

**UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

FEDERAL TRADE COMMISSION  
and STATE OF GEORGIA,

Plaintiffs,

v.

LAPTOP & DESKTOP REPAIR, LLC,  
a Nevada limited liability company, also  
d/b/a cashforiphones.com,  
cashforlaptops.com, ecyclebest.com,  
smartphonetraders.com, sell-your-  
cell.com; and VADIM OLEGOVICH  
KRUCHININ, also a/k/a Vadim  
Kruchin, David Kruchin, David Vadim  
Kruchin, Dave Kruch, as the owner and  
an officer of Defendant Laptop &  
Desktop Repair, LLC,

Defendants.

Case No. 1:16-CV-3591-AT

**NOTICE OF DEFENDANTS' FAILURE  
TO COMPLY WITH CONTEMPT ORDER**

Plaintiff Federal Trade Commission ("FTC") respectfully files this *Notice* that Defendants have failed to comply with the Court's *Order of Civil Contempt* (Doc. 27).

## BACKGROUND

On October 26, 2106, Plaintiffs FTC and the State of Georgia filed their *Motion for Order to Show Cause Why Defendants Should Not Be Held in Contempt of Court* (Doc. 22) (the “Motion”), alleging that Defendants Laptop and Desktop Repair, LLC (“LDR”) and Vadim Olegovich Kruchinin (“Kruchinin”) (collectively, “Defendants”) violated several provisions of the Temporary Restraining Order (Doc. 9) (“TRO”) and the stipulated Preliminary Injunction (Doc. 14) (“PI”). Specifically, Plaintiffs alleged that either or both of the Defendants violated the TRO’s and PI’s asset freeze (Section IV) by:

1. Withdrawing \$22,000 from LDR’s PayPal account on September 29, 2016; making two separate, impermissible transfers to Happy Smiles, LLC (an entity controlled solely in the name of Kruchinin’s apparent girlfriend); and refusing to return the money;
2. Paying \$27,486.76 from Kruchinin’s personal account at Umpqua Bank, to APMEX, Inc., on October 4, 2016, for 32 gold bars;
3. Transferring, on October 5, 2016, \$103,369.66 from Kruchinin’s personal, online brokerage account at OptionsXPress Holdings, Inc. into Kruchinin’s account at Umpqua Bank;

4. Withdrawing, on October 5, 2016, \$11,259.00 from Kruchinin's personal account at Umpqua Bank—including a check to himself, for \$8,800, and another to his apparent girlfriend, for \$1,600;

5. Transferring, on October 6, 2016, another \$74,029.45 to AMPEX, Inc., to purchase 55 more gold bars, and;

6. Making, from September 29, 2016 through October 5, 2016, eight separate trades through an online foreign exchange market, Gain Capital Group, LLC, which resulted in a debit of approximately \$9,133.97 from this exchange account.

Plaintiffs also alleged that Defendant Kruchinin failed to repatriate at least \$44,853.05 held in overseas financial institutions, in violation of Section VIII of the TRO and PI.

Plaintiffs further alleged that Defendant Kruchinin provided the Receiver with a false log-in and password for LDR's PayPal account, and failed to cooperate with the Receiver by failing to provide other passwords necessary for accessing LDR's and Kruchinin's computers, in violation of the TRO's and PI's cooperation provisions (Section XIII of the TRO and PI).

Finally, Plaintiffs also noted in their Motion that Kruchinin attempted to retrieve his United States Passport for international travel.

### **THE COURT'S CONTEMPT ORDER**

The Court conducted a hearing on the Motion on September 17, 2016, and entered an *Order of Civil Contempt Against Defendants* (Doc. 27) (the "Contempt Order"), finding that the TRO and PI were legal, valid, clear, and unambiguous, and that Defendants had both notice of and ability to comply with them. (Doc. 27 at p. 9). The Court also ruled that the record contained clear and convincing evidence of all the above-listed violations of the TRO and PI by Defendants.

Accordingly, the Court ruled that:

- A. Defendants are in contempt ... until such time as they remit to the Receiver all funds that were transferred or concealed in violation of the TRO and PI, repatriate Defendants' monies located overseas, provide an accurate and complete accounting of their assets, and fully cooperate with the Receiver as ordered.

(*Id.*, at p. 11, ¶A). The Contempt Order included the following specific provisions requiring Defendants to remedy their violations of the TRO and PI:

- B. Defendants shall provide a full accounting of all monies removed from accounts covered by the asset freeze, including: (a) the location of the money, or (b) if spent in an arm's length transaction, when it was spent, for whose benefit it was spent, what was purchased, from whom it was purchased, and copies of any invoices or records concerning the expenditure;

- C. Defendants shall turn over all funds and assets that they concealed or transferred in violation of the asset freeze to the Receiver...;
- D. Defendants shall confer and agree with counsel for Plaintiffs to appear on specific dates, at specified locations and times, for depositions in order to provide sworn statements concerning the existence and location of their assets, and;
- E. Defendants shall provide all computer log-ins and passwords as requested by, and as needed for, the Receiver to fulfill its duties under the TRO and PI....

(*Id.* at pp. 11-12, ¶¶B-E). The Court also required Plaintiff FTC to serve a copy of the Contempt Order upon Defendants at their last-known addresses and to all known e-mail addresses within three business days, and to file a corresponding Certificate of Service. (*Id.*, at p. 12, ¶F). Plaintiff FTC so served Defendants and filed the required Certificate of Service on November 18, 2016 (Doc. 29). Defendants' compliance with the Contempt Order was required "no later than **seven (7) days** after Plaintiffs' service of this Order upon Defendants." (*Id.*, at p. 12, ¶G) (emphasis in original)—i.e., by Monday, November 28, 2016.

The Contempt Order also provided that Defendants' failure to timely comply with it could, "upon notice to the Court by Plaintiff FTC of such failure" and an additional motion filed by Plaintiffs, subject Defendants to arrest, detainment, incarceration, and suspension of passports, to coerce Defendants' compliance with the Contempt Order. (*Id.*, at 13, ¶H).

## NOTICE

As of the date of the filing, neither Defendant LDR nor Defendant Kruchinin has complied with any of the provisions of the Contempt Order—nor has either Defendant contacted the FTC, State of Georgia, or the Receiver to discuss compliance.

Specifically, Defendants have not complied, either fully or partially, with:

1. Paragraph A of the Order, which required Defendants to “remit to the Receiver all funds that were transferred or concealed in violation of the TRO and PI, repatriate Defendants’ monies located overseas, provide an accurate and complete accounting of their assets, and fully cooperate with the Receiver as ordered”;

2. Paragraph B of the Order, which required Defendants to “provide a full accounting of all monies removed from accounts covered by the asset freeze, including: (a) the location of the money, or (b) if spent in an arm’s length transaction, when it was spent, for whose benefit it was spent, what was purchased, from whom it was purchased, and copies of any invoices or records concerning the expenditure”;

3. Paragraph C of the Order, which required Defendants to “turn over all funds and assets that they concealed or transferred in violation of the asset freeze to the Receiver, and the Receiver may access and take possession of the contents of any safety deposit box held in the name of the Defendants”;

4. Paragraph D of the Order, which required Defendants to “confer and agree with counsel for Plaintiffs to appear on specific dates, at specified locations and times, for depositions in order to provide sworn statements concerning the existence and location of their assets,” and;

5. Paragraph E of the Order, which required Defendants to “provide all computer log-ins and passwords as requested by, and as needed for, the Receiver to fulfill its duties under the TRO and PI[.]”

Dated: November 30, 2016

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FEDERAL TRADE COMMISSION



**CERTIFICATE OF SERVICE**

I hereby certify that on November 30, 2016, I electronically filed the foregoing document with the Clerk of the Court using *CM/ECF* and that the foregoing document is being served on all parties and the persons identified below via transmission of Notice of Electronic Filing generated by *CM/ECF*, which will automatically send e-mail notification of such filing to the counsel of record, or by causing it to be sent via First Class Mail (and e-mail).

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