

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	Case No. 17-cv-194
)	
v.)	Judge Kennelly
)	
CREDIT BUREAU CENTER, LLC,)	
a limited liability company, formerly known as)	
MYSOCRE LLC, also doing business as)	
EFREESOCRE.COM, CREDITUPDATES.COM,)	
and FREECREDITNATION.COM,)	
)	
MICHAEL BROWN,)	
individually and as owner and manager of)	
CREDIT BUREAU CENTER, LLC,)	
)	
DANNY PIERCE, individually, and)	
)	
ANDREW LLOYD, individually,)	
)	
Defendants.)	

**STIPULATED PRELIMINARY INJUNCTION
AS TO DEFENDANTS DANNY PIERCE AND ANDREW LLOYD**

Plaintiff Federal Trade Commission (“FTC” or the “Commission”) and Defendants Danny Pierce and Andrew Lloyd (“Stipulating Defendants”) have stipulated to entry of this Stipulated Preliminary Injunction (“Order”). This Court, having considered the Order and the other filings in this case, and for other cause appearing, hereby orders that:

FINDINGS OF FACT

1. This Court has jurisdiction over the subject matter of this case and over Stipulating Defendants;

2. Venue in this district is proper, and Stipulating Defendants have been properly served with process under Federal Rule of Civil Procedure 4;

3. There is good cause to believe that Stipulating Defendants have engaged in and are likely to engage in acts or practices that violate Section 5(a) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45(a), and that the FTC is therefore likely to prevail on the merits of this action;

4. There is good cause to believe that immediate and irreparable harm will result from Stipulating Defendants’ ongoing violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), unless Stipulating Defendants are restrained and enjoined by Order of this Court;

5. There is good cause to believe that immediate and irreparable damage to the Court’s ability to grant effective final relief for consumers, including monetary restitution, rescission, disgorgement, or refunds, will occur from the sale, transfer, or other disposition or concealment by Stipulating Defendants of their assets or records, unless Stipulating Defendants are restrained and enjoined by Order of this Court. Therefore, there is good cause for an asset freeze;

6. There is good cause for issuance of a preliminary injunction against the Defendants.

4. “**Credit Monitoring Service**” means any service, plan, program or membership that includes, or is represented to include, alerts or monitoring of changes to consumers’ credit files, credit reports, or credit scores.

5. “**Defendant(s)**” means all of the Individual Defendants and the Corporate Defendant, individually, collectively, or in any combination.

6. “**Document(s)**” is equal in scope and synonymous in meaning to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and any other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

7. “**Financial Institution**” means any bank, savings and loan institution, credit union, or any financial depository of any kind, including, but not limited to, any brokerage house, trustee, broker-dealer, escrow agent, title company, commodity trading company, or precious metal dealer.

8. “**Individual Defendants**” means Michael Brown, Danny Pierce, and Andrew Lloyd, and by whatever other names each may be known.

9.

10. “**Person(s)**” means a natural person, organization, or other legal entity, including a corporation, limited liability company, partnership, sole proprietorship, association, cooperative, or any other group or combination acting as an entity.

11. “**Plaintiff**” means the Federal Trade Commission.

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

13. “**Receivership Defendant**” means Credit Bureau Center, LLC, a Delaware limited liability company, formerly known as MyScore LLC, and also doing business as eFreeScore.com, CreditUpdates.com, and FreeCreditNation.com, and its successors and assigns, as well as any subsidiaries, affiliates, divisions, or sales or customer service operations, and any fictitious business entities or business names created or used by these entities.

14. “**TRO**” means the *Ex Parte* Temporary Restraining Order With Asset Freeze, Appointment of a Receiver, Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue, entered in this matter on January 11, 2017.

I.

PROHIBITED BUSINESS ACTIVITIES

IT IS ORDERED that Stipulating Defendants, and their officers, agents, servants, employees, attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promoting, offering for sale, sale, or provision of any good or service, are hereby restrained and enjoined from:

2. Section 4(2) of ROSCA, 15 U.S.C. § 8403(2), by charging, attempting to charge

2. In the actual or constructive possession of any Defendant; or

3. In the actual or constructive possession of, or owned, controlled, or held by, or subject to access by, or belonging to, any other corporation, partnership, trust, or any other entity directly or indirectly owned, managed, or controlled by, or under common control with, any Defendant, including, but not limited to, any assets held by or for any Defendant in any account at any bank or savings and loan institution, or with any credit card processing agent, automated clearing house processor, network transaction processor, bank debit processing agent, customer service agent, commercial mail receiving agency, or mail holding or forwarding

Notwithstanding the asset freeze provisions of Section II.A through E above, and subject to prior written agreement with the Commission, Stipulating Defendants may, upon compliance with Section IV (Financial Statements) *infra*, pay from their individual personal funds reasonable, usual, ordinary, and necessary living expenses.

The funds, property, and assets affected by this Section shall include both existing assets and assets acquired after the effective date of this Order.

III.

DUTIES OF THIRD PARTIES HOLDING STIPULATING DEFENDANTS' ASSETS

IT IS FURTHER ORDERED that any financial institution, business entity, or person maintaining or having custody or control of any account or other asset of any Stipulating Defendant, or any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Stipulating Defendant, which is served with a copy of this Order, or otherwise has actual or constructive knowledge of this Order, shall:

A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other disposal of any of the assets, funds, documents, or other property held by, or under its control:

1. On behalf of, or for the benefit of, any Stipulating Defendant or any other party subject to Section II above;

2. In any account maintained in the name of, or for the benefit of, or subject to withdrawal by, any Stipulating Defendant or other party subject to Section II above; and

3. That are subject to access or use by, or under the signatory power of, any Stipulating Defendant or other party subject to Section II above;

B. Deny

to, originals or copies of account applications, account statements, corporate resolutions, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

E. The FTC may properly serve this Order on any financial or brokerage institution, business entity or person that holds, controls or maintains custody of any account or asset of any Stipulating Defendant or has held, controlled or maintained custody of any account or asset of any Stipulating Defendant at any time since January 2014, by facsimile transmission, hand delivery or overnight carrier. This Section shall apply to existing accounts and assets, assets deposited or accounts opened after the effective date of this Order, and any accounts or assets maintained, held or controlled since January 2014. This Section shall not prohibit transfers in accordance with any provision of this Order, any further order of the Court, or by written agreement of the parties.

IV.

FINANCIAL STATEMENTS

IT IS FURTHER ORDERED that, unless previously submitted in full compliance with the TRO, each Stipulating Defendant shall serve upon counsel for the FTC, no later than five (5) business days after service of this Order, a completed financial statement accurate as of the date of entry of this Order, on the forms served on Defendants with the TRO for Individual Defendants and for Corporate Defendants, as the case may be, signed under penalty of perjury.

The financial statements shall include assets held outside the territory of the United States, shall be accurate as of the date of the entry of this Order, and shall be verified under oath. Stipulating Defendants shall attach to these completed financial statements copies of all local,

VII.

COOPERATION WITH THE RECEIVER

IT IS FURTHER ORDERED that:

A. Stipulating Defendants and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, shall fully cooperate with and assist the Receiver. This cooperation and assistance shall include, but not be limited to:

1. Providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this Order;
2. Providing any password required to access any computer, electronic file, or telephonic data in any medium; or
3. Advising all persons who owe money to the Receivership Defendant that all debts should be paid directly to the Receiver.

B. Stipulating Defendants and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation (i)-6 (s)-5 (e.)-4 (w)-2.9 (i)-6 (r)-1-2 (he)4 (R)

records, accounts, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations, electronically-stored records, or any other records of any kind or nature;

3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership

VIII.

DELIVERY OF RECEIVERSHIP PROPERTY

IT IS FURTHER ORDERED that:

A. Immediately upon service of this Order upon them, or within such period as may be permitted by the Receiver, Stipulating Defendants shall transfer or deliver possession, custody, and control of the following to the Receiver:

1. All assets of the Receivership Defendant, including assets subject to repatriation pursuant to Section IX, *infra*;

2. All documents of the Receivership Defendant, including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;

3. All assets belonging to members of the public now held by the Receivership Defendant; and

4. All keys, codes, and passwords necessary to gain or to secure access to any assets or documents of the Receivership Defendant, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, mail boxes, or other property. This includes providing the necessary means to gain access to commercial mail boxes, including, but not limited to 8605 Santa Monica Boulevard, #81601, Los Angeles, California 90069, and 340 S. Lemon Avenue, #8881, Walnut, California 91789.

B. In the event any Stipulating Defendant fails to deliver or transfer any receivership asset or document or otherwise fails to comply with any provision of this Section, the Receiver may file an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the

Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct the

D. Unless previously completed in full compliance with the TRO, within three (3) business days following service of this Order, provide the FTC access to Defendants' records and documents held by financial institutions or other entities outside the territory of the United

31(a), 34, and 45, and notwithstanding the provisions of Federal Rules of Civil Procedure 26(d) and (f), 30(a)(2)(A), and 31(a)(2)(A), the parties are granted leave, at any time after entry of this Order to:

A. Take the deposition of any person, whether or not a party, for the purpose of discovering the nature, location, status, and extent of the assets of Defendants, and Defendants' affiliates and subsidiaries; the nature and location of documents reflecting the business transactions of Defendants, and Defendants' affiliates and subsidiaries; the location of any premises where Defendants, directly or through any third party, conduct business operations; the Defendants' whereabouts; and/or the applicability of any evidentiary privileges to this action; and

B. Demand the production of documents from any person, whether or not a party, relating to the nature, status, and extent of the assets of Defendants, and Defendants' affiliates and subsidiaries; the nature and location of documents reflecting the business transactions of Defendants, and Defendants' affiliates and subsidiaries; the location of any premises where Defendants, directly or through any third party, conduct business operations; the Defendants' whereabouts; and/or the applicability of any evidentiary privileges to this action.

Three (3) days' notice shall be deemed sufficient for any such deposition, five (5) days' notice shall be deemed sufficient for the production of any such documents, and twenty-four (24) hours' notice shall be deemed sufficient for the production of any such documents that are maintained or stored only as electronic data. The provisions of this Section shall apply both to parties to this case and to non-parties. The limitations and conditions set forth in Federal Rules of Civil Procedure 30(a)(2)(A)(ii) and 31(a)(2)(A)(ii) regarding subsequent depositions of an individual shall not apply to depositions taken pursuant to this Section. Any such depositions

taken pursuant to this Section shall not be counted toward any limit on the number of depositions under the Federal Rules of Civil Procedure, including those set forth in Federal Rules of Civil Procedure 30(a)(2)(A) and 31(a)(2)(A). Service of discovery upon a party, taken pursuant to this Section, shall be sufficient if made through the means described in Section XIII of this Order.

XII.

DISTRIBUTION OF ORDER BY STIPULATING DEFENDANTS

IT IS FURTHER ORDERED that Stipulating Defendants shall immediately provide a copy of this Order to each of their corporations, subsidiaries, affiliates, partners, divisions, sales entities, successors, assigns, members, officers, directors, employees, independent contractors, agents, servants, attorneys, spouses, representatives, and any other persons in active concert or participation with them. Within five (5) calendar days following service of this Order, Stipulating Defendants shall file with this Court and serve on the FTC an affidavit identifying the name, title, addresses, telephone numbers, date of service, and manner of service of the persons and entities Defendants have served with a copy of this Order in compliance with this provision.

XIII.

SERVICE OF THIS ORDER

IT IS FURTHER ORDERED that copies of this Order may be distributed by United States First Class Mail, overnight delivery, facsimile, electronic mail, or personally, by agents or employees of the FTC, by agents or employees of the Receiver, by any law enforcement agency, or by private process server, upon any person, financial institution, or other entity that may have possession or control of any property, property right, document, or asset of any Defendant, or that may be subject to any provision of this Order. Service upon any branch or office of any financial institution or entity shall effect service upon the entire financial institution or entity.

