

1 UNITED STATES DISTRICT COURT
2 CENTRAL DISTRICT OF CALIFORNIA
3 WESTERN DIVISION

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Case No. 2:07-cv-03654-GW-FMO

4 FEDERAL TRADE COMMISSION,

5 Plaintiff

~~Proposed~~
6 STIPULATED PRELIMINARY
7 INJUNCTION

8 v.

9 BURNLounge, INC.,
10 a corporation;
11 JUAN ALEXANDER ARNOLD,
12 an individual;
13 JOHN TAYLOR,
14 an individual;
15 ROB DEBOER,
16 an individual; and
17 SCOTT ELLIOTT,
18 an individual,

19 Defendants.

20 FILED
21 CLERK, U.S. DISTRICT COURT
22 JUL - 3 2007
23 CENTRAL DISTRICT OF CALIFORNIA
24 BY DEPUTY

25 FAXED

26 LODGED

27 Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), having
28 filed a Complaint for Injunctive and Other Equitable Relief, including redress to
consumers, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC
Act"), 15 U.S.C. § 45(a), and having moved for an Order to show cause why a
preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure
and C.D. Ca. L.R. 65-1, and the Court having considered the Complaint,
declarations, exhibits, memorandum of points and authorities, and other material
filed by the parties, finds that:

1. This Court has jurisdiction of the subject matter of this case and there is good cause to believe it will have jurisdiction of all parties hereto;
2. There is good cause to believe that venue properly lies with this Court;
3. There is good cause to believe that the Defendant BurnLounge, Inc., engaged in acts and practices that violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and that the Commission is therefore likely to prevail on the merits of this action.

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JUL - 6 2007
BY 009

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1 4. The evidence set forth in the "Plaintiff Federal Trade Commission's
2 Memorandum of Points and Authorities Supporting the Application for a Noticed
3 *Ex Parte* Temporary Restraining Order" and in the accompanying exhibits, and all
4 other documents filed by the parties show that the Defendant engaged in a classic
5 pyramid scheme in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a). In
6 accordance with Fed. R. Civ. P. 65, good cause therefore exists for issuing this
7 preliminary injunction. Furthermore, to preserve the Court's ability to grant
8 effective relief, there is good cause for the Court to enter an order preserving
9 certain assets and to require that Defendant provide an accounting of its assets and
10 of the monies that it has received as a result of its activities challenged in the
11 Complaint.

12 5. Weighing the equities and considering the Commission's likelihood
13 of ultimate success, a preliminary injunction with asset preservation, requiring an
14 accounting and other equitable relief is in the public interest.

15 6. As an agency of the United States, no security is required of the
16 Commission for the issuance of a preliminary injunction. *See* Fed. R. Civ. P. 65(c).

17 **Definitions**

18 For the purpose of this preliminary injunction, the following definitions
19 shall apply:

20 1. "**Asset**" or "**Assets**" means any legal or equitable interest in, right to,
21 or claim to, any real and personal property, including, but not limited to chattel,
22 goods, instruments, equipment, fixtures, general intangibles, licenses, inventory,
23 checks, notes, leaseholds, effects, contracts, mail or other deliveries, shares of
24 stock, lists of consumer names, accounts, credits, mortgages, premises,
25 receivables, funds, and cash, wherever located, whether in the United States or
26 abroad, and shall include both existing assets and assets acquired after the date of
27 entry of this Order.

28 2. "**Defendant**" means BurnLounge, Inc.

1 3. **"Marketing Program"** includes, but is not limited to, any multi-level
2 marketing program, business investment opportunity, pyramid marketing scheme,
3 Ponzi scheme, or chain marketing scheme that is marketed by any of the
4 Defendants.

5 4. **"Mogul Program"** means the BurnLounge Mogul Program through
6 which participants earn monetary rewards.

7 5. **"Person"** means a natural person, an organization or other legal
8 entity, including a corporation, partnership, sole proprietorship, limited liability
9 company, association, or cooperative, or any other group or combination acting as
10 an entity.

11 6. **"Plaintiff"** means the Federal Trade Commission ("Commission" or
12 "FTC").

13 7. The terms "and" and "or" in this Order shall be construed
14 conjunctively or disjunctively as necessary, to make the applicable sentence or
15 phrase inclusive rather than exclusive.

ORDER

I. PYRAMID PROHIBITION

18 **IT IS THEREFORE ORDERED** that Defendant is temporarily restrained
19 and enjoined from engaging, participating or assisting in, any manner or capacity
20 whatsoever, from operating the Mogul Program or any Marketing Program that:

- 21 A. Pays any compensation related to recruitment;
 - 22 B. Pays any compensation related to the purchase or sale of goods or
23 services unless the majority of such compensation is derived from
24 sales to persons who are not members of the Mogul Program or the
25 Marketing Program; or
 - 26 C. Otherwise constitutes a pyramid scheme.
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1 **II. INJUNCTION AGAINST MISREPRESENTATION**

2 IT IS FURTHER ORDERED that, in connection with the advertising,
3 promoting, marketing, offering or providing, or assisting others in the advertising,
4 promoting, marketing, offering or providing the Mogul Program, or any other
5 Marketing Program, the Defendant is hereby temporarily restrained and enjoined
6 from making or assisting in the making of, expressly or by implication, orally or in
7 writing, any false or misleading statement or representation of material fact,
8 including, but not limit to: misrepresenting that consumers who participate in the
9 Mogul Program, or any Marketing Program will or are likely to receive substantial
10 income.

11 **III. INJUNCTION AGAINST MATERIAL OMISSIONS**

12 IT IS FURTHER ORDERED that, in connection with the advertising,
13 promoting, marketing, offering or providing, or assisting others in the advertising,
14 promoting, marketing, offering or providing the Mogul Program, or any
15 Marketing Program, the Defendant is hereby temporarily restrained and enjoined
16 from failing to disclose, clearly and conspicuously, orally or in writing, all
17 information material to a consumer's decision to participate in the Mogul Program
18 or any other Marketing Program, including, but not limited to, the fact that the
19 structure of the Mogul Program or any other Marketing Program prevents the vast
20 majority of participants from making substantial income.

21 **IV. ASSET PRESERVATION**

22 IT IS FURTHER ORDERED that Defendant BurnLounge will place into
23 escrow on a monthly basis twenty percent (20%) of its net profits earned from the
24 date of this Order going forward. Net profits to be determined in accordance with
25 commonly accepted accounting practices. Those funds shall remain preserved
26 pending further order of the Court upon final resolution of this matter. The
27 amount to be deposited in the escrow account shall be capped at an amount to be
28 agreed upon by the parties or decided by further order of the Court. If the parties

1 are unable to agree on the amount of the cap and a Court hearing is necessary to
2 determine the amount of the cap, the parties shall have the right to conduct
3 expedited discovery and the right to file briefs. Any needed hearing shall be
4 conducted within four months (4) and the decision of the Judge shall be final.

5 During the pendency of this proceeding, Defendant BurnLounge shall not
6 dispose of any asset acquired prior to June 6, 2007, and shall provide by the 15th
7 of each month from the date of this Order going forward, full and complete
8 income statements of profit and loss prepared in accordance with commonly
9 accepted accounting principles.

10 Provided further that Defendant BurnLounge may pay reasonable attorneys
11 fees from available cash generated from future operations upon application to, and
12 approval by the Court. The Commission shall have the right to oppose any fee
13 application.

14 It is further provided that in the event Defendant BurnLounge ceases
15 operation all assets, including but not limited to, proprietary software existing at
16 the time of this order shall be turned over to the Commission.

17 **V. FOREIGN ASSET REPATRIATION**

18 IT IS FURTHER ORDERED that within five (5) business days following
19 the service of this Order, Defendant shall:

- 20 A. Provide the Commission with a full accounting of all funds,
21 documents, and assets located outside of the United States which are
22 (1) titled in the name, individually or jointly, of any Defendant; or (2)
23 held by any person or entity for the benefit of any Defendant; or (3)
24 under the direct or indirect control, whether jointly or singly, of any
25 Defendant;
- 26 B. Transfer to the territory of the United States all funds, documents, and
27 assets located outside of the United States which are (1) titled in the
28 name individually or jointly of any Defendant; or (2) held by any

1 person or entity for the benefit of any Defendant; or (3) under any
2 Defendants' direct or indirect control, whether jointly or singly;

3 C. Hold and retain all repatriated funds, documents, and assets, and
4 prevent any transfer, disposition, or dissipation whatsoever of any
5 funds or assets, except as required by this Order; or for any funds,
6 documents, or assets held by or in the name of any Defendant; and

7 D. Provide the Commission access to all records of funds, documents, or
8 assets of any Defendant held by financial institutions or other entities
9 or individuals located outside the United States by signing a Consent
10 to Release of Financial Records, to be supplied by Plaintiff.

11 **VI. INTERFERENCE WITH REPATRIATION**

12 IT IS FURTHER ORDERED that the Defendant is hereby temporarily
13 restrained and enjoined from taking any action, directly or indirectly, which may
14 result in the encumbrance or dissipation of funds, documents, or assets held
15 outside of the United States, or in the hindrance of the repatriation required by the
16 preceding Section of this Order, including but not limited to:

17 A. Sending any statement, letter, fax, e-mail or wire transmission,
18 telephoning or engaging in any other act, directly or indirectly, that results in a
19 determination by a foreign trustee or other entity that a "duress" event has
20 occurred under the terms of a foreign trust agreement until such time that all assets
21 have been fully repatriated pursuant to the preceding Section of this Order; and

22 B. Notifying any trustee, protector or other agent of any foreign trust or
23 other related entities of either the existence of this Order, or of the fact that
24 repatriation is required pursuant to a Court Order, until such time that all assets
25 have been fully repatriated pursuant to the preceding Section of this Order.

26 **VII. FINANCIAL STATEMENTS AND ACCOUNTING**

27 IT IS FURTHER ORDERED that, within fifteen (15) business days after
28 service of this Order, Defendant shall provide to counsel for Plaintiff:

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A. A completed financial statement signed under penalty of perjury and accurate as of the date of entry of this Order, in the form provided as Attachment B; and

B. For product packages and digital music and other digital content sold by Defendants relating to BurnLounge, Inc., a detailed accounting verified under oath showing the following through the date of the issuance of this Order for the entire period of BurnLounge's operation and on a monthly basis:

1. gross revenue from the sale of each category of product package (i.e., Basic, Exclusive and VIP) and the number sold of each category of product package to each of the following:
(a) Moguls and (b) non-Moguls;
2. gross revenue from aggregate sales of digital music and other digital content to each of the following: (a) Moguls and (b) non-Moguls;
3. refunds and allowances on the sale of each category of product package (i.e., Basic, Exclusive and VIP) to each of the following: (a) Moguls and (b) non-Moguls;
4. refunds and allowances on the aggregate sales of digital music and other digital content to each of the following: (a) Moguls and (b) non-Moguls;
5. net sales from the sale of each category of product package (i.e., Basic, Exclusive and VIP) and the number sold of each category of product package to each of the following: (a) Moguls and (b) non-Moguls;
6. net sales from aggregate sales of digital music and other digital content to each of the following: (a) Moguls, (b) non-Moguls

- 1 who were ever BurnLounge retailers, and © non-Moguls who
- 2 were never BurnLounge retailers;
- 3 7. the cost of goods sold for each category of product package.
- 4 (i.e., Basic, Exclusive and VIP) to each of the following: (a)
- 5 Moguls and (b) non-Moguls;
- 6 8. the cost of goods sold for aggregate sales of digital music and
- 7 other digital content to each of the following: (a) Moguls and
- 8 (b) non-Moguls;
- 9 9. the gross profit on sales of each category of product package
- 10 (i.e., Basic, Exclusive and VIP) to each of the following: (a)
- 11 Moguls and (b) non-Moguls; and
- 12 10. the gross profit on sales from aggregate sales of digital music
- 13 and other digital content to each of the following: (a) Moguls
- 14 and (b) non-Moguls.

15 Provided, as used in this paragraph, (a) "net sales" refers to gross revenue minus
16 refunds and allowances; (b) "gross profit" refers to net sales minus cost of goods
17 sold; © "Moguls" refers to all persons and entities that were Moguls at any time;
18 and (d) "non-Moguls" refers to all person and entities that were never Moguls.

19 Provided further that in providing information regarding Moguls for this
20 paragraph, the information provided shall cover the entire period of that person or
21 entity's association with BurnLounge as a retailer, customer, Mogul or under any
22 other type of association.

23 **VIII. MAINTENANCE OF RECORDS**

24 IT IS FURTHER ORDERED that Defendant, and their officers, agents,
25 servants, employees, and attorneys, and those in active concert or participation
26 with them who receive actual notice of this Order, are hereby temporarily
27 restrained and enjoined from directly or indirectly destroying, mutilating, erasing,
28 altering, concealing or disposing of, in any manner, directly or indirectly, any

1 documents that relate to the business practices or business or personal finances of
2 any Defendant.

3 **IX. BANKRUPTCY PETITIONS**

4 The parties agree Defendant is hereby prohibited from filing a petition for
5 relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., without
6 prior permission from this Court.

7 **X. CONSUMER CREDIT REPORTS**

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


11 **XI. SERVICE ON THE COMMISSION**

12 IT IS FURTHER ORDERED that, with regard to any correspondence,
13 pleadings, or notifications related to this Order, service on the Commission shall
14 be performed by personal or facsimile delivery (but not delivery by U.S. Mail) to
15 the attention of:

16 Chris M. Couillou, Esq.
17 Federal Trade Commission
18 225 Peachtree Street, Suite 1500
19 Atlanta, Georgia 30303,
20 facsimile number (404) 656-1379

21 before 5:00 pm (EDT) of the day that such service is due.

22 **SO ORDERED**, this 3rd day of July, 2007.

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24 Hon. George H. Wu
25 United States District Judge
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1 THE PARTIES STIPULATE TO THE FOREGOING ORDER:

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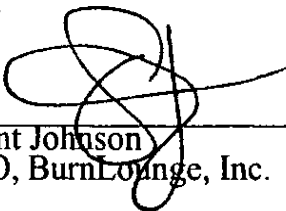
6 Chris M. Couillou
7 ccouillou@ftc.gov
8 Counsel for Plaintiff
9 Federal Trade Commission
10 225 Peachtree Street, Suite 1500
11 Atlanta, GA 30303
12 (404) 656-1353 (voice)
13 (404) 656-1379 (fax)

or



14 D.J. Poyfair
15 djpoyfair@stklaw.com
16 Counsel for BurnLounge, Inc.
17 Shugart, Thomson & Kilroy
18 1050 17th Street, Suite 2300
19 Denver, CO 80265
20 (303) 572-9300 (voice)
21 (303) 572-7883 (fax)

22 Sheldon H. Sloan (SBN 32334)
23 ssloanlaw@aol.com
24 Counsel for BurnLounge, Inc.
25 11111 Santa Monica Blvd., Ste. 230
26 Los Angeles, CA 90025
27 (310) 268-0622 (voice)
28 (310) 268-2450 (fax)



18 Grant Johnson
19 CEO, BurnLounge, Inc.

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

SCANNED

Instructions:

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

Penalty for False Information:

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

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

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



BACKGROUND INFORMATION

SCANNED

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.

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Name & Address

% Owned

Item 5. Board Members

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

Name & Address

% Owned

Term (From/Until)

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).

Name & Address

% Owned

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.

CPA/PA?

<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).

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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

SCALED

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 _____

SCANNED

Item 16. Safe Deposit Boxes

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

<u>Owner's Name</u>	<u>Name & 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.

S-100 (REV. 11-13-80)

<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 17 above, provide the following summary financial information.

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

Item 20. Cash, Bank, and Money Market Accounts

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

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

<u>Name & 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 \$ _____

FILED

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 _____

SCANNED

Item 28. Credit Cards

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

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

Item 29. Compensation of Employees

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

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

Item 30. Compensation of Board Members and Officers

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

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

Item 31. Transfers of Assets Including Cash and Property

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

<u>Transferee's Name, Address, & 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 Relates To</u>	<u>Description of Document</u>
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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

SCANNED

1 John Taylor
2 [REDACTED]
3 Houston, TX 77007

4 I hereby certify that the foregoing is true and correct.
5 Executed on this 2nd of July, 2007, at Atlanta, Georgia.

6 Chris M. Couillou
7 Chris M. Couillou
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