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CLERK U S DISTRICT COURT  
DISTRICT OF ARIZONA  
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UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

**Federal Trade Commission,**  
Plaintiff,  
- v. -  
**Handicapped & Disabled  
Workshops, Inc.,** a corporation, also f/k/a  
as Handi-Tech Company;  
**Handi-Hope Industries, Inc.,** a  
corporation;  
**Handi-Ship, LLC,** a limited liability  
company;  
**Bruce D. Peeples,** an individual;  
**George Thomas,** an individual,  
*and*  
**Joshua D. Abramson,** an individual,  
Defendants.

Case No. CV 08 0908 PHX DGC

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

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Plaintiff Federal Trade Commission ("Commission") having filed its Complaint for a permanent injunction and other equitable relief in this matter pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and

1 57b, and having applied *ex parte* for a Temporary Restraining Order pursuant to Rule 65  
2 of the Federal Rules of Civil Procedure, and the Court having considered the Complaint,  
3 declarations, exhibits, memorandum of points and authorities, and other submissions filed  
4 in support therewith, the Court, now being fully advised in the premises, finds as follows:  
5

6 **FINDINGS**

7 1. This Court has jurisdiction of the subject matter of this case, and there is  
8 good cause to believe the Court will have jurisdiction over all parties hereto and that  
9 venue in this district is proper.  
10

11 2. There is good cause to believe that Defendants Handicapped & Disabled  
12 Workshops, Inc., Handi-Hope Industries, Inc., HandiShip, LLC, Bruce D. Peeples,  
13 George Thomas, and Joshua D. Abramson have engaged in and are likely to engage in  
14 acts that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Commission's  
15 Telemarketing Sales Rule ("TSR" or "Rule"), 16 C.F.R. Part 310, and the Unordered  
16 Merchandise Statute, 39 U.S.C. § 3009, and that the Commission is likely to prevail on  
17 the merits of this action.  
18

19 3. There is good cause to believe that immediate and irreparable harm will  
20 result from Defendants' ongoing violations of the FTC Act, the TSR, and the Unordered  
21 Merchandise Statute unless Defendants are restrained and enjoined by Order of this  
22 Court.  
23

24 4. There is good cause to believe that immediate and irreparable damage to the  
25 Court's ability to grant effective final relief for consumers in the form of monetary  
26 restitution will occur from the sale, transfer, or other disposition or concealment by  
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1 Defendants of assets or records if Defendants are provided with advance notice of this  
2 Order, and that therefore in accordance with Fed. R. Civ. P. 65(b), the interests of justice  
3 require that this order be granted without prior notice to Defendants. There is thus good  
4 cause for relieving the Commission of the duty to provide Defendants with prior notice of  
5 the Commission's application.  
6

7           5. Good cause exists for: (a) the appointment of a Temporary Receiver over  
8 Corporate Defendants Handicapped & Disabled Workshops, Inc. ("Handicapped &  
9 Disabled Workshops, Inc."), also formerly known as Handi-Tech Company ("Handi-  
10 Tech"), Handi-Hope Industries, Inc. ("Handi-Hope"), and HandiShip, LLC,  
11 ("HandiShip"); (b) the freezing of Defendants' assets; and (c) ancillary relief.  
12

13           6. Weighing the equities and considering the Commission's likelihood of  
14 ultimate success, a Temporary Restraining Order ("Order") with an asset freeze, the  
15 appointment of a Temporary Receiver, and other equitable relief is in the public interest.  
16 No security is required of any agency of the United States for issuance of a restraining  
17 order. Fed. R. Civ. P. 65(c).  
18  
19

## 20   DEFINITIONS

21           For purposes of this Order, the following definitions shall apply:

22           1. "Assets" means any legal or equitable interest in, right to, or claim to, any  
23 real or personal property, including, without limitation, chattels, goods, instruments,  
24 equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory,  
25 checks, notes, accounts, credits, contracts, receivables, shares of stock, and cash,  
26 wherever any such asset is located, whether in the United States or abroad.  
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1           2.     “Corporate Defendants” means Handicapped & Disabled Workshops, Inc.,  
2 formerly known as Handi-Tech Company; Handi-Hope Industries, Inc.; and HandiShip,  
3 LLC, and their successors, affiliates or subsidiaries.  
4

5           3.     “Defendants” means (a) each Corporate Defendant; and (b) each Individual  
6 Defendant.

7           4.     The term “document” is equal in scope and synonymous in meaning to the  
8 usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings,  
9 drawings, graphs, charts, photographs, audio and video recordings, computer records, and  
10 any other data compilations from which information can be obtained and translated, if  
11 necessary, through detection devices into reasonably usable form. A draft or  
12 non-identical copy is a separate document within the meaning of the term.  
13  
14

15           5.     “Individual Defendants” means Bruce D. Peeples, George Thomas, and  
16 Joshua D. Abramson.

17           6.     “Material fact” means any fact that is likely to affect a person’s choice of,  
18 or conduct regarding, goods or services.  
19

20           7.     “Person” means a natural person, organization, or other legal entity,  
21 including a corporation, partnership, proprietorship, association, cooperative, government  
22 or governmental subdivision or agency, or any other group or combination acting as an  
23 entity.  
24

25           8.     “Plaintiff” means the Federal Trade Commission.

26           9.     “Receiver” means the temporary receiver appointed in Section X of this  
27 Order and any deputy receivers that shall be named by the temporary receiver.  
28

1 10. "Receivership Defendants" means the Corporate Defendants.

2 11. "Representatives" means Defendants' successors, assigns, officers, agents,  
3 servants, employees, or attorneys, and any person or entity in active concert or  
4 participation with them who receives actual notice of this Order by personal service or  
5 otherwise.

6  
7 12. "Telemarketing" means any plan, program or campaign (whether or not  
8 covered by the Telemarketing Sales Rule, 16 C.F.R. Part 310) that is conducted to induce  
9 the purchase of goods or services by means of the use of one or more telephones.  
10

11 **ORDER**

12 **I. PROHIBITED BUSINESS ACTIVITIES**

13  
14 **IT IS THEREFORE ORDERED** that Defendants and their Representatives, in  
15 connection with the marketing of goods or services, or in the course of billing, attempting  
16 to collect, or collecting money from consumers for such goods or services, are hereby  
17 temporarily restrained and enjoined from:  
18

19 A. Making, or assisting in the making of, expressly or by implication, any false  
20 or misleading statement or representation of material fact, including, but not limited to,  
21 representing that consumers have ordered, purchased, or agreed to purchase goods or  
22 services from Defendants, and therefore owe money to Defendants; and  
23

24 B. Mailing, or causing others to mail, merchandise to consumers without the  
25 prior express request or consent of those consumers.

26 **II. PROHIBITIONS AGAINST DECEPTIVE AND ABUSIVE**  
27 **TELEMARKETING PRACTICES**

1           **IT IS FURTHER ORDERED** that, in connection with telemarketing, Defendants  
2 and their Representatives are hereby temporarily restrained and enjoined from engaging  
3 in or causing or assisting other persons to engage in, violations of any provision of the  
4 TSR, including, but not limited to, the following:

6           A.       Causing consumers' telephones to ring repeatedly, and/or engaging  
7 consumers repeatedly in telephone conversation with the intent to annoy, abuse, or harass  
8 persons at the called number, in violation of Section 310.4(b)(1)(i) of the TSR, 16 C.F.R.  
9 § 310.4(b)(1)(i);

11           B.       Causing billing information to be submitted for payment without the  
12 express informed consent of the consumer, in violation of Section 310.4(a)(6) of the TSR,  
13 16 C.F.R. § 310.4(a)(6);

15           C.       Causing billing information to be submitted for payment when using a  
16 payment method other than a credit card or a debit card, without the consumer's express  
17 verifiable authorization, in violation of Section 310.3(a)(3) of the TSR, 16 C.F.R. §  
18 310.3(a)(3);

20           D.       Initiating any outbound telemarketing call to a person's telephone number  
21 on the National Do Not Call Registry of persons who do not wish to receive outbound  
22 telephone calls to induce the purchase of goods or services, in violation of Section  
23 310.4(b)(1)(iii)(B) of the TSR, 16 C.F.R. § 310.4(b)(1)(iii)(B), unless:

- 25                   (1)       Defendants have obtained the express agreement, in writing, of such  
26                                person to place calls to that person. Such written agreement shall  
27                                clearly evidence such person's authorization that calls made by or on  
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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

(2) Defendants have an established business relationship with such person and that person has not previously stated that he or she does not wish to receive outbound telemarketing calls made by or on behalf of Defendants; and

E. Initiating any outbound telemarketing call to a person when that person has previously stated that he or she does not wish to receive an outbound telephone call made by or on behalf of Defendants, in violation of Section 310.4(b)(1)(iii)(A) of the TSR, 16 C.F.R. § 310.4(b)(1)(iii)(A).

**III. ASSET FREEZE**

**IT IS FURTHER ORDERED** that Defendants and their Representatives 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, whether within the United States or within a jurisdiction outside the United States, that are: (1) owned or controlled by any Defendant, in whole or in part, except up to the sum of \$500 per Individual Defendant; (2) held for the benefit of any Defendant; (3) in the actual or constructive possession of any

1 Defendant; or (4) owned, controlled by, or in the actual or constructive possession of any  
2 corporation, partnership, or other entity directly or indirectly owned, managed, or  
3 controlled by any Defendant, including, but not limited to, any assets held by or for, or  
4 subject to access by, any Defendant at any bank or savings and loan institution, or with  
5 any broker-dealer, escrow agent, title company, commodity trading company, precious  
6 metals dealer, or other financial institution or depository of any kind;

7  
8 B. Physically opening or causing to be opened any safe deposit boxes titled in  
9 the name of, or subject to access by, any Defendant;

10  
11 C. Incurring charges or cash advances on any credit card issued in the name,  
12 singly or jointly, of any Defendant;

13  
14 D. Obtaining a personal or secured loan encumbering the assets of any  
15 Defendant; and

16  
17 E. Incurring liens or other encumbrances on real property, personal property or  
18 other assets titled in the name, singly or jointly, of any Defendant.

19 The assets affected by this Section III shall include: (1) all assets of any  
20 Defendant as of the time of issuance of this Order; and (2) assets obtained after the time  
21 of issuance of this Order if the assets are derived from the conduct alleged in the  
22 Commission's Complaint.

23  
24 **IV. RETENTION OF ASSETS AND RECORDS BY**  
25 **FINANCIAL INSTITUTIONS**

26 **IT IS FURTHER ORDERED** that, pending determination of the Commission's  
27 request for a preliminary injunction, any financial or brokerage institution, business  
28



1 entity, or person served with a copy of this Order that holds, controls or maintains  
2 custody of any account or asset of any Defendant shall:

3  
4 A. Hold and retain within its control and prohibit the withdrawal, removal,  
5 assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion, sale, or  
6 other disposal of any such asset, other than the \$500 per Individual Defendant as set forth  
7 in Section III A of this Order, except by further order of the Court;

8  
9 B. Deny any person, except the Receiver acting pursuant to Section XI of this  
10 Order, access to any safe deposit box that is titled in the name of, individually or jointly,  
11 or otherwise subject to access by, any Defendant;

12  
13 C. Provide the Commission's counsel, within five (5) business days of  
14 receiving a copy of this Order, a sworn statement setting forth:

- 15 1. The identification number of each such account or asset titled in the  
16 name, individually or jointly, of any Defendant, or held on behalf of,  
17 or for the benefit of any Defendant;
- 18  
19 2. The balance of each such account, or a description of the nature and  
20 value of such asset as of the close of business on the day on which  
21 this Order is served, and, if the account or other asset has been  
22 closed or removed, the date closed or removed, the total funds  
23 removed in order to close the account, and the name of the person or  
24 entity to whom such account or other asset was remitted; and  
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1 3. The identification of any safe deposit box that is titled in the name  
2 of, individually or jointly, or otherwise subject to access by, any  
3 Defendant; and  
4

5 D. Upon request by the Commission, promptly provide the Commission with  
6 copies of all records or other documentation pertaining to each such account or asset,  
7 including, but not limited to, originals or copies of account applications, account  
8 statements, signature cards, checks, drafts, deposit tickets, transfers to and from the  
9 accounts, all other debit and credit instruments or slips, currency transaction reports, 1099  
10 forms, and safe deposit box logs.  
11

## 12 V. PRESERVATION OF RECORDS

13  
14 **IT IS FURTHER ORDERED** that Defendants and their Representatives are  
15 hereby temporarily restrained and enjoined from:

16 A. Destroying, erasing, mutilating, concealing, altering, transferring or  
17 otherwise disposing of, in any manner, directly or indirectly, any documents that relate to  
18 the business, business practices, assets, or business or personal finances of any  
19 Defendant; and  
20

21 B. Failing to create and maintain documents that, in reasonable detail,  
22 accurately, fairly, and completely reflect Defendants' incomes, disbursements,  
23 transactions, and use of money.  
24

## 25 VI. FINANCIAL DISCLOSURES

26 **IT IS FURTHER ORDERED** that each Defendant, within seventy-two hours  
27 (72) hours of service of this Order, shall prepare and deliver to counsel for the  
28

1 Commission and to the Receiver completed financial statements on the forms attached to  
2 this Order as Attachment A (Financial Statement of Individual Defendant) for themselves  
3 individually, and Attachment B (Financial Statement of Corporate Defendant) for each  
4 business entity under which they conduct business or of which they are an officer, and for  
5 each trust for which any Defendant is a trustee. The financial statements shall be accurate  
6 as of the date of entry of this Order. Each Defendant shall include in the financial  
7 statements a full accounting of all funds and assets, whether located inside or outside of  
8 the United States, that are: (a) titled in the name of such Defendant, jointly, severally, or  
9 individually; (b) held by any person or entity for the benefit of such Defendant; or (c)  
10 under the direct or indirect control of such Defendant.  
11  
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#### 13 **VII. CONSUMER CREDIT REPORTS**

14  
15 **IT IS FURTHER ORDERED** that pursuant to Section 604(1) of the Fair Credit  
16 Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a  
17 consumer report concerning any Defendant, to the Commission.  
18

#### 19 **VIII. FOREIGN ASSET REPATRIATION**

20 **IT IS FURTHER ORDERED** that within five (5) business days following the  
21 service of this Order, each Defendant shall:

22 A. Provide the Commission and the Receiver with a full accounting of all  
23 funds, documents, and assets outside of the United States which are: (1) titled in the  
24 name, individually or jointly, of any Defendant; or (2) held by any person or entity for the  
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1 benefit of any Defendant; or (3) under the direct or indirect control, whether jointly or  
2 singly, of any Defendant;

3  
4 B. Transfer to the territory of the United States and deliver to the Receiver all  
5 funds, documents, and assets located in foreign countries which are: (1) titled in the  
6 name individually or jointly of any Defendant; or (2) held by any person or entity, for the  
7 benefit of any Defendant; or (3) under the direct or indirect control of any Defendant,  
8 whether jointly or singly;

9  
10 C. Provide the Commission access to all records of accounts or assets of any  
11 Defendant held by financial institutions located outside the territorial United States by  
12 signing the Consent to Release of Financial Records appended to this Order as  
13 Attachment C.  
14

### 15 IX. INTERFERENCE WITH REPATRIATION

16 IT IS FURTHER ORDERED that Defendants and their Representatives are  
17 hereby temporarily restrained and enjoined from taking any action, directly or indirectly,  
18 which may result in the encumbrance or dissipation of foreign assets, or in the hindrance  
19 of the repatriation required by Section VIII of this Order, including but not limited to:  
20

21 A. Sending any statement, letter, fax, e-mail or wire transmission, telephoning  
22 or engaging in any other act, directly or indirectly, that results in a determination by a  
23 foreign trustee or other entity that a "duress" event has occurred under the terms of a  
24 foreign trust agreement until such time that all assets have been fully repatriated pursuant  
25 to Section VIII of this Order;  
26  
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1           B.     Notifying any trustee, protector or other agent of any foreign trust or other  
2 related entities of either the existence of this Order, or of the fact that repatriation is  
3 required pursuant to a Court Order, until such time that all assets have been fully  
4 repatriated pursuant to Section VIII of this Order.  
5

6                                   **X. APPOINTMENT OF TEMPORARY RECEIVER**

7           **IT IS FURTHER ORDERED** that Matthew Q. Callister, Esq is appointed  
8 temporary receiver for the Receivership Defendants. The Receiver shall be the agent of  
9 this Court, and solely the agent of this Court, in acting as Receiver under this Order. The  
10 Receiver shall be accountable directly to this Court.  
11

12                                   **XI. RECEIVER'S DUTIES**

13           **IT IS FURTHER ORDERED** that the Receiver is authorized and directed to  
14 accomplish the following:  
15

16           A.     Assume full control of the Receivership Defendants by removing, as the  
17 Receiver deems necessary or advisable, any director, officer, independent contractor,  
18 employee, or agent of any of the Receivership Defendants, including any Defendant, from  
19 control of, management of, or participation in, the affairs of the Receivership Defendants;  
20

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

7 C. Take all steps necessary to secure each location from which the  
8 Receivership Defendants operate their business. Such steps may include, but are not  
9 limited to, any of the following, as the Receiver deems necessary or advisable:

10 (1) serving this Order; (2) completing a written inventory of all Receivership assets;  
11 (3) obtaining pertinent information from all employees and other agents of the  
12 Receivership Defendants, including, but not limited to, the name, home address, Social  
13 Security Number, job description, passwords or access codes, method of compensation,  
14 and all accrued and unpaid commissions and compensation of each such employee or  
15 agent; (4) photographing and video taping any or all portions of the location; (5) securing  
16 the location by changing the locks and disconnecting any computer modems or other  
17 means of access to the computer or other records maintained at that location; and (6)  
18 requiring any persons present on the premises at the time this Order is served to leave the  
19 premises, to provide the Receiver with proof of identification, or to demonstrate to the  
20 satisfaction of the Receiver that such persons are not removing from the premises  
21 documents or assets of the Receivership Defendants. Law enforcement personnel,  
22 including, but not limited to, police or sheriffs, may assist the Receiver in implementing  
23 these provisions in order to keep the peace and maintain security. If requested by the  
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1 Receiver, the United States Marshal will provide appropriate and necessary assistance to  
2 the Receiver to implement this Order and is authorized to use any necessary and  
3 reasonable force to do so;

4  
5 D. Conserve, hold, and manage all assets of the Receivership Defendants, and  
6 perform all acts necessary or advisable to preserve the value of those assets in order to  
7 prevent any irreparable loss, damage, or injury to consumers or creditors of the  
8 Receivership Defendants, including, but not limited to, obtaining an accounting of the  
9 assets and preventing the unauthorized transfer, withdrawal, or misapplication of assets,  
10 other than the \$500 per Individual Defendant as set forth in Section III A of this Order;

11  
12 E. Enter into contracts and purchase insurance as advisable or necessary;

13  
14 F. Prevent the inequitable distribution of assets and determine, adjust, and  
15 protect the interests of consumers and creditors who have transacted business with the  
16 Receivership Defendants;

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

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

1 I. Make payments and disbursements from the receivership estate that are  
2 necessary or advisable for carrying out the directions of, or exercising the authority  
3 granted by, this Order. The Receiver shall apply to the Court for prior approval of any  
4 payment of any debt or obligation incurred by the Receivership Defendants prior to the  
5 date of entry of this Order, except payments that the Receiver deems necessary or  
6 advisable to secure assets of the Receivership Defendants, such as rental payments;  
7

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

11 K. Institute, compromise, adjust, appear in, intervene in, or become party to  
12 such actions or proceedings in state, federal or foreign courts or arbitration proceedings as  
13 the Receiver deems necessary and advisable to preserve or recover the assets of the  
14 Receivership Defendants, or that the Receiver deems necessary and advisable to carry out  
15 the Receiver's mandate under this Order, including but not limited to, actions challenging  
16 fraudulent or voidable transfers;  
17

18 L. Defend, compromise, adjust, or otherwise dispose of any or all actions or  
19 proceedings instituted in the past or in the future against the Receiver in his role as  
20 Receiver, or against the Receivership Defendants, as the Receiver deems necessary and  
21 advisable to preserve the assets of the Receivership Defendants, or as the Receiver deems  
22 necessary and advisable to carry out the Receiver's mandate under this Order;  
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25 M. Issue subpoenas to obtain documents and records pertaining to the  
26 Receivership, and conduct discovery in this action on behalf of the Receivership estate;  
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1 N. Open one or more bank accounts as designated depositories for funds of the  
2 Receivership Defendants. The Receiver shall deposit all funds of the Receivership  
3 Defendants in such a designated account and shall make all payments and disbursements  
4 from the Receivership estate from such an account. The Receiver shall serve copies of  
5 monthly account statements on all parties;  
6

7 O. Maintain accurate records of all receipts and expenditures incurred as  
8 Receiver; and  
9

10 P. Cooperate with reasonable requests for information or assistance from any  
11 state or federal law enforcement agency.

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

13 **IT IS FURTHER ORDERED** that Defendants, their Representatives, and any  
14 other person or entity with possession, custody or control of property of or records  
15 relating to the Receivership Defendants shall upon notice of this Order by personal  
16 service or otherwise immediately notify the Receiver of, and, upon receiving a request  
17 from the Receiver, immediately transfer or deliver to the Receiver possession, custody,  
18 and control of, the following:  
19  
20

21 A. All assets of the Receivership Defendants;

22 B. All documents of the Receivership Defendants, including, but not limited  
23 to, books and records of accounts, all financial and accounting records, balance sheets,  
24 income statements, bank records (including monthly statements, canceled checks, records  
25 of wire transfers, and check registers), client lists, title documents and other papers;  
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1 C. All computers and data in whatever form used to conduct the business of  
2 the Receivership Defendants;

3 D. All assets belonging to other persons or entities whose interests are now  
4 under the direction, possession, custody, or control of, the Receivership Defendants; and  
5

6 E. All keys, codes, and passwords necessary to gain or to secure access to any  
7 assets or documents of the Receivership Defendants, including, but not limited to, access  
8 to their business premises, means of communication, accounts, computer systems, or  
9 other property.  
10

11 In the event that any person or entity fails to deliver or transfer any asset or  
12 otherwise fails to comply with any provision of this Section XII, the Receiver may file *ex*  
13 *parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit,  
14 the Court may authorize, without additional process or demand, Writs of Possession or  
15 Sequestration or other equitable writs requested by the Receiver. The writs may authorize  
16 and direct the United States Marshal or any sheriff or deputy sheriff of any county, or any  
17 other federal or state law enforcement officer, to seize the asset, document, or other item  
18 covered by this Section XII and to deliver it to the Receiver.  
19  
20

### 21 XIII. PROVISION OF INFORMATION TO RECEIVER

22 IT IS FURTHER ORDERED that Defendants shall provide to the Receiver,  
23 immediately upon request, the following:  
24

25 A. A list of all assets and property, including accounts, of the Receivership  
26 Defendants that are held in any name other than the name of a Receivership Defendant, or  
27 by any person or entity other than a Receivership Defendant; and  
28

1 B. A list of all agents, employees, officers, servants or those persons in active  
2 concert and participation with the Individual Defendants and Receivership Defendants,  
3 who have been associated or done business with the Receivership Defendants.  
4

#### 5 **XIV. COOPERATION WITH THE RECEIVER**

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

**IT IS FURTHER ORDERED** that Defendants and their Representatives 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.

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

**IT IS FURTHER ORDERED** that, except by leave of this Court, during pendency of the Receivership ordered herein, Defendants, their Representatives, 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;

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

6           C.     Filing or enforcing any lien on any asset of the Receivership Defendants,  
7 taking or attempting to take possession, custody, or control of any asset of the  
8 Receivership Defendants; or attempting to foreclose, forfeit, alter, or terminate any  
9 interest in any asset of the Receivership Defendants, whether such acts are part of a  
10 judicial proceeding, are acts of self-help, or otherwise;

12           D.     Initiating any other process or proceeding that would interfere with the  
13 Receiver managing or taking custody, control, or possession of, the assets or documents  
14 subject to this receivership.

16 *Provided that*, this Order does not stay: (i) the commencement or continuation of a  
17 criminal action or proceeding; (ii) the commencement or continuation of an action or  
18 proceeding by a governmental unit to enforce such governmental unit's police or  
19 regulatory power; or (iii) the enforcement of a judgment, other than a money judgment,  
20 obtained in an action or proceeding by a governmental unit to enforce such governmental  
21 unit's police or regulatory power.  
22

## 23                               **XVII. COMPENSATION OF RECEIVER**

24           **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by the  
25 Receiver as herein authorized, including counsel to the Receiver and accountants, are  
26 entitled to reasonable compensation for the performance of duties pursuant to this Order  
27  
28

1 and for the cost of actual out-of-pocket expenses incurred by them, from the assets now  
2 held by, in the possession or control of, or which may be received by, the Receivership  
3 Defendants. The Receiver shall file with the Court and serve on the parties periodic  
4 requests for the payment of such reasonable compensation, with the first such request  
5 filed no more than sixty (60) days after the date of entry of this Order. The Receiver shall  
6 not increase the hourly rates used as the bases for such fee applications without prior  
7 approval of the Court.  
8

9  
10 **XVIII. RECEIVER'S BOND**

11 **IT IS FURTHER ORDERED** that the Receiver shall file with the Clerk of this  
12 Court a bond in the sum of \$10,000.00 with sureties to be approved by the Court,  
13 conditioned that the Receiver will well and truly perform the duties of the office and  
14 abide by and perform all acts the Court directs. 28 U.S.C. § 754.  
15

16 **XX. ACCESS TO BUSINESS OFFICES AND RECORDS**

17 **IT IS FURTHER ORDERED** that, in order to allow the Commission and the  
18 Receiver to preserve assets and evidence relevant to this action, and to expedite  
19 discovery, Plaintiff and Receiver, and their representatives, agents, and assistants, shall  
20 have immediate access to the business premises of the Receivership Defendants. Such  
21 locations include, but are not limited to: (i) 3001 West Indian School Road #12, Phoenix,  
22 Arizona 85017; (ii) 12450 N. 35th Avenue, Phoenix, Arizona 85029; and (iii) 329 West  
23 Lone Cactus Drive #10, Phoenix, Arizona 85027. The Commission and the Receiver, and  
24 their representatives, agents, and assistants, are authorized to employ the assistance of the  
25 U.S. Marshal's office and other law enforcement officers as they deem necessary to effect  
26  
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1 service and to implement peacefully the provisions of this Order. The Commission and  
2 the Receiver, and their representatives, agents, and assistants, are authorized to remove  
3 documents from the Receivership Defendants' premises in order that they may be  
4 inspected, inventoried, and copied for the purpose of preserving discoverable material in  
5 connection with this action.  
6

7 Furthermore, the Receiver shall allow the Defendants reasonable access to the  
8 premises and business records of the Receivership Defendants within his possession for  
9 the purpose of inspecting and copying materials relevant to this action. The Receiver  
10 shall have the discretion to determine the reasonable time, manner, and reasonable  
11 conditions of such access.  
12

13 **XXI. EXPEDITED DISCOVERY**  
14

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

20 A. The Commission, Defendants, and the Receiver may take the depositions of  
21 parties and non-parties. Seventy-two (72) hours notice shall be sufficient notice for such  
22 depositions;  
23

24 B. The Commission, Defendants, and the Receiver may serve upon parties  
25 requests for production of documents or inspection that require production or inspection  
26 within five (5) calendar days of service, and may serve subpoenas upon non-parties that  
27 direct production or inspection within five (5) calendar days of service;  
28

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

5  
6 D. Any discovery taken pursuant to this Order is in addition to, and is not  
7 subject to, the presumptive limits on discovery set forth in the Federal Rules of Civil  
8 Procedure and Local Rules of this Court. If a party fails to appear for a properly noticed  
9 deposition or fails to comply with a request for production or inspection, then that party  
10 may be prohibited from introducing evidence at the hearing on the Commission's request  
11 for a preliminary injunction.  
12

13 **XXII. SERVICE BY FACSIMILE AUTHORIZED**

14  
15 **IT IS FURTHER ORDERED** that copies of this Order may be served by any  
16 means, including facsimile transmission, upon any financial institution or other entity or  
17 person that may have possession, custody, or control of any documents or assets of any  
18 Defendant, or that may otherwise be subject to any provision of this Order. Service upon  
19 any branch or office of any financial institution shall effect service upon the entire  
20 financial institution.  
21

22 **XXIII. DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

23  
24 **IT IS FURTHER ORDERED** that Defendants shall immediately provide a copy  
25 of this Order to each of their affiliates, subsidiaries, divisions, sales entities, successors,  
26 assigns, officers, directors, employees, independent contractors, client companies, agents,  
27 attorneys, spouses and representatives, and shall, within ten (10) days from the date of  
28



1 entry of this Order, provide the Commission with a sworn statement that: (A) confirms  
2 that Defendants have provided copies of the Order as required by this paragraph; and (B)  
3 lists the names and addresses of each entity or person to whom Defendants provided a  
4 copy of the Order. Furthermore, Defendants shall not take any action that would  
5 encourage officers, agents, directors, employees, salespersons, independent contractors,  
6 attorneys, subsidiaries, affiliates, successors, assigns or other persons or entities in active  
7 concert or participation with them to disregard this Order or believe that they are not  
8 bound by its provisions.  
9  
10

11 **XXIV. DURATION OF TEMPORARY RESTRAINING ORDER**

12 **IT IS FURTHER ORDERED** that the Temporary Restraining Order granted  
13 herein shall expire ten (10) days from the date of entry noted below unless, within such  
14 time, the Order is extended for an additional period not to exceed ten (10) days for good  
15 cause shown, or unless, as to any Defendant, such Defendant consents to an extension for  
16 a longer period.  
17

18 **XXV. ORDER TO SHOW CAUSE REGARDING**  
19 **PRELIMINARY INJUNCTION**

20 **IT IS FURTHER ORDERED**, pursuant to Federal Rule of Civil Procedure 65(b),  
21 that each Defendant shall appear before this Court on the 29th day of May, 2008, at two  
22 o'clock pm, to show cause, if there is any, why this Court should not enter a Preliminary  
23 Injunction enjoining the violations of law alleged in the Commission's Complaint,  
24 continuing the freeze of their assets, permanently continuing the Receivership and  
25 imposing such additional relief as may be appropriate.  
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**XXVI. BRIEFS AND AFFIDAVITS CONCERNING  
PRELIMINARY INJUNCTION**

**IT IS FURTHER ORDERED** that any brief concerning the Commission's request for entry of a preliminary injunction must be filed with the Clerk's Office and received by counsel that have entered an appearance no later than 24 hours before the time scheduled for the preliminary injunction 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's 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.

**XXVII. SERVICE UPON PLAINTIFF**

**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 hand delivery to the offices of the Federal Trade Commission, at 600 Pennsylvania Avenue, NW, Room H-286, Washington, DC 20580, and addressed to the

1 attention of Kathleen Benway, or by overnight shipment through a third-party commercial  
2 carrier for delivery at this address.

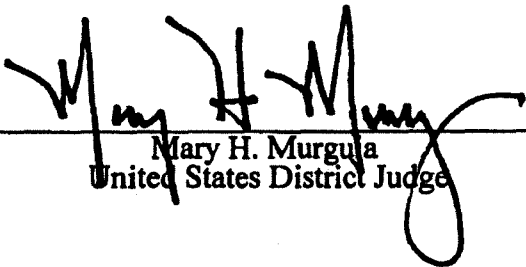
3 **XXVIII. RETENTION OF JURISDICTION**

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

6 **SO ORDERED.**

7 **DATED** this 14th day of May, 2008 at 12:00 p.m.

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Mary H. Murgula  
United States District Judge

I hereby attest and certify on 5-14-08  
that the foregoing document is a full, true and correct  
copy of the original on file in my office and in my custody.

**CLERK, U.S. DISTRICT COURT  
DISTRICT OF ARIZONA**

by  Deputy

ATTACHMENT "A"

FEDERAL TRADE COMMISSION
FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

Instructions:

Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly. Attach additional pages as necessary to answer all questions fully. Initial each page in the space provided in the lower right corner. Sign and date the completed financial statement on the last page.

BACKGROUND INFORMATION

Item 1. Information About You

Your Full Name Social Security #
Current Address From (Date)
Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used Marital status

Item 2. Information About Spouse, Dependents

Name Date of Birth
Relationship Social Security No.
Name Date of Birth
Relationship Social Security No.

Item 3. Employment Information

Provide the following information for this year-to-date and for each of the previous three full years, for each company of which you were a director, officer, employee, agent, or consultant at any time during that period.

Company Name & Address
Position Held and Dates Employed:
Company Name & Address
Position Held and Dates Employed:
Company Name & Address
Position Held and Dates Employed:

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 4. 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.

Owner's Name Name & Address of Depository Institution Box No.

**Item 5. Cash, Bank Accounts, Money Market Accounts, Certificates of Deposit**

List cash and all bank accounts, money market accounts, 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 6. Publicly Traded and Government Securities**

List all 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. In the alternative, attach the most recent brokerage statement for each account.

<u>Name of Security</u>	<u># of units owned</u>	<u>Owner of security</u>	<u>Location of Security</u>	<u>Current Value</u>

**Item 7. Other Business Interests**

List all other business interests, including but not limited to, non-public corporations, general or limited partnership interests, sole proprietorships, and oil and mineral leases, in which you, your spouse, or your dependents, are an officer, director, or have an ownership interest.

►Business Format \_\_\_\_\_ Business' Name & Address \_\_\_\_\_  
 Ownership % \_\_\_\_\_ Officer/Director \_\_\_\_\_  
 Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

►Business Format \_\_\_\_\_ Business' Name & Address \_\_\_\_\_  
 Ownership % \_\_\_\_\_ Officer/Director \_\_\_\_\_  
 Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

**Item 8. Amounts Owed to You, Your Spouse, or Your Dependents**

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

Debtor's Name, Address, & Telephone No. \_\_\_\_\_  
 Original Amount Owed \$ \_\_\_\_\_ Current Amount Owed \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 9. 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.

**Item 9, continued.**

<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 10. 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. \_\_\_\_\_  
 Current Value \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_  
 Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_  
 Current Value \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

▶ Vehicle Type \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_  
 Registered Owner's Name \_\_\_\_\_ Registration State & No. \_\_\_\_\_  
 Current Value \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

**Item 11. 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 \_\_\_\_\_  
 Current Value \$ \_\_\_\_\_ 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 \$ \_\_\_\_\_ Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_  
 Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_  
 Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

**Item 12. 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 13. Loans and Liabilities**

List all 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 14. Tax Returns**

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

<u>Tax Year</u>	<u>Refund Expected</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____

**Item 15. Transfers of Assets**

List each person to whom you have transferred, in the aggregate, more than \$5000 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 16.** Combined Balance Sheet for You, Your Spouse, and Your Dependents. "You" includes yourself, your spouse, and your dependents.

ASSETS

LIABILITIES

Cash on Hand \$ \_\_\_\_\_

Cash in Financial Institutions \$ \_\_\_\_\_

Securities \$ \_\_\_\_\_

Other Business Interests \$ \_\_\_\_\_

Amounts Owed to You \$ \_\_\_\_\_

Personal Property You Own \$ \_\_\_\_\_

Value of Vehicles, Boats, Airplanes You Own \$ \_\_\_\_\_

Value of Real Property You Own \$ \_\_\_\_\_

Other Assets You Own (Itemize) \$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

Total Assets \$ \_\_\_\_\_

Credit Cards Balances \$ \_\_\_\_\_

Motor Vehicles, Boats, Airplanes - Liens \$ \_\_\_\_\_

Real Property - Mortgages \$ \_\_\_\_\_

Loans Against Securities \$ \_\_\_\_\_

Taxes Owed by You \$ \_\_\_\_\_

Other Loans and Liabilities (Itemize) \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total Liabilities \$ \_\_\_\_\_



**Item 17. 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.

INCOME

EXPENSES

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	\$ _____
Social Security Payments	\$ _____	Other Insurance Premiums	\$ _____
Alimony/Child Support Received	\$ _____	Other Transportation Expenses	\$ _____
Other Income (Itemize)		Other Household Expenses	\$ _____
_____	\$ _____	Other Expenses (Itemize)	
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Income</b>	\$ <u>_____</u>	<b>Total Expenses</b>	\$ <u>_____</u>

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

ATTACHMENT "B"

FEDERAL TRADE COMMISSION
FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

- 1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why. 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. 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. 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.
2. 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.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name
Primary Business Address From (Date)

Provide 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

List 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 Tax ID No.

Item 3. Principal Stockholders

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

Table with 2 columns: Name & Address, % Owned

**Item 4. 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 5. 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>

**Item 6. Businesses Related to Individuals**

List all corporations, partnerships, and other business entities in which the corporation's principal stockholders and officers (i.e., the individuals listed above) have an ownership interest.

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

**Item 7. 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 and officers (i.e., the individuals listed above).

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

**Item 8. 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 9. 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.

Name, Address, & Telephone Number

Position(s) Held

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Item 10. Attorneys**

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

Name

Firm Name

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Item 11. All litigation involving the Corporation**

List all pending lawsuits in which the corporation is involved in court or before an administrative agency.

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 \_\_\_\_\_

**FINANCIAL INFORMATION**

**Item 12. 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 13. 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>

**Item 14. 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 15. 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 14 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>Pavables</u>	\$ _____			
<u>Receivables</u>	\$ _____			

**Item 16. 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 17. 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 18. Other Assets**

List all other property, by category, with an estimated value of \$5000 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 19. 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 20. Monetary Judgments and Settlements Owed By and To the Corporation**

List all monetary judgments and settlements, recorded and unrecorded, owed by and 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 21. 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 \_\_\_\_\_

Name of Agency \_\_\_\_\_ Contact Person \_\_\_\_\_  
 Address \_\_\_\_\_ Telephone No. \_\_\_\_\_  
 Agreement Date \_\_\_\_\_ Nature of Agreement \_\_\_\_\_

**Item 22. Credit Cards**

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

Name of Credit Card or Store Names of Authorized Users and Positions Held

_____	_____
_____	_____
_____	_____
_____	_____

**Item 23. Compensation of Employees**

List all compensation and other benefits paid by the corporation to the five most highly compensated employees, independent contractors, and consultants, 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 24. Compensation of Board Members and Officers**

List all compensation and other benefits received from the corporation by Board Members and Officers 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 25. Transfers of Assets Including Cash and Property**

List all transfers of assets over \$5,000 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>
		\$		
		\$		
		\$		

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Corporate Position

ATTACHMENT "C"

**Consent to Release of Financial Records, Individual**

I, \_\_\_\_\_, do hereby direct any bank, trust company, or financial institution, at which I have an account of any kind upon which I am authorized to draw, and its officers, employees, and agents, to disclose all information and deliver copies of all documents of every nature in their possession or control that relate to any such account to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of *Federal Trade Commission v. Handicapped & Disabled Workshops, Inc., et al.*, now pending in the United States District Court for the District of Arizona, and this shall be irrevocable authority for so doing.

This direction is intended to apply to the laws of countries other than the United States that restrict or prohibit the disclosure of financial information without the consent of the holder of the account, or its officers, and shall be construed as consent with respect thereto.

Dated: \_\_\_\_\_, 2008

Signature: \_\_\_\_\_

**Consent to Release of Financial Records, Corporate**

I, \_\_\_\_\_, as an officer of \_\_\_\_\_, do hereby direct any bank, trust company, or financial institution, at which \_\_\_\_\_ has an account of any kind upon which \_\_\_\_\_ is authorized to draw, and its officers, employees, and agents, to disclose all information and deliver copies of all documents of every nature in their possession or control that relate to any such account to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of *Federal Trade Commission v. Handicapped & Disabled Workshops, Inc., et al.*, now pending in the United States District Court for the District of Arizona, and this shall be irrevocable authority for so doing.

This direction is intended to apply to the laws of countries other than the United States that restrict or prohibit the disclosure of financial information without the consent of the holder of the account, or its officers, and shall be construed as consent with respect thereto.

Dated: \_\_\_\_\_, 2008

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_