

ORIGINAL

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

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

FEDERAL TRADE COMMISSION,

Plaintiff

v.

BURNLOUNGE, INC.,  
a corporation;  
JUAN ALEXANDER ARNOLD,  
an individual;  
JOHN TAYLOR  
an individual;  
ROB DEBOER,  
an individual; and  
SCOTT ELLIOTT,  
an individual,

Defendants.

~~Proposed~~  
STIPULATED PRELIMINARY  
INJUNCTION ORDER WITH  
ASSET FREEZE, REQUIRED  
ACCOUNTING, AND OTHER  
EQUITABLE RELIEF AS TO  
DEFENDANT JOHN TAYLOR

FILED  
CLERK, U.S. DISTRICT COURT  
AUG - 8 2007  
CENTRAL DISTRICT OF CALIFORNIA  
BY JG DEPUTY

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

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

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BY MG 009

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1 and cash, wherever located, whether in the United States or abroad, and shall  
2 include both existing assets and assets acquired after the date of entry of this  
3 Order.

4 2. **“Individual Defendant”** means John Taylor.

5 3. **“Financial Institution”** means any bank, savings and loan institution,  
6 credit union, or any financial depository of any kind including, but not limited to  
7 any brokerage house, money market or mutual fund, telephone or common carrier,  
8 storage company, trustee, broker-dealer, escrow agent, title company, commodity  
9 trading company, credit card company, or precious metal dealer, or any other  
10 person, partnership, corporation, or other legal entity maintaining or having control  
11 of any records, accounts or other assets owned directly or indirectly, of record or  
12 beneficially, by the Individual Defendant, including accounts or other assets that  
13 any Defendant may control by virtue of being a signatory on said accounts.

14 4. **“Marketing Program”** means any multi-level marketing program,  
15 pyramid marketing scheme, Ponzi scheme, or chain marketing scheme.

16 5. **“Mogul Program”** means the BurnLounge Mogul Program through  
17 which participants earn monetary rewards.

18 6. **“Person”** means a natural person, an organization or other legal entity,  
19 including a corporation, partnership, sole proprietorship, limited liability company,  
20 association, or cooperative, or any other group or combination acting as an entity.

21 7. **“Plaintiff”** means the Federal Trade Commission (“Commission” or  
22 “FTC”).

23 8. The terms “and” and “or” in this Order shall be construed  
24 conjunctively or disjunctively as necessary, to make the applicable sentence or  
25 phrase inclusive rather than exclusive.

26  
27 **ORDER**

28 **I. PYRAMID PROHIBITION**

1           **IT IS THEREFORE ORDERED** that the Individual Defendant is  
2 temporarily restrained and enjoined from engaging, participating or assisting in, any  
3 manner or capacity whatsoever, from operating the Mogul Program or any  
4 Marketing Program that constitutes a pyramid scheme.

5                           **II. INJUNCTION AGAINST MISREPRESENTATION**

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

16                           **III. INJUNCTION AGAINST MATERIAL OMISSIONS**

17           **IT IS FURTHER ORDERED** that, in connection with the advertising,  
18 promoting, marketing, offering or providing, or assisting others in the advertising,  
19 promoting, marketing, offering or providing the Mogul Program, Marketing  
20 Program or any business investment opportunity, the Individual Defendant is  
21 hereby temporarily restrained and enjoined from failing to disclose, clearly and  
22 conspicuously, orally or in writing, all information material to a consumer's  
23 decision to participate in the Mogul Program, Marketing Program or business  
24 investment opportunity, including, but not limited to, the fact that the structure of  
25 the Mogul Program, Marketing Program or business investment opportunity  
26 prevents the vast majority of participants from making substantial income.

27                           **IV. ASSET FREEZE**

1 IT IS FURTHER ORDERED that the Individual Defendant is hereby  
2 temporarily restrained and enjoined from:

- 3 A. Transferring, converting, encumbering, selling, concealing, dissipating,  
4 disbursing, assigning, spending, withdrawing, or otherwise disposing  
5 of any assets, wherever located, that are (1) owned or controlled, in  
6 whole or in part, by the Individual Defendant; (2) titled or held in the  
7 name, singly or jointly, of the Individual Defendant; (3) in the actual or  
8 constructive possession of the Individual Defendant; or (4) owned,  
9 controlled by, or in the actual or constructive possession of any  
10 corporation, partnership, or other entity directly or indirectly owned,  
11 managed, or controlled by, or under common control with, the  
12 Individual Defendant including, but not limited to, any assets held by  
13 or for the Individual Defendant at any bank or savings and loan  
14 institution, or with any financial institution, as defined above, or other  
15 depository of any kind;
- 16 B. Opening or causing to be opened any safe deposit boxes or other  
17 storage facility or container titled in the name of or subject to access  
18 by the Individual Defendant;
- 19 C. Incurring charges or cash advances on any credit card, debit card, or  
20 checking card issued in the name, singly or jointly, of the Individual  
21 Defendant; and
- 22 D. Securing a loan with or incurring a lien on the real property, the  
23 personal property, or other asset in the name, singly or jointly, of the  
24 Individual Defendant.

25 Provided further, the Individual Defendant shall be allowed to spend funds  
26 from frozen assets to pay reasonable ordinary and necessary monthly living  
27 expenses (not to exceed \$5000 per month) established prior to the filing of the  
28 instant litigation, including mortgage payments, rent, car payments, alimony, child

1 support, and medical expenses. The Individual Defendant may also spend any  
2 future earnings. The Individual Defendant may use debit cards with regards to any  
3 future earnings. The Individual Defendant shall incur no new debt provided that he  
4 may use credit cards to pay reasonable ordinary and necessary monthly living  
5 expenses established prior to the filing of the instant litigation within the limitation of  
6 spending funds from frozen assets provided in this paragraph. Provided further,  
7 the Plaintiff shall have the right to move to modify this order after receipt of  
8 information required to be disclosed by the Individual Defendant under Paragraph  
9 VIII on the grounds that the living expenses of the Individual Defendant are not  
10 reasonable.

11        Provided further, that the Individual Defendant shall be allowed to expend  
12 \$20,000 for attorneys' fees. In the event, the Individual Defendant seeks to pay his  
13 attorneys more than the initial \$20,000 for attorneys' fees, the Individual Defendant  
14 shall provide Counsel for Plaintiff with a description of the fees and a general  
15 description of the legal services rendered. Each such request shall be no more than  
16 \$20,000 at a time. If Plaintiff objects to payment of the fees within ten days of  
17 receipt of the description of the fees and legal services by communicating such  
18 objection to Counsel for the Individual Defendant, the Individual Defendant shall  
19 then submit his request to pay such fees to the Court for such order as Court  
20 deems appropriate.

#### 21                    **V. DUTIES OF THIRD-PARTY ASSET HOLDERS**

22        IT IS FURTHER ORDERED that any financial institution, business entity,  
23 or person that holds, controls or maintains custody of any account or asset titled in  
24 the name of, held for the benefit of, or otherwise under the control of the Individual  
25 Defendant, or has held, controlled or maintained custody of any such account or  
26 asset at any time since October 1, 2005, shall:

- 27            A.    Prohibit any person or entity from withdrawing, removing, assigning,  
28                    transferring, pledging, encumbering, disbursing, dissipating,

1 converting, selling, or otherwise disposing of any such asset except as  
2 provided in Paragraph IV or directed by further order of the Court;

3 B. Deny any person or entity access to any safe deposit box or other  
4 storage facility that is:

- 5 1. titled in the name of the Individual Defendant, either  
6 individually or jointly; or
- 7 2. otherwise held for the benefit of or subject to access by the  
8 Individual Defendant.

9 C. Provide counsel for the Commission, within five (5) business days of  
10 receiving 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, or held on behalf of, or for the  
13 benefit of, the Individual Defendant;
- 14 2. the balance of each such account, or a description of the nature  
15 and value of such asset as of the time this Order is served, and,  
16 if the account or other asset has been closed or removed, the  
17 date closed or removed, the total funds removed in order to  
18 close the account, and the name of the person or entity to  
19 whom such account or other asset was remitted; and
- 20 3. the identification of any safe deposit box or other storage  
21 facility or container that is either titled in the name, individually  
22 or jointly, of the Individual Defendant or is otherwise subject to  
23 access by the Individual Defendant;

24 D. Upon the request by the Commission, promptly provide, within five  
25 (5) business days of receipt of the request, the Commission with  
26 copies of records or other documentation requested by the  
27 Commission pertaining to such account or asset, including but not  
28 limited to originals or copies of account applications, account

1 statements, signature cards, checks, drafts, deposit tickets, transfers  
2 to and from the accounts, all other debit and credit instruments or  
3 slips, currency transaction reports, 1099 forms, and safe deposit box  
4 logs; and

- 5 E. Cooperate with all reasonable requests of the Commission relating to  
6 implementation of this Order.

7 **VI. FOREIGN ASSET REPATRIATION**

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

- 10 A. Provide the Commission with a full accounting of all funds,  
11 documents, and assets located outside of the United States which are  
12 (1) titled in the name, individually or jointly, of the Individual  
13 Defendant; or (2) held by any person or entity for the benefit of the  
14 Individual Defendant; or (3) under the direct or indirect control,  
15 whether jointly or singly, of the Individual Defendant;
- 16 B. Transfer to the territory of the United States all funds, documents, and  
17 assets located outside of the United States which are (1) titled in the  
18 name individually or jointly of the Individual Defendant; or (2) held by  
19 any person or entity for the benefit of the Individual Defendant; or (3)  
20 under the Individual Defendant's direct or indirect control, whether  
21 jointly or singly;
- 22 C. Hold and retain all repatriated funds, documents, and assets, and  
23 prevent any transfer, disposition, or dissipation whatsoever of any  
24 funds or assets, except as required by this Order; or for any funds,  
25 documents, or assets held by or in the name of the Individual  
26 Defendant; and
- 27 D. Provide the Commission access to all records of funds, documents,  
28 or assets of the Individual Defendant held by financial institutions or



1 other entities or individuals located outside the United States by  
2 signing a Consent to Release of Financial Records, to be supplied by  
3 Plaintiff.

#### 4 **VII. INTERFERENCE WITH REPATRIATION**

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

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

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

#### 19 **VIII. FINANCIAL STATEMENTS AND ACCOUNTING**

20 IT IS FURTHER ORDERED that, within five (5) business days after service  
21 of this Order, the Individual Defendant shall provide to counsel for Plaintiff:

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

25 B. A full and complete disclosure of all financial information and records  
26 in their care, custody or control that relates to any financial transaction  
27 with BurnLounge.  
28

1 Provided that prior submission to Plaintiff of the information required by this  
2 paragraph shall be deemed to satisfy this paragraph.

3 **IX. MAINTENANCE OF RECORDS**

4 IT IS FURTHER ORDERED that the Individual Defendant, and his officers,  
5 agents, servants, employees, and attorneys, and those in active concert or  
6 participation with them who receive actual notice of this Order, are hereby  
7 temporarily restrained and enjoined from directly or indirectly destroying,  
8 mutilating, erasing, altering, concealing or disposing of, in any manner, directly or  
9 indirectly, any documents that relate to the business practices or business or  
10 personal finances of the Individual Defendant.

11 **X. SERVICE OF ORDER BY FAX**

12 IT IS FURTHER ORDERED that copies of this Order may be served by  
13 any means, including facsimile transmission, upon any financial institution or other  
14 entity or person that may have possession, custody, or control of any documents  
15 or assets of the Individual Defendant, or that may be subject to any provision of  
16 this Order.

17 **XI. CONSUMER CREDIT REPORTS**

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

22 **XII. SERVICE ON THE COMMISSION**

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

27  
28 Chris M. Couillou, Esq.

Federal Trade Commission  
225 Peachtree Street, Suite 1500  
Atlanta, Georgia 30303,  
facsimile number (404) 656-1379

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

**XIII. NOTIFICATION OF EMPLOYMENT**

IT IS FURTHER ORDERED that the Individual Defendant shall notify Plaintiff of any employment with or work for a company using multi-level marketing within seven (7) days of the beginning of such employment or work. Such notification shall include the name and address of the company.

SO ORDERED, this 7<sup>th</sup> day of August, 2007.

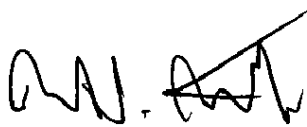


Hon. George H. Wu  
United States District Judge

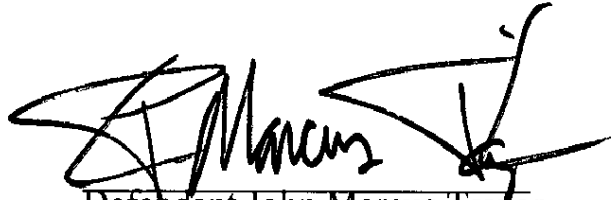
1 **THE PARTIES STIPULATE TO THE FOREGOING ORDER:**

2  
3 

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

12 

13 David J. Pasternak, Esq.  
14 Pasternak, Pasternak & Patton  
15 Counsel for Defendant John Taylor  
16 djp@paslaw.com  
17 1875 Century Park East, Suite 2200  
18 Los Angeles, CA 90067-2523  
19 (310) 553-1500 (voice)  
20 (310) 553-1540 (fax)

21 

22 Defendant John Marcus Taylor

**BACKGROUND INFORMATION**

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1113  
2211  
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4411  
5511  
6611  
7711  
8811  
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**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, contractor, participant 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 \_\_\_\_\_

Item 7. continued

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
 20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
 \_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

SCANNED  
SCANNED

Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
 20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
 \_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

Company Name & Address \_\_\_\_\_

Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_

Positions Held with Beginning and Ending Dates \_\_\_\_\_

Income Received: This year-to-date: \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
 20\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_  
 \_\_\_\_\_ : \$ \_\_\_\_\_ : \$ \_\_\_\_\_

**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 23).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

**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.*

Owner's Name

Name & Address of Depository Institution

Box No.

<u>Owner's Name</u>	<u>Name &amp; 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**

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11/11/07

**REMINDER: "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 &amp; 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, joint ventures, 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 \$ \_\_\_\_\_

**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.

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

**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**

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 dependants.

<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 dependants.

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

**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.

Tax Year	Name(s) on Return	Refund Expected
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

**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.

Name(s) on Application	Name & Address of Lender
_____	_____
_____	_____
_____	_____

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



**SUMMARY FINANCIAL SCHEDULES**

**Item 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>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Assets</b>	<b>\$ _____</b>	<b>Total Liabilities</b>	<b>\$ _____</b>

**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>		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<b>Total Income</b>	<b>\$ _____</b>	<b>Total Expenses</b>	<b>\$ _____</b>



1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

3 I am employed in the County of Los Angeles, State of California. I am over the age of  
4 eighteen years and not a party to the within action; my business address is 1875 Century Park  
East, Suite 2200, Los Angeles, California 90067-2523.

5 On August 3, 2007, I served the foregoing document described as **[PROPOSED]**  
6 **STIPULATED PRELIMINARY INJUNCTION ORDER WITH ASSET FREEZE,**  
7 **REQUIRED ACCOUNTING, AND OTHER EQUITABLE RELIEF AS TO DEFENDANT**  
8 **JOHN TAYLOR** on all interested parties in this action as follows:

9 **SEE ATTACHED LIST**

10  **BY MAIL:** I caused such envelope to be deposited in the mail at Los Angeles, California.  
11 The envelope was mailed with postage thereon fully prepaid. I am "readily familiar" with  
12 this firm's practice of collection and processing correspondence for mailing. It is  
13 deposited with the U.S. Postal Service on that same day in the ordinary course of business.  
14 I am aware that on motion of the party served, service is presumed invalid if postal  
15 cancellation date or postage meter date is more than 1 day after date of deposit for mailing  
16 in affidavit.

17  **BY FACSIMILE:** At or before 5:00 p.m., I caused said document(s) to be transmitted by  
18 facsimile. The telephone number of the sending facsimile machine was (310) 553-1540.  
19 The name(s) and facsimile machine telephone number(s) of the person(s) served are set  
20 forth in the service list. The document was transmitted by facsimile transmission, and the  
21 sending facsimile machine properly issued a transmission report confirming that the  
22 transmission was complete and without error..

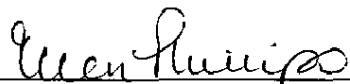
23  **BY E-MAIL:** The foregoing document was transmitted by electronic mail on said date.

24  **BY OVERNIGHT DELIVERY:** I deposited such document(s) in a box or other facility  
25 regularly maintained by the overnight service carrier, or delivered such document(s) to a  
26 courier or driver authorized by the overnight service carrier to receive documents, in an  
27 envelope or package designated by the overnight service carrier with delivery fees paid or  
28 provided for, addressed to the person(s) being served.

**BY PERSONAL SERVICE:** I personally delivered such envelope(s) directly to the  
person(s) being served.

I declare under penalty of perjury under the laws of the State of California that the  
foregoing is true and correct.

**Executed on August 3, 2007, at Los Angeles, California.**

  
\_\_\_\_\_  
Ellen Phillips

1 **Federal Trade Commission v. Burnlounge, Inc., Juan Alexander Arnold, John Taylor, Rob**  
2 **DeBoer and Scott Elliott, etc., et al.**

3 ***United States District Court Western Division Case No. CV 07 03654 GW FMOx***

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