

FILED-SOUTHERN DIVISION
CLERK, U.S. DISTRICT COURT
AUG 1 | 2006
CENTRAL DISTRICT OF CALIFORNIA
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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

10 Case No. SACV-06-701 DOC (RNBx)

11 **Federal Trade Commission,**
12 Plaintiff,
13 v.
14 **Dennis Connelly, et al.,**
15 Defendants.

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

16
17 Plaintiff Federal Trade Commission ("FTC" or "Commission"), pursuant to
18 Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b),
19 has filed a complaint for permanent injunction and other equitable relief, including
20 consumer redress, and applied ex parte for a temporary restraining order with asset
21 freeze and for an order to show cause why a preliminary injunction should not be
22 granted pursuant to Rule 65 of the Federal Rules of Civil Procedure, and why a
23 permanent receiver should not be appointed.

24
25 **FINDINGS OF FACT**

26 The Court has considered the Complaint, ex parte Application for Temporary
27 Restraining Order and Appointment of Temporary Receiver, Memorandum of Points
28 and Authorities with supporting Declarations, exhibits, attachments, and all other

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1 papers filed herein, and it appears to the satisfaction of the Court that:

2 1. This Court has jurisdiction over the subject matter of the case. There is
3 good cause to believe it will have jurisdiction over all parties and that venue in this
4 district is proper.

5 2. There is good cause to believe Defendants **DENNIS CONNELLY,**
6 **RICHARD WADE TORKELSON, a/k/a WADE TORKELSON, JOANNE**
7 **GARNEAU, a/k/a JOANNE TORKELSON, HOMELAND FINANCIAL**
8 **SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT**
9 **RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA DEBT**
10 **CO, LLC, a/k/a USADEBTCO.COM** (collectively, "Defendants") have engaged in
11 and are likely to continue to engage in acts and practices that violate Section 5(a) of
12 the FTC Act, 15 U.S.C. § 45(a) by making misrepresentations in the course of the
13 offer and sale of their debt negotiation services.

14 3. There is good cause to believe that the Commission is likely to prevail
15 on the merits of this action.

16 4. There is good cause to believe that immediate and irreparable harm will
17 result from Defendants' ongoing violations of Section 5(a) of the FTC Act, 15 unless
18 Defendants are restrained and enjoined by Order of this Court.

19 5. There is good cause to believe that immediate and irreparable damage
20 to the Court's ability to grant effective final relief for consumers—including
21 consumer redress, refunds, rescission, restitution, disgorgement and other equitable
22 monetary relief—will occur from the dissipation or concealment of assets or the
23 disposition, destruction, alteration or concealment by Defendants of their records
24 unless the Defendants are immediately restrained and enjoined by Order of this
25 Court.

26 6. Pursuant to Federal Rule of Civil Procedure 65(b) and Local Rule
27 7-19.2, there is thus good cause for issuing this Order without prior notice to the
28 Defendants of the Commission's application.

1 7. Good cause exists for the appointment of a Temporary Receiver over
2 Defendants **HOMELAND FINANCIAL SERVICES** ("Homeland"), **NATIONAL**
3 **SUPPORT SERVICES, LLC** ("NSS"), **UNITED DEBT RECOVERY, LLC**
4 ("United"), **FREEDOM FIRST FINANCIAL, LLC** ("Freedom First"), **USA**
5 **DEBT CO, LLC**, a/k/a **USADEBT.CO.COM** ("USA Debt") and over the business
6 assets and operations of **PROSPER FINANCIAL SOLUTIONS** ("Prosper").

7 8. Weighing the equities and considering the Commission's likelihood of
8 success in its causes of action, this Temporary Restraining Order is in the public
9 interest.

10 9. The Commission is an independent agency of the United States of
11 America and no security is required of any agency of the United States of America
12 for issuance of a restraining order under Fed. R. Civ. P. 65(c).

14 ORDER

15 Definitions

16 1. "Assets" means any legal or equitable interest in, right to, or claim to,
17 any real and personal property, including but not limited to chattel, goods,
18 instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or
19 other deliveries, inventory, checks, notes, accounts, credits, receivables, and all
20 cash, wherever located.

21 2. "Document" is synonymous in meaning and equal in scope to the usage
22 of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
23 drawings, graphs, charts, photographs, audio and video recordings, electronic email
24 ("email"), computer records, and other data compilations from which information
25 can be obtained and translated, if necessary, through detection devices into
26 reasonably usable form. A draft or non-identical copy is a separate "document"
27 within the meaning of the term.

28 3. "Defendants" means Defendants **DENNIS CONNELLY, RICHARD**

1 WADE TORKELSON, a/k/a WADE TORKELSON, JOANNE GARNEAU,
2 a/k/a JOANNE TORKELSON dba PROSPER FINANCIAL SOLUTIONS,
3 HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES,
4 LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL,
5 LLC, and USA DEBT CO, LLC, a/k/a USADEBTCO.COM, and each of them.

6 4. "Individual Defendants" refers to DENNIS CONNELLY,
7 RICHARD WADE TORKELSON, a/k/a WADE TORKELSON, and JOANNE
8 GARNEAU a/k/a JOANNE TORKELSON.

9 5. "Corporate Defendants" means Defendants HOMELAND
10 FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED
11 DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA
12 DEBT CO, LLC, a/k/a USADEBTCO.COM..

13 6. "Receivership Entities" means Corporate Defendants and PROSPER
14 FINANCIAL SOLUTIONS. *AND FINANCIAL LIBERTY SERVICES, LLC.*

15 7. "Debt Negotiation" means

16 a. the business or practice of receiving, in return for consideration, or the
17 scheduled receipt, of a debtor's monies, or evidences thereof, for the
18 purpose of distribution among certain specified creditors in payment, or
19 partial payment, of the debtor's obligations; or

20 b. the business or practice of acting or offering or attempting to act as an
21 intermediary between a debtor and his creditors for the purpose of
22 settling, negotiating, or in any way altering the terms of payment of any
23 debt of a debtor.

24 8. The terms "and" and "or" have both conjunctive and disjunctive
25 meanings.

26 9. "Assisting others" means knowingly providing any of the following
27 goods or services to another person or entity:

28 a. performing customer service functions, including, but not limited to,

- 1 receiving or responding to consumer complaints; or
2 b. formulating or providing, or arranging for the formulation or provision
3 of, any telephone sales script or any other marketing material; or
4 c. providing names of, or assisting in the generation of, potential
5 customers; or
6 d. performing marketing services of any kind.

7
8 **I.**

9 **PROHIBITED BUSINESS ACTIVITIES**

10 **IT IS THEREFORE ORDERED** that Defendants and their successors,
11 assigns, officers, agents, servants, employees, and attorneys, and those persons or
12 entities in active concert or participation with any of them who receive actual notice
13 of this Order by personal service or otherwise, whether acting directly or through
14 any corporation, subsidiary, division, or other device, in connection with the
15 advertising, marketing, promotion, offering for sale or sale of any service or
16 program providing debt negotiation, debt consolidation, debt reduction, debt
17 management, or credit repair, **are hereby temporarily restrained and enjoined**
18 from falsely representing, or from knowingly assisting others who are falsely
19 representing, any of the following:

- 20 A. That by enrolling in any debt-negotiation program, it is likely that
21 consumers will be able to pay off their credit-card or other unsecured
22 debts for a substantially reduced amount, such as 40 to 60 percent of
23 the total amount owed to their creditors; or
24 B. That consumers' creditors are likely to negotiate settlements under
25 which the creditors will agree to accept substantially less than the
26 amount the consumer owes on an account to settle the account; or
27 C. That any Defendant or any other person operating a debt-negotiation
28 program is able to negotiate more favorable settlements with

- 1 consumers' creditors than the consumer can negotiate himself; or
- 2 D. That any Defendant or any other person operating a debt-negotiation
- 3 program has an established relationship with any creditor that gives the
- 4 person an advantage in negotiating favorable settlements with the
- 5 creditor; or
- 6 E. That any negative information that appears on a consumer's credit
- 7 report as a result of participating in any debt-negotiation program will
- 8 be removed upon completion of the program or shortly thereafter; or
- 9 F. That any negative effect from participating in any debt-negotiation
- 10 program on a consumer's credit rating, credit score or credit report is
- 11 likely to be either minimal or short-term; or
- 12 G. That creditors are unlikely to sue consumers who participate in any
- 13 debt-negotiation program or who otherwise fail to make their minimum
- 14 monthly payments to their creditors; or
- 15 H. That participating in any debt-negotiation program is likely to end most
- 16 or all harassment or contact from creditors; or
- 17 I. That consumers' creditors will not contact the consumer after a
- 18 consumer sends the creditor a notice to cease contacting the consumer;
- 19 or
- 20 J. That consumers who participate in any debt-negotiation program do not
- 21 need to worry about balances on their credit accounts increasing while
- 22 they are in the program; or
- 23 K. That any Defendant or any other person will begin negotiating with all
- 24 of a consumer's creditors immediately upon the consumer's enrollment
- 25 in any debt-negotiation program; or
- 26 L. Any other fact material to a consumer's decision to participate in any
- 27 debt-negotiation, debt consolidation, debt reduction, debt management,
- 28 or credit repair program.

- 1 1. Owned or controlled by any Individual Defendant, Receivership
2 Entity or their affiliates or subsidiaries (without limitation), in
3 whole or in part;
- 4 2. In the actual or constructive possession of any Individual
5 Defendant, Receivership Entity or their affiliates or subsidiaries
6 (without limitation); or
- 7 3. Owned, controlled by, or in the actual or constructive possession
8 of any corporation, partnership, or other entity directly or
9 indirectly owned, managed, or controlled by, or under common
10 control with, any Individual Defendant or Receivership Entity.

11 This section shall include, but not be limited to, any assets held for, on
12 behalf of, for the benefit of, or by any Individual Defendant,
13 Receivership Entity, or their affiliates or subsidiaries, at any bank or
14 savings and loan institution, or with any broker, dealer, escrow agent,
15 title company, commodity trading company, precious metal dealer, or
16 other financial institution or depository of any kind, including without
17 limitation the accounts listed on Attachment 1;

18 This section shall be construed to include, without limitation, assets or
19 accounts held in the name of or for the benefit of Financial Liberty Services, LLC,
20 TLT, DK Ventures, Robina Capital, Inc., Federal Reverse Mortgage, Inc., or any
21 similar name.

22 B. Opening or causing to be opened, unless accompanied by counsel for
23 the Commission, any safe deposit boxes titled in the name of any
24 Individual Defendant or Receivership Entity, or their companies,
25 affiliates or subsidiaries, or subject to access by any of these
26 Defendants or Receivership Entities.

27 C. Notwithstanding the provisions of this Paragraph, Defendants may
28 make transfers as otherwise ordered by this Court upon proper showing

1 and after notice to the Commission.

2 D. Provided further, that this Section shall apply to assets acquired by any
3 Individual Defendant or Receivership Entity following entry of this
4 Order only if such assets are derived from the operation of any activity
5 prohibited by this Order or derived from any other violation of Section
6 5(a) of the FTC Act, 15 U.S.C. § 45(a).

7 E. Provided further that the Individual Defendants Connelly and
8 Torkelson are ordered to return any funds they have withdrawn from
9 any bank or other financial institution, including without limitation
10 California Bank & Trust, and including without limitation any funds
11 withdrawn from any account held in the name of Financial Liberty
12 Services, LLC, and to provide documentation of such return.

13
14 **IV.**

15 **ORDER TO SHOW CAUSE RE ASSET FREEZE**
16 **AS TO DEFENDANTS TORKELSON AND GARNEAU**

17 IT IS FURTHER ORDERED that Individual Defendants Richard Wade
18 Torkelson a/k/a Wade Torkelson and Joanne Garneau a/k/a Joanne Torkelson shall
19 appear before this Court on the 14th day of August, 2006 at 3:00 p.m. before this
20 Honorable David O. Carter, Courtroom 9D, United States District Court, Central
21 District of California, Southern Division, Santa Ana Courthouse, 411 West 4th
22 Street, Santa Ana, California, and show cause, if any there be, why this Court should
23 not continue the asset freeze issued against each of them in Section III above. Until
24 such time of the hearing, Individual Defendants Torkelson and Garneau shall create
25 and maintain an accounting of all expenditures and receipts regardless of the
26 purpose or the source. The accounting shall be made available at the hearing re
27 asset freeze.

V.

FINANCIAL REPORTS

IT IS FURTHER ORDERED that Defendant shall each, within 48 hours after service of this Order, prepare and deliver a Financial Statement to counsel for the Commission and to the Temporary Receiver, as follows:

- A. Each Individual Defendant shall, for him or herself,
 - 1. Complete and deliver the “Financial Statement of Individual Defendant” for himself or herself that is attached to this Order as Attachment 1; and
 - 2. for each business entity he or she owns, controls, operates, or of which he is any officer, and for each trust of which he or she is a trustee, complete and deliver the “Financial Statement of Corporate Defendant” that is attached to this Order as Attachment 2.
- B. Each Corporate Defendant shall complete and deliver the “Financial Statement of Corporate Defendant” that is attached to this Order as Attachment 3, provided that any corporate Defendant need not separately complete this form if it is provided by an Individual Defendant pursuant to this section; and
- C. Each Defendant shall also file with the Court a Proof of Service certifying compliance with this paragraph. A Financial Statement shall be completed for each Defendant and for each business entity under which they conduct business, or of which they are an officer, and of each trust for which they are a trustee. The Financial Statements shall be accurate as of the date of the entry of this Order and shall be verified under oath. No obligation is imposed on the Temporary Receiver under this paragraph.

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VI.

REPATRIATION OF ASSETS

IT IS FURTHER ORDERED that within 48 hours of the service of this Order, Individual Defendants shall:

- A. Provide the Commission and the Temporary Receiver access to the Defendants' and Receivership Entities' financial records and any documents held by financial institutions outside the territory of the United States by signing the Consent to Release of Financial Records attached to this Order as Attachment 3;
- B. Transfer to the territory of the United States all funds, documents and assets in foreign countries held:
 - 1. by them,
 - 2. for their benefit, or
 - 3. under their direct or indirect control, jointly or singly;
- C. Hold and retain all such repatriated funds and prevent any transfer, disposition, or dissipation whatsoever of any such assets or funds in full compliance with **Section III (Asset Freeze)** of this Order until further Order of this Court;
- D. Provide the Commission and the Temporary Receiver with a full accounting of all funds, documents and assets outside of the territory of the United States which are held:
 - 1. by them,
 - 2. for their benefit, or
 - 3. under their direct or indirect control, jointly or singly; and
- E. Specifically notify the Court, the Commission and the Temporary Receiver of the location of the transferred funds within the United States.

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VII.

PRESERVATION OF RECORDS

IT IS FURTHER ORDERED that Defendants and their officers, agents, servants, employees, attorneys, and all persons or entities directly or indirectly under their control or under common control with them, and all other persons in active concert or participation with them who receive actual notice of this Order, are hereby temporarily restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or finances of any of the Defendants or the Receivership Entities, and to the business practices of entities that are directly or indirectly under control of any of the Defendants or Receivership Entities, or under common control with any of the Defendants.

This section specifically applies to all documents displayed on or accessible from, all Internet websites owned or controlled by Defendants, including but not limited to any of the websites with the following domain names:
nationalsupportservices.net; homelandfinancial.net; uniteddebt recovery.com;
uniteddebt recovery.org; united-debt-recovery.com; freedomfirstfinancial.com;
prosperfinancial.org; prosperfinancial.net; uniteddebt services.com; usadebtco.com;
prosperfinancial.net/espanol; homelandfinancial.net/espanol, or
nationwidedebt services.com. For the purposes of this section, the Commission may provide third parties with notice of this Order by any means sufficient to provide actual notice, including by facsimile, email or other electronic transmission.

VIII.

RECORD KEEPING/BUSINESS OPERATIONS

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

- 1 A. Failing to make, keep, and provide, upon request, to the Commission
2 and the Temporary Receiver, an accurate accounting for themselves
3 (and for any business or entity owned or controlled, in whole or in part,
4 directly or indirectly, by them), which accounting shall include the
5 creation and retention of documents that, in reasonable detail,
6 accurately, fairly, and completely reflect all assets received (including,
7 but not limited to, income, loans, gifts and revenue), disbursements,
8 transfers, transactions, and expenditures, beginning immediately upon
9 service or actual notice of this Order;
- 10 B. Creating, operating, or exercising any control over any business entity,
11 including but not limited to any partnership, limited partnership, joint
12 venture, sole proprietorship or corporation, without first providing the
13 Commission and the Temporary Receiver with a written statement
14 disclosing:
- 15 1. the name of the business entity;
 - 16 2. the address and telephone number of the business entity;
 - 17 3. the names of the business entity's officers, directors, principals,
18 managers and employees; and
 - 19 4. a detailed description of the business entity's intended activities;
20 and
- 21 C. Each of the Individual Defendants shall notify the Commission at least
22 seven (7) days prior to affiliating with, becoming employed by, or
23 performing any work for any business that is not a named Defendant in
24 this action. Each notice shall include the Individual Defendant's new
25 business address and a statement of the nature of the business or
26 employment and the nature of his or her duties and responsibilities in
27 connection with that business or employment.
28

1 IX.

2 **REQUIRED DISTRIBUTION OF ORDER**

3 **BY INDIVIDUAL DEFENDANTS**

4 **IT IS FURTHER ORDERED** that the Individual Defendants shall
5 immediately provide a copy of this Order to each affiliate, subsidiary, division, sales
6 entity, successor, assign, officer, director, employee, independent contractor, agent,
7 attorney, and representative of the Defendants, and shall, within five calendar days
8 from the date from service of this Order, provide the Commission and the
9 Temporary Receiver with a sworn statement that the Individual Defendants have
10 complied with this provision of the Order. The statement shall include the names
11 and addresses of each such person or entity who received a copy of the Order. No
12 obligation is imposed on the Temporary Receiver under this paragraph.

13
14 X.

15 **APPOINTMENT OF TEMPORARY RECEIVER**

16 **IT IS HEREBY ORDERED** that Robb Evans and Robb Evans, ^{AND ASSOCIATES} LLC ^{DC}
17 (“Temporary Receiver”), is appointed Temporary Receiver for Corporate
18 Defendants **HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT**
19 **SERVICES, LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST**
20 **FINANCIAL, LLC, and USA DEBT CO, LLC, a/k/a USADEBT.CO.COM., and**
21 for the business assets and operations of **PROSPER FINANCIAL SOLUTIONS**
22 ^{AND FINANCIAL LIBERTY SERVICES, LLC.}
(all of the companies referred to in this paragraph referred to collectively as
23 “Receivership Entities”) their affiliates, subsidiaries, successors and assigns and any
24 other corporations or businesses under the control of any of them.

25 **IT IS FURTHER ORDERED** that:

- 26 A. The Temporary Receiver shall assume the full power, without
27 limitation, of an equity receiver, that he shall act as the agent of this
28 Court and solely the agent of this Court, that he shall be accountable

1 directly to this Court and that he shall comply with all Local Rules of
2 this Court governing receivers;

3 B. The Temporary Receiver shall have all the powers of the Receivership
4 Entities' officers, directors and managers, whose powers and authority
5 are hereby suspended;

6 C. The Temporary Receiver shall assume full control of the Receivership
7 Entities by removing, as the Temporary Receiver deems necessary or
8 advisable, any officer, director, manager, independent contractor,
9 employee, or agent of the Receivership Entities, including Defendants
10 **DENNIS CONNELLY, RICHARD WADE TORKELSON a/k/a**
11 **WADE TORKELSON** and **JOANNE GARNEAU a/k/a JOANNE**
12 **TORKELSON** from control of, management of, or participation in, the
13 affairs of the Receivership Entities;

14 D. The Temporary Receiver shall have full power to divert mail and to sue
15 for, collect, receive, take in possession, hold, and manage all assets and
16 documents of the Receivership Entities and other persons or entities
17 whose interests are now held by or under the direction, possession,
18 custody, or control of the Receivership Entities. The Temporary
19 Receiver is fully authorized to effect a change in the rights to use any
20 and all post office boxes or private mail facilities in use by the
21 Receivership Entities;

22 E. The Temporary Receiver shall allow representatives of the Commission
23 and the Defendants' attorneys access to inspect the premises of the
24 Receivership Entities, and to copy books, records, accounts and other
25 property of the Receivership Entities, wherever located, at such times
26 and in such manner as determined solely at the discretion of the
27 Temporary Receiver.

28 **IT IS FURTHER ORDERED** that the Temporary Receiver shall not attempt

1 to collect any amount from a consumer if the Temporary Receiver believes the
2 consumer was a victim of the deceptive acts or practices alleged in the Complaint in
3 this matter, without prior court approval.

4
5 **XI.**

6 **RECEIVERSHIP AUTHORITY AND DUTIES**

7 **IT IS FURTHER ORDERED** that the Temporary Receiver is directed and
8 authorized as follows:

- 9 A. To take exclusive custody, control and possession of all assets and
10 documents of, or in the possession, custody, or under the control of, the
11 Receivership Entities, wherever situated;
- 12 B. To immediately return to consumers, without further court order, any
13 funds that are identifiable as received from specific consumers
14 following the Temporary Receiver's appointment or that are received at
15 the Receivership Entities' premises or mailboxes or forwarded to the
16 Temporary Receiver after entry of this Order and that were, based upon
17 the Temporary Receiver's good faith determination, procured by use of
18 the unfair or deceptive acts or practices alleged in the Complaint in this
19 matter. Likewise, upon the Temporary Receiver's appointment, the
20 Temporary Receiver shall take all reasonable steps to halt immediately
21 the debit of consumer bank accounts or charges to consumer credit
22 cards that in the Temporary Receiver's good faith determination were
23 procured by use of the unfair or deceptive acts or practices alleged in
24 the Complaint in this matter;
- 25 C. To conserve, hold, and manage all receivership assets, and perform all
26 acts necessary or advisable to preserve the value of those assets, in
27 order to prevent any irreparable loss, damage, or injury to consumers or
28 to creditors of the Receivership Entities, including, but not limited to,

1 obtaining an accounting of the assets and preventing transfer,
2 withdrawal, or misapplication of assets;

3 D. To enter into contracts and purchase insurance as advisable or
4 necessary;

5 E. To prevent the inequitable distribution of assets and determine, adjust,
6 and protect the interests of consumers and creditors who have
7 transacted business with the Receivership Entities;

8 F. To manage and administer the business of the Receivership Entities
9 until further order of this Court by performing all incidental acts that
10 the Temporary Receiver deems to be advisable or necessary, which
11 includes retaining, hiring, or dismissing any attorneys, employees,
12 independent contractors, or agents;

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

17 H. To request the assistance of Federal and State officers in the execution
18 of this Order;

19 I. To make payments and disbursements from the receivership estate that
20 are necessary or advisable for carrying out the directions of, or
21 exercising the authority granted by, this Order. The Temporary
22 Receiver shall apply to the Court for prior approval of any payment of
23 any debt or obligation incurred by the Receivership Entities prior to the
24 date of entry of this Order, except payments that the Temporary
25 Receiver deems necessary or advisable to secure assets of the
26 Receivership Entities, such as rental payments;

27 J. To determine and implement the manner in which the Receivership
28 Entities will comply with, and prevent violations of, this Order and all

1 other applicable laws, including but not limited to, revising sales
2 materials and implementing monitoring procedures;

3 K. To institute, compromise, adjust, appear in, intervene in, or become
4 party to such actions or proceedings in state, federal or foreign courts
5 that the Temporary Receiver deems necessary and advisable to preserve
6 or recover the assets of the Receivership Entities or that the Temporary
7 Receiver deems necessary and advisable to carry out the Temporary
8 Receiver's mandate under this Order;

9 L. Defend, compromise, adjust, or otherwise dispose of any or all actions
10 or proceedings instituted in the past, or in the future, against the
11 Temporary Receiver in his role as Temporary Receiver, or against the
12 Receivership Entities, or by the Receivership Entities, that the
13 Temporary Receiver deems necessary and advisable to preserve the
14 assets of the Receivership Entities or that the Temporary Receiver
15 deems necessary and advisable to carry out the Temporary Receiver's
16 mandate under this Order;

17 M. Continue and conduct the business of the Receivership Entities in such
18 manner, to such extent, and for such duration as the Temporary
19 Receiver may in good faith deem to be necessary or appropriate to
20 operate the business profitably and lawfully, if at all; provided that the
21 continuation and conduct of the business shall be conditioned upon the
22 Temporary Receiver's good faith determination that the businesses can
23 be lawfully operated at a profit using the assets of the receivership
24 estate;

25 N. Issue subpoenas to obtain documents and records pertaining to the
26 receivership, and conduct discovery in this action on behalf of the
27 receivership estate;

28 O. Open one or more bank accounts in Los Angeles or Orange County as

1 designated depositories for funds of the Receivership Entities. The
2 Temporary Receiver shall deposit all funds of the Receivership Entities
3 in such a designated account and shall make all payments and
4 disbursements from the receivership estate from such an account; and

5 P. Maintain accurate records of all receipts and expenditures that he
6 makes as Temporary Receiver;

7 **IT IS FURTHER ORDERED** that the Temporary Receiver will be
8 responsible for maintaining the chain of custody of all of Defendants' records in his
9 possession, pursuant to procedures to be established in writing with the approval of
10 the Commission.

11
12 **XII.**

13 **APPOINTMENT OF A MONITOR**

14 **OVER NATIONWIDE SUPPORT SERVICES, INC.**

15 **IT IS FURTHER ORDERED** that Robb Evans and Robb Evans, LLC ^{AND ASSOCIATES.}
16 ("Monitor") is appointed to monitor the activities of NATIONWIDE SUPPORT
17 SERVICES, INC. ("Nationwide") with full and immediate access to all business
18 records and business premises, wherever situated.

19 **IT IS FURTHER ORDERED** that:

- 20 A. All employees, officers and directors of Nationwide shall cooperate
21 fully with the Monitor;
- 22 B. All employees, officers and directors of Nationwide shall preserve all
23 records of Nationwide;
- 24 C. Nationwide may make payments in the normal course of business with
25 the consent of the Monitor. In the event of a disagreement as to the
26 propriety of a payment, the Monitor shall seek immediate instruction
27 from the Court;
- 28 D. The Monitor is directed to review the business operations of

1 Nationwide to determine the company's viability, including but not
2 limited to an assessment of liquidity; review of sales practices;
3 assessment of the negotiations process and procedures; status of the
4 accounts of consumers currently enrolled in the program (including fees
5 paid, number of creditors and status of debt negotiations) and report to
6 this Court as soon as practicable;

7 E. The Monitor is directed to promptly report directly to the Court any
8 failure by and individual to comply with this Order.
9

10 **XIII.**

11 **AUTHORITY OF TEMPORARY RECEIVER**
12 **TO SECURE BUSINESS PREMISES**

13 **IT IS FURTHER ORDERED THAT** the Commission's representatives,
14 agents, and assistants, as well as Defendants and their representatives, shall have
15 reasonable access to any premises operating on behalf of or for the benefit of the
16 Receivership Entities, including without limitation, those located at: 2850 Red Hill
17 Avenue, #220, Santa Ana, California 92705; 2151 Michaelson Drive, Suite 170,
18 Irvine, California 92612; 1274 Center Court Drive, Suite 107, Covina, California
19 91724; 1031 Calle Recodo, Suites D and G, San Clemente, California 92705. The
20 purpose of this access shall be to inspect and copy any and all material that may be
21 relevant to this action, including without limitation, documents, books, records,
22 accounts, computer data, tapes, and any materials relating to any of the Defendants'
23 assets and business records.

24 **IT IS FURTHER ORDERED THAT** the Temporary Receiver is authorized
25 to take all steps necessary to secure the business premises of the Receivership
26 Entities, including but not limited to the premises described above. Such steps may
27 include, but are not limited to, any of the following as the Temporary Receiver
28 deems necessary or advisable:

- 1 A. serving and filing this Order,
2 B. completing a written inventory of all receivership assets,
3 C. obtaining pertinent information from all employees and other agents of
4 the Receivership Entities, including, but not limited to, the name, home
5 address, social security number, job description, method of
6 compensation, and all accrued and unpaid commissions and
7 compensation of each such employee or agent,
8 D. videotaping all portions of the location including any persons present at
9 the location,
10 E. securing the location by changing the locks and disconnecting any
11 computer modems or other means of access to the computer or other
12 records maintained at that location, or
13 F. requiring any persons present on the premises at the time this Order is
14 served to leave the premises, to provide the Temporary Receiver with
15 proof of identification, or to demonstrate to the satisfaction of the
16 Temporary Receiver that such persons are not removing from the
17 premises documents or assets of the Receivership Entities.

18
19 **XIV.**

20 **COOPERATION WITH THE TEMPORARY RECEIVER**
21 **AND MONITOR**

22 **IT IS HEREBY ORDERED** that Defendants and their officers, agents,
23 servants, employees, attorneys, and all persons or entities directly or indirectly under
24 their control or under common control with them, and all other persons or entities in
25 active concert or participation with them, who receive actual notice of this Order by
26 personal service or otherwise, shall fully cooperate with and assist the Temporary
27 Receiver and Monitor in the exercise of his duties.

- 28 A. Such cooperation and assistance shall include, but not be limited to:

- 1 1. Providing any information to the Temporary Receiver and
2 Monitor that he deems necessary to exercise the authority and
3 discharge the responsibilities of the Temporary Receiver or
4 Monitor under this Order;
- 5 2. Providing all passwords required to access any computer or
6 electronic files in any medium; or
- 7 3. Advising all persons who owe money to the Receivership
8 Entities that all debts should be paid directly to the Temporary
9 Receiver.

10 B. The Defendants and their officers, agents, servants, employees,
11 attorneys, and all persons or entities directly or indirectly under their
12 control or under common control with them, and all other persons or
13 entities in active concert or participation with them, who receive actual
14 notice of this order by personal service or otherwise, are hereby
15 restrained and enjoined from directly or indirectly:

- 16 1. Transacting any of the business of the Receivership Entities or
17 transacting business under the names **Homeland, Homeland**
18 **Financial Services, Homeland Financial Group, National**
19 **Support Services, LLC, United Debt Recovery, LLC,**
20 **Freedom First Financial, LLC, and Usa Debt Co, LLC, a/k/a**
21 **Usadebtco.com., Prosper Financial Solutions, NSS, Financial**
22 **Liberty Services, LLC, or any substantially similar name;**
- 23 2. Destroying, secreting, defacing, transferring, or otherwise
24 altering or disposing of any documents of the Receivership
25 Entities, including, but not limited to, books, records, accounts,
26 or any other papers of any kind or nature;
- 27 3. Transferring, receiving, altering, selling, encumbering, pledging,
28 assigning, liquidating, or otherwise disposing of any assets

1 owned, controlled, or in the possession or custody of, or in which
2 an interest is held or claimed by, the Receivership Entities, or the
3 Temporary Receiver;

4 4. Excusing debts owed to the Receivership Entities;

5 5. Failing to notify the Temporary Receiver of any asset, including
6 accounts of the Receivership Entities held in any name other than
7 the name of the Receivership Entities, or by any person or entity
8 other than the Receivership Entities, or failing to provide any
9 assistance or information requested by the Temporary Receiver
10 in connection with obtaining possession, custody, or control of
11 such assets;

12 6. Doing any act or refraining from any act whatsoever to interfere
13 with the Temporary Receiver's taking custody, control,
14 possession, or managing of the assets or documents subject to
15 this receivership, or to harass or interfere with the Temporary
16 Receiver in any way, or to interfere in any manner with the
17 exclusive jurisdiction of this Court over the assets or documents
18 of the Receivership Entities; or

19 7. Refusing to cooperate with the Temporary Receiver, the Monitor,
20 or the duly authorized agents of the Temporary Receiver or
21 Monitor in the exercise of their duties or their authority under
22 any Order of this Court.
23

24 XV.

25 DELIVERY OF RECEIVERSHIP PROPERTY

26 **IT IS FURTHER ORDERED** that:

27 A. Immediately upon service of this Order upon them, or within a period
28 permitted by the Temporary Receiver, Defendants or any other person

1 or entity, including but not limited to banks and brokerages, shall
2 transfer or deliver possession, custody, and control of the following to
3 the Temporary Receiver:

- 4 1. All assets of the Receivership Entities;
- 5 2. All documents of the Receivership Entities, including, but not
6 limited to, books and records of accounts, all financial and
7 accounting records, balance sheets, income statements, bank
8 records (including monthly statements, canceled checks, records
9 of wire transfers, and check registers), client lists, title documents
10 and other papers;
- 11 3. All assets belonging to members of the public now held by the
12 Receivership Entities; and
- 13 4. All keys and codes necessary to gain or to secure access to any
14 assets or documents of the Receivership Entities, including, but
15 not limited to, access to their business premises, means of
16 communication, accounts, computer systems, or other property.

17 B. In the event any person or entity fails to deliver or transfer any asset or
18 otherwise fails to comply with any provision of this Paragraph, the
19 Temporary Receiver may file, on an ex parte basis, an Affidavit of Non-
20 Compliance regarding the failure. Upon filing of the affidavit, the
21 Court may authorize, without additional process or demand, Writs of
22 Possession or Sequestration or other equitable writs requested by the
23 Temporary Receiver. The writs shall authorize and direct the United
24 States Marshal or any sheriff or deputy sheriff of any county, pursuant
25 to Fed. R. Civ. P. 4(c)(1), to seize the asset, document, or other thing
26 and to deliver it to the Temporary Receiver.

1 E. Provided that, this paragraph does not stay:

- 2 1. The commencement or continuation of a criminal action or
3 proceeding;
- 4 2. The commencement or continuation of an action or proceeding
5 by a governmental unit to enforce such governmental unit's
6 police or regulatory power;
- 7 3. The enforcement of a judgment, other than a money judgment,
8 obtained in an action or proceeding by a governmental unit to
9 enforce such governmental unit's police or regulatory power;
- 10 4. The commencement of any action by the Secretary of the United
11 States Department of Housing and Urban Development to
12 foreclose a mortgage or deed of trust in any case in which the
13 mortgage or deed of trust held by the Secretary is insured or was
14 formerly insured under the National Housing Act and covers
15 property, or combinations of property, consisting of five or more
16 living units; or
- 17 5. The issuance to a Receivership Entities of a notice of tax
18 deficiency.

19 Except as otherwise provided in this Order, all persons and entities in need of
20 documentation from the Temporary Receiver shall, in all instances, first attempt to
21 secure such information by submitting a formal written request to the Temporary
22 Receiver, and, if such request has not been responded to within thirty (30) days of
23 receipt by the Temporary Receiver, any such person or entity may thereafter seek an
24 Order of this Court with regard to the relief requested.

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XX.

**COMPENSATION OF TEMPORARY RECEIVER
AND THE MONITOR**

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

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

XXI.

RECEIVER'S BOND

IT IS FURTHER ORDERED that the Temporary Receiver shall file with

1 the Clerk of this Court a bond in the sum of ^{at 1,000} \$5,000.00 with sureties to be approved
2 by the Court, conditioned that the Temporary Receiver will well and truly perform
3 the duties of the office and abide by and perform all acts the Court directs.

4
5 **XXII.**

6 **IMMEDIATE ACCESS TO DEFENDANTS' PREMISES,**
7 **BOOKS AND RECORDS**

8 **IT IS HEREBY ORDERED** that the Individual Defendants, the
9 Receivership Entities and their officers, agents, servants, employees, attorneys, and
10 all persons or entities directly or indirectly under their control or under common
11 control with them, and all other persons or entities in active concert or participation
12 with them who receive actual notice of this Order, whether by personal service or
13 otherwise, whether acting directly or through any corporation, subsidiary, division,
14 or other device, and the Temporary Receiver, shall:

15 A. Immediately identify to the Commission's counsel:

- 16 1. all of the Individual Defendants' and Receivership Entities'
17 business premises;
18 2. any premises where Individual Defendants and Receivership
19 Entities conduct business or telephone sales operations;
20 3. any premises where documents related to Individual Defendants'
21 and Receivership Entities' businesses are stored or maintained;
22 4. any premises where assets belonging to any of the Individual
23 Defendants' and Receivership Entities' are stored or maintained;

24 B. Allow the Commission's representatives (including attorneys,
25 investigators, paralegals and other staff) immediate access to:

- 26 1. all of Individual Defendants' and Receivership Entities' business
27 premises, including but not limited to, those located at: 2850 Red
28 Hill Avenue, #220, Santa Ana, California 92705; 2151

1 Michaelson Drive, Suite 170, Irvine, California 92612; 1274
2 Center Court Drive, Suite 107, Covina, California 91724; and
3 1031 Calle Recodo, Suites D and G, San Clemente, California
4 92705;

- 5 2. any other premises where Individual Defendants and
6 Receivership Entities conduct their telephone sales operations or
7 their debt negotiation business;
- 8 3. any premises where documents related to Individual Defendants'
9 and Receivership Entities' businesses are stored or maintained;
10 and
- 11 4. any documents located at any of the locations described in this
12 section;

13 C. Produce to Plaintiff and the Temporary Receiver any records or
14 property relating to Individual Defendants' and Receivership Entities'
15 business or assets that are located in the personal residence of any of
16 the Individual Defendants, within forty-eight (48) hours of service of
17 this Order, at a location designated by Plaintiff and the Temporary
18 Receiver, including but not limited to the following:

- 19 1. All contracts, accounting data, written or electronic
20 correspondence, advertisements, computer tapes, discs, or other
21 computerized or electronic records, books, written or printed
22 records, handwritten notes, telephone logs, telephone scripts,
23 telephone bills, receipt books, ledgers, membership records and
24 lists, refund records, receipts, ledgers, bank records (including
25 personal and business monthly statements, canceled checks,
26 records of wire transfers, and check registers), appointment
27 books, copies of federal, state, and local business or personal
28 income or property tax returns, 1099 forms, title records, and

1 other documents or records of any kind that relate to defendants'
2 business and assets; and

3 2. All computers and data in whatever form, used by defendants, in
4 whole or in part, relating to Individual Defendants' and
5 Receivership Entities' business and assets.

6 D. Fully cooperate with, and assist, the Commission's representatives with
7 regard to this section;

8 E. Provide the Commission's counsel with any and all passwords and other
9 assistance necessary to obtain access to any computer records, and
10 other data compilations from which information can be obtained and
11 translated, if necessary, through detection devices into reasonably
12 usable form;

13 F. Upon request, provide assistance and support to the Commission's
14 representatives as necessary to allow them to efficiently copy to disk,
15 tape or other medium, any and all computer files, however stored, and
16 any and all audio recordings or digital audio files, which are in the
17 Individual Defendants' or Receivership Entities' custody, control or
18 possession.

19 **IT IS FURTHER ORDERED** that the Commission's representatives may
20 remove documents from Receivership Entities' premises to be inspected or copied,
21 but shall not, without good cause shown, retain any such documents beyond 72
22 hours after removing them.

23 **IT IS FURTHER ORDERED** that the Commission's representatives may
24 photograph and videotape the inside and outside of all premises to which they are
25 permitted access by this Order, and all documents and other items found on such
26 premises.

27 **IT IS FURTHER ORDERED** that law enforcement personnel, including but
28 not limited to the United States Marshal Service, may accompany the Commission's

1 representatives in implementing the provisions of this Paragraph in order to keep the
2 peace and maintain the security of the Commission's representatives. No one shall
3 interfere with the Commission's inspection of Individual Defendants' and
4 Receivership Entities' documents.

5 **IT IS FURTHER ORDERED** that the Commission's access to Defendants'
6 documents pursuant to this provision shall not provide grounds for any Defendant to
7 object to any subsequent request for documents served by the Commission pursuant
8 to Rule 34 of the Federal Rules of Civil Procedure. Provided, however, that the
9 Commission shall not subsequently request that any Individual Defendant or
10 Receivership Entity produce any document that the Commission copied pursuant to
11 this provision. The records to be inspected, reviewed and copied pursuant to this
12 paragraph include, but are not limited to documents which refer or relate to:

- 13 A. The offer and sale of Individual Defendants' and Receivership Entities'
14 debt consolidation, debt reduction, debt negotiation, debt management,
15 or credit repair services, including but not limited to flyers,
16 telemarketing or customer service scripts;
- 17 B. Communications between Individual Defendants and Receivership
18 Entities and consumers, including but not limited to letters, complaints,
19 and email communications;
- 20 C. Communications between Individual Defendants and Receivership
21 Entities and any creditor of any consumers, including but not limited to
22 letters and email communications;
- 23 D. Consumer complaints, including but not limited to complaints
24 forwarded to Individual Defendants and Receivership Entities by law
25 enforcement agencies or consumer advocacy organizations such as the
26 Better Business Bureau;
- 27 E. Communications between Individual Defendants and Receivership
28 Entities and law enforcement agencies or consumer advocacy

1 organizations such as the Better Business Bureau;

2 F. Consumer testimonials or the experiences of consumers who have
3 purchased Individual Defendants' and Receivership Entities' debt
4 consolidation, debt reduction, debt negotiation, or credit repair services;

5 G. Communications between Individual Defendants and Receivership
6 Entities and merchant account processors, including but not limited to
7 information relating to chargebacks by consumers against amounts
8 billed by Individual Defendants and Receivership Entities; or

9 H. Communications between any Individual Defendant and Receivership
10 Entity and any financial institution.

11
12 **XXIII.**

13 **SERVICE ON FINANCIAL INSTITUTIONS,**
14 **ENTITIES OR PERSONS**

15 **IT IS FURTHER ORDERED** that copies of this Order may be served by any
16 means, including facsimile transmission, upon any financial institution or other
17 entity or person that may have possession, custody, or control of any documents or
18 assets of any of the Individual Defendants or Receivership Entities, or that may
19 otherwise be subject to any provision of this Order. Service upon any branch or
20 office of any financial institution shall effect service upon the entire financial
21 institution. For purposes of service on anyone in possession of records, assets,
22 property, or property rights, actual notice of this Order shall be deemed complete
23 upon service of pages 1- 38 of this Order.

24 ///

1 XXIV.

2 FINANCIAL INSTITUTIONS

3 IT IS FURTHER ORDERED that, pending determination of the
4 Commission's request for a preliminary injunction, any bank, savings and loan
5 institution, credit union, financial institution, brokerage house, escrow agent, money
6 market or mutual fund, title company, commodity trading company, common carrier,
7 storage company, trustee, commercial mail receiving agency, mail holding or
8 forwarding company, or any other partnership, corporation, or legal entity, business
9 entity, or person, that holds, controls or maintains custody of any account or asset
10 belonging to or titled in the name of Individual Defendants DENNIS CONNELLY,
11 RICHARD WADE TORKELSON, a/k/a WADE TORKELSON, JOANNE
12 GARNEAU, a/k/a JOANNE TORKELSON, or in the names of any of the
13 Receivership Entities (including without limitation any accounts or assets held in the
14 name of "Financial Liberty Services, LLC," "Robina Capital, Inc.," "Federal
15 Reverse Mortgage, Inc.," "DK Ventures," "DK Ventures, Inc.," "TLT," "TLT
16 Development," or "TLT Development, Inc.,") or to which any of them is a signatory,
17 or which is held on behalf of, or for the benefit of, any of them, individually or
18 jointly, or that has held, controlled or maintained custody of any such account or
19 asset at any time since September 12, 2001, shall:

20 A. Prohibit each of the aforementioned persons or entities, and their
21 agents, servants, employees, attorneys, and all persons or entities
22 directly or indirectly under their control, or in common control with
23 them, or any third party from withdrawing, removing, assigning,
24 transferring, pledging, encumbering, disbursing, dissipating,
25 converting, selling, or otherwise disposing of any such account or asset
26 except:

- 27 1. as directed by further order of the Court; or
28 2. for specific transfers authorized in writing by counsel for the

Dor

1 Commission;

2 B. Deny the aforementioned persons or entities, unless accompanied by
3 counsel for the Federal Trade Commission, access to any safe deposit
4 box that is:

- 5 1. titled in the name of Individual Defendants, Receivership Entities
6 or their affiliates or subsidiaries, either individually or jointly; or
7 2. otherwise subject to access by Individual Defendants,
8 Receivership Entities or their affiliates or subsidiaries;

9 C. Provide counsel for the Commission within three (3) days of receiving
10 a copy of this Order, a sworn statement setting forth:

- 11 1. the identification number of each such account or asset titled in
12 the name, individually or jointly, of Individual Defendants,
13 Receivership Entities or their corporations, affiliates or
14 subsidiaries, or held on behalf of, or for the benefit of, any such
15 Individual Defendant or Receivership Entity;
16 2. the balance of each such account, or a description of the nature
17 and value of such asset as of the time this Order is served, and, if
18 the account or other asset has been closed or removed, the date
19 closed or removed, the total funds removed in order to close the
20 account, and the name of the person or entity to whom such
21 account or other asset was remitted; and
22 3. the identification of any safe deposit box that is either titled in
23 the name, individually or jointly, of, Individual Defendants,
24 Receivership Entity, or their corporations, affiliates or
25 subsidiaries, or is otherwise subject to access by any such
26 Individual Defendant or Receivership Entity;

27 D. Upon the request by the Commission, provide to the Commission
28 within 48 hours copies of all records or other documentation pertaining

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

6
7 **XXV.**

8 **LIMITED EXPEDITED DISCOVERY**

9 **IT IS FURTHER ORDERED** that the Commission is granted leave at any
10 time after service of this Order to:

11 A. Take the deposition of any person or entity, without limitation, for the
12 purpose of:

- 13 1. discovering the nature, location, status, and extent of assets of
- 14 any of the Defendants, including Receivership Entities, or of
- 15 their affiliates or of their subsidiaries,
- 16 2. discovering the nature, location, status and extent of documents
- 17 reflecting the business transactions of any of the Defendants or
- 18 Receivership Entities;
- 19 3. discovering the nature and extent of Defendants' business
- 20 activities, and

21 B. Demand the production of documents from any person or entity relating
22 to the nature, status, location and extent of any of the Defendants'
23 assets, and the location of any documents reflecting the Defendants'
24 business transactions or the nature and extent of Defendants' business
25 operations.

26 Thirty-six (36) hours notice shall be deemed sufficient for any such deposition
27 and forty-eight (48) hours notice shall be deemed sufficient for the production of
28 any such documents. The limitations and conditions set forth in Fed. R. Civ. P.

1 30(a)(2)(B) and 31(a)(2)(B) shall not apply to depositions taken pursuant to this
2 paragraph. Any such depositions taken pursuant to this paragraph shall not be
3 counted toward the ten deposition limit set forth in Fed. R. Civ. P. 30(a)(2)(A) and
4 31(a)(2)(A). Service of discovery taken pursuant to this paragraph shall be
5 sufficient if made by facsimile or by overnight delivery.

6
7 **XXVI.**

8 **CORRESPONDENCE**

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

11 Jennifer Larabee
12 John D. Jacobs
13 Federal Trade Commission
14 10877 Wilshire Blvd., #700
15 Los Angeles, CA 90024
16 Fax: (310) 824-4380

17 **XXVII.**

18 **DEFENSE COUNSEL'S ATTORNEY'S FEES**

19 **IT IS FURTHER ORDERED** that if Defendants retain counsel, the Court
20 will consider awarding reasonable attorneys' fees to Defendants' counsel only upon
21 a showing of good cause upon written motion submitted in accordance with the
22 Local Rules of this Court. The term "reasonable," however, shall not be solely
23 determined in light of prevailing rates in the community for the work performed, but
24 rather, the Court will also consider what is reasonable in light of the totality of the
25 circumstances, including the likelihood of success, the amount of gross receipts
26 from consumers, and the amount of frozen assets. Defendants' attorney's fees shall
27 not be paid until after Defendants' gross receipts from consumers are ascertained.

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XXVIII.

PRELIMINARY INJUNCTION HEARING

IT IS FURTHER ORDERED that Defendants **DENNIS CONNELLY, RICHARD WADE TORKELSON** a/k/a **WADE TORKELSON, JOANNE GARNEAU, a/k/a JOANNE TORKELSON, HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, and USA DEBT CO, LLC, a/k/a USADEBTCO.COM** shall appear before this Court on the 28th day of August, 2006 at 3:00 p.m., before the Honorable David O. Carter, Courtroom 9D , UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION, SANTA ANA COURTHOUSE, 411 WEST FOURTH STREET, SANTA ANA, CALIFORNIA 92701-4516, to show cause, if any there be, why this Court should not enter a preliminary injunction, pending final ruling on the Complaint, against said Defendants enjoining them from violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), imposing such additional relief as may be appropriate, and appointing a permanent receiver over Defendants **HOMELAND FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC, UNITED DEBT RECOVERY, LLC, FREEDOM FIRST FINANCIAL, LLC, USA DEBT CO, LLC, a/k/a USADEBTCO.COM, and PROSPER FINANCIAL SOLUTIONS.**

IT IS FURTHER ORDERED that, in support of its application for a preliminary injunction, Plaintiff may submit supplemental evidence discovered subsequent to the filing of its application for a TRO, as well as a supplemental memorandum. Plaintiff shall file and serve any supplemental evidence by no later than 5:00 p.m. on the sixth court day prior to the preliminary injunction hearing as scheduled above. Such documents may be served on each named Defendant by faxing or delivering the document(s) to the attorney for the Defendant, or, if the Defendant is not represented by counsel, to a fax number previously designated by

1 the Defendant in writing to counsel for Plaintiff; if the Defendant has not so
2 designated a fax number, service may be effected by mailing the documents to an
3 address designated in writing by the Defendant to counsel for Plaintiff; if no address
4 has been so designated, service shall be complete upon filing of the documents with
5 this Court.

6 **IT IS FURTHER ORDERED** that named Defendants shall file and serve
7 any opposition to the issuance of a preliminary injunction and the appointment of a
8 permanent receiver over the Receivership Entities, including any declarations,
9 exhibits, memoranda or other evidence on which they intend to rely, and objections
10 to any evidence submitted by Plaintiff, by no later than 5:00 p.m. of the fourth court
11 day prior to the hearing on the preliminary injunction. Such documents shall be
12 served by fax to 310-824-4380 or by personal delivery upon Plaintiff's counsel.

13 **IT IS FURTHER ORDERED** that Plaintiff shall file and serve any reply to
14 Defendants' opposition by no later than the second court day prior to the preliminary
15 injunction hearing.

16
17 **XXIX.**

18 **WITNESSES**

19 **IT IS FURTHER ORDERED** that there will be no direct examination of
20 witnesses at the preliminary injunction hearing in this matter. Any party wishing to
21 conduct cross-examination of any witness at the hearing on a preliminary injunction
22 in this matter shall comply fully with Local Rule 7-8 subject to the following
23 modification. Defendants shall serve any request to cross-examine any declarant on
24 the Commission, and file with the Court, by 12:00 noon (PT) of the third court day
25 prior to the hearing on the issuance of the preliminary injunction. Service on the
26 Commission shall be performed by personal delivery, or confirmed facsimile
27 transmission, to Jennifer Larabee, Esq. and John Jacobs, Esq. at 10877 Wilshire
28 Blvd. Suite 700, Los Angeles, California 90024, (310) 824-4380 (fax number). The

1 Commission shall serve any request on Defendants by personal delivery, or
2 confirmed facsimile, no later than 9:00 a.m. (PT) on the second court day prior to
3 the hearing on the issuance of the preliminary injunction. In accordance with the
4 Local Rules, the offering party shall be under no obligation to produce the declarant
5 unless the Court has granted the request to cross-examine by written order, by 5:00
6 pm (PT) on the second court day prior to the hearing. Any request by any party to
7 cross examine any witness much be made in good faith, subject to sanctions for
8 abuse.

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10 **XXX.**

11 **SERVICE OF ORDER**

12 **IT IS FURTHER ORDERED** that the Commission shall attempt in good
13 faith to serve a copy of this Order upon the Defendants in accordance with Rule 4 of
14 the Federal Rules of Civil Procedure, or in any manner provided by law, as soon as
15 is practicable. The Commission shall notify the Court 72 hours prior to the Hearing
16 on the Preliminary Injunction as to which, if any, of the Defendants have not been
17 served.

18
19 **XXXI.**

20 **DURATION OF TEMPORARY RESTRAINING ORDER**

21 **IT IS FURTHER ORDERED** that the Temporary Restraining Order granted
22 herein shall expire at the conclusion of the Preliminary Injunction hearing, unless
23 before such time the Order, for good cause shown, is extended for an additional
24 period not to exceed ten (10) days, or unless it is further extended pursuant to
25 Federal Rule of Civil Procedure 65 or by stipulation of counsel.


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1 XXXII.

2 RETENTION OF JURISDICTION

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

5 SO ORDERED, this 11 day of August, 2006, at 5:30 P.m.

6
7 
8 United States District Court Judge

9 Presented by:

10 Jennifer Larabee
11 John D. Jacobs
12 Federal Trade Commission
13 10877 Wilshire Boulevard, Suite 700
14 Los Angeles, California 90024
15 ph: (310) 824-4343
16 fax: (310) 824-4380
17 Attorneys for Plaintiff
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FINANCIAL STATEMENT OF INDIVIDUAL 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. "Dependents" include your live-in companion, dependent children, or any other person, whom you or your spouse (or your children's other parent) claimed or could have claimed as a dependent for tax purposes at any time during the past five years.

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

4. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number(s) being continued.

5. Type or print legibly.

6. Initial each page in the space provided in the lower right corner.

7. Sign and date the completed financial statement on the last page.

Penalty for False Information:

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

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

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

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

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

BACKGROUND INFORMATION

Item 1. Information About You

Your Full Name _____ Social Security No. _____

Place of Birth _____ Date of Birth _____ Drivers License No. _____

Current Address _____ From (Date) _____

Rent or Own? _____ Telephone No. _____ Facsimile No. _____

E-Mail Address _____ Internet Home Page _____

Previous Addresses for past five years:

Address _____ Rent or Own? _____ From/Until _____

Address _____ Rent or Own? _____ From/Until _____

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

were used _____

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

Spouse/Companion's Name _____ Social Security No. _____

Place of Birth _____ Date of Birth _____

Identify any other name(s) and/or social security number(s) your spouse/companion has used, and the time period(s)

during which they were used _____

Address (if different from yours) _____

From (Date) _____ Rent or Own? _____ Telephone No. _____

Employer's Name and Address _____

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

Item 3. Information About Your Previous Spouse

Previous Spouse's Name & Address _____

_____ Social Security No. _____ Date of Birth _____

Item 4. Contact Information

Name & Address of Nearest Living Relative or Friend _____

Telephone No. _____

Item 5. Information About Dependents Who Live With You

Name _____ Date of Birth _____

Relationship _____ Social Security No. _____

Name _____ Date of Birth _____

Relationship _____ Social Security No. _____

Name _____ Date of Birth _____

Relationship _____ Social Security No. _____

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

Name & Address _____

Date of Birth _____ Relationship _____ Social Security No. _____

Name Address _____

Date of Birth _____ Relationship _____ Social Security No. _____

Name & Address _____

Date of Birth _____ Relationship _____ Social Security No. _____

Item 7. Employment Information

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

Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

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44

Item 7. continued

Income Received: This year-to-date: \$ _____ 19____ : \$ _____
19____ : \$ _____ 19____ : \$ _____
19____ : \$ _____ 19____ : \$ _____

-Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Income Received: This year-to-date: \$ _____ 19____ : \$ _____
19____ : \$ _____ 19____ : \$ _____
19____ : \$ _____ 19____ : \$ _____

-Company Name & Address _____

Dates Employed: From (Month/Year) _____ To (Month/Year) _____

Positions Held with Beginning and Ending Dates _____

Income Received: This year-to-date: \$ _____ 19____ : \$ _____
19____ : \$ _____ 19____ : \$ _____
19____ : \$ _____ 19____ : \$ _____

Item 8. Pending Lawsuits Filed by You or Your Spouse

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

_____ Status _____

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Item 9. Pending Lawsuits Filed Against You or Your Spouse

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

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____
Status _____

Item 10. Safe Deposit Boxes

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

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

Item 11. Business Interests

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

Business' Name & Address _____

Business Format (e.g., corporation) _____ Description of Business _____

Position(s) Held, and By Whom _____

Business' Name & Address _____

Business Format (e.g., corporation) _____ Description of Business _____

Position(s) Held, and By Whom _____

Business' Name & Address _____

Business Format (e.g., corporation) _____ Description of Business _____

Position(s) Held, and By Whom _____

FINANCIAL INFORMATION: ASSETS AND LIABILITIES

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

Item 12. Cash, Bank, and Money Market Accounts

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

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

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

Item 13. U.S. Government Securities

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

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

Item 14. Publicly Traded Securities and Loans Secured by Them

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

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

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

Item 15. Other Business Interests

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

- Business Format _____ Business' Name & Address _____
Ownership % _____
Owner (e.g., self, spouse) _____ Current Fair Market Value \$ _____

- Business Format _____ Business' Name & Address _____
Ownership % _____
Owner (e.g., self, spouse) _____ Current Fair Market Value \$ _____

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

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

- Opposing Party's Name & Address _____
Court's Name & Address _____ Docket No. _____
Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

- Opposing Party's Name & Address _____
Court's Name & Address _____ Docket No. _____
Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

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

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

Debtor's Name, Address, & Telephone No. _____

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

Item 18. Life Insurance Policies

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

Insurance Company's Name, Address, & Telephone No. _____

Insured _____ Beneficiary _____ Face Value \$ _____

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

Insurance Company's Name, Address, & Telephone No. _____

Insured _____ Beneficiary _____ Face Value \$ _____

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

Item 19. Deferred Income Arrangements

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

Name on Account _____ Type of Plan _____ Date Established _____

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

Account No. _____ Surrender Value \$ _____

Name on Account _____ Type of Plan _____ Date Established _____

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

Account No. _____ Surrender Value \$ _____

Item 20. Personal Property

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

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

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

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

Vehicle Type _____ Make _____ Model _____ Year _____

Registered Owner's Name _____ Registration State & No. _____

Address of Vehicle's Location _____

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

Lender's Name and Address _____

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

Vehicle Type _____ Make _____ Model _____ Year _____

Registered Owner's Name _____ Registration State & No. _____

Address of Vehicle's Location _____

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

Lender's Name and Address _____

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

Item 21. Continued

Vehicle Type _____ Make _____ Model _____ Year _____

Registered Owner's Name _____ Registration State & No. _____

Address of Vehicle's Location _____

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

Lender's Name and Address _____

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

Item 22. Real Property

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

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

Basis of Valuation _____ Loan or Account No. _____

Lender's Name and Address _____

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

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

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

Type of Property _____ Property's Location _____

Name(s) on Title and Ownership Percentages _____

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

Basis of Valuation _____ Loan or Account No. _____

Lender's Name and Address _____

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

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

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

Item 23. Credit Cards

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

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

Item 24. **Taxes Payable**

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

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

Item 25. **Judgments or Settlements Owed**

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

Opposing Party's Name & Address _____

Court's Name & Address _____ Docket No. _____

Nature of Lawsuit _____ Date _____ Amount \$ _____

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Item 26. Other Loans and Liabilities

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

Name & Address of Lender/Creditor _____

Nature of Liability _____ Name(s) on Liability _____

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

Payment Amount \$ _____ Frequency of Payment _____

Name & Address of Lender/Creditor _____

Nature of Liability _____ Name(s) on Liability _____

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

Payment Amount \$ _____ Frequency of Payment _____

OTHER FINANCIAL INFORMATION

Item 27. Tax Returns

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

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

Item 28. Applications for Credit

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

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

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Item 29. Trusts and Escrows

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

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

Item 30. Transfers of Assets

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

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

81
 54

Initials _____

SUMMARY FINANCIAL SCHEDULES

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

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

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55
~~54~~ 55

Initials _____

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

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

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

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ATTACHMENTS

Item 33. Documents Attached to this Financial Statement

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

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

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~~56~~ 57

Initials _____

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. 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)

or 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. _____

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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>

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WT62

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 _____

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 _____

Item 15. Bankruptcy Information

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

Commencement Date _____ Termination Date _____ Docket No. _____

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>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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 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>	\$ _____			
<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 _____

Item 22. Continued

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

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AT 105

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>
		\$ _____
		\$ _____
		\$ _____

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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 \$ _____

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 \$ _____

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.

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

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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>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

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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>

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

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Initials _____

1 CONSENT TO RELEASE OF FINANCIAL RECORDS

2
3 I, _____, of the State of _____ in the
4 United States of America, do hereby direct any bank or trust company at which I
5 have a bank account of any kind or at which a corporation has a bank account of any
6 kind upon which I am authorized to draw, and its officers, employees and agents, to
7 disclose all information and deliver copies of all documents of every nature in your
8 possession or control, which relate to the said bank accounts, to any attorney of the
9 Federal Trade Commission, and to give evidence relevant thereto, in the matter of
10 **Dennis Connelly**, an individual; **Richard Wade Torkelson**, a/k/a Wade Torkelson,
11 an individual; **Joanne Garneau**, a/k/a Joanne Torkelson, an individual also doing
12 business as Prosper Financial Solutions; **Homeland Financial Services**, a
13 corporation; **National Support Services, LLC**, a limited liability company; **United**
14 **Debt Recovery, LLC**, a limited liability company; **Freedom First Financial, LLC**,
15 a limited liability company; and **USA Debt Co, LLC**, a/k/a UsaDebtCo.com, a
16 limited liability company, now pending in the United States District Court for the
17 Central District of California, and this shall be irrevocable authority for so doing.
18 This direction has been executed pursuant to that certain order of the United States
19 District Court for the Central District of California in connection with the
20 aforementioned matter. This direction is intended to apply to the laws of countries
21 other than the United States which restrict or prohibit the disclosure of bank
22 information without the consent of the holder of the account, and shall be construed
23 as consent with respect thereto, and the same shall apply to any of the bank accounts
24 for which I may be a relevant principal.

25
26 Dated: _____, 2006

Signature

27
28 ATTACHMENT 3

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