, subsidiary, division, or other device.

7 5. "Document" is synonymous in meaning and equal in scope to the usage of
8 the term in Fed. R. Civ. P. 34(a), and includes writings, drawings, graphs, charts,
9 photographs, audio and video recordings, computer records, and other data
10 compilations from which information can be obtained and translated, if necessary,
11 through detection devices into reasonably usable form. A draft or non-identical
12 copy is a separate document within the meaning of the term;

13 6. "Receiver" shall mean the temporary receiver appointed in Section X of this
14 Order and any deputy receivers that may be named by the temporary receiver;

15 7. "Receivership Defendants" shall mean the Corporate Defendants and any
16 other entities in active concert or participation with the Corporate Defendants who
17 receive actual notice of this Order by personal service or otherwise, whether these
18 entities are acting directly or through a trust, corporation, subsidiary, division, or
19 other device.

20 ORDER

21 **I. PROHIBITION AGAINST VIOLATION OF SECTION 5 OF THE 22 FEDERAL TRADE COMMISSION ACT**

23 **IT IS THEREFORE ORDERED** that, in connection with the offering for
24 sale or selling of any business venture, including franchises, defendants are hereby
25 temporarily restrained and enjoined from making any material misrepresentation
26 or assisting others in making any material misrepresentation, either expressly or by
27 implication, to any prospective purchaser of a business venture, including but not

1 limited to, the following:

- 2 1. That consumers who purchase defendants' business ventures are likely to
3 earn substantial income;
- 4 2. That consumers who purchase defendants' business ventures will be
5 provided with names and contact information of buyers who have been previously
6 contacted by defendants and are interested in purchasing defendants' products;
- 7 3. That consumers who purchase defendants' business ventures will acquire
8 accounts of buyers who are interested in purchasing defendants' products;
- 9 4. That company-selected references have purchased the defendants' business
10 ventures or will provide reliable descriptions of experiences with the business
11 ventures;
- 12 5. That defendants will provide consumers who purchase their business
13 ventures with training and continuous support for the operation of the consumers'
14 businesses; or
- 15 6. That defendants will provide consumers who purchase their business
16 ventures with hundreds of discounted, surplus products for shipment to
17 purchasers, including but not limited to numerous name brand items.

18 **II. PROHIBITION AGAINST VIOLATION OF THE FRANCHISE**
19 **RULE**

20 **IT IS FURTHER ORDERED** that defendants are hereby temporarily
21 restrained and enjoined from violating or assisting others to violate any provisions
22 of the Franchise Rule, 16 C.F.R. Part 436, including but not limited to:

- 23 1. Failing to provide a prospective purchaser with a complete and accurate
24 disclosure document as prescribed by the Franchise Rule, 16 C.F.R. § 436.1(a);
- 25 2. Failing to provide a prospective purchaser with an earnings claim document
26 as prescribed by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e);
- 27 3. Failing to have a reasonable basis for any earnings claim at the time such

1 claim is made, as required by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e);

2 4. Failing to disclose, in immediate conjunction with any earnings claim, and
3 in a clear and conspicuous manner, that material which constitutes a reasonable
4 basis for the earnings claim is available to the prospective purchasers;

5 5. Failing to provide material which constitutes a reasonable basis for any
6 earnings claim to prospective purchasers, the Commission, or its staff upon
7 reasonable demand; or

8 6. Making any statement that contradicts information required to be disclosed
9 in the disclosure document, as required by the Franchise Rule, 16 C.F.R.
10 § 436.1(f).

11 III. ASSET FREEZE

12 **IT IS FURTHER ORDERED** that Defendants are hereby temporarily
13 restrained and enjoined from:

14 1. Transferring, liquidating, converting, encumbering, pledging, loaning,
15 selling, concealing, dissipating, disbursing, assigning, spending, withdrawing,
16 granting a lien or security interest or other interest in, or otherwise disposing of
17 any funds, real or personal property, accounts, contracts, consumer lists, shares of
18 stock, or other assets, or any interest therein, wherever located, whether within the
19 United States or within a jurisdiction outside the United States, that are: (1)
20 owned or controlled by any of the Corporate Defendants or Individual Defendants,
21 in whole or in part, for the benefit of any Corporate Defendant or Individual
22 Defendant; (2) in the actual or constructive possession of any Corporate Defendant
23 or Individual Defendant; or (3) owned, controlled by, or in the actual or
24 constructive possession of any corporation, partnership, or other entity directly or
25 indirectly owned, managed, or controlled by any Corporate Defendant or
26 Individual Defendant, including, but not limited to, any assets held by or for, or
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1 subject to access by, any of the Defendants, at any bank or savings and loan
2 institution, or with any broker-dealer, escrow agent, title company, commodity
3 trading company, precious metals dealer, or other financial institution or
4 depository of any kind;

5 2. Opening or causing to be opened any safe deposit boxes titled in the name
6 of any Corporate Defendant or Individual Defendant, or subject to access by any
7 of them;

8 3. Incurring charges or cash advances on any credit card issued in the name,
9 singly or jointly, of any Corporate Defendant;

10 4. Obtaining a personal or secured loan encumbering the assets of any
11 Corporate Defendant or Individual Defendant; and

12 5. Incurring liens or other encumbrances on real property, personal property or
13 other assets in the name, singly or jointly, of any Corporate Defendant or
14 Individual Defendant.

*For paragraphs III 6 and 7, see the attached Ridge M
A, which is incorporated herein, by reference.*

15 The assets affected by this Section include: (1) all assets of any of the Corporate
16 Defendants or Individual Defendants as of the time this Order was entered; and (2)
17 assets obtained after the time this Order was entered if the assets are derived from
18 the conduct alleged in the Commission's Complaint.

19 **IV. RETENTION OF ASSETS AND RECORDS BY FINANCIAL**
20 **INSTITUTIONS**

21 **IT IS FURTHER ORDERED** that, pending determination of the
22 Commission's request for a preliminary injunction, any financial or brokerage
23 institution, business entity, or person served with a copy of this Order that holds,
24 controls or maintains custody of any account or asset of any Corporate Defendant
25 or Individual Defendant shall:

26 1. Hold and retain within its control and prohibit the withdrawal, removal,
27 assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion,

- 1 sale, or other disposal of any such asset, except by further order of the Court;
- 2 2. Deny Defendants access to any safe deposit box that is titled in the name,
3 individually or jointly or otherwise subject to access by any Corporate Defendant
4 or Individual Defendant;
- 5 3. Provide the Commission's counsel, within five (5) days of receiving a copy
6 of this Order, a sworn statement setting forth:
- 7 a. the identification number of each such account or asset titled in the
8 name, individually or jointly, of any Corporate Defendant or
9 Individual Defendant, or held on behalf of, or for the benefit of any
10 Corporate Defendant or Individual Defendant;
- 11 b. the balance of each such account, or a description of the nature and
12 value of such asset as of the close of business on the day on which
13 this Order is served, and, if the account or other asset has been closed
14 or removed, the date closed or removed, the total funds removed in
15 order to close the account, and the name of the person or entity to
16 whom such account or other asset was remitted; and
- 17 c. the identification of any safe deposit box that is titled in the name,
18 individually or jointly, of any Corporate Defendant or Individual
19 Defendant, or is otherwise subject to access by any Corporate
20 Defendant or Individual Defendant; and
- 21 4. Upon request by the Commission, promptly provide the Commission with
22 copies of all records or other documentation pertaining to each such account or
23 asset, including but not limited to originals or copies of account applications,
24 account statements, signature cards, checks, drafts, deposit tickets, transfers to and
25 from the accounts, all other debit and credit instruments or slips, currency
26 transaction reports, 1099 forms, and safe deposit box logs.

1 V. PRESERVATION OF RECORDS

2 IT IS FURTHER ORDERED that Defendants are hereby temporarily
3 restrained and enjoined from:

4 1. Destroying, erasing, mutilating, concealing, altering, transferring or
5 otherwise disposing of, in any manner, directly or indirectly, any documents that
6 relate to the business, business practices, assets, or business or personal finances
7 of any corporate or individual Defendant, and

8 2. Failing to create and maintain documents that, in reasonable detail,
9 accurately, fairly, and completely reflect Defendants' incomes, disbursements,
10 transactions, and use of money.

11 VI. FINANCIAL DISCLOSURES

12 IT IS FURTHER ORDERED that each Corporate Defendant and
13 Individual Defendant, within ^{Seventy-two (72)} ~~forty-eight (48)~~ hours of service of this Order, shall
14 prepare and deliver to counsel for the Commission and to the Receiver completed
15 financial statements on the forms attached to this Order as Attachment A
16 (Financial Statement of Individual Defendant) and Attachment B (Financial
17 Statement of Corporate Defendant), for themselves individually and for each
18 business entity under which they conduct business or of which they are an officer,
19 and for each trust for which any Corporate Defendant or Individual Defendant is a
20 trustee. The financial statements shall be accurate as of the date of entry of this
21 Order. Each Corporate Defendant and each Individual Defendant shall include in
22 the financial statements a full accounting of all funds and assets, whether located
23 inside or outside of the United States, that are: (a) titled in the name of such
24 Corporate Defendant or Individual Defendant, jointly, severally or individually;
25 (b) held by any person or entity for the benefit of such Corporate Defendant or
26 Individual Defendant; or (c) under the direct or indirect control of such Corporate
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1 Defendant or Individual Defendant.

2 **VII. CONSUMER CREDIT REPORTS**

3 **IT IS FURTHER ORDERED** that pursuant to Section 604(1) of the Fair
4 Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may
5 furnish a consumer report concerning any Corporate Defendant or Individual
6 Defendant to the Commission.

7 **VIII. FOREIGN ASSET REPATRIATION**

8 **IT IS FURTHER ORDERED** that within five (5) days following the
9 service of this Order, each Corporate Defendant and Individual Defendant shall:

- 10 1. Provide the Commission and the Receiver with a full accounting of all
11 funds, documents, and assets outside of the United States which are: (1) titled in
12 the name, individually or jointly, of any Corporate Defendant or Individual
13 Defendant; or (2) held by any person or entity for the benefit of any Corporate
14 Defendant or Individual Defendant; or (3) under the direct or indirect control,
15 whether jointly or singly, of any Corporate Defendant or Individual Defendant;
- 16 2. Transfer to the territory of the United States and deliver to the Receiver all
17 funds, documents, and assets located in foreign countries which are: (1) titled in
18 the name individually or jointly of any Defendant; or (2) held by any person or
19 entity, for the benefit of any Defendant; or (3) under any Defendant's direct or
20 indirect control, whether jointly or singly;
- 21 3. Provide the Commission access to all records of accounts or assets of the
22 Corporate Defendant and Individual Defendant held by financial institutions
23 located outside the territorial United States by signing the Consent to Release of
24 Financial Records attached to this Order as Attachment C.

25 **IX. INTERFERENCE WITH REPATRIATION**


26 **IT IS FURTHER ORDERED** that the Defendants are hereby temporarily
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1 restrained and enjoined from taking any action, directly or indirectly, which may
2 result in the encumbrance or dissipation of foreign assets, or in the hindrance of
3 the repatriation required by the Section VIII of this Order, including but not
4 limited to:

5 1. Sending any statement, letter, fax, e-mail or wire transmission, telephoning
6 or engaging in any other act, directly or indirectly, that results in a determination
7 by a foreign trustee or other entity that a "duress" event has occurred under the
8 terms of a foreign trust agreement until such time that all assets have been fully
9 repatriated pursuant to Section VIII of this Order;

10 2. Notifying any trustee, protector or other agent of any foreign trust or other
11 related entities of either the existence of this Order, or of the fact that repatriation
12 is required pursuant to a Court Order, until such time that all assets have been
13 fully repatriated pursuant to Section VIII of this Order.

14 **X. APPOINTMENT OF TEMPORARY RECEIVER**

15 **IT IS FURTHER ORDERED** that Robb Evans and Associates, LLC is 
16 appointed temporary receiver for the Receivership Defendants. The Receiver shall
17 be the agent of this Court, and solely the agent of this Court, in acting as Receiver
18 under this Order. The Receiver shall be accountable directly to this Court.

19 **XI. RECEIVER'S DUTIES**

20 **IT IS FURTHER ORDERED** that the Receiver is authorized and directed
21 to accomplish the following:

22 1. Assume full control of the Receivership Defendants by removing, as the
23 Receiver deems necessary or advisable, any director, officer, independent
24 contractor, employee, or agent of any of the Receivership Defendants, including
25 any Defendant, from control of, management of, or participation in, the affairs of
26 the Receivership Defendants;

1 2. Take exclusive custody, control, and possession of all assets and documents
2 of, or in the possession, custody, or under the control of, the Receivership
3 Defendants, wherever situated. The Receiver shall have full power to divert mail
4 and to sue for, collect, receive, take in possession, hold, and manage all assets and
5 documents of the Receivership Defendants and other persons or entities whose
6 interests are now under the direction, possession, custody, or control of, the
7 Receivership Defendants. The Receiver shall assume control over the income and
8 profits therefrom and all sums of money now or hereafter due or owing to the
9 Receivership Defendants. *Provided, however,* that the Receiver shall not attempt
10 to collect any amount from a consumer if the Receiver believes the consumer was
11 a victim of the unfair or deceptive acts or practices or other violations of law
12 alleged in the Complaint in this matter, without prior Court approval;

13 3. Take all steps necessary to secure each location from which the
14 Receivership Defendants operate their business. Such steps may include, but are
15 not limited to, any of the following, as the Receiver deems necessary or advisable:
16 (1) serving this Order; (2) completing a written inventory of all receivership
17 assets; (3) obtaining pertinent information from all employees and other agents of
18 the Receivership Defendants, including, but not limited to, the name, home
19 address, social security number, job description, passwords or access codes,
20 method of compensation, and all accrued and unpaid commissions and
21 compensation of each such employee or agent; (4) photographing and video taping
22 any or all portions of the location; (5) securing the location by changing the locks
23 and disconnecting any computer modems or other means of access to the computer
24 or other records maintained at that location; and (6) requiring any persons present
25 on the premises at the time this Order is served to leave the premises, to provide
26 the Receiver with proof of identification, or to demonstrate to the satisfaction of
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1 the Receiver that such persons are not removing from the premises documents or
2 assets of the Receivership Defendants. Law enforcement personnel, including, but
3 not limited to, police or sheriffs, may assist the Receiver in implementing these
4 provisions in order to keep the peace and maintain security. If requested by the
5 Receiver, the United States Marshall will provide appropriate and necessary
6 assistance to the Receiver to implement this Order;

7 4. Conserve, hold, and manage all assets of the Receivership Defendants, and
8 perform all acts necessary or advisable to preserve the value of those assets in
9 order to prevent any irreparable loss, damage, or injury to consumers or creditors
10 of the Receivership Defendants, including, but not limited to, obtaining an
11 accounting of the assets and preventing the unauthorized transfer, withdrawal, or
12 misapplication of assets;

13 5. Enter into contracts and purchase insurance as advisable or necessary;

14 6. Prevent the inequitable distribution of assets and determine, adjust, and
15 protect the interests of consumers and creditors who have transacted business with
16 the Receivership Defendants;

17 7. Manage and administer the business of the Receivership Defendants until
18 further order of this Court by performing all incidental acts that the Receiver
19 deems to be advisable or necessary, which includes but is not limited to retaining,
20 hiring, or dismissing any employees, independent contractors, or agents;

21 8. Choose, engage, and employ attorneys, accountants, appraisers, and other
22 independent contractors and technical specialists, as the Receiver deems advisable
23 or necessary in the performance of duties and responsibilities under the authority
24 granted by this Order;

25 9. Make payments and disbursements from the receivership estate that are
26 necessary or advisable for carrying out the directions of, or exercising the
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1 authority granted by, this Order. The Receiver shall apply to the Court for prior
2 approval of any payment of any debt or obligation incurred by the Receivership
3 Defendants prior to the date of entry of this Order, except payments that the
4 Receiver deems necessary or advisable to secure assets of the Receivership
5 Defendants, such as rental payments;

6 10. Suspend business operations of the Receivership Defendants if in the
7 judgment of the Receiver such operations cannot be continued legally and
8 profitably;

9 11. Institute, compromise, adjust, appear in, intervene in, or become party to
10 such actions or proceedings in state, federal or foreign courts or arbitration
11 proceedings as the Receiver deems necessary and advisable to preserve or recover
12 the assets of the Receivership Defendants, or that the Receiver deems necessary
13 and advisable to carry out the Receiver's mandate under this Order, including but
14 not limited to, actions challenging fraudulent or voidable transfers;

15 12. Defend, compromise, adjust, or otherwise dispose of any or all actions or
16 proceedings instituted in the past or in the future against the Receiver in his role as
17 Receiver, or against the Receivership Defendants, as the Receiver deems
18 necessary and advisable to preserve the assets of the Receivership Defendants, or
19 as the Receiver deems necessary and advisable to carry out the Receiver's mandate
20 under this Order, including any actions or proceedings against consumers who
21 pursue defendants' business ventures;

22 13. Issue subpoenas to obtain documents and records pertaining to the
23 receivership, and conduct discovery in this action on behalf of the receivership
24 estate;

25 14. Open one or more bank accounts as designated depositories for funds of the
26 Receivership Defendants. The Receiver shall deposit all funds of the Receivership
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1 Defendants in such a designated account and shall make all payments and
2 disbursements from the receivership estate from such an account. The Receiver
3 shall serve copies of monthly account statements on all parties;

4 15. Maintain accurate records of all receipts and expenditures that he makes as
5 Receiver; and

6 16. Cooperate with reasonable requests for information or assistance from any
7 state or federal law enforcement agency.

8 **XII. TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER**

9 **IT IS FURTHER ORDERED** that Defendants and any other person or
10 entity with possession, custody or control of property of or records relating to the
11 Receivership Defendants shall upon notice of this order by personal service or
12 otherwise immediately notify the Receiver of, and immediately upon receiving a
13 request from the Receiver, immediately transfer or deliver to the Receiver
14 possession, custody, and control of, the following:

15 1. All assets of the Receivership Defendants;

16 2. All documents of the Receivership Defendants, including, but not limited to,
17 books and records of accounts, all financial and accounting records, balance
18 sheets, income statements, bank records (including monthly statements, canceled
19 checks, records of wire transfers, and check registers), client lists, title documents
20 and other papers;

21 3. All computers and data in whatever form used to conduct the business of the
22 Receivership Defendants;

23 4. All assets belonging to other persons or entities whose interests are now
24 under the direction, possession, custody, or control of, the Receivership
25 Defendants; and

26 5. All keys, codes, and passwords necessary to gain or to secure access to any
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1 assets or documents of the Receivership Defendants, including, but not limited to,
2 access to their business premises, means of communication, accounts, computer
3 systems, or other property.

4 In the event that any person or entity fails to deliver or transfer any asset or
5 otherwise fails to comply with any provision of this Paragraph, the Receiver may
6 file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of
7 the affidavit, the Court may authorize, without additional process or demand,
8 Writs of Possession or Sequestration or other equitable writs requested by the
9 Receiver. The writs shall authorize and direct the United States Marshal or any
10 sheriff or deputy sheriff of any county, or any other federal or state law
11 enforcement officer, to seize the asset, document, or any other item covered by this
12 section, and to deliver it to the Receiver.

13 **XIII. PROVISION OF INFORMATION TO RECEIVER**

14 **IT IS FURTHER ORDERED** that Defendants shall provide to the
15 Receiver, immediately upon request, the following:

- 16 1. A list of all assets and property, including accounts, of the Receivership
17 Defendants that are held in any name other than the name of a Receivership
18 Defendant, or by any person or entity other than a Receivership Defendant; and
- 19 2. A list of all agents, employees, officers, servants or those persons in active
20 concert and participation with the Individual Defendants and Receivership
21 Defendants, who have been associated or done business with the Receivership
22 Defendants.

23 **XIV. COOPERATION WITH THE RECEIVER**

24 **IT IS FURTHER ORDERED** that Defendants and all other persons or
25 entities served with a copy of this Order shall fully cooperate with and assist the
26 Receiver in taking and maintaining possession, custody, or control of the assets of
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1 the Receivership Defendants. This cooperation and assistance shall include, but
2 not be limited to: providing information to the Receiver that the Receiver deems
3 necessary in order to exercise the authority and discharge the responsibilities of
4 the Receiver under this Order; providing any password required to access any
5 computer, electronic file, or telephonic data in any medium; advising all persons
6 who owe money to the Receivership Defendants that all debts should be paid
7 directly to the Receiver; transferring funds at the Receivers' direction; and
8 producing records related to the assets and sales of the Receivership Defendants.
9 The entities obligated to cooperate with the Receiver under this provision include,
10 but are not limited to, banks, broker-dealers, savings and loans, escrow agents,
11 title companies, commodity trading companies, precious metals dealers and other
12 financial institutions and depositories of any kind, and all third-party billing
13 agents, common carriers, and other telecommunications companies, that have
14 transacted business with the Receivership Defendants.

15 **XV. INTERFERENCE WITH THE RECEIVER**

16 **IT IS FURTHER ORDERED** that Defendants are hereby restrained and
17 enjoined from directly or indirectly:

- 18 1. Interfering with the Receiver managing, or taking custody, control, or
19 possession of, the assets or documents subject to this receivership;
- 20 2. Transacting any of the business of the Receivership Defendants;
- 21 3. Transferring, receiving, altering, selling, encumbering, pledging, assigning,
22 liquidating, or otherwise disposing of any assets owned, controlled, or in the
23 possession or custody of, or in which an interest is held or claimed by, the
24 Receivership Defendants, or the Receiver; and
- 25 4. Refusing to cooperate with the Receiver or the Receiver's duly authorized
26 agents in the exercise of their duties or authority under any order of this Court.

1 **XVI. STAY OF ACTIONS AGAINST RECEIVERSHIP DEFENDANTS**

2 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
3 pendency of the receivership ordered herein, Defendants, and all investors,
4 creditors, stockholders, lessors, customers and other persons seeking to establish
5 or enforce any claim, right, or interest against or on behalf of Defendants, and all
6 others acting for or on behalf of such persons, are hereby enjoined from taking
7 action that would interfere with the exclusive jurisdiction of this Court over the
8 assets or documents of the Receivership Defendants, including, but not limited to:

9 1. Petitioning, or assisting in the filing of a petition, that would cause any
10 Receivership Defendant to be placed in bankruptcy;

11 2. Commencing, prosecuting, or continuing a judicial, administrative, or other
12 action or proceeding against the Receivership Defendants, including the issuance
13 or employment of process against the Receivership Defendants, *except* that such
14 actions may be commenced if necessary to toll any applicable statute of
15 limitations;

16 3. Filing or enforcing any lien on any asset of the Receivership Defendants,
17 taking or attempting to take possession, custody, or control of any asset of the
18 Receivership Defendants; or attempting to foreclose, forfeit, alter, or terminate any
19 interest in any asset of the Receivership Defendants, whether such acts are part of
20 a judicial proceeding, are acts of self-help, or otherwise;

21 4. Initiating any other process or proceeding that would interfere with the
22 Receiver managing or taking custody, control, or possession of, the assets or
23 documents subject to this receivership.

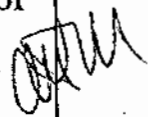
24 *Provided that*, this Order does not stay: (i) the commencement or continuation of
25 a criminal action or proceeding; (ii) the commencement or continuation of an
26 action or proceeding by a governmental unit to enforce such governmental unit's
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1 police or regulatory power; or (iii) the enforcement of a judgment, other than a
2 money judgment, obtained in an action or proceeding by a governmental unit to
3 enforce such governmental unit's police or regulatory power.

4 **XVII. COMPENSATION OF RECEIVER**

5 **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by
6 the Receiver as herein authorized, including counsel to the Receiver and
7 accountants, are entitled to reasonable compensation for the performance of duties
8 pursuant to this Order and for the cost of actual out-of-pocket expenses incurred
9 by them, from the assets now held by, in the possession or control of, or which
10 may be received by, the Receivership Defendants. The Receiver shall file with the
11 Court and serve on the parties periodic requests for the payment of such
12 reasonable compensation, with the first such request filed no more than sixty (60)
13 days after the date of entry of this Order. The Receiver shall not increase the
14 hourly rates used as the bases for such fee applications without prior approval of
15 the Court.

16 **XVIII. RECEIVER'S BOND**

17 **IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of
18 this Court a bond in the sum of \$ 12,500.00 with sureties to be approved 
19 by the Court, conditioned that the Receiver will well and truly perform the duties
20 of the office and abide by and perform all acts the Court directs.

21 **XIX. ACCESS TO BUSINESS OFFICES AND RECORDS**

22 **IT IS FURTHER ORDERED** that, in order to allow the Commission and
23 the Receiver to preserve assets and evidence relevant to this action, and to
24 expedite discovery, Defendants shall give the Commission and the Receiver, and
25 their representatives, agents, and assistants, immediate access to the business
26 premises of the Receivership Defendants, including but not limited to: (1) 3083
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1 Lima Street, Burbank, CA 91505; (2) 7950 E. Acoma Drive, Scottsdale, AZ
2 85254; (3) 2950 E. Flamingo Rd., Las Vegas, NV 89121-5208; (4) 1600
3 Broadway, Ste. 2400, Denver, CO 80202-4921; (5) 2620 Regatta Drive, Suite 102,
4 Las Vegas, NV 89128. The Commission and the Receiver, and their
5 representatives, agents, and assistants, are authorized to employ the assistance of
6 law enforcement officers as they deem necessary to effect service and to
7 implement peacefully the provisions of this Order. The Commission and the
8 Receiver, and their representatives, agents, and assistants, are authorized to
9 remove documents from the Receiver Defendants' premises in order that they may
10 be inspected, inventoried, and copied for the purpose of preserving discoverable
11 material in connection with this action. Furthermore, the Receiver shall allow the
12 Corporate Defendants and Individual Defendants reasonable access to the
13 premises and business records of the Receivership Defendants within the
14 Receiver's possession for the purpose of inspecting and copying materials relevant
15 to this action. The Receiver shall have the discretion to determine the time,
16 manner, and reasonable conditions of such access.

See Rider B, which is incorporated herein by reference.

XX. EXPEDITED DISCOVERY

18 **IT IS FURTHER ORDERED** that, in anticipation of the preliminary
19 injunction hearing in this matter, the Commission and the Receiver are authorized
20 to conduct expedited discovery concerning Defendants' assets and business
21 practices in accordance with the following provisions:

22 1. The Commission and the Receiver may take the depositions of parties and
23 non-parties. ^{Ninety-six hours (96) actual} ~~Forty-eight hours (48)~~ notice shall be sufficient notice for such
24 depositions;

25 2. The Commission and the Receiver may serve upon parties requests for
26 production of documents or inspection that require production or inspection within

1 five calendar days of service, and may serve subpoenas upon non-parties that
2 direct production or inspection within five calendar days of service;

3 3. The Commission may serve deposition notices and other discovery requests
4 upon the parties to this action by facsimile or overnight courier, and depositions
5 may be taken by telephone or other remote electronic means; and

6 4. ~~Any discovery taken pursuant to this Order is in addition to, and is not~~
7 ~~subject to, the presumptive limits on discovery set forth in the Federal Rules of~~
8 ~~Civil Procedure and Local Rules of this Court.~~ If a Defendant fails to appear for a
9 properly noticed deposition or fails to comply with a request for production or
10 inspection, that Defendant may be prohibited from introducing evidence at the
11 hearing on the Commission's request for a preliminary injunction.

12 **XXI. SERVICE BY FACSIMILE AUTHORIZED**

13 **IT IS FURTHER ORDERED** that copies of this Order may be served by
14 any means, including facsimile transmission, upon any financial institution or
15 other entity or person that may have possession, custody, or control of any
16 documents or assets of any Corporate Defendant or Individual Defendant, or that
17 may otherwise be subject to any provision of this Order. Service upon any branch
18 or office of any financial institution shall effect service upon the entire financial
19 institution.

20 **XXII. DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

21 **IT IS FURTHER ORDERED** that the Corporate Defendants and the
22 Individual Defendants shall immediately provide a copy of this Order to each
23 affiliate, subsidiary, division, sales entity, successor, assign, officer, director,
24 employee, independent contractor, client company, agent, attorney, spouse and
25 representative of Defendants, and shall, within ten (10) days from the date of entry
26 of this Order, provide the Commission with a sworn statement that (A) confirms
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1 that Defendants have provided copies of the Order as required by this paragraph;
2 and (B) lists the names and addresses of each entity or person to whom Defendants
3 provided a copy of the Order. Furthermore, the Corporate Defendants and
4 Individual Defendants shall not take any action that would encourage officers,
5 agents, directors, employees, salespersons, independent contractors, attorneys,
6 subsidiaries, affiliates, successors, assigns or other persons or entities in active
7 concert or participation with Defendants to disregard this Order or believe that
8 they are not bound by its provisions.

9 **XXIII. DURATION OF TEMPORARY RESTRAINING ORDER**

10 **IT IS FURTHER ORDERED** that the Temporary Restraining Order
11 granted herein shall expire ten (10) days from the date of entry noted below
12 unless, within such time, the Order is extended for an additional period not to
13 exceed ten (10) days for good cause shown, or unless, as to any Corporate
14 Defendant or Individual Defendant, such Defendant consents to an extension for a
15 longer period.

16 **XXIV. ORDER TO SHOW CAUSE REGARDING PRELIMINARY**
17 **INJUNCTION**

18 **IT IS FURTHER ORDERED**, pursuant to Federal Rule of Civil Procedure
19 65(b), that each of the Defendants shall appear before this Court on the 7th day
20 of February, 2005, at 11:30 o'clock a.m., to show cause, if
21 there is any, why this Court should not enter a Preliminary Injunction enjoining
22 the violations of law alleged in the Commission's Complaint, continuing the
23 freeze of their assets, continuing the Receivership and imposing such additional
24 relief as may be appropriate.

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2 **XXV. BRIEFS AND AFFIDAVITS CONCERNING PRELIMINARY**
3 **INJUNCTION**

4 **IT IS FURTHER ORDERED** that Defendants must file with the Clerk's
5 Office and deliver to the counsel for the Commission any brief responding to the
6 order to show cause why a preliminary injunction should not be entered no later 72
7 hours before the time scheduled for the hearing. The parties must file with the
8 Court and deliver to counsel that have entered an appearance any affidavits and
9 other evidence upon which they intend to rely in connection with the
10 Commission's request for a preliminary injunction no later than 24 hours before
11 the time scheduled for the preliminary injunction hearing. If any party intends to
12 present the testimony of any witness at the hearing on a preliminary injunction,
13 that party shall file with the Court and deliver to counsel that have entered an
14 appearance a statement disclosing the name, address and telephone number of any
15 such witness, and either a summary of the witness's expected testimony, or the
16 witness's affidavit or declaration revealing the substance of the witness's
17 testimony, no later than 24 hours before the time scheduled for the preliminary
18 injunction hearing.

19 **XXVI. SERVICE UPON PLAINTIFF**

20 **IT IS FURTHER ORDERED** that Defendants shall serve all pleadings,
21 memoranda, correspondence, affidavits, declarations, or other documents related
22 to this Order or Plaintiff's motion for a preliminary injunction by facsimile
23 transmission to (202) 326-3395, by hand delivery to the offices of the Federal
24 Trade Commission, at 600 Pennsylvania Avenue, NW, Room H-238, Washington,
25 DC 20580, and addressed to the attention of Laura Kim, or by overnight shipment
26 through a third-party commercial carrier for delivery at this address.

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,)	CASE NO. CV 05-0591AHM (CTx)
Plaintiff,)	
v.)	RIDER A TO <i>EX PARTE</i>
WORLD TRADERS)	TEMPORARY RESTRAINING
ASSOCIATION, Inc., et al.,)	ORDER WITH ASSET FREEZE,
Defendants.)	APPOINTMENT OF RECEIVER,
)	AND OTHER EQUITABLE
)	RELIEF

III. Asset Freeze

6. Notwithstanding the above provisions, and notwithstanding any provisions in the next Section IV to the contrary, the Individual Defendants may pay from their respective personal funds or accounts reasonable, usual, ordinary and necessary living expenses (including for housing) and attorneys' fees, not to exceed in the aggregate \$5,000 per Defendant. If two Individual Defendants are spouses of each other,

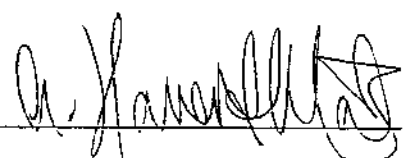
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those Individual Defendants collectively may pay not more than \$7,500 total.

7. This Section III, including this Rider, shall remain in effect until the earlier of the following dates: (1) the expiration of this temporary restraining order or (2) February 28, 2005.

IT IS SO ORDERED.

DATE: January 25, 2005



A. Howard Matz
United States District Judge

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

FEDERAL TRADE COMMISSION,
Plaintiff,
v.
WORLD TRADERS
ASSOCIATION, Inc., et al.,
Defendants.

CASE NO. CV 05-0591AHM (CTx)

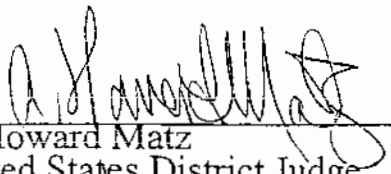
RIDER B TO *EX PARTE*
TEMPORARY RESTRAINING
ORDER WITH ASSET FREEZE,
APPOINTMENT OF RECEIVER,
AND OTHER EQUITABLE
RELIEF

XIX. Access to Business Office and Records

The FTC shall be allowed to remove all documents produced pursuant to this Section XIX for a period not to exceed twenty-four (24) hours for the purposes of copying such documents. The FTC shall return the originals of the documents within twenty-four (24) hours of their removal, along with an inventory of what had been removed.

IT IS SO ORDERED.

DATE: January 25, 2005


A. Howard Matz
United States District Judge