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**IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,
Plaintiff,
vs.
DIGITAL ALTITUDE LLC, ET AL.,
Defendants.

No. 2:18-CV-00729 JAK (MRWx)
**ORDER RE STIPULATED
PRELIMINARY INJUNCTION
AGAINST DEFENDANT
MORGAN JOHNSON**

This matter comes before the court upon the stipulation of Plaintiff, the Federal Trade Commission (“FTC”), and Defendant Morgan Johnson (“Johnson”) for the entry of a Preliminary Injunction against Johnson.

On January 29, 2018, Plaintiff, the Federal Trade Commission, filed its Complaint for a Permanent Injunction And Other Relief pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b) (Dkt. 1). Pursuant to Fed. R. Civ. P. 65(b), the FTC also filed an ex parte application for a temporary restraining order, asset freeze, other equitable relief, and an order to show cause why a preliminary injunction should not issue against Digital Altitude LLC, Digital Altitude Limited, Aspire Processing LLC, Aspire Processing Limited, Aspire Ventures Ltd, Disc Enterprises Inc., RISE Systems & Enterprise LLC (Utah), RISE Systems & Enterprise LLC (Nevada), Soar International Limited Liability Company, The Upside, LLC, Thermography for Life, LLC, d/b/a Living

1 Exceptionally, Inc., Michael Force, Mary Dee, Morgan Johnson, Alan Moore, and
2 Sean Brown (collectively, “Defendants”). Dkt. 5.

3 The Court granted the application, issuing a temporary restraining order
4 (“TRO”) on February 1, 2018, including an asset freeze, appointment of a receiver,
5 immediate access to Defendants’ business premises, and other temporary relief.
6 Dkt. 34. The TRO also ordered Defendants to appear on February 15, 2018 and
7 show cause why a preliminary injunction should not issue against them. The
8 parties stipulated to a continuance of the show cause hearing and the court granted
9 that request, extending the TRO and continuing the hearing to March 5, 2018. Dkt.
10 61. Prior to the hearing, the FTC and Defendant Morgan Johnson agreed to the
11 entry of a preliminary injunction for the duration of this litigation. The terms of the
12 stipulated preliminary injunction are set out below.

13 **FINDINGS**

14 A. This Court has jurisdiction over the subject matter of this case, and
15 there is good cause to believe that it will have jurisdiction over all parties hereto
16 and that venue in this district is proper.

17 B. The FTC has sufficiently demonstrated that Defendant Johnson has
18 engaged in and is likely to engage in acts or practices that violate Section 5(a) of
19 the FTC Act, 15 U.S.C. § 45(a), and that Plaintiff is therefore likely to prevail on
20 the merits of this action. As demonstrated by transcripts of Defendants’ web
21 videos, screen captures of Defendants’ websites, a declaration of the FTC’s
22 investigator and transcripts of his calls with Defendants’ representatives, consumer
23 declarations, bank and payment processor documentation, and the additional
24 documentation filed by the FTC, the FTC has established a likelihood of success in
25 showing that Johnson is liable for material misrepresentations in the promotion and
26 sale of a program to make money online, to numerous consumers, including that
27 consumers are likely to earn substantial income and that they will receive business
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1 coaching that will provide what the consumer needed to build a successful
2 business.

3 C. The FTC has sufficiently demonstrated that immediate and irreparable
4 harm will result from Defendant Johnson’s ongoing violations of the FTC Act
5 unless Johnson is restrained and enjoined by order of this Court.

6 D. The FTC has sufficiently demonstrated the need for: (a) maintaining
7 the freeze over Defendant Morgan Johnson’s assets; and (b) the ancillary relief
8 ordered below. *See, e.g., FTC v. World Wide Factors, Ltd.*, 882 F.2d 344, 347 (9th
9 Cir. 1989) (the Court “need only . . . find some chance of probable success on the
10 merits” in order to award preliminary relief). *See also FTC v. am. Nat’l Cellular,*
11 *Inc.*, 810 F.2d 1511, 1512-14 (9th Cir. 1987) (upholding preliminary injunction
12 including asset freeze and appointment of a receiver). The FTC has demonstrated a
13 likelihood that Defendant Johnson is individually liable and properly subject to the
14 asset freeze. Specifically, the FTC has demonstrated that it likely will prevail in
15 showing that Johnson directly participated in the wrongful acts or has the ability to
16 control certain Corporate Defendants because he is the Chief Technology Officer
17 of Digital Altitude LLC and Secretary of Aspire Processing Limited. Similarly, the
18 FTC has demonstrated that it will likely prevail in showing that Johnson either had
19 knowledge of the misrepresentations or was recklessly indifferent to the fact that
20 misrepresentations were being made. An asset freeze is appropriate equitable relief
21 permitted by the FTC Act and the inherent equitable powers of the Court. *See FTC*
22 *v. H.N. Singer, Inc.*, 668 F.2d 1107, 1112-13 (9th Cir. 1982) (Section 13(b) of the
23 FTC Act “provides a basis” for a preliminary injunction “freezing assets”).

24 E. Weighing the equities and considering Plaintiff’s likelihood of
25 ultimate success on the merits, a preliminary injunction with an asset freeze and
26 other equitable relief is in the public interest.

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1 F. This Court has authority to issue this Order pursuant to Section 13(b)
2 of the FTC Act, 15 U.S.C. § 53(b); Federal Rule of Civil Procedure 65; and the All
3 Writs Act, 28 U.S.C. § 1651.

4 G. The FTC is an independent agency of the United States and no
5 security is required of any agency of the United States for the issuance of a
6 preliminary injunction. Fed. R. Civ. P. 65(c).

7 DEFINITIONS

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

9 A. **“Corporate Defendants”** means Digital Altitude LLC; Digital
10 Altitude Limited; Aspire Processing LLC; Aspire Processing Limited; Aspire
11 Ventures Ltd; Disc Enterprises Inc.; RISE Systems & Enterprise LLC (Utah); RISE
12 Systems & Enterprise LLC (Nevada); Soar International Limited Liability
13 Company; The Upside, LLC; Thermography for Life, LLC, d/b/a Living
14 Exceptionally, Inc., and each of their subsidiaries, affiliates, successors, and
15 assigns.

16 B. **“Defendant(s)”** means Corporate Defendants, Michael Force, Mary
17 Dee, Morgan Johnson, Alan Moore, and Sean Brown, individually, collectively, or
18 in any combination.

19 C. **“Document”** is synonymous in meaning and equal in scope to the
20 usage of “document” and “electronically stored information” in Federal Rule of
21 Civil Procedure 34(a), and includes writings, drawings, graphs, charts,
22 photographs, sound and video recordings, images, Internet sites, web pages,
23 websites, electronic correspondence, including e-mail, chats, and instant messages,
24 contracts, accounting data, advertisements, FTP Logs, Server Access Logs, books,
25 written or printed records, handwritten notes, telephone or videoconference logs,
26 telephone scripts, receipt books, ledgers, personal and business canceled checks
27 and check registers, bank statements, appointment books, computer records,
28 customer or sales databases and any other electronically stored information,

1 including Documents located on remote servers or cloud computing systems, and
2 other data or data compilations from which information can be obtained directly or,
3 if necessary, after translation into a reasonably usable form. A draft or non-
4 identical copy is a separate document within the meaning of the term.

5 D. **“Individual Defendant(s)”** means Michael Force, Mary Dee, Morgan
6 Johnson, Alan Moore, and Sean Brown, individually, collectively, or in any
7 combination.

8 E. **“Person”** means a natural person, organization, or other legal entity,
9 including a corporation, partnership, proprietorship, association, cooperative,
10 government or governmental subdivision or agency, or any other group or
11 combination acting as an entity.

12 F. **“Receiver”** means the receiver appointed in this action and any
13 deputy receivers that shall be named by the receiver.

14 G. **“Receivership Entities”** means Corporate Defendants as well as any
15 other entity that has conducted any business related to Defendants’ marketing and
16 sale of purported money-making opportunities to consumers, including receipt of
17 Assets derived from any activity that is the subject of the Complaint in this matter,
18 and that the Receiver determines is controlled or owned by any Defendant.

19 **ORDER**

20 **I. PROHIBITED BUSINESS ACTIVITIES**

21 **IT IS THEREFORE ORDERED** that Defendant Morgan Johnson, his
22 officers, agents, employees, and attorneys, and all other Persons in active concert
23 or participation with him, who receive actual notice of this Order by personal
24 service or otherwise, whether acting directly or indirectly, in connection with the
25 advertising, marketing, promoting, or offering for sale of any goods or services, are
26 **preliminarily restrained and enjoined** from misrepresenting or assisting others in
27 misrepresenting, expressly or by implication, any material fact, including, but not
28 limited to:

1 A. Consumers who purchase Defendants' purported money-making
2 opportunities will earn or are likely to earn substantial income;

3 B. Consumers who purchase Defendants' purported money-making
4 opportunities will receive business coaching that will provide what the consumers
5 need to build a successful online business; and

6 C. Any other fact material to consumers concerning any good or service,
7 such as: the total costs; any refund policy; any material restrictions, limitations, or
8 conditions; or any material aspect of its performance, efficacy, nature, or central
9 characteristics.

10 **II. PROHIBITION ON RELEASE OF CUSTOMER INFORMATION**

11 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson, his
12 officers, agents, employees, and attorneys, and all other Persons in active concert
13 or participation with him, who receive actual notice of this Order, whether acting
14 directly or indirectly, are hereby **preliminarily restrained and enjoined** from:

15 A. Selling, renting, leasing, transferring, or otherwise disclosing, the
16 name, address, birth date, telephone number, email address, credit card number,
17 bank account number, Social Security number, or other financial or identifying
18 information of any Person that any Defendant obtained in connection with any
19 activity that pertains to the subject matter of this Order; and

20 B. Benefitting from or using the name, address, birth date, telephone
21 number, email address, credit card number, bank account number, Social Security
22 number, or other financial or identifying information of any Person that any
23 Defendant obtained in connection with any activity that pertains to the subject
24 matter of this Order.

25 Provided, however, that Johnson may disclose such identifying information
26 to a law enforcement agency, to his attorneys as required for his defense, as
27 required by any law, regulation, or court order, or in any filings, pleadings or
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1 | discovery in this action in the manner required by the Federal Rules of Civil
2 | Procedure and by any protective order in the case.

3 | **III. ASSET FREEZE**

4 | **IT IS FURTHER ORDERED** that Defendant Morgan Johnson and his
5 | representatives, officers, agents, employees, and attorneys, and all other Persons in
6 | active concert or participation with him, who receive actual notice of this Order,
7 | whether acting directly or indirectly, are hereby **preliminarily restrained and**
8 | **enjoined** from:

9 | A. Transferring, liquidating, converting, encumbering, pledging, loaning,
10 | selling, concealing, dissipating, disbursing, assigning, relinquishing, spending,
11 | conveying, gifting, withdrawing, granting a lien or security interest or other
12 | interest in, or otherwise disposing of any Assets that are:

- 13 | 1) owned or controlled, directly or indirectly, by any Defendant;
- 14 | 2) held, in whole or in part, for the benefit of any Defendant;
- 15 | 3) in the actual or constructive possession of any Defendant; or
- 16 | 4) owned or controlled by, in the actual or constructive possession
17 | of, or otherwise held for the benefit of, any corporation,
18 | partnership, asset protection trust, or other entity that is directly
19 | or indirectly owned, managed, or controlled by any Defendant.

20 | B. Opening or causing to be opened any safe deposit boxes, commercial
21 | mail boxes, or storage facilities titled in the name of any Defendant or subject to
22 | access by any Defendant, except as necessary to comply with written requests from
23 | the Receiver acting pursuant to its authority under this Order;

24 | C. Incurring charges or cash advances on any credit, debit, or ATM card
25 | issued in the name, individually or jointly, of any Corporate Defendant or any
26 | corporation, partnership, or other entity directly or indirectly owned, managed, or
27 | controlled by any Defendant or of which any Defendant is an officer, director,
28 | member, or manager. This includes any corporate bankcard or corporate credit card

1 account for which any Defendant is, or was on the date that this Order was signed,
2 an authorized signor; or

3 D. Cashing any checks or depositing any money orders or cash received
4 from consumers, clients, or customers of any Defendant.

5 The Assets affected by this Section shall include Assets: (1) existing as of
6 the date the TRO was entered; and (2) obtained by Defendant Morgan Johnson
7 following entry of the TRO, if those Assets are derived from any activity that is the
8 subject of the Complaint in this matter or that is prohibited by this Order. This
9 Section does not prohibit any transfers to the Receiver or repatriation of foreign
10 Assets specifically required by this Order.

11 **IV. DUTIES OF ASSET HOLDERS AND OTHER THIRD PARTIES**

12 **IT IS FURTHER ORDERED** that any financial or brokerage institution,
13 Electronic Data Host, credit card processor, payment processor, merchant bank,
14 acquiring bank, independent sales organization, third party processor, payment
15 gateway, insurance company, business entity, or Person who receives actual notice
16 of this Order (by service or otherwise) and that has held, controlled, or maintained
17 custody, through an account or otherwise, of (a) any Document on behalf of
18 Defendant Morgan Johnson or any Asset that has been owned or controlled,
19 directly or indirectly, by Johnson; held, in part or in whole, for the benefit of
20 Johnson; in the actual or constructive possession of Johnson; or owned or
21 controlled by, in the actual or constructive possession of, or otherwise held for the
22 benefit of, any corporation, partnership, asset protection trust, or other entity that is
23 directly or indirectly owned, managed or controlled by Johnson; or (b) any
24 Document or Asset associated with credits, debits or charges made on behalf of
25 Johnson, including reserve funds held by payment processors, credit card
26 processors, merchant banks, acquiring banks, independent sales organizations,
27 third party processors, payment gateways, insurance companies, or other entities,
28 shall:

1 A. Hold, preserve, and retain within its control and prohibit the
2 withdrawal, removal, alteration, assignment, transfer, pledge, encumbrance,
3 disbursement, dissipation, relinquishment, conversion, sale, or other disposal of
4 any such Document or Asset, as well as all Documents or other property related to
5 such Assets, except by further order of this Court;

6 B. Deny any Person, except the Receiver, access to any safe deposit box,
7 commercial mail box, or storage facility that is titled in the name of any Defendant,
8 either individually or jointly, or otherwise subject to access by any Defendant;

9 C. If they have not done so already in compliance with the TRO
10 previously issued in this matter (Dkt. 34), provide Plaintiff's counsel and the
11 Receiver, within three (3) business days of receiving a copy of this Order, a sworn
12 statement setting forth:

- 13 1) The identification number of each such account or Asset;
- 14 2) The balance of each such account, or a description of the nature
15 and value of each such Asset as of the close of business on the
16 day on which this Order is served, and, if the account or other
17 Asset has been closed or removed, the date closed or removed,
18 the total funds removed in order to close the account, and the
19 name of the Person or entity to whom such account or other
20 Asset was remitted; and
- 21 3) The identification of any safe deposit box, commercial mail
22 box, or storage facility that is either titled in the name,
23 individually or jointly, of any Defendant, or is otherwise subject
24 to access by any Defendant; and

25 D. If they have not done so already in compliance with the TRO
26 previously issued in this matter (Dkt. 34), upon the request of Plaintiff's counsel or
27 the Receiver, promptly provide Plaintiff's counsel and the Receiver with copies of
28 all records or other Documents pertaining to such account or Asset, including

1 originals or copies of account applications, account statements, signature cards,
2 checks, drafts, deposit tickets, transfers to and from the accounts, including wire
3 transfers and wire transfer instructions, all other debit and credit instruments or
4 slips, currency transaction reports, 1099 forms, and all logs and records pertaining
5 to safe deposit boxes, commercial mail boxes, and storage facilities

6 Provided, however, that this Section does not prohibit any transfers to the
7 Receiver or repatriation of foreign Assets specifically required by this Order.

8 **V. FINANCIAL DISCLOSURES**

9 **IT IS FURTHER ORDERED** that, if he has not done so already in
10 compliance with the TRO previously issued in this matter (Dkt. 34), within five (5)
11 calendar days of the issuance of this Order, Defendant Johnson shall prepare and
12 deliver to Plaintiff's counsel and the Receiver:

13 A. Completed financial statements on the form attached to this Order as
14 **Attachment A** (Financial Statement of Individual Defendant) for Johnson and
15 **Attachment B** (Financial Statement of Corporate Defendant) for each business
16 entity under which Johnson conducts business or of which Johnson is an officer,
17 and for each trust for which Johnson is a trustee; and

18 **VI. REPATRIATION OF FOREIGN ASSETS AND DOCUMENTS**

19 **IT IS FURTHER ORDERED** that, if he has not done so already in
20 compliance with the TRO previously issued in this matter (Dkt. 34), within five (5)
21 days following the issuance of this Order, Defendant Morgan Johnson shall:

22 A. Provide Plaintiff's counsel and the Receiver with a full accounting,
23 verified under oath and accurate as of the date of this Order, of all Assets,
24 Documents, and accounts outside of the United States which are: (1) titled in the
25 name, individually or jointly, of Defendant Johnson; (2) held by any Person or
26 entity for the benefit of Defendant Johnson or for the benefit of, any corporation,
27 partnership, asset protection trust, or other entity that is directly or indirectly
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1 owned, managed or controlled by any Defendant; or (3) under the direct or indirect
2 control, whether jointly or singly, of any Defendant;

3 B. Take all steps necessary to provide Plaintiff’s counsel and Receiver
4 access to all Documents and records that may be held by third parties located
5 outside of the territorial United States of America.

6 C. Transfer to the territory of the United States and all Documents and
7 Assets located in foreign countries which are: (1) titled in the name, individually or
8 jointly, of Johnson; (2) held by any Person or entity for the benefit of Johnson or
9 for the benefit of, any corporation, partnership, asset protection trust, or other
10 entity that is directly or indirectly owned, managed or controlled by Johnson; or (3)
11 under the direct or indirect control, whether jointly or singly, of Johnson; and

12 D. The same business day as any repatriation, (1) notify the Receiver and
13 counsel for Plaintiff of the name and location of the financial institution or other
14 entity that is the recipient of such Documents or Assets; and (2) serve this Order on
15 any such financial institution or other entity.

16 **VII. NON-INTERFERENCE WITH REPATRIATION**

17 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson, his
18 officers, agents, employees, and attorneys, and all other Persons in active concert
19 or participation with him, who receive actual notice of this Order, whether acting
20 directly or indirectly, are hereby **preliminarily restrained and enjoined** from
21 taking any action, directly or indirectly, which may result in the encumbrance or
22 dissipation of foreign Assets, or in the hindrance of the repatriation required by this
23 Order, including, but not limited to:

24 A. Sending any communication or engaging in any other act, directly or
25 indirectly, that results in a determination by a foreign trustee or other entity that a
26 “duress” event has occurred under the terms of a foreign trust agreement until such
27 time that all Johnson’s Assets have been fully repatriated pursuant to this Order; or
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1 B. Notifying any trustee, protector or other agent of any foreign trust or
2 other related entities of either the existence of this Order, or of the fact that
3 repatriation is required pursuant to a court order, until such time that Johnson's
4 Assets have been fully repatriated pursuant to this Order.

5 **VIII. CONSUMER CREDIT REPORTS**

6 **IT IS FURTHER ORDERED** that Plaintiff may obtain credit reports
7 concerning Defendant Morgan Johnson pursuant to Section 604(a)(1) of the Fair
8 Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), and that, upon written request, any
9 credit reporting agency from which such reports are requested shall provide them
10 to Plaintiff.

11 **IX. PRESERVATION OF RECORDS**

12 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson, his
13 officers, agents, employees, and attorneys, and all other Persons in active concert
14 or participation with him, who receive actual notice of this Order, whether acting
15 directly or indirectly, are hereby **preliminarily restrained and enjoined** from:

16 A. Destroying, erasing, falsifying, writing over, mutilating, concealing,
17 altering, transferring, or otherwise disposing of, in any manner, directly or
18 indirectly, Documents that relate to: (1) the business, business practices, Assets, or
19 business or personal finances of any Defendant; (2) the business practices or
20 finances of entities directly or indirectly under the control of any Defendant; or (3)
21 the business practices or finances of entities directly or indirectly under common
22 control with any other Defendant; and

23 B. Failing to create and maintain Documents that, in reasonable detail,
24 accurately, fairly, and completely reflect Defendants' incomes, disbursements,
25 transactions, and use of Defendants' Assets.

26 **X. REPORT OF NEW BUSINESS ACTIVITY**

27 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson, his
28 officers, agents, employees, and attorneys, and all other Persons in active concert

1 or participation with him, who receive actual notice of this Order, whether acting
2 directly or indirectly, are hereby **preliminarily restrained and enjoined** from
3 creating, operating, or exercising any control over any business entity, whether
4 newly formed or previously inactive, including any partnership, limited
5 partnership, joint venture, sole proprietorship, or corporation, without first
6 providing Plaintiff's counsel and the Receiver with a written statement disclosing:
7 (1) the name of the business entity; (2) the address and telephone number of the
8 business entity; (3) the names of the business entity's officers, directors, principals,
9 managers, members, and employees; and (4) a detailed description of the business
10 entity's intended activities.

11 **XI. TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER**

12 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson and any
13 other Person, with possession, custody or control of property of, or records relating
14 to, the Receivership Entities shall, upon notice of this Order by personal service or
15 otherwise, fully cooperate with and assist the Receiver in taking and maintaining
16 possession, custody, or control of the Assets and Documents of the Receivership
17 Entities and immediately transfer or deliver to the Receiver possession, custody,
18 and control of, the following:

- 19 A. All Assets held by or for the benefit of the Receivership Entities;
20 B. All Documents of or pertaining to the Receivership Entities;
21 C. All computers, electronic devices, mobile devices and machines used
22 to conduct the business of the Receivership Entities;
23 D. All Assets and Documents belonging to other Persons or entities
24 whose interests are under the direction, possession, custody, or control of the
25 Receivership Entities; and
26 E. All keys, codes, user names and passwords necessary to gain or to
27 secure access to any Assets or Documents of or pertaining to the Receivership
28 Entities, including access to their business premises, means of communication,

1 accounts, computer systems (onsite and remote), Electronic Data Hosts, or other
2 property.

3 F. In the event that any Person or entity fails to deliver or transfer any
4 Asset or Document, or otherwise fails to comply with any provision of this
5 Section, the Receiver may file an Affidavit of Non-Compliance regarding the
6 failure and a motion seeking compliance or a contempt citation.

7 **XII. PROVISION OF INFORMATION TO THE RECEIVER**

8 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson shall
9 provide to the Receiver, immediately upon request:

10 A. A list of all Assets and accounts of the Receivership Entities that are
11 held in any name other than the name of a Receivership Entity, or by any Person or
12 entity other than a Receivership Entity;

13 B. A list of all agents, employees, officers, attorneys, servants and those
14 Persons in active concert and participation with the Receivership Entities, or who
15 have been associated or done business with the Receivership Entities; and

16 A description of any documents covered by attorney-client privilege or
17 attorney work product, including files where such documents are likely to be
18 located, authors or recipients of such documents, and search terms likely to
19 identify such electronic documents.

20 **XIII. COOPERATION WITH THE RECEIVER**

21 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson, his
22 officers, agents, employees, and attorneys, and all other Persons in active concert
23 or participation with him who receive actual notice of this Order shall fully
24 cooperate with and assist the Receiver. This cooperation and assistance shall
25 include, but is not limited to, providing information to the Receiver that the
26 Receiver deems necessary to exercise the authority and discharge the
27 responsibilities of the Receiver; providing any keys, codes, user names and
28 passwords required to access any computers, electronic devices, mobile devices,

1 and machines (onsite or remotely) and any cloud account (including specific
2 method to access account) or electronic file in any medium; advising all Persons
3 who owe money to any Receivership Entity that all debts should be paid directly to
4 the Receiver; and transferring funds at the Receiver's direction and producing
5 records related to the Assets and sales of the Receivership Entities.

6 **XIV. NON-INTERFERENCE WITH THE RECEIVER**

7 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson, his
8 officers, agents, employees, attorneys, and all other Persons in active concert or
9 participation with him, who receive actual notice of this Order, and any other
10 Person served with a copy of this Order, are hereby **restrained and enjoined** from
11 directly or indirectly:

12 A. Interfering with the Receiver's efforts to manage, or take custody,
13 control, or possession of, the Assets or Documents subject to the receivership;

14 B. Transacting any of the business of the Receivership Entities;

15 C. Transferring, receiving, altering, selling, encumbering, pledging,
16 assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or
17 in the possession or custody of, or in which an interest is held or claimed by, the
18 Receivership Entities;

19 D. Refusing to cooperate with the Receiver or the Receiver's duly
20 authorized agents in the exercise of their duties or authority under any order of this
21 Court; or

22 E. Harassing or interfering with the Receiver in any way.

23 **XV. STAY OF ACTIONS**

24 **IT IS FURTHER ORDERED** that, except by leave of this Court, during
25 the pendency of the receivership in this matter, Defendant Johnson, his officers,
26 agents, employees, attorneys, and all other Persons in active concert or
27 participation with him, who receive actual notice of this Order, and their
28 corporations, subsidiaries, divisions, or affiliates, and all investors, creditors,

1 stockholders, lessors, customers and other Persons seeking to establish or enforce
2 any claim, right, or interest against or on behalf of Defendants, and all others
3 acting for or on behalf of such Persons, are hereby enjoined from taking action that
4 would interfere with the exclusive jurisdiction of this Court over the Assets or
5 Documents of the Receivership Entities, including, but not limited to:

6 A. Filing or assisting in the filing of a petition for relief under the
7 Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, or of any similar insolvency proceeding
8 on behalf of the Receivership Entities;

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

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

19 Provided, however, that this Order does not stay: (1) the commencement or
20 continuation of a criminal action or proceeding; (2) the commencement or
21 continuation of an action or proceeding by a governmental unit to enforce such
22 governmental unit's police or regulatory power; or (3) the enforcement of a
23 judgment, other than a money judgment, obtained in an action or proceeding by a
24 governmental unit to enforce such governmental unit's police or regulatory power.

25 **XVI. DISTRIBUTION OF ORDER BY DEFENDANT**

26 **IT IS FURTHER ORDERED** that Defendant Morgan Johnson shall
27 immediately provide a copy of this Order to each affiliate, telemarketer, marketer,
28 sales entity, successor, assign, member, officer, director, employee, agent,

1 independent contractor, client, attorney, spouse, subsidiary, division, and
2 representative of any Defendant, and shall, within ten (10) days from the date of
3 entry of this Order, provide Plaintiff and the Receiver with a sworn statement that
4 this provision of the Order has been satisfied, which statement shall include the
5 names, physical addresses, phone number, and email addresses of each such Person
6 or entity who received a copy of the Order. Furthermore, Defendant Johnson shall
7 not take any action that would encourage officers, agents, members, directors,
8 employees, salespersons, independent contractors, attorneys, subsidiaries,
9 affiliates, successors, assigns or other Persons or entities in active concert or
10 participation with them to disregard this Order or believe that they are not bound
11 by its provisions.

12 **XVII. SERVICE OF THIS ORDER**

13 **IT IS FURTHER ORDERED** that copies of this Order, as well as all other
14 filings in this case, may be served by any means, including facsimile transmission,
15 electronic mail or other electronic messaging, personal or overnight delivery, U.S.
16 Mail or FedEx, by agents and employees of Plaintiff, by any law enforcement
17 agency, or by private process server, upon any Defendant or any Person (including
18 any financial institution) that may have possession, custody or control of any Asset
19 or Document of any Defendant, or that may be subject to any provision of this
20 Order pursuant to Rule 65(d)(2) of the Federal Rules of Civil Procedure. For
21 purposes of this Section, service upon any branch, subsidiary, affiliate or office of
22 any entity shall effect service upon the entire entity.

23 **XVIII. CORRESPONDENCE WITH FTC**

24 **IT IS FURTHER ORDERED** that, for the purpose of this Order, all
25 correspondence and service of pleadings on Plaintiff shall be addressed to:

26 Andrew Hudson
27 Laura Basford
28 Jody Goodman
Federal Trade Commission
600 Pennsylvania Ave., NW

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Mailstop CC-8528
Washington, DC 20580
Fax: 202-326-3395
Email: jgoodman1@ftc.gov; lbasford@ftc.gov; ahudson@ftc.gov

XIX. RETENTION OF JURISDICTION

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

IT IS SO ORDERED.

Dated: March 1, 2018



JOHN A. KRONSTADT
UNITED STATES DISTRICT JUDGE

Attachment A

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.

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	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
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	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$
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	/	/		\$
	/	/		\$
	/	/		\$
	/	/		\$

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		
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 Monthly Rent Received \$
		Current Balance \$	
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 Monthly Rent Received \$
		Current Balance \$	

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

Attachment B

FEDERAL TRADE COMMISSION

FINANCIAL STATEMENT OF CORPORATE DEFENDANT

Instructions:

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

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