



## FINDINGS OF FACT

Upon consideration of the Commission's motion, and the declarations, exhibits and memorandum of points and authorities filed in support thereof, the Court 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, pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b, 6105(b), and 28 U.S.C. §§ 1331, 1337(a) and 1345. The complaint states a claim upon which relief may be granted under Sections 5(a), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57b; the Telemarketing Act, 15 U.S.C. §§ 6101-6108; Sections 503 and 505(a)(7) of the GLB Act, 15 U.S.C. §§ 6803 and 6805(a)(7); and CROA, 15 U.S.C. §§ 1679-1679j.

2) There is good cause to believe that Defendants have engaged in and are likely to engage in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Telemarketing Sales Rule, 16 C.F.R. Part 310, Section 503 of the GLB Act, 15 U.S.C. § 6803 and FTC's Privacy of Consumer Financial Information Rule ("Privacy Rule"), 16 C.F.R. Part 313, implementing the GLB Act; and Sections 404-407 of CROA, 15 U.S.C. §§ 1679b-1679e. The evidence set forth in the Plaintiff's *Ex Parte* Application for Temporary Restraining Order, Preliminary Injunction and Other Equitable Relief, and in the accompanying declarations and exhibits, shows that the FTC is likely to prove that Defendants have repeatedly violated these statutes and have engaged in a concerted course of illegal activity in connection with the marketing of debt management programs through telemarketing and other forms of interstate commerce.

3) There is good cause for the Court to order an asset freeze and appoint a temporary receiver for the Receivership Defendants. In particular, there is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by Defendants of their assets or corporate records, unless the Court enjoins Defendants from disposing of their assets and appoints a receiver. The Commission has made a prima facie case that Defendants have made misrepresentations and omissions, directly and through their employees, to those consumers for whom they are supposed to be providing goods or services; that Defendants have engaged in a widespread effort to debit money from these consumers based on deceptive and unfair acts and practices; and that Defendants have retained ill-gotten gains from these and other practices. Thus, there is good cause to believe that Defendants will attempt to conceal the scope of their illegal actions to avoid returning their ill-gotten gains to consumers injured by their unlawful practices, if not restrained from doing so by Order of this Court. Accordingly, a receiver and asset freeze are reasonably necessary in order to preserve the possibility of complete and meaningful relief at the conclusion of this litigation.

4) A temporary restraining order may be entered without notice to Defendants because it is likely that failing to grant such relief until after Defendants or their attorneys can be notified and heard in opposition will lead to immediate and irreparable injury, including the dissipation of assets and destruction of evidence. The nature of Defendants' unlawful conduct indicates that they are likely to take action to conceal assets and evidence if given

advance notice of the relief requested, and the possibility that Defendants will take such action warrants entry of this temporary, emergency relief *ex parte*.

5) Weighing the equities and considering the Commission's likelihood of ultimate success, the temporary injunctive relief set forth below is in the public interest.

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

## **ORDER**

### **DEFINITIONS**

Pursuant to the provisions of Fed. R. Civ. P. 65(d), the provisions of this Order are binding upon Defendants and upon their officers, agents, directors, employees, salespersons, independent contractors, attorneys, subsidiaries, affiliates, successors, assigns and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division or other device. For purposes of this Order, the following definitions shall apply:

(A) "Defendants" means Debt Management Foundation Services, Inc., One Star Marketing, Inc., Debt Specialist of America, Inc. (also known as "Debt Management Foundation, Inc."), Ameridebt Group, Inc., Dale Buird, Jr., Dale Buird, Sr., and Shawn Buird. "Receivership Defendants" means Debt Management Foundation Services, Inc., One Star Marketing, Inc., Debt Specialist of America, Inc. (also known as "Debt Management Foundation, Inc."), and Ameridebt Group, Inc.

(B) “Assets” means all real and personal property of any defendant, or held for the benefit of any defendant, including but not limited to, “goods,” “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,” “checks,” “notes,” or “securities” (as these terms are defined in the Uniform Commercial Code), lines of credit and all cash, wherever located.

(C) “Document” is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes, but is not limited to, information recorded by handwriting, typing, printing, photocopying, magnetic and optical recording, audio and video recordings, and computer records. A draft or non-identical copy is a separate document.

(D) “Receiver” shall mean the temporary receiver appointed in Paragraph XI of this Order and any deputy receivers that may be named by the temporary receiver.

(E) “Telemarketer,” “telemarketing” and “outbound telephone call” are defined as in Section 310.2 of the Telemarketing Sales Rule, 16 C.F.R. § 310.2.

## **PROHIBITED BUSINESS ACTIVITIES**

### **I.**

**IT HEREBY ORDERED** that, in connection with the advertising, promotion, offering or sale of goods or services by telephone or otherwise in commerce, Defendants are hereby temporarily restrained and enjoined from making any express or implied representation or omission of material fact that is false or misleading, in any manner, orally or in writing, to any consumer or entity, including, but not limited to, the following:

- A. Falsely representing that Defendants provide debt management services, such as negotiating with consumers' creditors to obtain better payment terms and distributing payments to consumers' creditors;
- B. Falsely representing that Defendants provide debt management services that eliminate interest charges on credit card debt, or reduce those interest charges to as low as one-and-one-half percent;
- C. Falsely representing that consumers who enroll in Defendants' program will receive the ability to repay their debts by making the specific monthly payment identified at the time of enrollment;
- D. Falsely representing that Defendants will provide debt management services before a consumer's next credit card billing cycle;
- E. Falsely representing that Defendants will refund a consumer's enrollment fee if the consumer requests a refund of his or her enrollment fee within 72 hours of the consumer's enrollment date;
- F. Falsely representing that Debt Management Foundation Services, Inc., is a nonprofit entity or a tax-exempt nonprofit entity under Section 501(c)(3) of the Internal Revenue Code.

## II.

**IT IS FURTHER ORDERED** that Defendants are hereby temporarily restrained and enjoined from violating any provision of the Telemarketing Sales Rule, 16 C.F.R. Part 310 (a copy of which is attached to this Order), including, but not limited to:

- A. Violating or assisting any person in violating Section 310.3(a)(2), 16 C.F.R. § 310(a)(4), by making false or misleading statements to induce consumers to enroll in debt management programs;
- B. Violating or assisting any person in violating Section 310.4(a)(6), 16 C.F.R. § 310(a)(6), by causing billing information to be submitted for payment without first obtaining the express, informed consent of the consumer who is to be billed;
- C. Violating or assisting any person in violating Section 310.4(b), 16 C.F.R. § 310.4(b), by engaging in, or causing telemarketers to engage in, initiating outbound telephone calls to persons when those persons' telephone numbers are on the National Do Not Call Registry and Defendants do not have the established business relationship or express authorization from the consumer required by 16 C.F.R. § 310.4(b)(1)(iii)(B); and
- D. Violating or assisting any person in violating Section 310.8(a) by initiating, or causing telemarketers to initiate, outbound telephone calls that are to telephone numbers within given area codes without first paying the required annual fees for access to the telephone numbers within those area codes that are included in the National Do Not Call Registry when Defendants do not have the established business relationship or express authorization from the consumer required by 16 C.F.R. § 310.4(b)(1)(iii)(B).

### **III.**

**IT IS FURTHER ORDERED** that, in connection with the advertising, promotion, offering or sale of goods or services by telephone or otherwise in commerce, Defendants are hereby temporarily restrained and enjoined from violating Sections 404-407 of CROA, 15 U.S.C. §§ 1679b-1679e, including engaging in any of the following prohibited practices:

- A. Charging or receiving any money or other valuable consideration for services before such service is fully performed, 15 U.S.C. § 1679b(b);
- B. Providing services prior to receiving a written and dated contract that includes a full and detailed description of the services to be performed and other terms and conditions set forth in 15 U.S.C. §§ 1679d(a)(1), 1679d(b);
- C. Failing to provide the consumer, before any contract or agreement is executed, with the written statement set forth in Section 405(a) of CROA concerning consumer credit file rights under state and federal law and the right to cancel a contract with a credit repair organization, 15 U.S.C. § 1679c; and
- D. Refusing to allow a consumer to cancel a contract without penalty or obligation when the consumer notifies Defendants of the consumer's intention to cancel before midnight of the third business day after the date that the contract is executed by the consumer, 15 U.S.C. § 1679e.

#### IV.

**IT IS FURTHER ORDERED** that, in connection with the advertising, promotion, offering or sale of goods or services by telephone or otherwise in commerce, Defendants are hereby temporarily restrained and enjoined from violating any provision of Section 503 of the



Gramm-Leach-Bliley Act, 15 U.S.C. § 6803, including, but not limited to, failing to provide the notices concerning privacy policies and practices, as required by the Privacy Rule, 16 C.F.R. 313.4.

## **ASSET FREEZE**

### ***PROHIBITION ON CONCEALING AND DISSIPATING ASSETS***

#### **V.**

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

- A. Transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, consumer lists, shares of stock, or other assets, or any interest therein, wherever located, that are: (1) owned or controlled by Defendants, in whole or in part, for the benefit of Defendants; (2) in the actual or constructive possession of Defendants; or (3) owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by any Defendant, including, but not limited to any assets held by or for, or subject to access by, any of the Defendants, at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title

company, commodity trading company, precious metals dealer, or other financial institution or depository of any kind;

- B. Opening or causing to be opened any safe deposit boxes titled in the name of any Defendant, or subject to access by any of them;
- C. Incurring charges or cash advances on any credit card issued in the name, singly or jointly, of any Defendant;
- D. Obtaining a personal or secured loan; and
- E. Incurring liens or other encumbrances on real property, personal property or other assets in the name, singly or jointly, of any Defendant.

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

***RETENTION OF ASSETS AND RECORDS BY FINANCIAL INSTITUTIONS***

**VI.**

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

- A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, encumbrance, disbursement, dissipation,

conversion, sale, or other disposal of any such asset, except by further order of the Court;

- B. Deny Defendants access to any safe deposit box that is:
  - 1. titled in his name, individually or jointly; or
  - 2. otherwise subject to access by the Defendant;
- C. Provide the Commission's counsel, within five (5) business days of receiving a copy of this Order, a sworn statement setting forth:
  - 1. the identification number of each such account or asset titled in the name, individually or jointly, of any Defendant, or held on behalf of, or for the benefit of any Defendant;
  - 2. the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and
  - 3. the identification of any safe deposit box that is titled in the name, individually or jointly, of any Defendant, or is otherwise subject to access by any Defendant; and
- D. Upon request by the Commission, promptly provide the Commission with copies of all records or other documentation pertaining to each such account

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

## **PRESERVATION OF RECORDS**

### **VII.**

**IT IS FURTHER ORDERED** that Defendants 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, business practices, assets, or business or personal finances of any Defendant.

### **VIII.**

**IT IS FURTHER ORDERED** that Defendants are hereby temporarily restrained and enjoined from failing to create and maintain documents that, in reasonable detail, accurately, fairly, and completely reflect their incomes, disbursements, transactions, and use of money.

## **FINANCIAL DISCLOSURES**

### *FINANCIAL STATEMENTS*

### **IX.**

**IT IS FURTHER ORDERED** that each Defendant, within forty-eight (48) hours of service of this Order, shall prepare and deliver to counsel for the Commission and to the Receiver completed financial statements on the forms attached to this Order as Attachments

A (Financial Statement of Individual Defendant) and B (Financial Statement of Corporate Defendant), for themselves individually and for each business entity under which they conduct business or of which they are an officer, and for each trust for which any Defendant is a trustee. The financial statements shall be accurate as of the date of entry of this Order. Defendants shall include in the financial statements a full accounting of all funds and assets, whether located inside or outside of the United States, that are (a) titled in the name of Defendants, jointly, severally or individually; (b) held by any person or entity for the benefit of Defendants; or (c) under the direct or indirect control of any of the Defendants.

***CONSUMER CREDIT REPORTS***

**X.**

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

**APPOINTMENT OF TEMPORARY RECEIVER**

**XI.**

**IT IS FURTHER ORDERED** that **CHARLES L. STUTTS** is appointed Receiver for the Receivership Defendants. The Receiver shall be the agent of this Court, and solely the agent of this Court, in acting as Receiver under this Order. The Receiver shall be accountable directly to this Court.

*RECEIVER'S DUTIES*

**XII.**

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

- A. Assume full control of the Receivership Defendants by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of any of the Receivership Defendants, including any Defendant, from control of, management of, or participation in, the affairs of the Receivership Defendants;
- B. Take exclusive custody, control, and possession of all assets and documents of, or in the possession, custody, or under the control of, the Receivership Defendants, wherever situated. The Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold, and manage all assets and documents of the Receivership Defendants and other persons or entities whose interests are now under the direction, possession, custody, or control of, the Receivership Defendants. The Receiver shall assume control over the income and profits therefrom and all sums of money now or hereafter due or owing to the Receivership Defendants. *Provided, however,* that the Receiver shall not attempt to collect any amount from a consumer if the Receiver believes the consumer was a victim of the unfair or deceptive acts or

practices or other violations of law alleged in the Complaint in this matter, without prior Court approval;

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

United States Marshall will provide appropriate and necessary assistance to the Receiver to implement this Order;

- D. Conserve, hold, and manage all assets of the Receivership Defendants, and perform all acts necessary or advisable to preserve the value of those assets in order to prevent any irreparable loss, damage, or injury to consumers or creditors of the Receivership Defendants, including, but not limited to, obtaining an accounting of the assets and preventing unauthorized transfer, withdrawal, or misapplication of assets;
- E. Enter into contracts and purchase insurance as advisable or necessary;
- F. Prevent the inequitable distribution of assets and determine, adjust, and protect the interests of consumers and creditors who have transacted business with the Receivership Defendants;
- G. Manage and administer the business of the Receivership Defendants until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which includes retaining, hiring, or dismissing any employees, independent contractors, or agents;
- H. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;



- I. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Defendants prior to the date of entry of this Order, except payments that the Receiver deems necessary or advisable to secure assets of the Receivership Defendants, such as rental payments;
- J. Determine and implement the manner in which the Receivership Defendants will comply with, and prevent violations of, this Order and all other applicable laws, including, but not limited to, revising sales materials and implementing monitoring procedures;
- K. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts or arbitration proceedings as the Receiver deems necessary and advisable to preserve or recover the assets of the Receivership Defendants, or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order, including but not limited to, actions challenging fraudulent or voidable transfers;
- L. Defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Receiver in his role as Receiver, or against the Receivership Defendants, as the Receiver

deems necessary and advisable to preserve the assets of the Receivership Defendants, or as the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order;

- M. Issue subpoenas to obtain documents and records pertaining to the receivership, and conduct discovery in this action on behalf of the receivership estate;
- N. Open one or more bank accounts as designated depositories for funds of the Receivership Defendants. The Receiver shall deposit all funds of the Receivership Defendants in such a designated account and shall make all payments and disbursements from the receivership estate from such an account. The Receiver shall serve copies of monthly account statements on all parties;
- O. Maintain accurate records of all receipts and expenditures that he makes as Receiver; and
- P. Cooperate with reasonable requests for information or assistance from any state or federal law enforcement agency.

***TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER***

**XIII.**

**IT IS FURTHER ORDERED** that Defendants and any other entity with possession, custody or control of property or records of the Receivership Defendants shall, immediately

upon receiving a request from the Receiver, transfer or deliver possession, custody, and control of the following to the Receiver:

- A. All assets of the Receivership Defendants;
- B. All documents of the Receivership Defendants, including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;
- C. All computers and data in whatever form used to conduct the business of the Receivership Defendants;
- D. All assets belonging to other persons or entities whose interests are now under the direction, possession, custody, or control of, the Receivership Defendants; and
- E. All keys, codes, and passwords necessary to gain or to secure access to any assets or documents of the Receivership Defendants, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

In the event that any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Paragraph, the Receiver may file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable

writs requested by the Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the asset, document, or other thing and to deliver it to the Receiver.

#### **XIV.**

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

- A. A list of all assets and property, including accounts, of the Receivership Defendants that are held in any name other than the name of a Receivership Defendant, or by any person or entity other than a Receivership Defendant; and
- B. A list of all agents, employees, officers, servants or those persons in active concert and participation with him or her, who have been associated or done business with the Receivership Defendants.

#### ***COOPERATION WITH THE TEMPORARY RECEIVER***

#### **XV.**

**IT IS FURTHER ORDERED** that Defendants and all other persons or entities served with a copy of this Order shall fully cooperate with and assist the Receiver in possession, custody, or control of the assets of the Receivership Defendants. This cooperation and assistance shall include, but not be limited to, providing information to the Receiver that the Receiver deems necessary in order to exercise the authority and discharge

the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic file, or telephonic data in any medium; and advising all persons who owe money to the Receivership Defendants that all debts should be paid directly to the Receiver.

#### **XVI.**

**IT IS FURTHER ORDERED** that, upon service of a copy of this Order, all entities that hold assets or records related to the business of the Receivership Defendants shall cooperate with all reasonable requests of the Receiver relating to implementation of this Order, including transferring funds at the Receivers' direction and producing records related to the assets and sales of the Receivership Defendants. The entities obligated to cooperate with the Receiver under this provision include, but are not limited to, banks, broker-dealers, savings and loans, escrow agents, title companies, commodity trading companies, precious metals dealers and other financial institutions and depositories of any kind, and all third-party billing agents, LEC's, common carriers, and other telecommunications companies, that have transacted business with the Receivership Defendants.

#### **XVII.**

**IT IS FURTHER ORDERED** that, unless directed by the Receiver, Defendants are hereby restrained and enjoined from directly or indirectly

- A. Interfering with the Receiver managing, or taking custody, control, or possession of, the assets or documents subject to this receivership;
- B. Transacting any of the business of the Receivership Defendants;

- C. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Defendants, or the Receiver; and
- D. Refusing to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court.

***COMPENSATION OF RECEIVER***

**XVIII.**

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

## ACCESS TO BUSINESS OFFICES AND RECORDS

### XIX.

**IT IS FURTHER ORDERED** that, in order to allow the Commission and the Receiver to preserve assets and evidence relevant to this action, and to expedite discovery, Defendants shall give the Commission and the Receiver, and their representatives, agents, and assistants, immediate access to the business premises of the Receivership Defendants, including but not limited to: (i) 13553 66th Street North, Suite 101, Largo, Florida 33771; (ii) 5770 Roosevelt Blvd., Clearwater, Florida 33760; (iii) 9251 Park Boulevard, Seminole, Florida 33777; and (iv) 9534 Hwy 16 Frontage Road, Suite 102, Onalaska, Wisconsin 54650. The Commission and the Receiver, and their representatives, agents, and assistants, are authorized to employ the assistance of law enforcement officers as they deem necessary to effect service and to implement peacefully the provisions of this Order.

### XX.

**IT IS FURTHER ORDERED** that the Commission and the Receiver, and their representatives, agents, and assistants, have the right to remove documents from the above-listed premises in order that they may be inspected, inventoried, and copied for the purpose of preserving discoverable material in connection with this action.

### XXI.

**IT IS FURTHER ORDERED** that the Receiver, and his or her representatives, agents, and assistants, shall have immediate access to any other business locations where property, records or equipment of the Receivership Defendants is located. The Receiver, and

his or her representatives, agents, and assistants, shall have the right to remove documents from any other business locations connected with Defendants' businesses in order that they may be inspected, inventoried, and copied for the purpose of preserving discoverable material in connection with this action.

**XXII.**

**IT IS FURTHER ORDERED** that the Receiver shall allow the Commission and its representatives access to the business premises listed above and to any other locations where property, records or equipment are stored for the purpose of inspecting and copying materials relevant to this action. If Defendants or third parties turn over to the Receiver records in addition to records located at the business premises and locations described above, Defendants and the Receiver shall also allow the Commission's representatives, agents and assistants access to those records for inspection, inventory and copying.

**XXIII.**

**IT IS FURTHER ORDERED** that the Receiver shall allow Defendants' representatives, and Defendants themselves, reasonable access to the premises and business records of the Receivership Defendants for the purpose of inspecting and copying materials relevant to this action. The Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access.



## EXPEDITED DISCOVERY

### XXIV.

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

- A. The Commission and the Receiver may take the depositions of parties and non-parties, and forty-eight hours (48) notice shall be sufficient notice for such depositions;
- B. The Commission and the Receiver may serve upon parties requests for production of documents or inspection that require for production or inspection within five calendar days of service, and may serve subpoenas upon non-parties that direct production or inspection within five calendar days of service;
- C. The Commission may serve deposition notices and other discovery requests upon the parties to this action by facsimile or overnight courier, and depositions may be taken by telephone or other remote electronic means; and

Any discovery taken pursuant to this Order is in addition to, and is not subject to, the presumptive limits on discovery set forth in the Federal Rules of Civil Procedure and Local Rules of this Court. If a Defendant fails to appear for a properly noticed deposition or fails to

comply with a request for production or inspection, that Defendant may be prohibited from introducing evidence at the hearing on the Commission's request for a preliminary injunction.

**SERVICE OF THIS ORDER**

***SERVICE BY FACSIMILE AUTHORIZED***

**XXV.**

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

***DEFENDANTS' DUTY TO DISTRIBUTE ORDER***

**XXVI.**

**IT IS FURTHER ORDERED** that Defendants shall immediately provide a copy of this Order to each affiliate, subsidiary, division, sales entity, successor, assign, officer, director, employee, independent contractor, client company, agent, attorney, spouse and representative of Defendants, and shall, within ten (10) days from the date of entry of this Order, provide the Commission with a sworn statement that (A) confirms that Defendants have provided copies of the Order as required by this paragraph; and (B) lists the names and addresses of each entity or person to whom Defendants provided a copy of the Order.

**XXVII.**

**IT IS FURTHER ORDERED** that Defendants shall not take any action that would encourage officers, agents, directors, employees, salespersons, independent contractors, attorneys, subsidiaries, affiliates, successors, assigns or other persons or entities in active concert or participation with Defendants to disregard this Order or believe that they are not bound by its provisions.

**STAY OF ACTIONS AGAINST RECEIVERSHIP DEFENDANTS**

**XXVIII.**

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

- A. Petitioning, or assisting in the filing of a petition, that would cause any Receivership Defendant to be placed in bankruptcy;
- B. Commencing, prosecuting, or continuing a judicial, administrative, or other action or proceeding against the Receivership Defendants, including the issuance or employment of process, against the Receivership Defendants,

*except* that such actions may be commenced if necessary to toll any applicable statute of limitations;

- C. Filing or enforcing any lien on any asset of the Receivership Defendants, taking or attempting to take possession, custody, or control of any asset of the Receivership Defendants; or attempting to foreclose, forfeit, alter, or terminate any interest in any asset of the Receivership Defendants, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;
- D. Initiating any other process or proceeding that would interfere with the Receiver managing, or taking custody, control, or possession of, the assets or documents subject to this receivership.

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


#### **DURATION OF TEMPORARY RESTRAINING ORDER**

#### **XXIX.**

**IT IS FURTHER ORDERED** that the Temporary Restraining Order granted herein shall expire ten days from the date of entry noted below unless, within such time, the Order is extended for an additional period not to exceed ten (10) days for good cause shown, or

unless, as to any Defendant, the Defendant consents to an extension for a longer period. ORDER TO SHOW CAUSE REGARDING PRELIMINARY INJUNCTION

XXX.

 **IT IS FURTHER ORDERED**, pursuant to Federal Rule of Civil Procedure 65(b), **HONORABLE MARY S. SCRIVEN, MAGISTRATE JUDGE OF** that each of the Defendants shall appear before this Court on the **3RD** day of

**AUGUST**, 2004, at **11:00** o'clock **A**.m., to show cause, if there is any, why this Court should not enter a Preliminary Injunction enjoining the violations of law alleged in the Commission's Complaint, continuing the freeze of their assets, continuing the Receivership and imposing such additional relief as may be appropriate.

XXXI.

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

or declaration revealing the substance of the witness's testimony, no later than 24 hours before the time scheduled for the preliminary injunction hearing.

**SERVICE UPON PLAINTIFF**

**XXXII.**

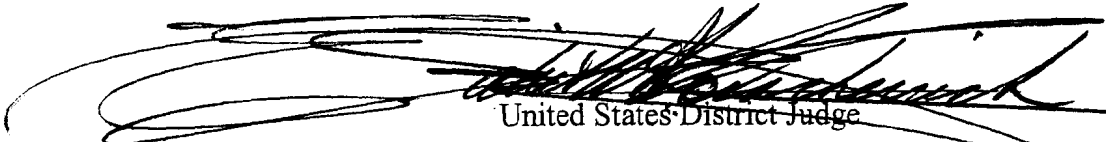
**IT IS FURTHER ORDERED** that Defendants shall serve all pleadings, memoranda, correspondence, affidavits, declarations, or other documents related to this Order or Plaintiff's motion for a preliminary injunction by facsimile transmission to (202) 326-3395, by delivery to the offices of the Federal Trade Commission, at 600 Pennsylvania Avenue, NW, Room H-238, Washington, DC 20580, and addressed to the attention of Michael E. Tankersley, or by shipment through a third-party commercial carrier for delivery at this address within one business day.

**RETENTION OF JURISDICTION**

**XXXIII.**

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

**SO ORDERED**, this 20<sup>th</sup> day of JULY, at 11:45A am., Eastern Standard time.

  
United States District Judge  
**ELIZABETH A. KOVACHEVICH**  
**UNITED STATES DISTRICT JUDGE**

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**Attachments:**

Text of Telemarketing Sales Rule, 16 C.F.R. Part 310  
Financial Statment of Individual Defendant  
Financial Statement of Corporate Defendant

**Code of Federal Regulations, Title 16: Commercial Practices**  
**PART 310 - TELEMARKETING SALES RULE**

Authority: 15 U.S.C. 6101-6108.

Source: 68 FR 4669, Jan. 29, 2003, unless otherwise noted.

**§ 310.1 Scope of regulations in this part.**

This part implements the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. 6101-6108, as amended

**§ 310.2 Definitions.**

(a) *Acquirer* means a business organization, financial institution, or an agent of a business organization or financial institution that has authority from an organization that operates or licenses a credit card system to authorize merchants to accept, transmit, or process payment by credit card through the credit card system for money, goods or services, or anything else of value

(b) *Attorney General* means the chief legal officer of a state

(c) *Billing information* means any data that enables any person to access a customer's or donor's account, such as a credit card, checking, savings, share or similar account, utility bill, mortgage loan account, or debit card

(d) *Caller identification service* means a service that allows a telephone subscriber to have the telephone number, and, where available, name of the calling party transmitted contemporaneously with the telephone call, and displayed on a device in or connected to the subscriber's telephone

(e) *Cardholder* means a person to whom a credit card is issued or who is authorized to use a credit card on behalf of or in addition to the person to whom the credit card is issued

(f) *Charitable contribution* means any donation or gift of money or any other thing of value.

(g) *Commission* means the Federal Trade Commission

(h) *Credit* means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment

(i) *Credit card* means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit

(j) *Credit card sales draft* means any record or evidence of a credit card transaction

(k) *Credit card system* means any method or procedure used to process credit card transactions involving credit cards issued or licensed by the operator of that system

(l) *Customer* means any person who is or may be required to pay for goods or services offered through telemarketing

(m) *Donor* means any person solicited to make a charitable contribution

(n) *Established business relationship* means a relationship between a seller and a consumer based on:

(1) the consumer's purchase, rental, or lease of the seller's goods or services or a financial transaction between the consumer and seller, within the eighteen (18) months immediately preceding the date of a telemarketing call; or

(2) the consumer's inquiry or application regarding a product or service offered by the seller, within the three (3) months immediately preceding the date of a telemarketing call

(o) *Free-to-pay conversion* means, in an offer or agreement to sell or provide any goods or services, a provision under which a customer receives a product or service for free for an initial period and will incur an obligation to pay for the product or service if he or she does not take affirmative action to cancel before the end of that period

(p) *Investment opportunity* means anything, tangible or intangible, that is offered, offered for sale, sold, or traded based wholly or in part on representations, either express or implied, about past, present, or future



income, profit, or appreciation

(q) *Material* means likely to affect a person's choice of, or conduct regarding, goods or services or a charitable contribution

(r) *Merchant* means a person who is authorized under a written contract with an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution

(s) *Merchant agreement* means a written contract between a merchant and an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(t) *Negative option feature* means, in an offer or agreement to sell or provide any goods or services, a provision under which the customer's silence or failure to take an affirmative action to reject goods or services or to cancel the agreement is interpreted by the seller as acceptance of the offer

(u) *Outbound telephone call* means a telephone call initiated by a telemarketer to induce the purchase of goods or services or to solicit a charitable contribution

(v) *Person* means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity

(w) *Preacquired account information* means any information that enables a seller or telemarketer to cause a charge to be placed against a customer's or donor's account without obtaining the account number directly from the customer or donor during the telemarketing transaction pursuant to which the account will be charged

(x) *Prize* means anything offered, or purportedly offered, and given, or purportedly given, to a person by chance. For purposes of this definition, chance exists if a person is guaranteed to receive an item and, at the time of the offer or purported offer, the telemarketer does not identify the specific item that the person will receive

(y) *Prize promotion* means:

(1) A sweepstakes or other game of chance; or

(2) An oral or written express or implied representation that a person has won, has been selected to receive, or may be eligible to receive a prize or purported prize

(z) *Seller* means any person who, in connection with a telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services to the customer in exchange for consideration

(aa) *State* means any state of the United States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, and any territory or possession of the United States

(bb) *Telemarketer* means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer or donor

(cc) *Telemarketing* means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call. The term does not include the solicitation of sales through the mailing of a catalog which: contains a written description or illustration of the goods or services offered for sale; includes the business address of the seller; includes multiple pages of written material or illustrations; and has been issued not less frequently than once a year, when the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the catalog and during those calls takes orders only without further solicitation. For purposes of the previous sentence, the term "further solicitation" does not include providing the customer with information about, or attempting to sell, any other item included in the same catalog which prompted the customer's call or in a substantially similar catalog

(dd) *Upselling* means soliciting the purchase of goods or services following an initial transaction during a single telephone call. The upsell is a separate telemarketing transaction, not a continuation of the initial transaction. An “external upsell” is a solicitation made by or on behalf of a seller different from the seller in the initial transaction, regardless of whether the initial transaction and the subsequent solicitation are made by the same telemarketer. An “internal upsell” is a solicitation made by or on behalf of the same seller as in the initial transaction, regardless of whether the initial transaction and subsequent solicitation are made by the same telemarketer

**§ 310.3 Deceptive telemarketing acts or practices.**

(a) *Prohibited deceptive telemarketing acts or practices.* It is a deceptive telemarketing act or practice and a violation of this Rule for any seller or telemarketer to engage in the following conduct:

(1) Before a customer pays 1 for goods or services offered, failing to disclose truthfully, in a clear and conspicuous manner, the following material information:

1 When a seller or telemarketer uses, or directs a customer to use, a courier to transport payment, the seller or telemarketer must make the disclosures required by §310.3(a)(1) before sending a courier to pick up payment or authorization for payment, or directing a customer to have a courier pick up payment or authorization for payment

(i) The total costs to purchase, receive, or use, and the quantity of, any goods or services that are the subject of the sales offer; 2

2 For offers of consumer credit products subject to the Truth in Lending Act, 15 U.S.C. 1601 *et seq.*, and Regulation Z, 12 CFR 226, compliance with the disclosure requirements under the Truth in Lending Act and Regulation Z shall constitute compliance with §310.3(a)(1)(i) of this Rule

(ii) All material restrictions, limitations, or conditions to purchase, receive, or use the goods or services that are the subject of the sales offer;

(iii) If the seller has a policy of not making refunds, cancellations, exchanges, or repurchases, a statement informing the customer that this is the seller's policy; or, if the seller or telemarketer makes a representation about a refund, cancellation, exchange, or repurchase policy, a statement of all material terms and conditions of such policy;

(iv) In any prize promotion, the odds of being able to receive the prize, and, if the odds are not calculable in advance, the factors used in calculating the odds; that no purchase or payment is required to win a prize or to participate in a prize promotion and that any purchase or payment will not increase the person's chances of winning; and the no-purchase/no-payment method of participating in the prize promotion with either instructions on how to participate or an address or local or toll-free telephone number to which customers may write or call for information on how to participate;

(v) All material costs or conditions to receive or redeem a prize that is the subject of the prize promotion;

(vi) In the sale of any goods or services represented to protect, insure, or otherwise limit a customer's liability in the event of unauthorized use of the customer's credit card, the limits on a cardholder's liability for unauthorized use of a credit card pursuant to 15 U.S.C. 1643; and

(vii) If the offer includes a negative option feature, all material terms and conditions of the negative option feature, including, but not limited to, the fact that the customer's account will be charged unless the customer takes an affirmative action to avoid the charge(s), the date(s) the charge(s) will be submitted for payment, and the specific steps the customer must take to avoid the charge(s)

(2) Misrepresenting, directly or by implication, in the sale of goods or services any of the following material information:

- (i) The total costs to purchase, receive, or use, and the quantity of, any goods or services that are the subject of a sales offer;
  - (ii) Any material restriction, limitation, or condition to purchase, receive, or use goods or services that are the subject of a sales offer;
  - (iii) Any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer;
  - (iv) Any material aspect of the nature or terms of the seller's refund, cancellation, exchange, or repurchase policies;
  - (v) Any material aspect of a prize promotion including, but not limited to, the odds of being able to receive a prize, the nature or value of a prize, or that a purchase or payment is required to win a prize or to participate in a prize promotion;
  - (vi) Any material aspect of an investment opportunity including, but not limited to, risk, liquidity, earnings potential, or profitability;
  - (vii) A seller's or telemarketer's affiliation with, or endorsement or sponsorship by, any person or government entity;
  - (viii) That any customer needs offered goods or services to provide protections a customer already has pursuant to 15 U.S.C. 1643; or
  - (ix) Any material aspect of a negative option feature including, but not limited to, the fact that the customer's account will be charged unless the customer takes an affirmative action to avoid the charge(s), the date(s) the charge(s) will be submitted for payment, and the specific steps the customer must take to avoid the charge(s)
- (3) Causing billing information to be submitted for payment, or collecting or attempting to collect payment for goods or services or a charitable contribution, directly or indirectly, without the customer's or donor's express verifiable authorization, except when the method of payment used is a credit card subject to protections of the Truth in Lending Act and Regulation Z, 3 or a debit card subject to the protections of the Electronic Fund Transfer Act and Regulation E. 4 Such authorization shall be deemed verifiable if any of the following means is employed:
- 3 Truth in Lending Act, 15 U.S.C. 1601 *et seq.*, and Regulation Z, 12 CFR part 226
- 4 Electronic Fund Transfer Act, 15 U.S.C. 1693 *et seq.*, and Regulation E, 12 CFR part 205
- (i) Express written authorization by the customer or donor, which includes the customer's or donor's signature; 5
- 5 For purposes of this Rule, the term "signature" shall include an electronic or digital form of signature, to the extent that such form of signature is recognized as a valid signature under applicable federal law or state contract law
- (ii) Express oral authorization which is audio-recorded and made available upon request to the customer or donor, and the customer's or donor's bank or other billing entity, and which evidences clearly both the customer's or donor's authorization of payment for the goods or services or charitable contribution that are the subject of the telemarketing transaction and the customer's or donor's receipt of all of the following information:
    - (A) The number of debits, charges, or payments (if more than one);
    - (B) The date(s) the debit(s), charge(s), or payment(s) will be submitted for payment;
    - (C) The amount(s) of the debit(s), charge(s), or payment(s);
    - (D) The customer's or donor's name;

(E) The customer's or donor's billing information, identified with sufficient specificity such that the customer or donor understands what account will be used to collect payment for the goods or services or charitable contribution that are the subject of the telemarketing transaction;

(F) A telephone number for customer or donor inquiry that is answered during normal business hours; and

(G) The date of the customer's or donor's oral authorization; or

(iii) Written confirmation of the transaction, identified in a clear and conspicuous manner as such on the outside of the envelope, sent to the customer or donor via first class mail prior to the submission for payment of the customer's or donor's billing information, and that includes all of the information contained in §§310.3(a)(3)(ii)(A)-(G) and a clear and conspicuous statement of the procedures by which the customer or donor can obtain a refund from the seller or telemarketer or charitable organization in the event the confirmation is inaccurate; *provided*, however, that this means of authorization shall not be deemed verifiable in instances in which goods or services are offered in a transaction involving a free-to-pay conversion and preacquired account information

(4) Making a false or misleading statement to induce any person to pay for goods or services or to induce a charitable contribution

(b) *Assisting and facilitating*. It is a deceptive telemarketing act or practice and a violation of this Rule for a person to provide substantial assistance or support to any seller or telemarketer when that person knows or consciously avoids knowing that the seller or telemarketer is engaged in any act or practice that violates §§310.3(a), (c) or (d), or §310.4 of this Rule

(c) *Credit card laundering*. Except as expressly permitted by the applicable credit card system, it is a deceptive telemarketing act or practice and a violation of this Rule for:

(1) A merchant to present to or deposit into, or cause another to present to or deposit into, the credit card system for payment, a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the merchant;

(2) Any person to employ, solicit, or otherwise cause a merchant, or an employee, representative, or agent of the merchant, to present to or deposit into the credit card system for payment, a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the merchant; or

(3) Any person to obtain access to the credit card system through the use of a business relationship or an affiliation with a merchant, when such access is not authorized by the merchant agreement or the applicable credit card system

(d) *Prohibited deceptive acts or practices in the solicitation of charitable contributions*. It is a fraudulent charitable solicitation, a deceptive telemarketing act or practice, and a violation of this Rule for any telemarketer soliciting charitable contributions to misrepresent, directly or by implication, any of the following material information:

(1) The nature, purpose, or mission of any entity on behalf of which a charitable contribution is being requested;

(2) That any charitable contribution is tax deductible in whole or in part;

(3) The purpose for which any charitable contribution will be used;

(4) The percentage or amount of any charitable contribution that will go to a charitable organization or to any particular charitable program;

(5) Any material aspect of a prize promotion including, but not limited to: the odds of being able to receive a prize; the nature or value of a prize; or that a charitable contribution is required to win a prize or to participate in

a prize promotion; or

(6) A charitable organization's or telemarketer's affiliation with, or endorsement or sponsorship by, any person or government entity

**§ 310.4 Abusive telemarketing acts or practices.**

(a) *Abusive conduct generally.* It is an abusive telemarketing act or practice and a violation of this Rule for any seller or telemarketer to engage in the following conduct:

(1) Threats, intimidation, or the use of profane or obscene language;

(2) Requesting or receiving payment of any fee or consideration for goods or services represented to remove derogatory information from, or improve, a person's credit history, credit record, or credit rating until:

(i) The time frame in which the seller has represented all of the goods or services will be provided to that person has expired; and

(ii) The seller has provided the person with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved. Nothing in this Rule should be construed to affect the requirement in the Fair Credit Reporting Act, 15 U.S.C. 1681, that a consumer report may only be obtained for a specified permissible purpose;

(3) Requesting or receiving payment of any fee or consideration from a person for goods or services represented to recover or otherwise assist in the return of money or any other item of value paid for by, or promised to, that person in a previous telemarketing transaction, until seven (7) business days after such money or other item is delivered to that person. This provision shall not apply to goods or services provided to a person by a licensed attorney;

(4) Requesting or receiving payment of any fee or consideration in advance of obtaining a loan or other extension of credit when the seller or telemarketer has guaranteed or represented a high likelihood of success in obtaining or arranging a loan or other extension of credit for a person;

(5) Disclosing or receiving, for consideration, unencrypted consumer account numbers for use in telemarketing; *provided*, however, that this paragraph shall not apply to the disclosure or receipt of a customer's or donor's billing information to process a payment for goods or services or a charitable contribution pursuant to a transaction;

(6) Causing billing information to be submitted for payment, directly or indirectly, without the express informed consent of the customer or donor. In any telemarketing transaction, the seller or telemarketer must obtain the express informed consent of the customer or donor to be charged for the goods or services or charitable contribution and to be charged using the identified account. In any telemarketing transaction involving preacquired account information, the requirements in paragraphs (a)(6)(i) through (ii) of this section must be met to evidence express informed consent

(i) In any telemarketing transaction involving preacquired account information and a free-to-pay conversion feature, the seller or telemarketer must:

(A) obtain from the customer, at a minimum, the last four (4) digits of the account number to be charged;

(B) obtain from the customer his or her express agreement to be charged for the goods or services and to be charged using the account number pursuant to paragraph (a)(6)(i)(A) of this section; and,

(C) make and maintain an audio recording of the entire telemarketing transaction

(ii) In any other telemarketing transaction involving preacquired account information not described in paragraph (a)(6)(i) of this section, the seller or telemarketer must:

(A) at a minimum, identify the account to be charged with sufficient specificity for the customer or donor to understand what account will be charged; and

(B) obtain from the customer or donor his or her express agreement to be charged for the goods or services and to be charged using the account number identified pursuant to paragraph (a)(6)(ii)(A) of this section; or

(7) Failing to transmit or cause to be transmitted the telephone number, and, when made available by the telemarketer's carrier, the name of the telemarketer, to any caller identification service in use by a recipient of a telemarketing call; *provided* that it shall not be a violation to substitute (for the name and phone number used in, or billed for, making the call) the name of the seller or charitable organization on behalf of which a telemarketing call is placed, and the seller's or charitable organization's customer or donor service telephone number, which is answered during regular business hours

(b) *Pattern of calls.* (1) It is an abusive telemarketing act or practice and a violation of this Rule for a telemarketer to engage in, or for a seller to cause a telemarketer to engage in, the following conduct:

(i) Causing any telephone to ring, or engaging any person in telephone conversation, repeatedly or continuously with intent to annoy, abuse, or harass any person at the called number;

(ii) Denying or interfering in any way, directly or indirectly, with a person's right to be placed on any registry of names and/or telephone numbers of persons who do not wish to receive outbound telephone calls established to comply with §310.4(b)(1)(iii);

(iii) Initiating any outbound telephone call to a person when:

(A) that person previously has stated that he or she does not wish to receive an outbound telephone call made by or on behalf of the seller whose goods or services are being offered or made on behalf of the charitable organization for which a charitable contribution is being solicited; or

(B) that person's telephone number is on the "do-not-call" registry, maintained by the Commission, of persons who do not wish to receive outbound telephone calls to induce the purchase of goods or services unless the seller

(i) has obtained the express agreement, in writing, of such person to place calls to that person. Such written agreement shall clearly evidence such person's authorization that calls made by or on behalf of a specific party may be placed to that person, and shall include the telephone number to which the calls may be placed and the signature of that person; or

6 For purposes of this Rule, the term "signature" shall include an electronic or digital form of signature, to the extent that such form of signature is recognized as a valid signature under applicable federal law or state contract law

(ii) has an established business relationship with such person, and that person has not stated that he or she does not wish to receive outbound telephone calls under paragraph (b)(1)(iii)(A) of this section; or

(iv) Abandoning any outbound telephone call. An outbound telephone call is "abandoned" under this section if a person answers it and the telemarketer does not connect the call to a sales representative within two (2) seconds of the person's completed greeting

(2) It is an abusive telemarketing act or practice and a violation of this Rule for any person to sell, rent, lease, purchase, or use any list established to comply with §310.4(b)(1)(iii)(A), or maintained by the Commission pursuant to §310.4(b)(1)(iii)(B), for any purpose except compliance with the provisions of this Rule or otherwise to prevent telephone calls to telephone numbers on such lists

(3) A seller or telemarketer will not be liable for violating §310.4(b)(1)(ii) and (iii) if it can demonstrate that, as part of the seller's or telemarketer's routine business practice:

- (i) It has established and implemented written procedures to comply with §310.4(b)(1)(ii) and (iii);
- (ii) It has trained its personnel, and any entity assisting in its compliance, in the procedures established pursuant to §310.4(b)(3)(i);
- (iii) The seller, or a telemarketer or another person acting on behalf of the seller or charitable organization, has maintained and recorded a list of telephone numbers the seller or charitable organization may not contact, in compliance with §310.4(b)(1)(iii)(A);
- (iv) The seller or a telemarketer uses a process to prevent telemarketing to any telephone number on any list established pursuant to §§310.4(b)(3)(iii) or 310.4(b)(1)(iii)(B), employing a version of the “do-not-call” registry obtained from the Commission no more than three (3) months prior to the date any call is made, and maintains records documenting this process;
- (v) The seller or a telemarketer or another person acting on behalf of the seller or charitable organization, monitors and enforces compliance with the procedures established pursuant to §310.4(b)(3)(i); and
- (vi) Any subsequent call otherwise violating §310.4(b)(1)(ii) or (iii) is the result of error

(4) A seller or telemarketer will not be liable for violating 310.4(b)(1)(iv) if:

- (i) the seller or telemarketer employs technology that ensures abandonment of no more than three (3) percent of all calls answered by a person, measured per day per calling campaign;
- (ii) the seller or telemarketer, for each telemarketing call placed, allows the telephone to ring for at least fifteen (15) seconds or four (4) rings before disconnecting an unanswered call;
- (iii) whenever a sales representative is not available to speak with the person answering the call within two (2) seconds after the person's completed greeting, the seller or telemarketer promptly plays a recorded message that states the name and telephone number of the seller on whose behalf the call was placed ; and

7 This provision does not affect any seller's or telemarketer's obligation to comply with relevant state and federal laws, including but not limited to the TCPA, 47 U.S.C. 227, and 47 CFR part 64.1200

(iv) the seller or telemarketer, in accordance with §310.5(b)-(d), retains records establishing compliance with §310.4(b)(4)(i)-(iii)

(c) *Calling time restrictions.* Without the prior consent of a person, it is an abusive telemarketing act or practice and a violation of this Rule for a telemarketer to engage in outbound telephone calls to a person's residence at any time other than between 8:00 a.m. and 9:00 p.m. local time at the called person's location

(d) *Required oral disclosures in the sale of goods or services.* It is an abusive telemarketing act or practice and a violation of this Rule for a telemarketer in an outbound telephone call or internal or external upsell to induce the purchase of goods or services to fail to disclose truthfully, promptly, and in a clear and conspicuous manner to the person receiving the call, the following information:

- (1) The identity of the seller;
- (2) That the purpose of the call is to sell goods or services;
- (3) The nature of the goods or services; and
- (4) That no purchase or payment is necessary to be able to win a prize or participate in a prize promotion if a prize promotion is offered and that any purchase or payment will not increase the person's chances of winning. This disclosure must be made before or in conjunction with the description of the prize to the person called. If requested by that person, the telemarketer must disclose the no-purchase/no-payment entry method for the prize promotion; *provided*, however, that, in any internal upsell for the sale of goods or services, the seller or telemarketer must provide the disclosures listed in this section only to the extent that the information in the

upsell differs from the disclosures provided in the initial telemarketing transaction

(e) *Required oral disclosures in charitable solicitations.* It is an abusive telemarketing act or practice and a violation of this Rule for a telemarketer, in an outbound telephone call to induce a charitable contribution, to fail to disclose truthfully, promptly, and in a clear and conspicuous manner to the person receiving the call, the following information:

- (1) The identity of the charitable organization on behalf of which the request is being made; and
- (2) That the purpose of the call is to solicit a charitable contribution

**§ 310.5 Recordkeeping requirements.**

(a) Any seller or telemarketer shall keep, for a period of 24 months from the date the record is produced, the following records relating to its telemarketing activities:

- (1) All substantially different advertising, brochures, telemarketing scripts, and promotional materials;
- (2) The name and last known address of each prize recipient and the prize awarded for prizes that are represented, directly or by implication, to have a value of \$25.00 or more;
- (3) The name and last known address of each customer, the goods or services purchased, the date such goods or services were shipped or provided, and the amount paid by the customer for the goods or services; 8

8 For offers of consumer credit products subject to the Truth in Lending Act, 15 U.S.C. 1601 *et seq.*, and Regulation Z, 12 CFR 226, compliance with the recordkeeping requirements under the Truth in Lending Act, and Regulation Z, shall constitute compliance with §310.5(a)(3) of this Rule

(4) The name, any fictitious name used, the last known home address and telephone number, and the job title(s) for all current and former employees directly involved in telephone sales or solicitations; *provided*, however, that if the seller or telemarketer permits fictitious names to be used by employees, each fictitious name must be traceable to only one specific employee; and

(5) All verifiable authorizations or records of express informed consent or express agreement required to be provided or received under this Rule

(b) A seller or telemarketer may keep the records required by §310.5(a) in any form, and in the same manner, format, or place as they keep such records in the ordinary course of business. Failure to keep all records required by §310.5(a) shall be a violation of this Rule

(c) The seller and the telemarketer calling on behalf of the seller may, by written agreement, allocate responsibility between themselves for the recordkeeping required by this Section. When a seller and telemarketer have entered into such an agreement, the terms of that agreement shall govern, and the seller or telemarketer, as the case may be, need not keep records that duplicate those of the other. If the agreement is unclear as to who must maintain any required record(s), or if no such agreement exists, the seller shall be responsible for complying with §§310.5(a)(1)-(3) and (5); the telemarketer shall be responsible for complying with §310.5(a)(4)

(d) In the event of any dissolution or termination of the seller's or telemarketer's business, the principal of that seller or telemarketer shall maintain all records as required under this Section. In the event of any sale, assignment, or other change in ownership of the seller's or telemarketer's business, the successor business shall maintain all records required under this Section

**§ 310.6 Exemptions.**

(a) Solicitations to induce charitable contributions via outbound telephone calls are not covered by §310.4(b)(1)(iii)(B) of this Rule



(b) The following acts or practices are exempt from this Rule:

(1) The sale of pay-per-call services subject to the Commission's Rule entitled "Trade Regulation Rule Pursuant to the Telephone Disclosure and Dispute Resolution Act of 1992," 16 CFR Part 308, *provided*, however, that this exemption does not apply to the requirements of §§310.4(a)(1), (a)(7), (b), and (c);

(2) The sale of franchises subject to the Commission's Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," ("Franchise Rule") 16 CFR Part 436, *provided*, however, that this exemption does not apply to the requirements of §§310.4(a)(1), (a)(7), (b), and (c);

(3) Telephone calls in which the sale of goods or services or charitable solicitation is not completed, and payment or authorization of payment is not required, until after a face-to-face sales or donation presentation by the seller or charitable organization, *provided*, however, that this exemption does not apply to the requirements of §§310.4(a)(1), (a)(7), (b), and (c);

(4) Telephone calls initiated by a customer or donor that are not the result of any solicitation by a seller, charitable organization, or telemarketer, *provided*, however, that this exemption does not apply to any instances of upselling included in such telephone calls;

(5) Telephone calls initiated by a customer or donor in response to an advertisement through any medium, other than direct mail solicitation, *provided*, however, that this exemption does not apply to calls initiated by a customer or donor in response to an advertisement relating to investment opportunities, business opportunities other than business arrangements covered by the Franchise Rule, or advertisements involving goods or services described in §§310.3(a)(1)(vi) or 310.4(a)(2)-(4); or to any instances of upselling included in such telephone calls;

(6) Telephone calls initiated by a customer or donor in response to a direct mail solicitation, including solicitations via the U.S. Postal Service, facsimile transmission, electronic mail, and other similar methods of delivery in which a solicitation is directed to specific address(es) or person(s), that clearly, conspicuously, and truthfully discloses all material information listed in §310.3(a)(1) of this Rule, for any goods or services offered in the direct mail solicitation, and that contains no material misrepresentation regarding any item contained in §310.3(d) of this Rule for any requested charitable contribution; *provided*, however, that this exemption does not apply to calls initiated by a customer in response to a direct mail solicitation relating to prize promotions, investment opportunities, business opportunities other than business arrangements covered by the Franchise Rule, or goods or services described in §§310.3(a)(1)(vi) or 310.4(a)(2)-(4); or to any instances of upselling included in such telephone calls; and

(7) Telephone calls between a telemarketer and any business, except calls to induce the retail sale of nondurable office or cleaning supplies; *provided*, however, that §310.4(b)(1)(iii)(B) and §310.5 of this Rule shall not apply to sellers or telemarketers of nondurable office or cleaning supplies

#### **§ 310.7 Actions by states and private persons.**

(a) Any attorney general or other officer of a state authorized by the state to bring an action under the Telemarketing and Consumer Fraud and Abuse Prevention Act, and any private person who brings an action under that Act, shall serve written notice of its action on the Commission, if feasible, prior to its initiating an action under this Rule. The notice shall be sent to the Office of the Director, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580, and shall include a copy of the state's or private person's complaint and any other pleadings to be filed with the court. If prior notice is not feasible, the state or private person shall serve the Commission with the required notice immediately upon instituting its action

(b) Nothing contained in this Section shall prohibit any attorney general or other authorized state official from proceeding in state court on the basis of an alleged violation of any civil or criminal statute of such state

#### **§ 310.8 Fee for access to the National Do Not Call Registry.**

(a) It is a violation of this Rule for any seller to initiate, or cause any telemarketer to initiate, an outbound telephone call to any person whose telephone number is within a given area code unless such seller, either directly or through another person, first has paid the annual fee, required by §310.8(c), for access to telephone numbers within that area code that are included in the National Do Not Call Registry maintained by the Commission under §310.4(b)(1)(iii)(B); *provided*, however, that such payment is not necessary if the seller initiates, or causes a telemarketer to initiate, calls solely to persons pursuant to §§310.4(b)(1)(iii)(B)(i) or (ii), and the seller does not access the National Do Not Call Registry for any other purpose

(b) It is a violation of this Rule for any telemarketer, on behalf of any seller, to initiate an outbound telephone call to any person whose telephone number is within a given area code unless that seller, either directly or through another person, first has paid the annual fee, required by §310.8(c), for access to the telephone numbers within that area code that are included in the National Do Not Call Registry; *provided*, however, that such payment is not necessary if the seller initiates, or causes a telemarketer to initiate, calls solely to persons pursuant to §§310.4(b)(1)(iii)(B)(i) or (ii), and the seller does not access the National Do Not Call Registry for any other purpose

(c) The annual fee, which must be paid by any person prior to obtaining access to the National Do Not Call Registry, is \$25 per area code of data accessed, up to a maximum of \$7,375; *provided*, however, that there shall be no charge for the first five area codes of data accessed by any person, and *provided further*, that there shall be no charge to any person engaging in or causing others to engage in outbound telephone calls to consumers and who is accessing the National Do Not Call Registry without being required under this Rule, 47 CFR 64.1200, or any other federal law. Any person accessing the National Do Not Call Registry may not participate in any arrangement to share the cost of accessing the registry, including any arrangement with any telemarketer or service provider to divide the costs to access the registry among various clients of that telemarketer or service provider

(d) After a person, either directly or through another person, pays the fees set forth in §310.8(c), the person will be provided a unique account number which will allow that person to access the registry data for the selected area codes at any time for twelve months following the first day of the month in which the person paid the fee ("the annual period"). To obtain access to additional area codes of data during the first six months of the annual period, the person must first pay \$25 for each additional area code of data not initially selected. To obtain access to additional area codes of data during the second six months of the annual period, the person must first pay \$15 for each additional area code of data not initially selected. The payment of the additional fee will permit the person to access the additional area codes of data for the remainder of the annual period

(e) Access to the National Do Not Call Registry is limited to telemarketers, sellers, others engaged in or causing others to engage in telephone calls to consumers, service providers acting on behalf of such persons, and any government agency that has law enforcement authority. Prior to accessing the National Do Not Call Registry, a person must provide the identifying information required by the operator of the registry to collect the fee, and must certify, under penalty of law, that the person is accessing the registry solely to comply with the provisions of this Rule or to otherwise prevent telephone calls to telephone numbers on the registry. If the person is accessing the registry on behalf of sellers, that person also must identify each of the sellers on whose behalf it is accessing the registry, must provide each seller's unique account number for access to the national registry, and must certify, under penalty of law, that the sellers will be using the information gathered from the registry solely to comply with the provisions of this Rule or otherwise to prevent telephone calls to telephone numbers on the registry

[68 FR 45144, July 31, 2003]

#### **§ 310.9 Severability.**

The provisions of this Rule are separate and severable from one another. If any provision is stayed or determined to be invalid, it is the Commission's intention that the remaining provisions shall continue in effect.

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

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**Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. "Dependents" include your live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.
3. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.
5. Type or print legibly.
6. Initial each page in the space provided in the lower right corner.
7. Sign and date the completed financial statement on the last page.

**Penalty for False Information:**

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

(1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);

(2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621);  
or

(3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration" (18 U.S.C. § 1623).

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

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**BACKGROUND INFORMATION**

**Item 1. Information About You**

Your Full Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Place of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_ Drivers License No. \_\_\_\_\_

Current Address \_\_\_\_\_ From (Date) \_\_\_\_\_

Rent or Own? \_\_\_\_\_ Telephone No. \_\_\_\_\_ Facsimile No. \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Internet Home Page \_\_\_\_\_

Previous Addresses for past five years:

Address \_\_\_\_\_ Rent or Own? \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ Rent or Own? \_\_\_\_\_ From/Until \_\_\_\_\_

Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used \_\_\_\_\_

**Item 2. Information About Your Spouse or Live-In Companion**

Spouse/Companion's Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Place of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_

Identify any other name(s) and/or social security number(s) your spouse/companion has used, and the time period(s) during which they were used \_\_\_\_\_

Address (if different from yours) \_\_\_\_\_

From (Date) \_\_\_\_\_ Rent or Own? \_\_\_\_\_ Telephone No. \_\_\_\_\_

Employer's Name and Address \_\_\_\_\_

Job Title \_\_\_\_\_ Years in Present Job \_\_\_\_\_ Annual Gross Salary/Wages \$ \_\_\_\_\_

**Item 3. Information About Your Previous Spouse**

Previous Spouse's Name & Address \_\_\_\_\_

\_\_\_\_\_ Social Security No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

**Item 4. Contact Information**

Name & Address of Nearest Living Relative or Friend \_\_\_\_\_  
\_\_\_\_\_  
Telephone No. \_\_\_\_\_

**Item 5. Information About Dependents Who Live With You**

▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

**Item 6. Information About Dependents Who Do Not Live With You**

▶Name & Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name & Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

**Item 7. Employment Information**

Provide the following information for this year-to-date and for each of the previous five full years, for each company of which you were a director, officer, employee, agent, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, draws, consulting fees, loans, loan payments, dividends, royalties or other benefits for which you did not pay (e.g., health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

▶Company Name & Address \_\_\_\_\_  
Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_  
Positions Held with Beginning and Ending Dates \_\_\_\_\_  
\_\_\_\_\_

**Item 7. continued**

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

►Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

►Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
\_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

**Item 8. Pending Lawsuits Filed by You or Your Spouse**

List all pending lawsuits that have been filed by you or your spouse in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 9. Pending Lawsuits Filed Against You or Your Spouse**

List all pending lawsuits that have been filed against you or your spouse in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 10. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or elsewhere, held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name &amp; Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Item 11. Business Interests**

List all businesses for which you, your spouse, or your dependents are an officer or director.

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

►Business' Name & Address \_\_\_\_\_

Business Format (e.g., corporation) \_\_\_\_\_ Description of Business \_\_\_\_\_

\_\_\_\_\_ Position(s) Held, and By Whom \_\_\_\_\_

**FINANCIAL INFORMATION: ASSETS AND LIABILITIES**

**REMINDER:** "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.

**Item 12.                    Cash, Bank, and Money Market Accounts**

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ \_\_\_\_\_ Cash Held For Your Benefit \$ \_\_\_\_\_

<u>Name on Account</u>	<u>Name &amp; Address of Financial Institution</u>	<u>Account No.</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

**Item 13.                    U.S. Government Securities**

List all U.S. Government securities, including but not limited to, savings bonds, treasury bills, and treasury notes, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Name on Account</u>	<u>Type of Obligation</u>	<u>Security Amount</u>	<u>Maturity Date</u>
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____



**Item 14. Publicly Traded Securities and Loans Secured by Them**

List all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

► Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

**Item 15. Other Business Interests**

List all other business interests, including but not limited to, non-public corporations, subchapter-S corporations, limited liability corporations (“LLCs”), general or limited partnership interests, joint ventures, sole proprietorships, and oil and mineral leases, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

► Business Format \_\_\_\_\_ Business’ Name & Address \_\_\_\_\_

\_\_\_\_\_ Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

► Business Format \_\_\_\_\_ Business’ Name & Address \_\_\_\_\_

\_\_\_\_\_ Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

**Item 16. Monetary Judgments or Settlements Owed to You, Your Spouse, or Your Dependents**

List all monetary judgments or settlements owed to you, your spouse, or your dependents.

► Opposing Party’s Name & Address \_\_\_\_\_

Court’s Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

► Opposing Party’s Name & Address \_\_\_\_\_

Court’s Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 17. Other Amounts Owed to You, Your Spouse, or Your Dependents**

List all other amounts owed to you, your spouse, or your dependents.

Debtor's Name, Address, & Telephone No. \_\_\_\_\_

Original Amount Owed \$ \_\_\_\_\_ Current Amount Owed \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 18. Life Insurance Policies**

List all life insurance policies held by you, your spouse, or your dependents.

►Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

►Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

**Item 19. Deferred Income Arrangements**

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, and other retirement accounts, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

►Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

►Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

**Item 20. Personal Property**

List all personal property, by category, whether held for personal use or for investment, including but not limited to, furniture and household goods of value, computer equipment, electronics, coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Property Category</u> (e.g., artwork, jewelry)	<u>Name of Owner</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

**Item 21. Cars, Trucks, Motorcycles, Boats, Airplanes, and Other Vehicles**

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles owned or operated by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 21. Continued**

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_

Address of Vehicle's Location \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 22. Real Property**

List all real estate held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Basis of Valuation \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

▶ Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Basis of Valuation \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

**Item 23. Credit Cards**

List each credit card held by you, your spouse, or your dependents. Also list any other credit cards that you, your spouse, or your dependents use.

<u>Name of Credit Card (e.g., Visa, MasterCard, Department Store)</u>	<u>Account No.</u>	<u>Name(s) on Account</u>	<u>Current Balance</u>	<u>Minimum Monthly Payment</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

**Item 24. Taxes Payable**

List all taxes, such as income taxes or real estate taxes, owed by you, your spouse, or your dependents.

<u>Type of Tax</u>	<u>Amount Owed</u>	<u>Year Incurred</u>
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

**Item 25. Judgments or Settlements Owed**

List all judgments or settlements owed by you, your spouse, or your dependents.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 26. Other Loans and Liabilities**

List all other loans or liabilities in your, your spouse's, or your dependents' names.

▶ Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

▶ Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

**OTHER FINANCIAL INFORMATION**

**Item 27. Tax Returns**

List all federal tax returns that were filed during the last three years by or on behalf of you, your spouse, or your dependents. *Provide a copy of each signed tax return that was filed during the last three years.*

<u>Tax Year</u>	<u>Name(s) on Return</u>	<u>Refund Expected</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

**Item 28. Applications for Credit**

List all applications for bank loans or other extensions of credit that you, your spouse, or your dependents have submitted within the last two years. *Provide a copy of each application, including all attachments.*

<u>Name(s) on Application</u>	<u>Name &amp; Address of Lender</u>
_____	_____
_____	_____
_____	_____

**Item 29. Trusts and Escrows**

List all funds or other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity. *Provide copies of all executed trust documents.*

<u>Trustee or Escrow Agent's Name &amp; Address</u>	<u>Date Established</u>	<u>Grantor</u>	<u>Beneficiaries</u>	<u>Present Market Value of Assets</u>
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____

**Item 30. Transfers of Assets**

List each person to whom you have transferred, in the aggregate, more than \$2,500 in funds or other assets during the previous three years by loan, gift, sale, or other transfer. For each such person, state the total amount transferred during that period.

<u>Transferee's Name, Address, &amp; Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____

**SUMMARY FINANCIAL SCHEDULES**

**Item 31. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash on Hand (Item 12)	\$ _____	Credit Cards (Item 23)	\$ _____
Cash in Financial Institutions (Item 12)	\$ _____	Motor Vehicles - Liens (Item 21)	\$ _____
U.S. Government Securities (Item 13)	\$ _____	Real Property - Encumbrances (Item 22)	\$ _____
Publicly Traded Securities (Item 14)	\$ _____	Loans Against Publicly Traded Securities (Item 14)	\$ _____
Other Business Interests (Item 15)	\$ _____	Taxes Payable (Item 24)	\$ _____
Judgments or Settlements Owed to You (Item 16)	\$ _____	Judgments or Settlements Owed (Item 25)	\$ _____
Other Amounts Owed to You (Item 17)	\$ _____	Other Loans and Liabilities (Item 26)	\$ _____
Surrender Value of Life Insurance (Item 18)	\$ _____	<u>Other Liabilities (Itemize)</u>	
Deferred Income Arrangements (Item 19)	\$ _____	_____	\$ _____
Personal Property (Item 20)	\$ _____	_____	\$ _____
Motor Vehicles (Item 21)	\$ _____	_____	\$ _____
Real Property (Item 22)	\$ _____	_____	\$ _____
<u>Other Assets (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Assets</b>	<b>\$ _____</b>	<b>Total Liabilities</b>	<b>\$ _____</b>



**Item 32. Combined Average Monthly Income and Expenses for You, Your Spouse, and Your Dependents for the Last 6 Months**

Provide the average monthly income and expenses for you, your spouse, and your dependents for the last 6 months. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.

<u>INCOME</u>		<u>EXPENSES</u>	
Salary - After Taxes	\$ _____	Mortgage Payments for Residence(s)	\$ _____
Fees, Commissions, and Royalties	\$ _____	Property Taxes for Residence(s)	\$ _____
Interest	\$ _____	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$ _____
Dividends and Capital Gains	\$ _____	Car or Other Vehicle Lease or Loan Payments	\$ _____
Gross Rental Income	\$ _____	Food Expenses	\$ _____
Profits from Sole Proprietorships	\$ _____	Clothing Expenses	\$ _____
Distributions from Partnerships, S-Corporations, and LLCs	\$ _____	Utilities	\$ _____
Distributions from Trusts and Estates	\$ _____	Medical Expenses, Including Insurance	\$ _____
Distributions from Deferred Income Arrangements	\$ _____	Other Insurance Premiums	\$ _____
Social Security Payments	\$ _____	Other Transportation Expenses	\$ _____
Alimony/Child Support Received	\$ _____	Other Household Expenses	\$ _____
Gambling Income	\$ _____	<u>Other Expenses (Itemize)</u>	
<u>Other Income (Itemize)</u>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Income</b>	<b>\$ _____</b>	<b>Total Expenses</b>	<b>\$ _____</b>



FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

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**Instructions:**

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why.
2. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action.
3. When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.
4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.
5. Type or print legibly.
6. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

**Penalty for False Information:**

Federal law provides that any person may be imprisoned for not more than five years, fined, or both, if such person:

- (1) "in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" (18 U.S.C. § 1001);
- (2) "in any . . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code, willfully subscribes as true any material matter which he does not believe to be true" (18 U.S.C. § 1621); or
- (3) "in any (. . . statement under penalty of perjury as permitted under section 1746 of title 28, United States Code) in any proceeding before or ancillary to any court or grand jury of the United States knowingly makes any false material declaration or makes or uses any other information . . . knowing the same to contain any false material declaration." (18 U.S.C. § 1623)

For a felony conviction under the provisions cited above, federal law provides that the fine may be not more than the greater of (i) \$250,000 for an individual or \$500,000 for a corporation, or (ii) if the felony results in pecuniary gain to any person or pecuniary loss to any person other than the defendant, the greater of twice the gross gain or twice the gross loss. 18 U.S.C. § 3571.

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**BACKGROUND INFORMATION**

**Item 1.      General Information**

Corporation's Full Name \_\_\_\_\_

Primary Business Address \_\_\_\_\_ From (Date) \_\_\_\_\_

Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_

E-Mail Address \_\_\_\_\_ Internet Home Page \_\_\_\_\_

All other current addresses & previous addresses for past five years, including post office boxes and mail drops:

Address \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ From/Until \_\_\_\_\_

Address \_\_\_\_\_ From/Until \_\_\_\_\_

All predecessor companies for past five years:

Name & Address \_\_\_\_\_ From/Until \_\_\_\_\_

Name & Address \_\_\_\_\_ From/Until \_\_\_\_\_

Name & Address \_\_\_\_\_ From/Until \_\_\_\_\_

**Item 2.      Legal Information**

Federal Taxpayer ID No. \_\_\_\_\_ State & Date of Incorporation \_\_\_\_\_

State Tax ID No. \_\_\_\_\_ State \_\_\_\_\_ Profit or Not For Profit \_\_\_\_\_

Corporation's Present Status: Active \_\_\_\_\_ Inactive \_\_\_\_\_ Dissolved \_\_\_\_\_

If Dissolved: Date dissolved \_\_\_\_\_ By Whom \_\_\_\_\_

Reasons \_\_\_\_\_

Fiscal Year-End (Mo./Day) \_\_\_\_\_ Corporation's Business Activities \_\_\_\_\_

**Item 3.      Registered Agent**

Name of Registered Agent \_\_\_\_\_

Address \_\_\_\_\_ Telephone No. \_\_\_\_\_

**Item 4. Principal Stockholders**

List all persons and entities that own at least 5% of the corporation's stock.

<u>Name &amp; Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

**Item 5. Board Members**

List all members of the corporation's Board of Directors.

<u>Name &amp; Address</u>	<u>% Owned</u>	<u>Term (From/Until)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Item 6. Officers**

List all of the corporation's officers, including *de facto* officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

<u>Name &amp; Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____
_____	_____

**Item 7. Businesses Related to the Corporation**

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

<u>Name &amp; Address</u>	<u>Business Activities</u>	<u>% Owned</u>

State which of these businesses, if any, has ever transacted business with the corporation \_\_\_\_\_

**Item 8. Businesses Related to Individuals**

List all corporations, partnerships, and other business entities in which the corporation’s principal stockholders, board members, or officers (i.e., the individuals listed in Items 4 - 6 above) have an ownership interest.

<u>Individual’s Name</u>	<u>Business Name &amp; Address</u>	<u>Business Activities</u>	<u>% Owned</u>

State which of these businesses, if any, have ever transacted business with the corporation \_\_\_\_\_

**Item 9. Related Individuals**

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A “related individual” is a spouse, sibling, parent, or child of the principal stockholders, board members, and officers (i.e., the individuals listed in Items 4 - 6 above).

<u>Name and Address</u>	<u>Relationship</u>	<u>Business Activities</u>

**Item 10.      Outside Accountants**

List all outside accountants retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>	<u>CPA/PA?</u>

**Item 11.      Corporation's Recordkeeping**

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years.

<u>Name, Address, &amp; Telephone Number</u>	<u>Position(s) Held</u>

**Item 12.      Attorneys**

List all attorneys retained by the corporation during the last three years.

<u>Name</u>	<u>Firm Name</u>	<u>Address</u>

**Item 13. Pending Lawsuits Filed by the Corporation**

List all pending lawsuits that have been filed by the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments or settlements in favor of the corporation in Item 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_



**Item 14. Current Lawsuits Filed Against the Corporation**

List all pending lawsuits that have been filed against the corporation in court or before an administrative agency. (List lawsuits that resulted in final judgments, settlements, or orders in Items 26 - 27).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**Item 15. Bankruptcy Information**

List all state insolvency and federal bankruptcy proceedings involving the corporation.

Commencement Date \_\_\_\_\_ Termination Date \_\_\_\_\_ Docket No. \_\_\_\_\_

If State Court: Court & County \_\_\_\_\_ If Federal Court: District \_\_\_\_\_

Disposition \_\_\_\_\_

**Item 16. Safe Deposit Boxes**

List all safe deposit boxes, located within the United States or elsewhere, held by the corporation, or held by others for the benefit of the corporation. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name &amp; Address of Depository Institution</u>	<u>Box No.</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**FINANCIAL INFORMATION**

**REMINDER: When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation.**

**Item 17. Tax Returns**

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

<u>Federal/ State/Both</u>	<u>Tax Year</u>	<u>Tax Due Federal</u>	<u>Tax Paid Federal</u>	<u>Tax Due State</u>	<u>Tax Paid State</u>	<u>Preparer's Name</u>
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____

**Item 18. Financial Statements**

List all financial statements that were prepared for the corporation's last three complete fiscal years and for the current fiscal year-to-date. *Attach copies of all statements, providing audited statements if available.*

<u>Year</u>	<u>Balance Sheet</u>	<u>Profit &amp; Loss Statement</u>	<u>Cash Flow Statement</u>	<u>Changes in Owner's Equity</u>	<u>Audited?</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

**Item 19. Financial Summary**

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 17 above, provide the following summary financial information.

	<u>Current Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>3 Years Ago</u>
<u>Gross Revenue</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Expenses</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Net Profit After Taxes</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Payables</u>	\$ _____	[REDACTED]		
<u>Receivables</u>	\$ _____	[REDACTED]		

**Item 20. Cash, Bank, and Money Market Accounts**

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by the corporation. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ \_\_\_\_\_ Cash Held for the Corporation's Benefit \$ \_\_\_\_\_

<u>Name &amp; Address of Financial Institution</u>	<u>Signator(s) on Account</u>	<u>Account No.</u>	<u>Current Balance</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

**Item 21. Government Obligations and Publicly Traded Securities**

List all U.S. Government obligations, including but not limited to, savings bonds, treasury bills, or treasury notes, held by the corporation. Also list all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by the corporation.

Issuer \_\_\_\_\_ Type of Security/Obligation \_\_\_\_\_

No. of Units Owned \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Maturity Date \_\_\_\_\_

Issuer \_\_\_\_\_ Type of Security/Obligation \_\_\_\_\_

No. of Units Owned \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Maturity Date \_\_\_\_\_

**Item 22. Real Estate**

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Current Value \$ \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_

Name(s) on Title and Ownership Percentages \_\_\_\_\_

Current Value \$ \_\_\_\_\_ Loan or Account No. \_\_\_\_\_

Lender's Name and Address \_\_\_\_\_

Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

**Item 23. Other Assets**

List all other property, by category, with an estimated value of \$2,500 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

<u>Property Category</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____
		\$ _____	\$ _____

**Item 24. Trusts and Escrows**

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation.

<u>Trustee or Escrow Agent's Name &amp; Address</u>	<u>Description and Location of Assets</u>	<u>Present Market Value of Assets</u>
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____

**Item 25. Monetary Judgments and Settlements Owed To the Corporation**

List all monetary judgments and settlements, recorded and unrecorded, owed to the corporation.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 26. Monetary Judgments and Settlements Owed By the Corporation**

List all monetary judgments and settlements, recorded and unrecorded, owed by the corporation.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

**Item 27. Government Orders and Settlements**

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency \_\_\_\_\_ Contact Person \_\_\_\_\_

Address \_\_\_\_\_ Telephone No. \_\_\_\_\_

Agreement Date \_\_\_\_\_ Nature of Agreement \_\_\_\_\_

**Item 28. Credit Cards**

List all of the corporation's credit cards and store charge accounts and the individuals authorized to use them.

Name of Credit Card or Store

Names of Authorized Users and Positions Held

<u>Name of Credit Card or Store</u>	<u>Names of Authorized Users and Positions Held</u>

**Item 29. Compensation of Employees**

List all compensation and other benefits received from the corporation by the five most highly compensated employees, independent contractors, and consultants (other than those individuals listed in Items 5 and 6 above), for the two previous fiscal years and current fiscal year-to-date. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

**Item 30. Compensation of Board Members and Officers**

List all compensation and other benefits received from the corporation by each person listed in Items 5 and 6, for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

**Item 31. Transfers of Assets Including Cash and Property**

List all transfers of assets over \$2,500 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

<u>Transferee's Name, Address, &amp; Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		
		\$ _____		



