

# UNOFFICIAL COPY

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

Thomas W. McNamara  
Ballard Spahr LLP  
655 West Broadway  
Suite 1600  
San Diego, CA 92101



Doc#: 1420945080 Fee: \$92.00  
RHSP Fee: \$9.00 RPRF Fee: \$1.00  
Affidavit Fee: \$2.00  
Karen A. Yarbrough  
Cook County Recorder of Deeds  
Date: 07/28/2014 01:20 PM Pg: 1 of 28

PLEASE MAIL SUBSEQUENT TAX  
BILLS TO:

Thomas W. McNamara  
Ballard Spahr LLP  
655 West Broadway  
Suite 1600  
San Diego, CA 92101

P.I.N.# 17-09-424-008-1190

The undersigned Grantor declares: Pursuant to 35 ILCS 200/31-45(e), the real estate transfer tax is \$0.00. This Quitclaim Deed is entered into pursuant to a court-ordered conveyance or decree where the actual consideration is less than \$100.00.

## QUITCLAIM DEED

KELLY MIAO and LIN MIAO, married to each other, as tenants by the entirety (collectively, "Grantor"), hereby remise, release and quitclaim to Thomas W. McNamara as court-appointed Receiver for TATTO, INC. pursuant to case number 2:13-cv-08912-DSF-FFMx pending in the United States District Court for the Central District of California, whose mailing address is Ballard Spahr LLP, 655 West Broadway, Suite 1600, San Diego, California 92101, that certain real property (the "Land") located in the City of Chicago, County of Cook, State of Illinois, more particularly described in Exhibit A attached hereto together with all right, title and interest of Grantor in and to all buildings and improvements now located or hereafter constructed on the Land.

[Remainder of page left intentionally blank]

City of Chicago  
Dept. of Finance  
671427



Real Estate  
Transfer  
Stamp

\$0.00

7/28/2014 12:56  
dr00762

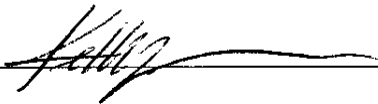
Batch 8,557,822

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IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed as of July 10, 2014.

**KELLY MIAO**, an individual

By: 

**LIN MIAO**, an individual

By: 

Property of Cook County Clerk's Office

**NAME AND ADDRESS OF PREPARER:**

Gary York  
Ballard Spahr LLP  
2029 Century Park East  
Suite 800  
Los Angeles, CA 90067

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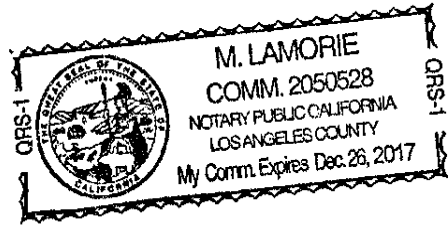
STATE OF California )  
COUNTY OF Los Angeles ) ss.

I, the Undersigned, a Notary Public in and for said County, in the state aforesaid, do hereby certify that Kelly Miao is ~~personally known~~ <sup>Proved</sup> to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledge that ~~he~~ <sup>she</sup> signed, sealed and delivered said document as ~~his~~ <sup>her</sup> free and voluntary act, for the uses and purposes therein set forth.

u

Given under my hand and notarial seal this 10<sup>th</sup> day of July, 2014.

Signature \_\_\_\_\_ (Seal)



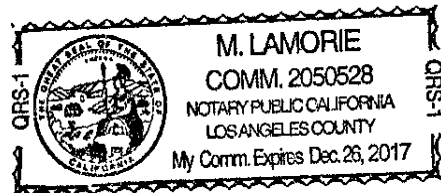
STATE OF California )  
COUNTY OF Los Angeles ) ss.

I, the Undersigned, a Notary Public in and for said County, in the state aforesaid, do hereby certify that Lin Miao is ~~personally known~~ <sup>Proved</sup> to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledge that ~~he~~ <sup>she</sup> signed, sealed and delivered said document as ~~his~~ <sup>her</sup> free and voluntary act, for the uses and purposes therein set forth.

u

Given under my hand and notarial seal this 10<sup>th</sup> day of July, 2014.

Signature \_\_\_\_\_ (Seal)



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## EXHIBIT A

### Description of Property

P.I.N. #: 17-09-424-008-1190

ADDRESS: 200 North Dearborn Street, Unit 3201  
Chicago, Illinois 60601

### LEGAL DESCRIPTION:

UNIT 3201 IN THE 200 NORTH DEARBORN PRIVATE RESIDENCES, A CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE: PART OF ACCESSOR'S DIVISION OF BLOCK 17 IN THE ORIGINAL TOWN OF CHICAGO, ALL IN THE SOUTHEAST 1/4 OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, TOGETHER WITH ALL EASEMENTS AND OTHER RIGHTS WHICH MAY BE APPURTENANT THERETO.

PROPERTY OF Cook County Clerk's Office

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

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FEDERAL TRADE COMMISSION,

Plaintiff,

v.

TATTO, INC., *et al.*,

Defendants.

Case No. 2:13-cv-08912-DSF-FFMx  
**STIPULATED ORDER FOR  
PERMANENT INJUNCTION  
AND MONETARY JUDGMENT  
AGAINST DEFENDANTS  
TATTO, INC., SHABOOM  
MEDIA, LLC, BUNE, LLC,  
MOBILE MEDIA PRODUCTS,  
LLC, CHAIRMAN VENTURES,  
LLC, GALACTIC MEDIA, LLC,  
VIRTUS MEDIA, LLC, AND LIN  
MIAO**

14  
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Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) in this matter, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b). The Commission and Defendants Tatto, Inc., Shaboom Media, LLC, Bune, LLC, Mobile Media Products, LLC, Chairman Ventures, LLC, Galactic Media, LLC, Virtus Media, LLC, and Lin Miao now stipulate to the entry of this Order for Permanent Injunction and Monetary Judgment (“Order”) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

**FINDINGS**

- 23  
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28
1. This Court has jurisdiction over this matter.
  2. The Complaint charges that Defendants participated in deceptive and unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, in a scheme to place unauthorized charges on consumers’ mobile phone bills, a practice

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1 known as “cramming.”

2 3. Settling Defendants, as defined below, neither admit nor deny any of the  
3 allegations in the Complaint, except as specifically stated in this Order. Only for  
4 purposes of this action, Settling Defendants admit the facts necessary to establish  
5 jurisdiction.

6 4. Settling Defendants waive any claim that they may have under the Equal  
7 Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action  
8 through the date of this Order, and agree to bear their own costs and attorney fees.

9 5. This Order reflects the negotiated agreement of the parties. The  
10 Commission and the Settling Defendants have agreed that entry of this Order  
11 settles and resolves all matters of dispute between them arising from the conduct  
12 alleged in the Commission’s Complaint as of the date of entry of this Order.

13 6. Settling Defendants and the Commission waive all rights to appeal or  
14 otherwise challenge or contest the validity of this Order.

#### 15 **DEFINITIONS**

16 For the purpose of this Order, the following definitions apply:

- 17 1. **“Settling Corporate Defendants”** means Tatto, Inc., also d/b/a  
18 WinBigBidLow and Tatto Media, Shaboom Media, LLC, Bane, LLC, Mobile  
19 Media Products, LLC, Chairman Ventures, LLC, Galactic Media, LLC, Virtus  
20 Media, LLC, and their successors and assigns.
- 21 2. **“Settling Individual Defendant”** means Lin Miao.
- 22 3. **“Defendants”** means all of the Defendants in this matter, individually,  
23 collectively, or in any combination.
- 24 4. **“Liquidator”** means the Liquidator Receiver, Thomas W. McNamara.
- 25 5. **“Person”** means any individual, group, unincorporated association, limited  
26 or general partnership, corporation, or other business entity.
- 27 6. **“Preliminary Injunction”** means the Preliminary Injunction entered on  
28 January 6, 2014, as amended by the Order Granting Limited Relief From The

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1 Asset Freeze entered on January 21, 2014.

2 7. **“Settling Defendants”** means Settling Corporate Defendants and Settling  
3 Individual Defendant, individually, collectively, or in any combination.

4 **ORDER**

5 **I. BAN ON PLACING CHARGES ON TELEPHONE BILLS**

6 IT IS ORDERED that Settling Defendants are permanently restrained and  
7 enjoined from billing, submitting for billing, or assisting or facilitating the billing  
8 or submitting for billing charges to any telephone bill, including but not limited to  
9 a bill for any voice, text, or data service.

10 **II. INJUNCTION AGAINST MISREPRESENTATIONS**

11 IT IS FURTHER ORDERED that, in connection with the advertising,  
12 marketing, promotion, offering for sale, sale, or distribution of any product or  
13 service, Settling Defendants, Settling Defendants’ officers, agents, servants,  
14 employees, and attorneys, and all other persons in active concert or participation  
15 with any of them, who receive actual notice of this Order, whether acting directly  
16 or indirectly, are permanently restrained and enjoined from making, or assisting  
17 others in making, expressly or by implication, any false or misleading material  
18 representation, including representations concerning the cost, performance,  
19 efficacy, nature, characteristics, benefits, or safety of any product or service, or  
20 concerning any consumer’s obligation to pay for charges for any product or  
21 service.

22 **III. INJUNCTION AGAINST UNFAIR BILLING PRACTICES**

23 IT IS FURTHER ORDERED that, in connection with the advertising,  
24 marketing, promotion, offering for sale, sale, or distribution of any product or  
25 service, Settling Defendants, Settling Defendants’ officers, agents, servants,  
26 employees, and attorneys, and all other persons in active concert or participation  
27 with any of them, who receive actual notice of this Order, whether acting directly  
28

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1 or indirectly, are permanently restrained and enjoined from causing any consumer  
2 to be billed for any product or service without having previously obtained the  
3 consumer's express informed consent, and having created and maintained a record  
4 of such consent.

**5 IV. MONETARY JUDGMENT AND PARTIAL SUSPENSION**

6 IT IS FURTHER ORDERED that:

7 A. Judgment in the amount of One Hundred Fifty Million, One Hundred Fifty  
8 Three Thousand, Two Hundred Eighty-Three Dollars (\$150,153,283) is entered in  
9 favor of the Commission against Settling Defendants, jointly and severally.

10 B. Settling Defendants are ordered to pay to the Commission as follows:

11 1. Effective upon the entry of this Order, Settling Defendants must  
12 surrender to the Commission all control, title, dominion, and interest in the  
13 following assets (collectively the "Frozen Assets"):

14 a. Bank of America account number xxxx5342, held in the name  
15 of Settling Individual Defendant, excluding the sum of \$5,000;

16 b. Bank of America account number xxxx8038, held in the name  
17 of Settling Individual Defendant;

18 c. The net proceeds of Merrill Lynch account number xxxx8331,  
19 held in the name of Settling Individual Defendant, after payment of  
20 the loan against the account;

21 d. Merrill Lynch account number xxxx3367, held in the name of  
22 Settling Individual Defendant;

23 e. Bank of America account number xxxx5115 in the name of  
24 Tatto, Inc.;

25 f. Bank of America account number xxxx4049 in the name of  
26 Tatto, Inc.;

27 g. Bank of America account number xxxx3667 in the name of  
28 Tatto, Inc.;



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- 1           h. Bank of America account number xxxx4859 in the name of  
2           Tatto, Inc.;
- 3           i. Bank of America account number xxxx1738 in the name of  
4           Tatto, Inc.;
- 5           j. Bank of America account number xxxx8491 in the name of  
6           Tatto, Inc.;
- 7           k. Bank of America account number xxxx4723 in the name of Be  
8           Great Labs, LLC;
- 9           l. Bank of America account number xxxx3459 in the name of  
10          Kively.com, LLC;
- 11          m. Bank of America account number xxxx4827 in the name of  
12          Hexum.com, LLC; and
- 13          n. Bank of America account number xxxx0617 in the name of Be  
14          Great Partners Fund II, LLC;
- 15          2. The surrender value of the Mass Mutual life insurance policies in the  
16          name of Settling Individual Defendant, ending in policy numbers xxxx8104  
17          and xxxx9817.
- 18          3. To effect the surrender of the Frozen Assets, the Court directs that the  
19          entities holding the funds or their successors shall, immediately upon  
20          receiving notice of this Order, remit the funds to the Commission by  
21          certified check(s) or other guaranteed funds payable to the Federal Trade  
22          Commission, Financial Management Office, or by wire transfer in  
23          accordance with directions provided by counsel for the Commission. To the  
24          extent any identified third party cannot comply with this Subsection without  
25          the assistance of Settling Defendants, such party must, within three (3)  
26          business days of receiving this Order, notify such Defendant(s) and counsel  
27          for the Commission of its inability to comply. Such notification shall  
28          specify the actions by such Defendant(s) that are necessary to comply with

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1 this Order. Settling Defendants shall immediately complete any action  
 2 necessary to facilitate the identified third party's ability to timely comply  
 3 with this Subsection, and the failure of such Defendant(s) to complete such  
 4 action within ten (10) days shall be deemed a violation of the Order and  
 5 interest at the rate prescribed in 28 U.S.C. § 1961 shall immediately begin to  
 6 accrue.

7 C. As partial satisfaction of the judgment set forth in Subparagraph A, Settling  
 8 Individual Defendant shall transfer possession of the following real properties  
 9 (collectively the "Real Properties") to the Liquidator Receiver ("Liquidator"),  
 10 identified below:

- 11 1. Within sixty days of the date of entry of this Order, 6600 Colgate  
 12 Avenue, Los Angeles, CA;
- 13 2. Within thirty days of the date of entry of this Order, 200 North  
 14 Dearborn 3201, Chicago, IL;
- 15 3. Within thirty days of the date of entry of this Order, 200 North  
 16 Dearborn 3202, Chicago, IL;
- 17 4. Within sixty days of the date of entry of this Order, 9508 Gloaming  
 18 Drive, Beverly Hills, CA; and
- 19 5. Within thirty days of the date of entry of this Order, 327 East 25<sup>th</sup> St.  
 20 #1 West, Chicago, IL.

21 D. Within thirty days of the date of entry of this Order, as partial satisfaction of  
 22 the judgment set forth in Subsection IV.A, Settling Individual Defendant shall  
 23 transfer possession of the following personal property (collectively the "Personal  
 24 Properties") to the Liquidator:

- 25 1. Miao Partners, LLC and all of its holdings, including but not limited  
 26 to:  
 27 a Its interest in Skinny Bikini Swimwear, LLC;

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- 1                   b.     Its interest in Bloc Priya Avatar I, LLC;
- 2                   c.     Its interest in Bloc DT 1, LLC;
- 3                   2.     2013 Mercedes G63 SUV;
- 4                   3.     2014 Range Rover HSE SUV;
- 5                   4.     2011 Audi R8 Sedan;
- 6                   5.     2009 Bentley GT Sedan;
- 7                   6.     The following jewelry items identified in Attachment 4 to Settling  
8 Individual Defendant's sworn financial statement, dated 1/20/14:
- 9                   a.     Man's Patek Philippe Watches (3);
- 10                  b.     Woman's Tiffany Watch;
- 11                  c.     Man's 1/5" Anniversary Tiffany / Patek Phillip Watch;
- 12                  d.     Tiffany 10 Carat Yellow Diamond Ring;
- 13                  e.     Tiffany 8 Carat White Diamond Ring;
- 14                  f.     Tiffany 6 Carat Total Weight Earrings;
- 15                  g.     Tiffany Bracelet;
- 16                  h.     Tiffany Necklace; and
- 17                  i.     Tiffany Diamond Bracelet.

18                   *Provided that*, in lieu of turning over the 2013 Mercedes G63 SUV, the 2014  
19 Range Rover HSE SUV, or the 2011 Audi R8 Sedan to the Liquidator, Settling  
20 Individual Defendant may surrender any or all of the vehicles to the secured  
21 creditor for such vehicle's financing. Any proceeds from such surrender shall be  
22 paid immediately to the Liquidator.

23 E.     Prior to transferring possession of the Real Properties and the Personal  
24 Properties (collectively the "Properties") to the Liquidator, Settling Individual  
25 Defendant shall: manage and maintain the Properties, including any structures,  
26 fixtures, and appurtenances thereto, in good working order and in the same  
27 condition as of January 20, 2014, which is the date Settling Individual Defendant  
28

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1 signed his sworn financial statement, and shall take no action to diminish their  
2 value; remain current on all amounts due and payable on the Properties, including  
3 but not limited to tax, insurance, homeowner's assessments, reasonable and  
4 necessary maintenance, and similar fees; cause existing insurance coverage for the  
5 properties to remain in force until the transfer of possession.

6 F. Settling Individual Defendant shall cooperate fully with the Liquidator and  
7 take such other steps as the Liquidator may require to transfer to the Liquidator  
8 possession of the Properties and to assist in final liquidation of the Properties,  
9 including executing any documents, procuring the signatures of any person or  
10 entity under his control, providing access to the Properties, providing any  
11 necessary information, and turning over the Properties. Except as set forth in  
12 Subsection IV.E of this Order, the costs and expenses of transferring the Properties  
13 shall be paid by the Liquidatorship.

14 G. Upon completion of all obligations under Subsections IV.B through IV.F,  
15 above, including all payments and asset transfers, the remainder of the judgment is  
16 suspended, subject to Subsections IV.H, IV.I, and IV.J, below.

17 H. The Commission's agreement to partial suspension of the judgment is  
18 expressly premised upon the truthfulness, accuracy, and completeness of Settling  
19 Defendants' sworn financial statements and related documents (collectively,  
20 "Financial Representations") submitted to the Commission, namely:

- 21 1. the Financial Statement of Lin Miao signed on January 20, 2014,  
22 including the attachments;
- 23 2. the Financial Statement of Corporate Defendant Tatto, Inc., signed by  
24 Settling Individual Defendant, as Chief Executive Officer, on January 20,  
25 2014, including the attachments;
- 26 3. the Financial Statement of Corporate Defendant Shaboom Media,  
27 LLC, signed by Settling Individual Defendant, as Member, on April 10,  
28 2014, including the attachments;

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- 1           4.     the Financial Statement of Corporate Defendant Bune, LLC, signed  
2           by Settling Individual Defendant, as Member, on February 18, 2014,  
3           including the attachments;
- 4           5.     the Financial Statement of Corporate Defendant Mobile Media  
5           Products, LLC, signed by Settling Individual Defendant, as Manager, on  
6           December 13, 2013, including the attachments;
- 7           6.     the Financial Statement of Corporate Defendant Chairman Ventures,  
8           LLC, signed by Settling Individual Defendant, as Manager, on December  
9           13, 2013, including the attachments;
- 10          7.     the Financial Statement of Corporate Defendant Galactic Media, LLC,  
11          signed by Settling Individual Defendant, as Manager, on December 13,  
12          2013, including the attachments;
- 13          8.     the Financial Statement of Corporate Defendant Virtus Media, LLC,  
14          signed by Settling Individual Defendant, as Manager, on December 13,  
15          2013, including the attachments;
- 16          9.     the Declaration of Kelly Mi Li dated March 3, 2014;
- 17          10.    the Declaration of Lin Miao dated February 26, 2014; and
- 18          11.    the Declaration of Lin Miao dated March 12, 2014.
- 19 I.     The suspension of the judgment will be lifted as to any Settling Defendant if,  
20 upon motion by the Commission, the Court finds that such Settling Defendant  
21 failed to disclose any material asset, materially misstated the value of any asset, or  
22 made any other material misstatement or omission in the financial representations  
23 identified above.
- 24 J.     If the suspension of the judgment is lifted, the judgment becomes  
25 immediately due as to that Settling Defendant in the amount specified in  
26 Subsection IV.A, above. (which the parties stipulate only for purposes of this  
27 Section IV represents the consumer injury alleged in the Complaint), less any  
28 payment previously made pursuant to this Section IV, plus interest computed from

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1 the date of entry of this Order.

2 **V. APPOINTMENT AND DUTIES OF LIQUIDATOR RECEIVER**

3 IT IS FURTHER ORDERED THAT Thomas W. McNamara, the  
4 Permanent Receiver in this matter, is appointed as Liquidator, with all the rights  
5 and powers of an equity receiver, over the Properties listed in Subsections IV.C  
6 and IV.D.

7 A. As soon as reasonably possible, the Liquidator shall, at reasonable  
8 cost and in a commercially reasonable fashion, liquidate the Properties. Counsel  
9 for the Commission shall approve the final sale price of each of the Properties.

10 B. Upon Settling Individual Defendant's transfer of possession, the Liquidator  
11 shall assume responsibility for management and maintenance of the Properties,  
12 including but not limited to making disbursements for operating expenses as may  
13 be appropriate, undertaking repairs, procuring appropriate insurance or modifying  
14 existing insurance, making payment for all amounts due and payable on the  
15 Properties, including but not limited to taxes, insurance, homeowner's assessments,  
16 reasonable and necessary maintenance, and similar fees, and making payments for  
17 and taking any other actions necessary to efficiently manage the Properties and to  
18 maintain their value.

19 C. The Liquidator shall have all necessary powers to manage and maintain the  
20 Properties, including without limitation the following powers and responsibilities:

- 21 1. To take possession of the Properties;
- 22 2. To employ such counsel, real estate agents, auctioneers, appraisers,  
23 accountants, contractors, other professionals, and other such persons  
24 as may be necessary in order to carry out his duties as Liquidator and  
25 to preserve, maintain, and protect the Properties;
- 26 3. To determine or abrogate, in the Liquidator's sole sound business  
27 discretion, any and all agreements, contracts, understandings or  
28 commitments entered into by Settling Individual Defendant with

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#:5209

- 1 respect to the Properties to the extent permitted by law;
- 2 4. To open new accounts with, or negotiate, compromise or otherwise
- 3 modify Settling Individual Defendant's existing obligations to third
- 4 parties, including utility companies, secured creditors, other service
- 5 providers or suppliers of goods and services related to the Properties,
- 6 and to otherwise enter into such agreements, contracts, or
- 7 understandings with such third parties as are necessary to maintain,
- 8 preserve, and protect the Properties;
- 9 5. To open new bank accounts with respect to the Liquidator's
- 10 management and operation of the Properties; and
- 11 6. To rent the Real Properties to third parties or Settling Individual
- 12 Defendant, until the Real Properties are sold.
- 13 D. The Liquidator shall keep a true and accurate account of any and all
- 14 receipts and expenditures and periodically file with the Court a Liquidatorship
- 15 Report under oath, accurately identifying all such revenues received and
- 16 expenditures made, including adequately detailed information concerning income,
- 17 expenses, payables and receivables. These periodic filings shall be served by the
- 18 Liquidator on the Commission and Settling Individual Defendant's counsel.
- 19 E. Upon liquidating the jewelry listed in Subsection IV.D.6, the Liquidator
- 20 shall pay off the Tiffany Co. loan owed by Settling Individual Defendant on the
- 21 jewelry listed in Subsection IV.D.6.
- 22 F. Any and all sums collected by the Liquidator over and above those
- 23 necessary to manage and maintain the Properties or those necessary to make
- 24 payments authorized by this Order shall be paid to the Commission.
- 25 G. The Liquidator is entitled to reasonable compensation for the performance of
- 26 duties pursuant to this Order and for the cost of actual out-of-pocket expenses
- 27 incurred by him. The Liquidator's compensation and the compensation of any
- 28 persons hired by him are to be paid solely from the proceeds of the sale of the



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1 Properties, and such payments shall have priority over all other distributions except  
2 for any transfer fees, recording fees, or other payments owed through the transfer  
3 of the Properties at the time of their sale. The Liquidator shall file with the Court  
4 and serve on the Commission and Settling Individual Defendant periodic requests  
5 for the payment of such reasonable compensation. The Liquidator shall not  
6 increase the fees or rates used as the bases for such fee applications without prior  
7 approval of the Court.

8 H. The Liquidator shall file his final application for fees, complete liquidation,  
9 and terminate his service within 12 months of the execution of this Order unless  
10 good cause is shown to extend beyond 12 months.

11 I. Upon the final transfer of all funds to the Commission pursuant to this  
12 Section, the duties of the Liquidator shall terminate.

13 J. The powers and duties of the Liquidator under this Order are in addition to,  
14 and not in lieu of, his powers and duties as the Court-appointed Receiver in this  
15 matter. Nothing in Subsections IV or V of this Order shall be construed to, nor  
16 does, limit the powers and duties of Receiver as set forth in the prior Orders of this  
17 Court in this litigation, which powers and duties shall continue until the  
18 termination of the entire Receivership in this litigation. Further, nothing in this  
19 Order limits the obligations of any Defendant or third party to cooperate with the  
20 Receiver as set forth in the Court's prior Orders until termination of the entire  
21 Receivership.

## 22 VI. ADDITIONAL MONETARY PROVISIONS

23 IT IS FURTHER ORDERED that:

24 A. Settling Defendants relinquish dominion and all legal and equitable right,  
25 title, and interest in all assets transferred pursuant to this Order and may not seek  
26 the return of any assets.

27 B. The facts alleged in the Complaint will be taken as true, without further  
28 proof, in any subsequent civil litigation by or on behalf of the Commission,



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1 including in a proceeding to enforce its rights to any payment or monetary  
2 judgment pursuant to this Order, such as a nondischargeability complaint in any  
3 bankruptcy case.

4 C. The facts alleged in the Complaint establish all elements necessary to sustain  
5 an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy  
6 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect  
7 for such purposes.

8 D. Settling Defendants acknowledge that their Taxpayer Identification Numbers  
9 (Social Security Numbers or Employer Identification Numbers), which Settling  
10 Defendants previously submitted to the Commission, may be used for collecting  
11 and reporting on any delinquent amount arising out of this Order, in accordance  
12 with 31 U.S.C. § 7701.

13 E. All money paid to the Commission pursuant to this Order may be deposited  
14 into a fund administered by the Commission or its designee to be used for  
15 equitable relief, including consumer redress and any attendant expenses for the  
16 administration of any redress fund. If a representative of the Commission decides  
17 that direct redress to consumers is wholly or partially impracticable or money  
18 remains after redress is completed, the Commission may apply any remaining  
19 money for such other equitable relief (including consumer information remedies)  
20 as it determines to be reasonably related to Defendants' practices alleged in the  
21 Complaint. Any money not used for such equitable relief is to be deposited to the  
22 U.S. Treasury as disgorgement. Settling Defendants have no right to challenge any  
23 actions the Commission or its representatives may take pursuant to this Subsection.

**24 VII. MODIFICATION OF ASSET FREEZE**

25 IT IS FURTHER ORDERED that the Preliminary Injunction's freeze of  
26 Settling Defendants' assets shall remain in effect until the assets have been  
27 transferred in accordance with Subsections IV.B, IV.C, and IV.D. Provided,  
28 however, that the asset freeze may be lifted as to the Settling Defendants to the

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1 extent necessary to comply with the transfer and turnover requirements of  
2 Subsections IV.C and IV.D. Upon completion of the transfer and turnover  
3 requirements of Section IV, the asset freeze is dissolved.

**VIII. CUSTOMER INFORMATION**

5 IT IS FURTHER ORDERED that Settling Defendants, Settling Defendants'  
6 officers, agents, servants, employees, and attorneys, and all other persons in active  
7 concert or participation with any of them, who receive actual notice of this Order,  
8 whether acting directly or indirectly are permanently restrained and enjoined from  
9 directly or indirectly:

10 A. Failing to provide sufficient customer information to enable the Commission  
11 to efficiently administer consumer redress. If a representative of the Commission  
12 requests in writing any information related to redress, Settling Defendants must  
13 provide it, in the form prescribed by the Commission, within 14 days.

14 B. Disclosing, using, or benefitting from customer information, including the  
15 name, address, telephone number, email address, social security number, other  
16 identifying information, or any data that enables access to a customer's account  
17 (including a credit card, bank account, telephone company account, or other  
18 financial account), that any Defendant obtained prior to entry of this Order in  
19 connection with the placement of charges on consumers' phone bills; and

20 C. Failing to destroy such customer information in all forms in their possession,  
21 custody, or control within 30 days after receipt of written direction to do so from a  
22 representative of the Commission.

23 *Provided, however:* that customer information need not be disposed of, and  
24 may be disclosed, to the extent requested by a government agency or required by  
25 law, regulation, or court order.

**IX. COOPERATION**

27 IT IS FURTHER ORDERED that Settling Defendants must fully cooperate  
28 with representatives of the Commission in this case and in any investigation related

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1 to or associated with the transactions or the occurrences that are the subject of the  
2 Complaint. Settling Defendants must provide truthful and complete information,  
3 evidence, and testimony. Settling Individual Defendant must appear and Settling  
4 Corporate Defendants must cause their officers, employees, representatives, or  
5 agents to appear for interviews, discovery, hearings, trials, and any other  
6 proceedings that a Commission representative may reasonably request upon 5 days  
7 written notice, or other reasonable notice, at such places and times as a  
8 Commission representative may designate, without the service of a subpoena.

**X. CONTINUATION OF RECEIVERSHIP**

9  
10 IT IS FURTHER ORDERED that Thomas W. McNamara shall continue as  
11 permanent receiver over the Settling Corporate Defendants with full powers of a  
12 permanent receiver, including but not limited to those powers set forth in the  
13 Preliminary Injunction, and including full liquidation powers. The Receiver is  
14 directed to wind down the Settling Corporate Defendants and liquidate, for fair  
15 market value, any assets of the Settling Corporate Defendants that the Receiver  
16 obtained pursuant to the Preliminary Injunction as well as any other assets of the  
17 receivership. The Receiver must complete all remaining actions in regard to the  
18 Receivership over the Settling Corporate Defendants and terminate the  
19 receivership over them within 180 days after entry of this Order. Provided,  
20 however, that any party or the Receiver may request that the Court extend that  
21 Receiver's term for good cause. Upon termination of the receivership, and final  
22 payment to the Receiver of all approved fees, costs, and expenses, the Receiver  
23 shall turn over to the FTC or its designated agent all remaining assets in the  
24 receivership estate.

**XI. ORDER ACKNOWLEDGMENTS**

25  
26 IT IS FURTHER ORDERED that Settling Defendants obtain  
27 acknowledgments of receipt of this Order as follows:

28 A. Each Settling Defendant, within 7 days of entry of this Order, must submit to

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1 the Commission an acknowledgment of receipt of this Order sworn under penalty  
2 of perjury.

3 B. For 5 years after entry of this Order, Settling Individual Defendant, for any  
4 business that such Defendant, individually or collectively with any other  
5 Defendants, is the majority owner or controls directly or indirectly, and each  
6 Settling Corporate Defendant must deliver a copy of this Order to: (1) all  
7 principals, officers, directors, and LLC managers and members; (2) all employees,  
8 agents, and representatives who participate in billing charges to consumers; and (3)  
9 any business entity resulting from any change in structure as set forth in the  
10 Section titled Compliance Reporting. Delivery must occur within 7 days of entry  
11 of this Order for current personnel. For all others, delivery must occur before they  
12 assume their responsibilities.

13 C. From each individual or entity to which a Settling Defendant delivered a  
14 copy of this Order, that Settling Defendant must obtain, within 30 days, a signed  
15 and dated acknowledgment of receipt of this Order.

## 16 **XII. COMPLIANCE REPORTING**

17 IT IS FURTHER ORDERED that Settling Defendants make timely  
18 submissions to the Commission:

19 A. One year after entry of this Order, each Settling Defendant must submit a  
20 compliance report, sworn under penalty of perjury:

21 1. Each Settling Defendant must: (a) identify the primary physical,  
22 postal, and email address and telephone number, as designated points of  
23 contact which representatives of the Commission may use to communicate  
24 with Settling Defendant; (b) identify all of that Settling Defendant's  
25 businesses by all of their names, telephone numbers, and physical, postal,  
26 email, and Internet addresses; (c) describe the activities of each business,  
27 including the goods and services offered, the means of advertising,  
28 marketing, and sales, and the involvement of any other Defendant (which

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1 Settling Individual Defendant must describe if he knows or should know due  
2 to his own involvement); (d) describe in detail whether and how that Settling  
3 Defendant is in compliance with each Section of this Order; and (e) provide  
4 a copy of each Order Acknowledgment obtained pursuant to this Order,  
5 unless previously submitted to the Commission.

6 2. Additionally, Settling Individual Defendant must: (a) identify all  
7 telephone numbers and all physical, postal, email and Internet addresses,  
8 including all residences; (b) identify all business activities, including any  
9 business for which he performs services whether as an employee or  
10 otherwise and any entity in which he has any ownership interest; and (c)  
11 describe in detail his involvement in each such business, including title, role,  
12 responsibilities, participation, authority, control, and any ownership.

13 B. For 15 years after entry of this Order, each Settling Defendant must submit a  
14 compliance notice, sworn under penalty of perjury, within 14 days of any change  
15 in the following:

16 1. Each Settling Defendant must report any change in: (a) any  
17 designated point of contact; or (b) the structure of any Settling Corporate  
18 Defendant or any entity that Settling Defendant has any ownership interest  
19 in or controls directly or indirectly that may affect compliance obligations  
20 arising under this Order, including: creation, merger, sale, or dissolution of  
21 the entity or any subsidiary, parent, or affiliate that engages in any acts or  
22 practices subject to this Order.

23 2. Additionally, Settling Individual Defendant must report any change  
24 in: (a) name, including aliases or fictitious name, or residence address; or  
25 (b) title or role in any business activity, including any business for which he  
26 performs services whether as an employee or otherwise and any entity in  
27 which he has any ownership interest, and identify the name, physical  
28 address, and any Internet address of the business or entity.

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1 C. Each Settling Defendant must submit to the Commission notice of the filing  
2 of any bankruptcy petition, insolvency proceeding, or similar proceeding by or  
3 against such Defendant within 14 days of its filing.

4 D. Any submission to the Commission required by this Order to be sworn under  
5 penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746,  
6 such as by concluding: "I declare under penalty of perjury under the laws of the  
7 United States of America that the foregoing is true and correct. Executed on:  
8 \_\_\_\_\_" and supplying the date, signatory's full name, title (if applicable), and  
9 signature.

10 E. Unless otherwise directed by a Commission representative in writing, all  
11 submissions to the Commission pursuant to this Order must be emailed to  
12 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:  
13 Associate Director for Enforcement, Bureau of Consumer Protection, Federal  
14 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The  
15 subject line must begin: *FTC v. Tatto, Inc., et al.*

16 **XIII. RECORDKEEPING**

17 IT IS FURTHER ORDERED that Settling Defendants must create certain  
18 records for 15 years after entry of the Order, and retain each such record for 5  
19 years. Specifically, each Settling Corporate Defendant and Settling Individual  
20 Defendant for any business that such Defendant, individually or collectively with  
21 any other Defendants, is the majority owner or controls directly or indirectly, must  
22 create and retain the following records:

23 A. Accounting records showing the revenues from all goods or services sold;

24 B. Personnel records showing, for each person providing services, whether as  
25 an employee or otherwise, that person's: name; addresses; telephone numbers; job  
26 title or position; dates of service; and (if applicable) the reason for termination;

27 C. Records of all consumer complaints and refund requests, whether received  
28 directly or indirectly, such as through a third party, and any response;



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#5217

1 D. All records necessary to demonstrate full compliance with each provision of  
2 this Order, including all submissions to the Commission; and

3 E. All records of any consumer's authorization to be billed or charged for any  
4 of Settling Defendants' goods or services.

5 **XIV. COMPLIANCE MONITORING**

6 IT IS FURTHER ORDERED that, for the purpose of monitoring Settling  
7 Defendants' compliance with this Order, including the financial representations  
8 upon which part of the judgment was suspended and any failure to transfer any  
9 assets as required by this Order:

10 A. Within 14 days of receipt of a written request from a representative of the  
11 Commission, each Settling Defendant must: submit additional compliance reports  
12 or other requested information, which must be sworn under penalty of perjury;  
13 appear for depositions; and produce documents for inspection and copying. The  
14 Commission is also authorized to obtain discovery, without further leave of court,  
15 using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30  
16 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

17 B. For matters concerning this Order, the Commission is authorized to  
18 communicate directly with each Settling Defendant. Settling Defendants must  
19 permit representatives of the Commission to interview any employee or other  
20 person affiliated with any Defendant who has agreed to such an interview. The  
21 person interviewed may have counsel present.

22 C. The Commission may use all other lawful means, including posing, through  
23 its representatives as consumers, suppliers or other individuals or entities, to  
24 Settling Defendants or any individual or entity affiliated with Settling Defendants,  
25 without the necessity of identification or prior notice. Nothing in this Order limits  
26 the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20  
27 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

28

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1 **XV. RETENTION OF JURISDICTION**

2 IT IS FURTHER ORDERED that this Court retains jurisdiction of this  
3 matter for purposes of construction, modification, and enforcement of this Order.

4  
5 **SO ORDERED** this 11<sup>th</sup> day of June, 2014

6 

7  
8 DALE S. FISCHER

9 UNITED STATES DISTRICT JUDGE

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Property of Cook County Clerk's Office



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Property of Cook County Clerk's Office



I hereby attest and certify on 06/25/2014  
that the foregoing document is a full, true  
and correct copy of the original on file in  
my office, and in my legal custody.

CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

  
DEPUTY CLERK



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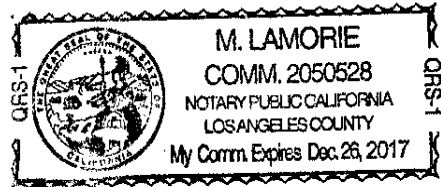
## STATEMENT BY GRANTOR AND GRANTEE

The grantor or his agent affirms that, to the best of his knowledge, the name of the grantee shown on the deed or assignment of beneficial interest in a land trust is either a natural person, an Illinois corporation or foreign corporation authorized to do business or acquire and hold title to real estate in Illinois, a partnership authorized to do business or acquire and hold title to real estate in Illinois, or other entity recognized as a person and authorized to do business or acquire title to real estate under the laws of the State of Illinois.

Dated July 22<sup>nd</sup>, 2014

Signature: [Signature]  
Grantor or Agent

Subscribed and sworn to before me  
By the said Lin Miao  
This 22<sup>nd</sup> day of July, 2014  
Notary Public [Signature]

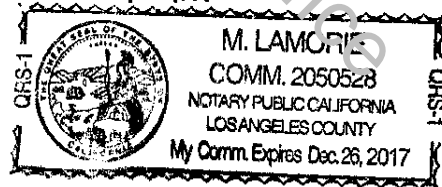


The grantee or his agent affirms and verifies that the name of the grantee shown on the deed or assignment of beneficial interest in a land trust is either a natural person, an Illinois corporation or foreign corporation authorized to do business or acquire and hold title to real estate in Illinois, a partnership authorized to do business or acquire and hold title to real estate in Illinois or other entity recognized as a person and authorized to do business or acquire title to real estate under the laws of the State of Illinois.

Date July 22, 2014

Signature: [Signature]  
Grantee or Agent  
Grantor

Subscribed and sworn to before me  
By the said Kelly Miao  
This 22<sup>nd</sup> day of July, 2014  
Notary Public [Signature]



**Note:** Any person who knowingly submits a false statement concerning the identity of a Grantee shall be guilty of a Class C misdemeanor for the first offense and of a Class A misdemeanor for subsequent offenses.

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## STATEMENT BY GRANTOR AND GRANTEE

The **grantor** or his agent affirms that, to the best of his knowledge, the name of the **grantee** shown on the deed or assignment of beneficial interest in a land trust is either a natural person, an Illinois corporation or foreign corporation authorized to do business or acquire and hold title to real estate in Illinois, a partnership authorized to do business or acquire and hold title to real estate in Illinois, or other entity recognized as a person and authorized to do business or acquire title to real estate under the laws of the State of Illinois.

Dated \_\_\_\_\_, 20\_\_\_\_

Signature: \_\_\_\_\_  
**Grantor or Agent**

Subscribed and sworn to before me  
By the said \_\_\_\_\_  
This \_\_\_\_\_, day of \_\_\_\_\_, 20\_\_\_\_  
Notary Public \_\_\_\_\_

The **grantee** or his agent affirms and verifies that the name of the **grantee** shown on the deed or assignment of beneficial interest in a land trust is either a natural person, an Illinois corporation or foreign corporation authorized to do business or acquire and hold title to real estate in Illinois, a partnership authorized to do business or acquire and hold title to real estate in Illinois or other entity recognized as a person and authorized to do business or acquire title to real estate under the laws of the State of Illinois.

Date July 24, 2014

Signature: \_\_\_\_\_  
**Grantee or Agent**

Subscribed and sworn to before me  
By the said \_\_\_\_\_  
This \_\_\_\_\_, day of \_\_\_\_\_, 20\_\_\_\_  
Notary Public \_\_\_\_\_

see attached

**Note:** Any person who knowingly submits a false statement concerning the identity of a **Grantee** shall be guilty of a Class C misdemeanor for the first offense and of a Class A misdemeanor for subsequent offenses.

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## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of LOS ANGELES

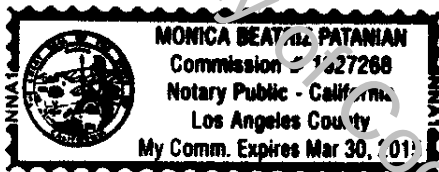
On JULY 24, 2014 before me, MONICA BEATRIZ PATANIAN, NOTARY PUBLIC

personally appeared JAMIE CURRY

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature \_\_\_\_\_

Signature of Notary Public

Place Notary Seal Above

### OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

#### Description of Attached Document

Title or Type of Document: STATEMENT OF GRANTOR AND GRANTEE

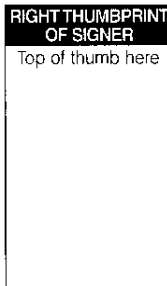
Document Date: JULY 24, 2014 Number of Pages: 2

Signer(s) Other Than Named Above: \_\_\_\_\_

#### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

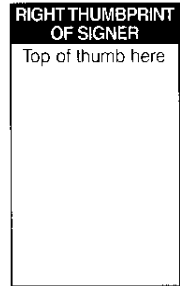
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_