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*Attorneys for David K. Broadbent as Court-Appointed Receiver*

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

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FEDERAL TRADE COMMISSION; and  
UTAH DIVISION OF CONSUMER  
PROTECTION,

Plaintiffs,

vs.

ZURIXX, LLC, a Utah limited liability  
company; CARLSON DEVELOPMENT  
GROUP, LLC, a Utah limited liability  
company; CJ SEMINAR HOLDINGS, LLC, a  
Utah limited liability company; ZURIXX  
FINANCIAL, LLC, a Utah limited liability  
company; CHRISTOPHER A. CANNON,  
individually and as an officer of ZURIXX,  
LLC; JAMES M. CARLSON, individually and  
as an officer of ZURIXX, LLC; and JEFFREY  
D. SPANGLER, individually and as an officer  
of ZURIXX, LLC,

Defendants.

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**STIPULATED ORDER FOR QUALIFIED  
TURNOVER OF RESERVE FUNDS**

Case No. 2:19-cv-00713-DAK-EJF

The Federal Trade Commission (the “FTC”), the Utah Division of Consumer Protection (the “UDCP”), the Court-Appointed Receiver David K. Broadbent (the “Receiver”), Non-Party

Synovus Bank (“Synovus”), and Non-Party Qualpay, Inc. (“Qualpay,” and collectively with Synovus, the “Acquirers”), stipulate to the entry of this Stipulated Order for Qualified Turnover of Reserve Funds to facilitate the resolution of competing claims to the reserve funds referenced in Section VII of the Court’s Stipulated Preliminary Injunction (the “Preliminary Injunction”) [Doc. No. 54].

**THEREFORE, IT IS ORDERED** as follows:

1. The Acquirers currently hold \$45,000.00 in reserve funds associated with payment card transactions initiated by cardholders doing business with certain Defendants in this action and their related entities (the “Reserve Funds”). The FTC, the UDCP, and the Receiver claim that such Reserve Funds are property of such Defendants and must be turned over to the Receiver pursuant to the Preliminary Injunction. The Acquirers, by contrast, claim that such Reserve Funds, as well as income therefrom, are not the property of Defendants and that, in any event, the Acquirers are entitled to use those Reserve Funds to offset consumer-initiated chargebacks based on, *inter alia*, ownership of the Reserve Funds, their contract(s) with such Defendants, their security interest(s) in the Reserve Funds, and the doctrine of recoupment.

2. The FTC, the UDCP, and the Receiver have agreed to promptly negotiate with the Acquirers in good faith regarding the proper disposition of the Reserve Funds, but only after a preliminary turnover of the Reserve Funds to the Receiver. At the same time, the FTC, the UDCP, and the Receiver have agreed that such a turnover will not operate to prejudice or limit the rights, claims, or defenses of the Acquirers *vis-à-vis* the Reserve Funds, if any.

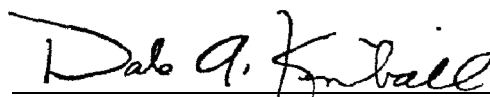
3. The Court therefore directs the Acquirers to turn over the Reserve Funds to the Receiver within twenty-one (21) days from the date of this Order. Such a turnover will not

impair, and is without prejudice to, or limitation on, the Acquirers' rights, claims, and defenses with respect to the Reserve Funds, and income therefrom, whether based on ownership of the Reserve Funds, the Acquirers' contract(s) with Defendant(s), any security interest(s) in the Reserve Funds (and any perfection of those security interest(s) that exists or existed prior to the turnover), the doctrine of recoupment, or otherwise.

4. The Receiver shall place the Reserve Funds on deposit in a separate receivership account. Unless otherwise ordered by the Court, such funds shall not be available to pay the expenses of the receivership estate. In the event that the FTC, the UDCP, and/or the Receiver seek any disbursement of Reserve Funds or income therefrom, the requesting party or parties shall give the Acquirers twenty-one (21) days advance notice of such request and an opportunity to object. Should any objection be filed with the Court, the Receiver shall not make such disbursement until the Court resolves the Acquirer(s)' objection.

**SO ORDERED** this 28<sup>th</sup> day of April, 2020.

BY THE COURT:

A handwritten signature in black ink that reads "Dale A. Kimball". The signature is written in a cursive style and is positioned above a horizontal line.

Honorable Dale A. Kimball  
U.S. District Court Judge