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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 Federal Trade Commission,
10 Plaintiff,
11 v.
12 Vemma Nutrition Company, *et al.*,
13 Defendants.

No. CV-15-01578-PHX-JJT

ORDER

FILED UNDER SEAL

14
15 Plaintiff Federal Trade Commission ("FTC") filed its Complaint for Permanent
16 Injunction and Other Equitable Relief against Vemma Nutrition Company, Vemma
17 International Holdings, Inc., Benson K. Boreyko a/k/a B.K. Boreyko, and Tom Alkazin
18 as Defendants, and Bethany Alkazin as Relief Defendant, under Section 13(b) of the
19 Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), and moved for an *ex*
20 *parte* temporary restraining order, asset freeze, and a preliminary injunction hearing
21 under Rule 65 of the Federal Rules of Civil Procedure. The Court has considered the
22 Complaint, declarations, exhibits, and memorandum of law filed in support (Docs. 3, 4,
23 9-15, filed under seal) and finds that:

24 **FINDINGS**

25 1. This Court has jurisdiction over the subject matter of this case, and there is
26 good cause to believe it will have jurisdiction over the parties.

27 2. This Court is a proper venue for this case.
28

1 3. The Complaint states a claim upon which relief may be granted under
2 Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b).

3 4. Section 13(b) of the FTC Act allows this Court to grant the FTC a
4 preliminary injunction upon a showing that, weighing the equities and considering the
5 FTC's ultimate likelihood of success, a preliminary injunction is in the public interest. 15
6 U.S.C. § 53(b).

7 5. In deciding whether to grant preliminary relief, the Court must: (a) consider
8 the likelihood that the FTC will ultimately succeed on the merits; and (b) balance the
9 equities. *FTC v. Affordable Media, LLC*, 179 F.3d 1228, 1233 (9th Cir. 1999). The FTC
10 "need not show irreparable harm to obtain a preliminary injunction." *Id.* at 1233 (quoting
11 *FTC v. Warner Commc'ns, Inc.*, 742 F.2d 1156, 1159 (9th Cir. 1984)).

12 6. The FTC has shown a likelihood that it will ultimately succeed on the
13 merits. Based upon the evidence presented, there is good cause to believe that Defendants
14 have violated Section 5(a) of the FTC Act by:

- 15 a) Operating an illegal pyramid scheme;
- 16 b) Falsely representing that members of the Vemma program
17 ("Affiliates") are likely to earn substantial income;
- 18 c) Representing that individuals have earned substantial income from
19 participation in the Vemma program and that consumers who become Vemma
20 Affiliates have the ability to earn substantial income, while failing to disclose, or
21 disclose adequately, that Vemma's structure ensures that most consumers who
22 become Vemma Affiliates will not earn substantial income; and
- 23 d) Providing the means and instrumentalities for the commission of
24 deceptive acts and practices by furnishing Vemma Affiliates with promotional
25 materials to be used in recruiting new participants that contain false and
26 misleading representations.

27 7. A proper balance of the equities in this matter favors the FTC.
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1 a) Based upon the evidence presented, there is good cause to believe
2 that:

3 i) Defendants are violating and, unless enjoined by this Court,
4 will continue to violate Section 5(a) of the FTC Act;

5 ii) Consumers nationwide have suffered and, unless enjoined by
6 this Court, will continue to suffer harm including economic injury as a
7 result of Defendants' violations of Section 5(a) of the FTC Act; and

8 iii) Defendants have received and, unless enjoined by this Court,
9 will continue to receive, ill-gotten gains as a result of their violations of
10 Section 5(a) of the FTC Act;

11 b) This Court finds that the public interest is served by:

12 i) Enjoining deceptive or unfair acts or practices that violate the
13 law;

14 ii) Maintaining the *status quo* over assets and business
15 documents relating to Defendants' alleged law violations until a fair and
16 impartial hearing may be held; and

17 iii) Preserving the Court's ability to award full and effective final
18 relief at trial or other disposition of this matter;

19 c) This Court further finds that, under the facts presented, the private
20 interests of Defendants do not outweigh the public interest in enjoining future law
21 violations, protecting assets or documents, or preserving the Court's ability to
22 award effective full and final relief.

23 8. The Federal Rules of Civil Procedure permit this Court to issue an *ex parte*
24 temporary restraining order where specific facts clearly show a likelihood that immediate
25 and irreparable injury, loss, or damage will result if notice is provided. Fed. R. Civ. P.
26 65(b)(1). As stated above, the FTC is likely to succeed in demonstrating that Defendants
27 are violating and, unless enjoined by this Court, will continue to violate Section 5(a) of
28 the FTC Act. There is good cause to believe that immediate and irreparable damage to

1 the FTC's ability to obtain effective final relief on behalf of consumers—including
2 rescission or reformation of contracts, restitution, refunds of monies paid, and
3 disgorgement of ill-gotten monies—will occur from the sale, transfer, or other disposition
4 or concealment by Defendants of assets and/or business documents or records, if
5 Defendants are provided with advance notice of this Order. Therefore, in accordance
6 with Rule 65(b)(1), the interests of justice require that this Order be entered without prior
7 notice to Defendants. In making this determination, the Court relies upon the following:

8 a) In the FTC's law enforcement experience, defendants who receive
9 notice of the filing of an action by the FTC often attempt to immediately dissipate
10 assets or destroy documents. The FTC has provided, in its Rule 65(b)(1)(B)
11 declaration, numerous examples of defendants who have or have attempted to
12 interfere with the Court's ability to award full and effective final relief by
13 dissipating assets or destroying documents. Such conduct is likely in cases such as
14 this, where defendants have generated hundreds of millions of dollars using
15 business practices permeated by deception.

16 b) Additionally, Corporate Defendants have connections to associated
17 companies and bank accounts in foreign jurisdictions, including Kenya, China,
18 Canada, Australia, Mexico, Taiwan, Singapore, and Vietnam. Corporate
19 Defendants can easily transfer assets to these foreign bank accounts and have done
20 so repeatedly. Through his control over Corporate Defendants, Defendant Benson
21 K. Boreyko can take advantage of these connections and accounts to dissipate
22 assets.

23 c) Corporate Defendants have commingled funds, with one depositing
24 the checks of the other, including state tax refund checks, and paying the other's
25 credit card statements.

26 9. The FTC has established that it is likely to succeed in proving that
27 Defendants collectively have engaged in a course of conduct to deceive consumers
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1 nationwide out of hundreds of millions of dollars. The same factors that justify issuance
2 of relief on an *ex parte* basis also establish that an asset freeze is appropriate.

3 10. Because the FTC is likely to succeed on the merits of its Complaint, the
4 balance of the equities tips in the FTC's favor considering the public interest, and
5 immediate and irreparable harm, including the dissipation of assets, is likely absent
6 immediate injunctive relief, this Court finds that an *ex parte* temporary restraining order
7 with an asset freeze and receivership provisions is warranted.

8 11. The United States, its officers, and its agencies are not required to give
9 security before issuance of a temporary restraining order. Fed. R. Civ. P. 65(c).

10 **DEFINITIONS**

11 For the purposes of this Order, the following definitions apply:

12 A. "Asset" or "Assets" means any legal or equitable interest in, right to, or
13 claim to any item of economic value, in whole or part, whether tangible or intangible,
14 including, but not limited to, accounts, accounts receivable, cash, certificates of deposit,
15 chattels, checks, contracts, credits, currency, fixtures, funds, equipment, income,
16 intellectual property, inventory, instruments, investments, leaseholds, lines of credit,
17 mail, notes, personal property, real property, revenues, securities, shares of stock, trusts,
18 or any interest therein, whether located within or outside the United States.

19 B. "Clear(ly) and conspicuous(ly)" means that a required disclosure is
20 difficult to miss (*i.e.*, easily noticeable) and easily understandable by ordinary consumers,
21 including in all of the following ways:

22 1. In any communication that is solely visual or solely audible, the
23 disclosure must be made through the same means through which the
24 communication is presented. In any communication made through both visual and
25 audible means, such as a television advertisement, the disclosure must be
26 presented simultaneously in both the visual and audible portions of the
27 communication even if the representation requiring the disclosure is made in only
28 one means.

1 2. A visual disclosure, by its size, contrast, location, the length of time
2 it appears, and other characteristics, must stand out from any accompanying text or
3 other visual elements so that it is easily noticed, read, and understood.

4 3. An audible disclosure, including by telephone or streaming video,
5 must be delivered in a volume, speed, and cadence sufficient for ordinary
6 consumers to easily hear and understand it.

7 4. In any communication using an interactive electronic medium, such
8 as the Internet or software, the disclosure must be unavoidable.

9 5. On a product label, the disclosure must be presented on the principal
10 display panel.

11 6. The disclosure must use diction and syntax understandable to
12 ordinary consumers and must appear in each language in which the representation
13 that requires the disclosure appears.

14 7. The disclosure must comply with these requirements in each
15 medium through which it is received, including all electronic devices and face-to-
16 face communications.

17 8. The disclosure must not be contradicted or mitigated by, or
18 inconsistent with, anything else in the communication.

19 9. When the representation or sales practice targets a specific audience,
20 such as children, the elderly, or the terminally ill, "ordinary consumers" includes
21 reasonable members of that audience.

22 C. **"Defendants"** means all of the Individual Defendants and the Corporate
23 Defendants, individually, collectively, or in any combination.

24 1. **"Individual Defendants"** means Benson K. Boreyko a/k/a B.K.
25 Boreyko and Tom Alkazin, and by whatever other names each may be known.

26 2. **"Corporate Defendants"** or **"Receivership Defendants"** means
27 Vemma Nutrition Company and Vemma International Holdings, Inc., and their
28 successors and assigns, as well as any subsidiaries, fictitious business entities, or

1 business names created or used by these entities, or by entities owned or controlled
2 by the Individual Defendants, that are related to, or receive funds from, the sale of
3 health and wellness products or business opportunities related to health and
4 wellness products.

5 D. **“Document”** means the complete original and any non-identical copy
6 (whether different from the original because of notations or otherwise) of any
7 electronically stored information or filed, graphic, imaged, printed, punched, texted,
8 transcribed, typed, or written matter of every type and description, including, but not
9 limited to, writings, drawings, graphs, charts, photographs, sound records, images, and
10 other data or data compilations that are stored in any medium from which information
11 can be obtained either directly or indirectly or, if necessary, translated into a reasonably
12 usable form.

13 E. **“Financial institution”** means insured bank, commercial bank or trust
14 company, private banker, agency or branch of a foreign bank whether located within or
15 outside the United States, credit union, thrift institution, broker or dealer registered with
16 the Securities and Exchange Commission, broker or dealer in securities or commodities,
17 whether or not registered with the Securities and Exchange Commission, investment
18 banker or investment company, currency exchange, issuer, redeemer, or cashier of
19 travelers’ checks, checks, money orders, or similar investments, operator of a credit card
20 system, insurance company, dealer in precious metals, stones, or jewels, pawnbroker,
21 loan or finance company, licensed sender of money or other person who engages as a
22 business in the transmission of funds, telegraph company, persons involved in real estate
23 closings and settlements, casino, or gaming establishment.

24 F. **“Marketing Program”** includes, but is not limited to, any multi-level
25 marketing program, business opportunity, pyramid marketing scheme, Ponzi scheme, or
26 chain marketing scheme.

27 G. **“Material”** means likely to affect a person’s choice of, or conduct
28 regarding, goods or services.

1 H. **“Person”** means an individual, organization, financial institution, or other
2 legal entity, including, but not limited to, an association, cooperative, corporation, limited
3 liability company, partnership, proprietorship, or trust, or combination thereof.

4 I. **“Temporary Receiver”** means the receiver appointed in Section X of this
5 Order and any deputy receivers that shall be named by the Temporary Receiver.

6 **ORDER**

7 **IT IS HEREBY ORDERED** granting Plaintiff Federal Trade Commission’s *Ex*
8 *Parte* Application for Temporary Restraining Order with Asset Freeze, Appointment of a
9 Receiver, and Other Equitable Relief (Doc. 4, filed under seal).

10 **I. PROHIBITED BUSINESS ACTIVITIES**

11 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
12 employees, and attorneys, and all other persons in active concert or participation with any
13 of them, who receive actual notice of this Order, whether acting directly or indirectly, in
14 connection with the advertising, marketing, promotion, or operation of any Marketing
15 Program, are temporarily restrained and enjoined from:

16 A. Engaging in, participating in, or assisting others in engaging in or
17 participating in, any Marketing Program that:

18 1. Pays compensation for recruiting new members;

19 2. Encourages or incentivizes members to purchase goods or services
20 to maintain eligibility for bonuses, rewards, or commissions rather than for resale
21 or personal use;

22 3. Induces others to encourage or incentivize members to purchase
23 goods or services to maintain eligibility for bonuses, rewards, or commissions
24 rather than for resale or personal use;

25 4. Pays any compensation related to the purchase or sale of goods or
26 services unless the majority of such compensation is derived from sales to or
27 purchases by persons who are not members of the Marketing Program; or

28 5. Constitutes a pyramid scheme;

1 B. Misrepresenting, or assisting others in misrepresenting, directly or
2 indirectly, expressly or by implication, any material fact, including, but not limited to,
3 that consumers who participate in a Marketing Program will receive or are likely to
4 receive substantial income;

5 C. Failing to disclose, clearly and conspicuously, to any prospective member
6 in any Marketing Program to whom any earnings, profits, or sales volume claims have
7 been made:

8 1. The number and percentage of Marketing Program members who
9 have made a profit through their participation in the Marketing Program;

10 2. The beginning and ending dates when the represented earnings,
11 profits, or sales volume were achieved; and

12 3. The average and median amount of profit made by each Marketing
13 Program member; and

14 D. Furnishing materials to be used in recruiting new members in a Marketing
15 Program that contain false or misleading representations.

16 **II. PRESERVATION OF RECORDS AND REPORT OF NEW BUSINESS**
17 **ACTIVITY**

18 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
19 employees, and attorneys, and all other persons in active concert or participation with any
20 of them who receive actual notice of this Order by personal service or otherwise, whether
21 acting directly or indirectly, are temporarily restrained and enjoined from:

22 A. Failing to maintain accounts, bank statements, books, cash disbursements
23 ledgers and source Documents, cash receipts ledgers, current accountants' reports,
24 Documents indicating title to real or personal property, general journals, general ledgers,
25 records, and any other data which, in reasonable detail, accurately and fairly reflect the
26 disbursements, dispositions, incomes, transactions, and uses of Defendants' Assets;

27 B. Altering, concealing, destroying, erasing, mutilating, transferring, or
28 otherwise disposing of, in any manner, directly or indirectly, any Documents that relate in

1 any way to the business practices or business or personal finances of Defendants; to the
2 business practices or finances of entities directly or indirectly under the control of
3 Defendants; or to the business practices or finances of entities directly or indirectly under
4 common control with any other Defendant; and

5 C. Creating, operating, or exercising any control over any new business entity,
6 whether newly formed or previously inactive, including any partnership, limited
7 partnership, joint venture, sole proprietorship or corporation, without first providing the
8 FTC with a written statement disclosing: (1) the name of the business entity; (2) the
9 address, telephone number, e-mail address, and website address of the business entity;
10 (3) the names of the business entity's officers, directors, principals, managers, and
11 employees; and (4) a detailed description of the business entity's intended activities.

12 **III. PROHIBITION ON DISCLOSING CUSTOMER INFORMATION**

13 **IT IS FURTHER ORDERED** that Defendants, Defendants' officers, agents,
14 employees, and attorneys, and all other persons in active concert or participation with any
15 of them who receive actual notice of this Order by personal service or otherwise, whether
16 acting directly or indirectly, are temporarily restrained and enjoined from:

17 A. Leasing, renting, or selling the address, bank account number, birth date,
18 credit card number, e-mail address, name, Social Security number, telephone number, or
19 other financial or identifying personal information of any person from whom or about
20 whom any Defendant obtained such information in connection with the advertising,
21 marketing, promoting, offering for sale, sale, or provision of a good, service, or program;
22 and

23 B. Benefitting from the address, bank account number, birth date, credit card
24 number, e-mail address, name, Social Security number, telephone number, or other
25 financial or identifying personal information of any person from whom or about whom
26 any Defendant obtained such information in connection with the advertising, marketing,
27 promoting, offering for sale, sale, or provision of a good, service, or program.
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1 *Provided*, however, that Defendants may disclose such financial or identifying
2 personal information to a law enforcement agency or as required by any law, regulation,
3 or Court Order.

4 **IV. ASSET FREEZE**

5 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
6 employees, and attorneys, and all other persons in active concert or participation with any
7 of them who receive actual notice of this Order by personal service or otherwise, whether
8 acting directly or indirectly, are temporarily restrained and enjoined from:

9 A. Assigning, concealing, converting, disbursing, dissipating, encumbering,
10 liquidating, loaning, pledging, selling, spending, transferring, or withdrawing any Asset
11 that is:

12 1. Owned or controlled by, or held for the benefit of, Corporate
13 Defendants or Defendant Benson K. Boreyko, directly or indirectly; or

14 2. In the actual or constructive possession of Corporate Defendants or
15 Defendant Benson K. Boreyko; or

16 3. Held as a retainer or deposit for the provision of goods or services to
17 Corporate Defendants and Defendant Benson K. Boreyko; or

18 4. Owned, controlled by, in the actual or constructive possession of, or
19 otherwise held for the benefit of any entity directly or indirectly owned, managed
20 or controlled by Corporate Defendants or Defendant Benson K. Boreyko;

21 B. Opening or causing to be opened any safe deposit box, commercial mail
22 box, or storage facility belonging to or for the use or benefit of, under the control of, or
23 subject to access by Corporate Defendants or Defendant Benson K. Boreyko;

24 C. Incurring charges or cash advances on any credit card, debit card, or
25 checking card issued in the name, singly or jointly, of Corporate Defendants or
26 Defendant Benson K. Boreyko;

27 D. Obtaining or providing a personal or secured loan that encumbers an asset
28 of Corporate Defendants or Defendant Benson K. Boreyko; and

1 E. Cashing any checks or depositing any money orders or cash received from
2 consumers, clients, or customers of Corporate Defendants or Defendant Benson K.
3 Boreyko.

4 The Assets affected by this Section shall include both existing Assets and Assets
5 acquired after the effective date of this Order.

6 **V. DUTIES OF THIRD PARTIES HOLDING DEFENDANTS' ASSETS**

7 **IT IS FURTHER ORDERED** that any person that has, or at any time has had
8 custody or control over an Asset belonging to, for the use or benefit of, under the control
9 of or subject to access by, Corporate Defendants or Defendant Benson K. Boreyko, and is
10 served with a copy of this Order, or otherwise has actual or constructive knowledge of
11 this Order, shall:

12 A. Hold and retain any such Assets that are within its control and prohibit
13 Defendants from assigning, concealing, converting, disbursing, dissipating, encumbering,
14 liquidating, loaning, pledging, selling, spending, transferring, or withdrawing any such
15 Asset except

16 1. As directed by further order of the Court; or

17 2. As directed in writing by the Temporary Receiver (regarding an
18 Asset of the Receivership Defendants); or

19 3. By written stipulation of the FTC and Corporate Defendants or
20 Defendant Benson K. Boreyko;

21 B. Deny Defendants access to any safe deposit box, commercial mail box or
22 storage facility belonging to, for the use or benefit of, under control of, or subject to
23 access by Corporate Defendants or Defendant Benson K. Boreyko;

24 C. Within five (5) business days after being served a copy of this Order,
25 provide counsel for the FTC and the Temporary Receiver a certified statement setting
26 forth:
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28

1 1. The identification number of each account or Asset belonging to, for
2 the use or benefit of, under the control of, or subject to access by Corporate
3 Defendants or Defendant Benson K. Boreyko;

4 2. The balance of each such account, or a description of the nature and
5 value of such Asset as of the close of business on the day on which this Order is
6 received, and, if the account or other Asset has been closed or removed, or more
7 than \$5,000 withdrawn or transferred from it, the date of the closure or removal of
8 the funds, the total funds removed or transferred, and the name of the person or
9 entity to whom such account or other Asset was remitted; and

10 3. The identification and location of any safe deposit box, commercial
11 mail box, or storage facility belonging to, for the use or benefit of, under the
12 control of, or subject to access by Corporate Defendants or Defendant Benson K.
13 Boreyko, and if the safe deposit box, storage facility, commercial mail box, or
14 storage facility has been closed or removed, the date closed or removed; and

15 D. Within five (5) business days of a written request from the FTC or
16 Temporary Receiver, provide to the FTC or Temporary Receiver copies of all Documents
17 relating to each Asset, including, but not limited to account applications, statements,
18 corporate resolutions, signature cards, checks, drafts, deposit tickets, transfers to and
19 from the accounts, all other debit and credit instruments or slips, currency transaction
20 reports, 1099 forms, and safe deposit box logs.

21 **VI. SERVICE OF ORDER UPON THIRD PARTIES AND FINANCIAL**
22 **INSTITUTIONS**

23 **IT IS FURTHER ORDERED** that copies of this Order may be served by any
24 means, including U.S. first class mail, overnight delivery, facsimile, electronic mail, or
25 personally by agents or employees of the FTC or the Temporary Receiver, by any law
26 enforcement agency, or by process server, upon any person, including financial
27 institutions, that may have possession, custody, or control over any Asset or Document
28 belonging to, for the use or benefit of, under the control of, or subject to access by

1 Corporate Defendants or Defendant Benson K. Boreyko, or that may otherwise be subject
2 to any provision of this Order. Service upon any branch or office of any financial
3 institution shall constitute service upon the entire financial institution.

4 **VII. FINANCIAL STATEMENTS AND ACCOUNTING**

5 **IT IS FURTHER ORDERED** that Corporate Defendants and Defendant Benson
6 K. Boreyko shall each:

7 A. Within five (5) business days after service of this Order, prepare and
8 provide to the FTC and the Temporary Receiver complete and accurate financial
9 statements, on the forms attached as **Attachments A** and **B** to this Order, disclosing all
10 personal Assets and Assets of corporations, partnerships, trusts or other entities that
11 Corporate Defendants or Defendant Benson K. Boreyko owns or controls, jointly or
12 individually;

13 B. Within five (5) business days after service of this Order, prepare and
14 provide to the FTC and the Temporary Receiver complete and accurate copies of federal
15 and state income tax forms, including all schedules and attachments, for the three most
16 recent filing years;

17 C. Immediately upon service of this Order, provide access to Documents held
18 by persons located outside the United States by signing the Consent to Release Financial
19 Records attached to this Order as **Attachment C**; and

20 D. Provide copies of such other Documents as the FTC or the Temporary
21 Receiver may request in order to monitor Defendants' compliance with the provisions of
22 this Order.

23 **VIII. REPATRIATION OF ASSETS AND DOCUMENTS**

24 **IT IS FURTHER ORDERED** that immediately upon service of this Order,
25 Corporate Defendants and Defendant Benson K. Boreyko shall:

26 A. Take such steps as are necessary to transfer to the United States all
27 Documents and Assets that are located outside the United States and belong to, are for the
28

1 use or benefit of, under the control of, or subject to access by Corporate Defendants or
2 Defendant Benson K. Boreyko; and

3 B. Hold and retain all repatriated Assets and prevent the disposition, transfer,
4 or dissipation of such Assets except as required by this Order.

5 **IX. INTERFERENCE WITH REPATRIATION**

6 **IT IS FURTHER ORDERED** that Corporate Defendants and Defendant Benson
7 K. Boreyko, their officers, agents, employees, and attorneys, and all other persons in
8 active concert or participation with any of them, who receive actual notice of this Order,
9 whether acting directly or indirectly, are temporarily restrained and enjoined from taking
10 any action that may result in the encumbrance or dissipation of foreign Assets, or in the
11 hindrance of the repatriation required by Section VIII of this Order, including:

12 A. Sending any statement, letter, fax, email or wire transmission, telephoning,
13 or engaging in any other act, directly or indirectly, that results in a determination by a
14 foreign trustee or other entity that a “duress” event has occurred under the terms of a
15 foreign trust agreement until such time as all Assets have been fully repatriated according
16 to Section VIII of this Order; or

17 B. Notifying any trustee, protector, or other agent of Corporate Defendants or
18 Defendant Benson K. Boreyko of the existence of this Order, or of the fact that
19 repatriation is required under a Court Order, until such time as all Assets have been fully
20 repatriated according to Section VIII of this Order.

21 **X. APPOINTMENT OF TEMPORARY RECEIVER**

22 **IT IS FURTHER ORDERED** that Robb Evans, together with his firm Robb
23 Evans and Associates LLC, is appointed Temporary Receiver for the Receivership
24 Defendants, with the full power of an equity receiver. The Temporary Receiver shall be
25 the agent of this Court when serving as Temporary Receiver under this Order, and shall
26 comply with the Federal Rules of Civil Procedure and Local Rules of this Court.

1 **XI. TEMPORARY RECEIVER'S BOND**

2 **IT IS FURTHER ORDERED** that the Temporary Receiver shall file with the
3 Clerk of this Court a bond in the sum of \$50,000.00 with sureties to be approved by the
4 Court, conditioned that the Temporary Receiver will well and truly perform the duties of
5 the office and abide by and perform all acts the Court directs.

6 **XII. DUTIES OF TEMPORARY RECEIVER**

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

9 A. Assume full control of the Receivership Defendants by removing, as the
10 Temporary Receiver deems necessary or advisable, any director, officer, independent
11 contractor, employee, or agent of any of the Receivership Defendants, including any
12 Defendant, from control of, management of, or participation in, the affairs of the
13 Receivership Defendants;

14 B. Take exclusive custody, control, and possession of all Assets and
15 Documents of, or in the possession, custody, or control of, the Receivership Defendants,
16 wherever situated. The Temporary Receiver shall have full power to divert mail and to
17 sue for, collect, receive, take possession of, hold, and manage all Assets and Documents
18 of the Receivership Defendants and other persons whose interests are now under the
19 direction, possession, custody, or control of, the Receivership Defendants. The
20 Temporary Receiver shall assume control over the income and profits and all sums now
21 or hereafter due or owing to the Receivership Defendants. *Provided*, however, that the
22 Temporary Receiver shall not attempt to collect any amount from a consumer if the
23 Temporary Receiver believes the consumer was a victim of the unlawful conduct alleged
24 in the Complaint in this matter;

25 C. Continue and conduct the business of the Receivership Defendants in such
26 manner, to such extent, and for such duration as the Temporary Receiver may in good
27 faith deem to be necessary or advisable to operate the business profitably and lawfully, if
28 at all; provided however, that the continuation and conduct of the business shall be

1 conditioned upon the Temporary Receiver's good faith determination that the business
2 can be lawfully operated at a profit using the Assets of the receivership estate;

3 D. Take all steps necessary to secure the business premises of the Receivership
4 Defendants. Such steps may include, but are not limited to, any of the following, as the
5 Temporary Receiver deems necessary or advisable:

- 6 1. Serving this Order;
- 7 2. Completing a written inventory of all Receivership Assets;
- 8 3. Obtaining pertinent information from all employees and other agents
9 of the Receivership Defendants, including the name, home address, Social
10 Security number, job description, method of compensation, user names or
11 passwords needed to access Receivership Defendants' Documents, and all accrued
12 and unpaid commissions and compensation of each such employee or agent;
- 13 4. Videotaping and/or photographing any or all portions of the location;
- 14 5. Securing the location by changing the locks and disconnecting any
15 computer modems or other means of access to the computer or other records
16 maintained at that location;
- 17 6. Opening and inventorying any safety deposit box, commercial mail
18 box, or storage facility held in the name of any Receivership Defendant, either
19 individually or jointly, or subject to access by any Receivership Defendant; and
- 20 7. Requiring any persons present on the premises at the time this Order
21 is served to leave the premises, to provide the Temporary Receiver with proof of
22 identification, or to demonstrate to the satisfaction of the Temporary Receiver that
23 such persons are not removing from the premises Assets or Documents of the
24 Receivership Defendants;

25 E. Conserve, hold, and manage all Receivership Assets, and perform all acts
26 necessary or advisable to preserve the value of those Assets in order to prevent any
27 irreparable loss, damage, or injury to consumers or creditors of the Receivership
28

1 Defendants, including, but not limited to, obtaining an accounting of the Assets and
2 prohibiting transfer, withdrawal, or misapplication of Assets;

3 F. Enter into and cancel contracts and purchase insurance as the Temporary
4 Receiver deems to be necessary or advisable;

5 G. Prevent the inequitable distribution of Assets and determine, adjust, and
6 protect the interests of consumers and creditors who have transacted business with the
7 Receivership Defendants;

8 H. Manage and administer the business of the Receivership Defendants by
9 performing all incidental acts that the Temporary Receiver deems to be necessary or
10 advisable, which includes retaining, hiring, or dismissing any employees, independent
11 contractors, or agents;

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

16 J. Make payments and disbursements from the receivership estate that are
17 necessary or advisable for carrying out the directions of, or exercising the authority
18 granted by, this Order. The Temporary Receiver shall apply to the Court for prior
19 approval of any payment of any debt or obligation incurred by the Receivership
20 Defendants prior to the date of entry of this Order, except payments that the Temporary
21 Receiver deems necessary or advisable to secure Assets of the Receivership Defendants,
22 such as rental payments;

23 K. Institute, compromise, adjust, appear in, intervene in, or become party to
24 such actions or proceedings in state, federal or foreign courts, or arbitration proceedings
25 as the Temporary Receiver deems necessary or advisable to preserve or recover the
26 Assets of the Receivership Defendants, or that the Temporary Receiver deems necessary
27 or advisable to carry out the Temporary Receiver's mandate under this Order, including
28 actions challenging fraudulent or voidable transfers;

1 L. Authorize the release of any copy or image of any website used or
2 controlled by Receivership Defendants to the FTC;

3 M. Defend, compromise, adjust, or otherwise dispose of any or all actions or
4 proceedings instituted in the past or in the future against the Temporary Receiver in the
5 role of Temporary Receiver, or against the Receivership Defendants, as the Temporary
6 Receiver deems necessary or advisable to preserve the Assets of the Receivership
7 Defendants, or as the Temporary Receiver deems necessary or advisable to carry out the
8 Temporary Receiver's mandate under this Order;

9 N. Take depositions and issue subpoenas to obtain Documents pertaining to
10 the receivership estate and compliance with this Order. Subpoenas may be served by
11 agents or attorneys of the Temporary Receiver and by agents of any process server
12 retained by the Temporary Receiver;

13 O. Open one or more bank accounts as designated depositories for funds of the
14 Receivership Defendants. The Temporary Receiver shall deposit all funds of the
15 Receivership Defendants in such designated account(s), and shall make all payments and
16 disbursements from the receivership estate from such account(s);

17 P. Maintain accurate records of all receipts and expenditures incurred as
18 Temporary Receiver;

19 Q. Take whatever action is necessary to ensure that any website used by any
20 Defendant related to the advertising, marketing, promoting, offering for sale, sale, or
21 provision of any good, service, plan, or program associated with Corporate Defendants
22 Vemma Nutrition Company or Vemma International Holdings, Inc., including the
23 website located at <http://www.Vemma.com>, shall include a prominent statement notifying
24 the reader of the present action and Order and directing the reader to contact the
25 Temporary Receiver or the FTC for additional information; and

26 R. Cooperate with reasonable requests for information or assistance from any
27 state or federal law enforcement agency.
28

XIII. ACCESS TO BUSINESS PREMISES AND RECORDS

IT IS FURTHER ORDERED that:

A. Defendants and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, shall allow the FTC and Temporary Receiver, and their respective representatives, agents, attorneys, investigators, paralegals, contractors, or assistants immediate access to:

1. The business premises and storage facilities owned, controlled, or used by any Receivership Defendant, including, but not limited, to the offices and facilities at or in the vicinity of 1621 W. Rio Salado Parkway, Tempe, Arizona, and any offsite commercial mail boxes used by any Receivership Defendant;

2. Any premises where the Receivership Defendants conduct business, manufacturing, sales operations, or customer service operations; and

3. Any premises where Assets or Documents related to the Receivership Defendants' businesses are stored or maintained;

B. The FTC and the Temporary Receiver, and their representatives, agents, and assistants, are authorized to employ the assistance of law enforcement personnel, including police or sheriffs, as they deem necessary to effect service and to implement peacefully this Order. If requested by the FTC or Temporary Receiver, the U.S. Marshal will provide appropriate and necessary assistance to implement this Order. The Temporary Receiver may exclude Receivership Defendants and their employees from the business premises during the immediate access;

C. The purpose of the immediate access shall be to inspect and copy the business and financial Documents of the Receivership Defendants, including, but not limited to, forensic imaging of electronically stored information. Such business Documents include, but are not limited to, correspondence, contracts, sales records, and financial data;

1 D. The Temporary Receiver and the FTC shall have the right to remove any
2 Documents related to Defendants' business practices from the premises in order that they
3 may be inspected, inventoried, and copied. The materials so removed shall be returned
4 within five (5) business days of completing said inventory and copying;

5 E. If any Assets or Documents relating to the Receivership Defendants'
6 finances or business practices are located in the residence of any Defendant or are
7 otherwise in the custody or control of any Defendant, then such Defendant shall produce
8 them to the Temporary Receiver within forty-eight (48) hours of service of this Order;

9 F. In order to prevent the destruction of electronically stored information,
10 upon service of this Order upon Defendants, any computers used in Receivership
11 Defendants' business shall be powered down (turned off) in the normal course for the
12 operating systems used on such computers and shall not be powered up or used again
13 until produced for copying and inspection, along with any codes needed for access; and

14 G. The Temporary Receiver shall have the discretion to determine the time,
15 manner, and reasonable conditions of access to the Receivership Defendants' premises.

16 **XIV. DELIVERY OF RECEIVERSHIP PROPERTY**

17 **IT IS FURTHER ORDERED** that Defendants, their officers, agents, employees,
18 and attorneys, and all other persons in active concert or participation with any of them,
19 who receive actual notice of this Order, and any other person with possession, custody, or
20 control of Assets or Documents relating to the Receivership Defendants shall, upon
21 notice of this Order by personal service or otherwise, immediately notify the Temporary
22 Receiver of, and upon receiving a request from the Temporary Receiver, immediately
23 deliver to the Temporary Receiver possession, custody, and control of, the following:

- 24 1. All Assets of the Receivership Defendants;
- 25 2. All Documents of the Receivership Defendants;
- 26 3. All Assets belonging to members of the public now held by the
27 Receivership Defendants;
- 28

1 4. All computers and data in whatever form used to conduct the
2 business of the Receivership Defendants; and

3 5. All keys, codes, and passwords, entry codes, combinations to locks,
4 and information or devices required to open or gain access to any Asset or
5 Document, including, but not limited to, access to the business premises, computer
6 servers, networks, or databases, or telecommunications systems or devices.

7 In the event any person or entity fails to deliver or transfer any Asset or otherwise
8 fails to comply with any provision of this Section, the Temporary Receiver may file, on
9 an *ex parte* basis, an Affidavit of Non-Compliance regarding the failure. Upon filing of
10 the affidavit, the Court may authorize, without additional process or demand, Writs of
11 Possession or Sequestration or other equitable writs requested by the Temporary
12 Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or
13 deputy sheriff of any county, or any other federal or state law enforcement officer, to
14 seize the Asset, Document, or other thing and to deliver it to the Temporary Receiver.

15 **XV. COOPERATION WITH THE TEMPORARY RECEIVER**

16 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
17 employees, and attorneys, and all other persons in active concert or participation with any
18 of them, who receive actual notice of this Order, whether acting directly or indirectly,
19 shall fully cooperate with and assist the Temporary Receiver in taking and maintaining
20 possession, custody, or control of the Assets and Documents of the Receivership
21 Defendants. This cooperation and assistance shall include:

22 A. Providing information to the Temporary Receiver that the Temporary
23 Receiver deems necessary in order to exercise the authority and discharge the
24 responsibilities of the Temporary Receiver under this Order;

25 B. Advising all persons who owe money to the Receivership Defendants that
26 all debts should be paid directly to the Temporary Receiver; and

27 C. Transferring funds at the Temporary Receiver's direction and producing
28 Documents related to the Assets and sales of the Receivership Defendants. The entities

1 obligated to cooperate with the Temporary Receiver under this provision include
2 financial institutions and persons that have transacted business with the Receivership
3 Defendants.

4 **XVI. NON-INTERFERENCE WITH THE TEMPORARY RECEIVER**

5 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
6 employees, and attorneys, and all other persons in active concert or participation with any
7 of them, who receive actual notice of this Order, whether acting directly or indirectly, are
8 temporarily restrained and enjoined from:

9 A. Interfering with the Temporary Receiver managing, or taking custody,
10 control, or possession of, the assets or documents subject to the receivership;

11 B. Transacting any of the business of the Receivership Defendants;

12 C. Transferring, receiving, altering, selling, encumbering, pledging, assigning,
13 liquidating, or otherwise disposing of any assets owned, controlled, or in the possession
14 or custody of, or in which an interest is held or claimed by, the Receivership Defendants,
15 or the Temporary Receiver; and

16 D. Refusing to cooperate with the Temporary Receiver or the Temporary
17 Receiver's duly authorized agents in the exercise of their duties or authority under any
18 order of this Court.

19 **XVII. TEMPORARY RECEIVER'S REPORTS**

20 **IT IS FURTHER ORDERED** that the Temporary Receiver shall report to this
21 Court on or before the date set for the Preliminary Injunction hearing regarding:

22 A. The steps taken by the Temporary Receiver to implement the terms of this
23 Order;

24 B. The value of all Assets of the Receivership Defendants;

25 C. The sum of all liabilities of the Receivership Defendants;

26 D. The steps the Temporary Receiver intends to take in the future to:

27 1. Prevent any diminution in the value of Assets of the Receivership
28 Defendants;

1 2. Pursue receivership Assets from third parties; and

2 3. Adjust the liabilities of the Receivership Defendants, if appropriate;

3 E. The Temporary Receiver's finding regarding the ability of the Receivership
4 Defendants to operate legally and profitably; and

5 F. Any other matters that the Temporary Receiver believes should be brought
6 to the Court's attention.

7 *Provided*, however, if any of the required information would hinder the
8 Temporary Receiver's ability to pursue receivership Assets, the portions of the
9 Temporary Receiver's report containing the information may be filed under seal and not
10 served on the parties.

11 **XVIII. STAY OF ACTIONS**

12 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
13 pendency of the receivership ordered herein, Defendants and Defendants' officers,
14 agents, employees, attorneys, and all other persons in active concert or participation with
15 any of them, who receive actual notice of this Order, and any person seeking to establish
16 or enforce any right, title, interest, or claim against or on behalf of any Defendant, and all
17 others acting for or on behalf of such persons, are hereby enjoined from taking action that
18 would interfere with the exclusive jurisdiction of this Court over the Assets or
19 Documents of the Defendants, including:

20 A. Filing or assisting in the filing of a petition for relief under the Bankruptcy
21 Code, 11 U.S.C. § 101 et seq., or of any similar insolvency proceeding;

22 B. Commencing, prosecuting, continuing, entering, or enforcing any suit or
23 proceeding against the Defendants, except that such actions may be commenced if
24 necessary to toll any applicable statute of limitations;

25 C. Accelerating the due date of any obligation or claimed obligation; filing or
26 enforcing any lien; taking or attempting to take possession, custody, or control of any
27 Asset; attempting to foreclose, forfeit, alter, or terminate any interest in any Asset,
28 whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;

1 D. Filing or enforcing any lien on any Asset of the Defendants, taking or
2 attempting to take possession, custody, or control of any Asset of the Defendants; or
3 attempting to foreclose, forfeit, alter, or terminate any interest in any Asset of the
4 Defendants, whether such acts are part of a judicial proceeding, are acts of self-help, or
5 otherwise; or

6 E. Initiating any other process or proceeding that would interfere with the
7 Temporary Receiver managing or taking custody, control, or possession of the Assets or
8 Documents subject to this receivership.

9 *Provided* that this Order does not stay: (1) the commencement or continuation of a
10 criminal action or proceeding; (2) the commencement or continuation of an action or
11 proceeding by a governmental unit to enforce such governmental unit's police or
12 regulatory power; or (3) the enforcement of a judgment, other than a money judgment,
13 obtained in an action or proceeding by a governmental unit to enforce such governmental
14 unit's police or regulatory power.

15 **XIX. COMPENSATION OF TEMPORARY RECEIVER**

16 **IT IS FURTHER ORDERED** that the Temporary Receiver, and all persons hired
17 by the Temporary Receiver as authorized by this Order, are entitled to reasonable
18 compensation for the performance of duties undertaken pursuant to this Order, and for the
19 cost of actual out-of-pocket expenses incurred by them solely from the Assets now held
20 by or in the possession or control of, or which may be received by, the Receivership
21 Defendants. The Temporary Receiver shall file with the Court and serve on the parties
22 periodic requests for the payment of such reasonable compensation, with the first such
23 request filed no more than sixty (60) days after the date of entry of this Order.

24 **XX. EXPEDITED DISCOVERY**

25 **IT IS FURTHER ORDERED** that, in anticipation of the preliminary injunction
26 hearing in this matter, the Temporary Receiver is authorized to conduct expedited
27 discovery concerning Receivership Defendants' Assets, the products and business
28 opportunities offered by Receivership Defendants, and the nature and location of the

1 Receivership Defendants' Documents and business records in accordance with the
2 following provisions:

3 A. The Temporary Receiver may take the depositions of parties and non-
4 parties. Forty-eight (48) hours' notice shall be sufficient notice for such depositions;

5 B. The Temporary Receiver may serve upon parties requests for production of
6 documents or inspection that require production or inspection within five (5) calendar
7 days of service, and may serve subpoenas upon non-parties that direct production or
8 inspection within five (5) calendar days of service;

9 C. The Temporary Receiver may serve deposition notices and other discovery
10 requests upon the parties to this action by facsimile or overnight courier; and

11 D. Any discovery taken pursuant to this Order is in addition to, and is not
12 subject to, the presumptive limits on discovery set forth in the Federal Rules of Civil
13 Procedure and Local Rules of this Court.

14 **XXI. DISTRIBUTION OF ORDER BY DEFENDANTS**

15 **IT IS FURTHER ORDERED** that Defendants shall immediately provide a copy
16 of this Order to each affiliate, sales entity, successor, assign, member, officer, director,
17 employee, agent, independent contractor, client, servant, attorney, subsidiary, division,
18 and representative of any Defendant. Within five (5) business days following service of
19 this Order, Defendants shall serve on the FTC an affidavit identifying the name, title,
20 address, telephone number, date of service, and manner of service of each person
21 Defendants have served with a copy of this Order in compliance with this provision.

22 **XXII. CONSUMER REPORTING AGENCIES**

23 **IT IS FURTHER ORDERED** that the FTC may obtain credit reports concerning
24 any Defendant pursuant to Section 604(a)(1) of the Fair Credit Reporting Action,
25 15 U.S.C. § 1681b(a)(1), and that, upon written request, any consumer reporting agency
26 from which such reports are requested shall provide them to the FTC.

1 **XXIII. PRELIMINARY INJUNCTION HEARING**

2 **IT IS FURTHER ORDERED** that, under Rule 65(b), the parties shall appear
3 before this Court in Courtroom 505, Sandra Day O'Connor United States Courthouse,
4 401 W. Washington St., Phoenix, Arizona 85003, on Thursday, September 3, 2015, at
5 9:00 a.m. (Arizona time) for a hearing on the FTC's motion for Preliminary Injunction
6 and additional relief, including appointment of a permanent receiver over Corporate
7 Defendants.

8 **IT IS FURTHER ORDERED** that there will be no direct examination of
9 witnesses at the Preliminary Injunction hearing in this matter. Direct testimony shall be
10 presented in the form of declarations or affidavits. In ruling on whether a Preliminary
11 Injunction will issue, the Court will consider the declarations or affidavits that have been
12 served and filed in a timely manner prior to the Preliminary Injunction hearing without
13 further need for any party to move the documents into evidence, and the Court will also
14 hear any cross-examination of witnesses and consider oral argument by counsel.

15 **XXIV. FILING OF FTC'S SUPPLEMENT AND DEFENDANTS'**
16 **OPPOSITION TO ISSUANCE OF A PRELIMINARY INJUNCTION**

17 **IT IS FURTHER ORDERED** that the FTC may file supplemental evidence
18 discovered subsequent to the filing of its application for a TRO as well as a supplemental
19 memorandum in support of its application for a Preliminary Injunction. The FTC shall
20 file and serve any supplemental evidence and memorandum by no later than 4:30 p.m.
21 (Arizona time) on Friday, August 28, 2015. The documents may be served on Defendants
22 or each Defendant's counsel by email, fax, or same day courier.

23 **IT IS FURTHER ORDERED** that Defendants shall file and serve any opposition
24 to the issuance of a Preliminary Injunction, including any declarations, affidavits,
25 exhibits, memoranda or other evidence upon which they intend to rely, and objections to
26 any evidence submitted by the FTC, by no later than 4:30 p.m. (Arizona time) on
27 Monday, August 31, 2015. The documents may be served on the FTC or its counsel by
28 email, fax or same day courier.

FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

Definitions and Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") in the first field only of any item that does not apply to you. If you cannot fully answer a question, explain why.
2. "Dependents" include your spouse, 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 any foreign country or territory, whether held individually or jointly and whether held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.
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 the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or devise a material fact; makes any materially false, fictitious or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially 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.

Attachment A

BACKGROUND INFORMATION**Item 1. Information About You**

Full Name		Social Security No.	
Current Address of Primary Residence		Driver's License No.	
		State Issued	
		Phone Numbers Home: () Fax: ()	Date of Birth: / / (mm/dd/yyyy) Place of Birth
<input type="checkbox"/> Rent <input type="checkbox"/> Own From (Date): / / (mm/dd/yyyy)		E-Mail Address	
Internet Home Page			

Previous Addresses for past five years (if required, use additional pages at end of form)

Address	From: / / (mm/dd/yyyy)	Until: / / (mm/dd/yyyy)
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Address	From: / /	Until: / /
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
Address	From: / /	Until: / /
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	
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.	Date of Birth / / (mm/dd/yyyy)
Address (if different from yours)	Phone Number ()	Place of Birth
	<input type="checkbox"/> Rent <input type="checkbox"/> Own	From (Date): / / (mm/dd/yyyy)
Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used:		
Employer's Name and Address	Job Title	
	Years in Present Job	Annual Gross Salary/Wages \$

Item 3. Information About Your Previous Spouse

Name and Address	Social Security No.
	Date of Birth / / (mm/dd/yyyy)

Item 4. Contact Information (name and address of closest living relative other than your spouse)

Name and Address	Phone Number ()
------------------	---------------------

Initials: _____

Item 5. Information About Dependents (whether or not they reside with you)

Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	
Name and Address	Social Security No.	Date of Birth / / (mm/dd/yyyy)
	Relationship	

Item 6. Employment Information/Employment Income

Provide the following information for this year-to-date and for each of the previous five full years, for each business entity of which you were a director, officer, member, partner, employee (including self-employment), agent, owner, shareholder, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, distributions, draws, consulting fees, loans, loan payments, dividends, royalties, and 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 and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year) /	To (Month/Year) /		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year) /	To (Month/Year) /		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
Company Name and Address	Dates Employed		Income Received: Y-T-D & 5 Prior Yrs.	
	From (Month/Year) /	To (Month/Year) /	Year	Income
Ownership Interest? <input type="checkbox"/> Yes <input type="checkbox"/> No			20	\$
Positions Held	From (Month/Year) /	To (Month/Year) /		\$
	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$

Initials: _____

Item 7. Pending Lawsuits Filed By or Against You or Your Spouse

List all pending lawsuits that have been filed by or against you or your spouse in any court or before an administrative agency in the United States or in any foreign country or territory. *Note: At Item 12, list lawsuits that resulted in final judgments or settlements in your favor. At Item 21, list lawsuits that resulted in final judgments or settlements against you.*

Caption of Proceeding	Court or Agency and Location	Case No.	Nature of Proceeding	Relief Requested	Status or Disposition

Item 8. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or in any foreign country or territory, whether held individually or jointly and whether 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.

Name of Owner(s)	Name & Address of Depository Institution	Box No.	Contents

Initials: _____

FINANCIAL INFORMATION

REMINDER: When an item asks for information regarding your "assets" and "liabilities," include ALL assets and liabilities, located within the United States or in any foreign country or territory, or institution, whether held individually or jointly, and whether 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. In addition, provide all documents requested in Item 24 with your completed Financial Statement.

ASSETS**Item 9. Cash, Bank, and Money Market Accounts**

List cash on hand (as opposed to cash in bank accounts or other financial accounts) and all bank accounts, money market accounts, or other financial accounts, including but not limited to checking accounts, savings accounts, and certificates of deposit. The term "cash on hand" includes but is not limited to cash in the form of currency, uncashed checks, and money orders.

a. Amount of Cash on Hand \$		Form of Cash on Hand	
b. Name on Account	Name & Address of Financial Institution	Account No.	Current Balance
			\$
			\$
			\$
			\$
			\$

Item 10. Publicly Traded Securities

List all publicly traded securities, including but not limited to, stocks, stock options, corporate bonds, mutual funds, U.S. government securities (including but not limited to treasury bills and treasury notes), and state and municipal bonds. Also list any U.S. savings bonds.

Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	
Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	
Owner of Security	Issuer	Type of Security	No. of Units Owned
Broker House, Address	Broker Account No.		
	Current Fair Market Value \$	Loan(s) Against Security \$	

Initials: _____

Item 11. Non-Public Business and Financial Interests

List all non-public business and financial interests, including but not limited to any interest in a non-public corporation, subchapter-S corporation, limited liability corporation ("LLC"), general or limited partnership, joint venture, sole proprietorship, international business corporation or personal investment corporation, and oil or mineral lease.

Entity's Name & Address	Type of Business or Financial Interest (e.g., LLC, partnership)	Owner (e.g., self, spouse)	Ownership %	If Officer, Director, Member or Partner, Exact Title

Item 12. Amounts Owed to You, Your Spouse, or Your Dependents

Debtor's Name & Address	Date Obligation Incurred (Month/Year) /	Original Amount Owed \$	Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number)
	Current Amount Owed \$	Payment Schedule \$	
Debtor's Telephone	Debtor's Relationship to You		
Debtor's Name & Address	Date Obligation Incurred (Month/Year) /	Original Amount Owed \$	Nature of Obligation (if the result of a final court judgment or settlement, provide court name and docket number)
	Current Amount Owed \$	Payment Schedule \$	
Debtor's Telephone	Debtor's Relationship to You		

Item 13. Life Insurance Policies

List all life insurance policies (including endowment policies) with any cash surrender value.

Insurance Company's Name, Address, & Telephone No.	Beneficiary	Policy No.	Face Value \$
	Insured	Loans Against Policy \$	Surrender Value \$
Insurance Company's Name, Address, & Telephone No.	Beneficiary	Policy No.	Face Value \$
	Insured	Loans Against Policy \$	Surrender Value \$

Item 14. 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, other retirement accounts, and college savings plans (e.g., 529 Plans).

Trustee or Administrator's Name, Address & Telephone No.	Name on Account		Account No.
	Date Established / / (mm/dd/yyyy)	Type of Plan	Surrender Value before Taxes and Penalties \$
Trustee or Administrator's Name, Address & Telephone No.	Name on Account		Account No.
	Date Established / /	Type of Plan	Surrender Value before Taxes and Penalties \$

Initials: _____

Item 15. Pending Insurance Payments or Inheritances

List any pending insurance payments or inheritances owed to you.

Type	Amount Expected	Date Expected (mm/dd/yyyy)
	\$	/ /
	\$	/ /
	\$	/ /

Item 16. Vehicles

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles.

Vehicle Type	Year	Registered Owner's Name	Purchase Price \$	Original Loan Amount \$	Current Balance \$
Make		Registration State & No.	Account/Loan No.	Current Value \$	Monthly Payment \$
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price \$	Original Loan Amount \$	Current Balance \$
Make		Registration State & No.	Account/Loan No.	Current Value \$	Monthly Payment \$
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price \$	Original Loan Amount \$	Current Balance \$
Make		Registration State & No.	Account/Loan No.	Current Value \$	Monthly Payment \$
Model		Address of Vehicle's Location	Lender's Name and Address		
Vehicle Type	Year	Registered Owner's Name	Purchase Price \$	Original Loan Amount \$	Current Balance \$
Make		Registration State & No.	Account/Loan No.	Current Value \$	Monthly Payment \$
Model		Address of Vehicle's Location	Lender's Name and Address		

Item 17. Other Personal Property

List all other personal property not listed in Items 9-16 by category, whether held for personal use, investment or any other reason, including but not limited to coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property.

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

Initials: _____

Item 18. Real Property

List all real property interests (including any land contract)

Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$	
			Monthly Payment \$	
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit	
		Current Balance \$	Monthly Rent Received \$	
Property's Location		Type of Property	Name(s) on Title or Contract and Ownership Percentages	
Acquisition Date (mm/dd/yyyy) / /	Purchase Price \$	Current Value \$	Basis of Valuation	
Lender's Name and Address		Loan or Account No.	Current Balance On First Mortgage or Contract \$	
			Monthly Payment \$	
Other Mortgage Loan(s) (describe)		Monthly Payment \$	<input type="checkbox"/> Rental Unit	
		Current Balance \$	Monthly Rent Received \$	

LIABILITIES**Item 19. Credit Cards**

List each credit card account held by you, your spouse, or your dependents, and any other credit cards that you, your spouse, or your dependents use, whether issued by a United States or foreign financial institution.

Name of Credit Card (e.g., Visa, MasterCard, Department Store)	Account No.	Name(s) on Account	Current Balance
			\$
			\$
			\$
			\$
			\$

Item 20. Taxes Payable

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

Type of Tax	Amount Owed	Year Incurred
	\$	
	\$	
	\$	

Initials: _____

Item 21. Other Amounts Owed by You, Your Spouse, or Your Dependents

List all other amounts, not listed elsewhere in this financial statement, owed by you, your spouse, or your dependents.

Lender/Creditor's Name, Address, and Telephone No.		Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number)	
		Lender/Creditor's Relationship to You	
Date Liability Was Incurred / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	Payment Schedule
Lender/Creditor's Name, Address, and Telephone No.		Nature of Debt (if the result of a court judgment or settlement, provide court name and docket number)	
		Lender/Creditor's Relationship to You	
Date Liability Was Incurred / / (mm/dd/yyyy)	Original Amount Owed \$	Current Amount Owed \$	Payment Schedule

OTHER FINANCIAL INFORMATION**Item 22. Trusts and Escrows**

List all funds and other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Include any legal retainers being held on your behalf by legal counsel. 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.

Trustee or Escrow Agent's Name & Address	Date Established (mm/dd/yyyy)	Grantor	Beneficiaries	Present Market Value of Assets*
	/ /			\$
	/ /			\$
	/ /			\$

*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

Item 23. Transfers of Assets

List each person or entity to whom you have transferred, in the aggregate, more than \$5,000 in funds or other assets during the previous five years by loan, gift, sale, or other transfer (exclude ordinary and necessary living and business expenses paid to unrelated third parties). For each such person or entity, state the total amount transferred during that period.

Transferee's Name, Address, & Relationship	Property Transferred	Aggregate Value*	Transfer Date (mm/dd/yyyy)	Type of Transfer (e.g., Loan, Gift)
		\$	/ /	
		\$	/ /	
		\$	/ /	

*If the market value of any asset is unknown, describe the asset and state its cost, if you know it.

Initials: _____

Item 24. Document Requests

Provide copies of the following documents with your completed Financial Statement.

	Federal tax returns filed during the last three years by or on behalf of you, your spouse, or your dependents.
	All applications for bank loans or other extensions of credit (other than credit cards) that you, your spouse, or your dependents have submitted within the last two years, including by obtaining copies from lenders if necessary.
Item 9	For each bank account listed in Item 9, all account statements for the past 3 years.
Item 11	For each business entity listed in Item 11, provide (including by causing to be generated from accounting records) the most recent balance sheet, tax return, annual income statement, the most recent year-to-date income statement, and all general ledger files from account records.
Item 17	All appraisals that have been prepared for any property listed in Item 17, including appraisals done for insurance purposes. You may exclude any category of property where the total appraised value of all property in that category is less than \$2,000.
Item 18	All appraisals that have been prepared for real property listed in Item 18.
Item 21	Documentation for all debts listed in Item 21.
Item 22	All executed documents for any trust or escrow listed in Item 22. Also provide any appraisals, including insurance appraisals that have been done for any assets held by any such trust or in any such escrow.

SUMMARY FINANCIAL SCHEDULES**Item 25. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

Assets		Liabilities	
Cash on Hand (Item 9)	\$	Loans Against Publicly Traded Securities (Item 10)	\$
Funds Held in Financial Institutions (Item 9)	\$	Vehicles - Liens (Item 16)	\$
U.S. Government Securities (Item 10)	\$	Real Property - Encumbrances (Item 18)	\$
Publicly Traded Securities (Item 10)	\$	Credit Cards (Item 19)	\$
Non-Public Business and Financial Interests (Item 11)	\$	Taxes Payable (Item 20)	\$
Amounts Owed to You (Item 12)	\$	Amounts Owed by You (Item 21)	\$
Life Insurance Policies (Item 13)	\$	Other Liabilities (Itemize)	
Deferred Income Arrangements (Item 14)	\$		\$
Vehicles (Item 16)	\$		\$
Other Personal Property (Item 17)	\$		\$
Real Property (Item 18)	\$		\$
Other Assets (Itemize)			\$
	\$		\$
	\$		\$
	\$		\$
Total Assets	\$	Total Liabilities	\$

Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents

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

Income (State source of each item)		Expenses	
Salary - After Taxes	\$	Mortgage or Rental Payments for Residence(s)	\$
Source:			
Fees, Commissions, and Royalties	\$	Property Taxes for Residence(s)	\$
Source:			
Interest	\$	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$
Source:			
Dividends and Capital Gains	\$	Car or Other Vehicle Lease or Loan Payments	\$
Source:			
Gross Rental Income	\$	Food Expenses	\$
Source:			
Profits from Sole Proprietorships	\$	Clothing Expenses	\$
Source:			
Distributions from Partnerships, S-Corporations, and LLCs	\$	Utilities	\$
Source:			

Initials: _____

Item 26. Combined Current Monthly Income and Expenses for You, Your Spouse, and Your Dependents (cont.)

Distributions from Trusts and Estates Source:	\$	Medical Expenses, Including Insurance	\$
Distributions from Deferred Income Arrangements Source:	\$	Other Insurance Premiums	\$
Social Security Payments	\$	Other Transportation Expenses	\$
Alimony/Child Support Received	\$	Other Expenses (Itemize)	
Gambling Income	\$		\$
Other Income (Itemize)			\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
Total Income	\$	Total Expenses	\$

ATTACHMENTS**Item 27. Documents Attached to this Financial Statement**

List all documents that are being submitted with this financial statement. For any Item 24 documents that are not attached, explain why.

Item No. Document Relates To	Description of Document

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

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.
2. The font size within each field will adjust automatically as you type to accommodate longer responses.
3. 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.
4. 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.
5. 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.
6. Type or print legibly.
7. 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.

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 & Address</u>	<u>% Owned</u>

Item 5. **Board Members**

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

<u>Name & 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 & 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 & 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 & 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, & 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 BoxesList 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 & 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>
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____

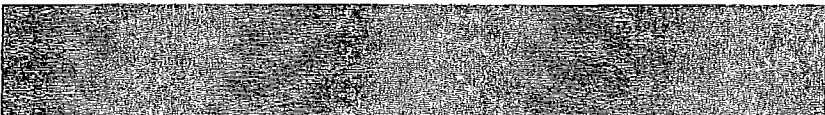
Item 18. Financial Statements

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 & 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 18 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>	\$ _____			
<u>Receivables</u>	\$ _____			

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 & 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 & 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

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, & Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$		
		\$		
		\$		
		\$		
		\$		

Item 32. **Documents Attached to the Financial Statement**

List all documents that are being submitted with the financial statement.

<u>Item No.</u>	<u>Document</u>	<u>Description of Document</u>
<u>Relates To</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

Consent to Release of Financial Records

I, _____, of the State of _____ in the United States of America, do direct any bank or trust company at which I have a bank account of any kind or at which a corporation or other entity has a bank account of any kind upon which I am authorized to draw, and direct the bank or trust company's officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control that relate to the bank accounts to any attorney of the Federal Trade Commission, and to give evidence relevant to the matter of the *Federal Trade Commission v. BunZai Media Group, Inc., et al.*, Civ. Action No. _____, now pending in the United States District Court for the Central District of California, 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 which restrict or prohibit the disclosure of bank information without the consent of the holder of the account, and shall be construed as consent with respect thereto, and shall apply to any bank accounts for which I may be a relevant principal.

Dated: _____, 2015

Signature: _____

Printed full name: _____