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

FEDERAL TRADE COMMISSION; and
UTAH DIVISION OF CONSUMER
PROTECTION,

Plaintiffs,

vs.

ZURIXX, LLC, a Utah limited liability company; BRAND MANAGEMENT HOLDINGS, LLC, a Delaware limited liability company; CAC INVESTMENT VENTURES, LLC, a Puerto Rico limited liability company; CARLSON DEVELOPMENT GROUP UTAH, a Utah limited liability company; CARLSON DEVELOPMENT GROUP PUERTO RICO, a Puerto Rico limited liability company; CJ SEMINAR HOLDINGS, LLC, a Utah limited liability company; DORADO MARKETING AND MANAGEMENT, LLC, f/k/a Zurixx, LLC, a Puerto Rico limited liability company; JSS INVESTMENT VENTURES, LLC, a Utah limited liability company; JSS TRUST, individually and as an

**STIPULATED ORDER FOR QUALIFIED
TURNOVER OF RESERVE FUNDS
(PRIORITY PAYMENT SYSTEMS)**

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

owner of JSS INVESTMENT VENTURES, LLC; ZURIXX FINANCIAL UTAH, a Utah limited liability company; ZURIXX FINANCIAL PUERTO RICO, a Puerto Rico limited liability company; CRISTOPHER A. CANNON, individually and as an officer of ZURIXX, LLC; JAMES M. CARLSON, individually and as an officer of ZURIXX, LLC; JEFFREY D. SPANGLER, individually and as an officer of ZURIXX, LLC; and GERALD D. SPANGLER, a trustee for the JSS TRUST,

Defendants.

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 Priority Payment Systems LLC (“Priority Payment Systems,” and collectively with its acquiring bank, 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 \$293,748.80 in reserve funds (the “Reserve Funds”) associated with payment card transactions initiated by cardholders doing business with Richardson Law Group (“RLG”). The FTC, the UDCP, and the Receiver claim that such Reserve Funds are property of 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.

5. The account at issue was opened by RLG, which is not a named Defendant in this action. Nevertheless, the FTC, the UDCP, and the Receiver contend that the account was in fact used to process transactions associated with one or more Defendants. In order to address the Acquirers concerns that RLG may have an interest in the Reserve Funds, upon the entry of this Order, the Receiver shall provide notice of the same to RLG or its representative. Such service may be made by mail or email at the last known address of RLG or its representative, as well as by service on RLG's registered agent. RLG or its representative shall have 45 days after service of this Order to file a claim with the Court to assert any claims it may have to the Reserve Funds. If it does not file a claim within 45 days of service, it shall be deemed to have waived any and all claims or rights to the Reserve Funds and shall be barred and estopped from making any further claims to the Reserve Funds or in this case, or against Acquirers, based on the disposition of the Reserve Funds hereunder.

SO ORDERED this 14th day of May, 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