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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ASCEND CAPVENTURES INC., et al.,

Defendants.

Case No. 2:24-CV-07660-SPG-JPR

**SUPPLEMENTAL REPORT AND
PETITION FOR INSTRUCTIONS OF
RECEIVER, STEPHEN J. DONELL
RE: REAL PROPERTIES SUBJECT
TO TURNOVER ORDER**

[Notice and [Proposed] Order submitted
concurrently herewith]

Date: May 28, 2025
Time: 1:30 p.m.
Ctrm: 5C
Judge Hon. Sherilyn Peace Garnett

TO THIS HONORABLE COURT AND ALL INTERESTED PARTIES:

PLEASE TAKE NOTICE THAT Stephen J. Donell (the "Receiver"), the
Court-appointed receiver for defendants Ascend Capventures Inc., Ascend Ecom
LLC, ACV, ACV Partners, Accelerated Ecommerce Ventures; Ascend Distribution
LLC (California), Ethix Capital, ACV Nexus, Ascend Ecommerce Inc., Ascend
Administration Inc., Ascend Ecom LLC, Ascend Distribution LLC (Texas), and
their collective dbas, subsidiaries, and affiliates, including Global Marketing
Development, Inc., Eaglemont Capital, Paradyme Capital Inc. and AC Ventures

1 Global Inc (collectively, the "Receivership Entities"), hereby submits the following
2 supplemental report (the "Supplemental Report") regarding the two real properties
3 subject to turnover to the Receiver pursuant to this Court's February 24, 2025 *Order*
4 *Granting Stipulation: (1) Authorizing Turnover of Sales Proceeds by Granite*
5 *Escrow and Settlement Services; (2) Authorizing Receiver to Market and Sell*
6 *Residential Real Properties; and (3) Releasing Defendants' Claims to Proceeds*
7 *Held or Recovered by Receiver* (the "Turnover Order") [ECF No. 92].

8 The purpose of this Supplemental Report is to advise the Court and interested
9 parties of a number of critical complications that the Receiver is presently working
10 to resolve in connection with two real properties which defendants William Basta
11 and Jeremy Leung (collectively, "Defendants") stipulated to turn over to the
12 Receiver, but in connection with which they apparently deliberately failed to
13 disclose conditions that could affirmatively undermine the relief to which they
14 agreed. As reflected below, the Receiver is presently making concerted efforts to
15 resolve the issues arising from Defendants' omissions or incomplete disclosures.
16 Those efforts, however, will take time, and will impose additional, unanticipated,
17 and arguably otherwise unnecessary expenses upon the estate of the Receivership
18 Entities (the "Estate"). Accordingly, and out of an abundance of caution, the
19 Receiver reports as follows:

20 **A. The Receiver's Identification Of Real Properties As Receivership**
21 **Asset.**

22 The Receiver filed his *First Interim Report and Petition for Instructions* (the
23 "First Report") [ECF No. 77-1] on November 13, 2024. In the First Report, in
24 addition to describing the document recovery and analysis undertaken to date by the
25 Receiver, he further identified certain real properties purchased by individual
26 defendants William Basta and Jeremy Leung (collectively, "Defendants") with funds
27 traced to Receivership Entity consumers. These real properties included:

- 28
 - 2012 Linden Avenue, Venice, California 90291 ("Linden 1");

- 2010 Linden Avenue, Venice, California 90291 ("Linden 2"); and
- 25 Brooks Avenue, Unit 2, Venice, California 90291 ("Brooks").

Shortly before the filing of the First Report, but notably after the entry of the Court's September 13, 2024 *Order on Plaintiff's Ex Parte Application for (1) Temporary Restraining Order and Order to Show Cause Why a Preliminary Injunction Should Not Issue; (2) Waiver of Notice Requirement; (3) Appointment of a Temporary Receiver, Freezing of Assets; and other Equitable Relief* (the "Initial Appointment Order") [ECF No. 30], which expressly prohibited the hypothecation of Defendants' assets, Defendants had concluded the sale of Linden 1, resulting in hundreds of thousands of dollars of net sales proceeds (the "Granite Escrow Proceeds"), thereafter held in escrow. Linden 2 and Brooks remained unsold, but had been marketed for sale by Defendants.

Having identified Linden 2 and Brooks as presumptive assets of the Receivership Entities ("Receivership Assets"), the Receiver caused the recordation of *Notices of Pendency of Receivership* (the "Lis Pendens") against each of the properties, and thereafter undertook to confirm his preliminary accounting conclusions regarding the use of consumer funds to purchase each of the properties.

B. The Receiver's Turnover Request To Defendants.

In December 2024, having confirmed that Linden 1, Linden 2, and Brooks were indeed purchased with more than \$1.643 million diverted from Receivership Entity consumers, through counsel, the Receiver requested that Defendants turn over to him possession and control of the Granite Escrow Proceeds, Linden 2, and Brooks, as Receivership Assets. Defendants agreed to the turnover, but expressly conditioned their agreement to a turnover upon the Receiver's agreement to pay a \$26,000 rental deposit they owed to the Special Group, a former tenant of the Brooks property, from the Granite Escrow Proceeds.¹ After consulting with the

¹ Should the Court so prefer, the Receiver can provide a declaration or copies of relevant written correspondence to confirm all factual assertions contained

1 plaintiff Federal Trade Commission and confirming that the Special Group had
2 indeed been a tenant at Brooks subject to an arms-length lease which included the
3 security deposit at issue, the Receiver agreed. The Receiver's agreement was based
4 upon his understanding that the stipulation would result in the immediate turnover of
5 the Linden 2 and Brooks properties, which he could then endeavor to monetize for
6 the benefit of the Estate and its creditors, critically including allegedly defrauded
7 customers of the Receivership Entities. However, as the Receiver would later learn,
8 Defendants did not alert the Receiver to a number of critical outstanding issues, of
9 which they were then aware, associated with the Linden 2 and Brooks properties.

10 **C. The Turnover Stipulation And Order, And Turnover Of The**
11 **Properties.**

12 On December 12, 2024, the Receiver filed a *Stipulation for Order*:

13 *(1) Authorizing Turnover of Sales Proceeds by Granite Escrow and Settlement*
14 *Services; (2) Authorizing Receiver to Manage, Market, and Sell Residential Real*
15 *Properties; and (3) Releasing Defendants' Claims to Proceeds Held or Recovered*
16 *by Receiver* (the "Turnover Stipulation") [ECF No. 85], pursuant to which the
17 Receiver, Defendants, and the plaintiff Federal Trade Commission (the "FTC")
18 agreed that (a) the Granite Escrow Proceeds and the Linden 2 and Brooks properties
19 would be turned over to the Receiver; (b) the Receiver would be vested with
20 authority and control over the real properties, including the authority to market and
21 sell them without further Court order; and (c) Defendants released any claims to the
22 Granite Escrow Proceeds, any sales proceeds arising from the sale of Linden 2 and
23 Brooks, or otherwise held or recovered by the Receiver. The clear intent of the
24 Turnover Stipulation was to ensure the turnover of numerous valuable Receivership
25 Assets for the benefit of the Estate and its creditors.

26
27
28

herein.

**D. The Receiver's Request For Turnover And Defendants' Omissions
And Partial Disclosures.**

The Court entered its order granting the turnover (the "Turnover Order") stipulation on February 24, 2025. (*See* ECF No. 92.) Thereafter, on February 26, 2025, the Receiver requested, through counsel, that Defendants coordinate with him to turn over the Linden 2 and Brooks properties. He reiterated his request on March 4, 2025. On March 5, 2025, through counsel, Defendants advised – for the first time – that Linden 2 had been "repossessed, and the bank ha[d] changed the locks" and that Brooks had "a long-term tenant in the unit." Needless to say, the Receiver was discouraged by Defendants' after-the-fact disclosures, and immediately requested any additional information regarding the properties that Defendants had. In response, Defendants claimed that "all of the repossession documents" regarding Linden 2 were maintained in electronic files to which they no longer had access and that they had "not receive[d] and payments from the [Brooks] tenant after the [entry of the Initial Appointment Order]; however, the tenant may have been paying the HOA dues." At no time, and despite repeated requests from the Receiver, did Defendants identify the alleged Brooks tenant.

E. The Receiver's Subsequent Discoveries.

1. The Linden 2 Foreclosure.

Upon Defendant's post-Turnover Order disclosure that the Linden 2 property had been "repossessed" by a secured lender, the Receiver and his counsel undertook a weeks-long effort to identify the lender in issue (Defendants' original lender had sold the loan, and was not the foreclosing lender), during which they were able to: (1) confirm that the Linden 2 property was the subject of a non-judicial foreclosure – not a "repossession" – commenced in violation of the Court's injunctive orders and in contravention of the Receiver's Lis Pendens; (2) successfully bring the foreclosure to an end, including the rescission of the lender's then-pending Notice of Default and Election to sell; (3) obtain access to the Linden 2 property by the

Receiver's personnel on or around April 3, 2025, who confirmed that; (4) the property was in a state of substantial disrepair, and uninhabitable as a consequence of its condition, including significant mold contamination requiring remediation. Examples of the property's condition include:



After the resolution of the foreclosure issues and his initial visit to the Linden 2 property, the Receiver engaged maintenance personnel to re-enter the property and commence repairs sufficient to begin marketing the property for sale as provided for in the Turnover Order. Unfortunately, the Receiver's efforts have been frustrated by another issue associated with the property and undisclosed by Defendants: a person claiming to have entered into a lease agreement with Defendants, in their individual capacities and in violation of the terms of the Turnover Order.

2. The Linden 2 So-Called Tenant.

On April 23, 2025, when the Receiver's maintenance personnel attempted to make re-entry at the property, they discovered that the locks to the property had been changed, and the below notice posted:



The notice specifically identifies Defendants as "landlords" and claims a leasehold interest arising from an October 2024 lease negotiated with defendant Jeremy Leung.² When contacted by the Receiver and his counsel, the purported tenant identified himself as "Berlin Lu" (an individual that the Receiver has tentatively identified as an Australian national potentially associated with Defendants) and purported to invoke his legal rights under the claimed lease. Through counsel, the Receiver promptly provided Mr. Lu with copies of all relevant Court orders, including the turnover order, and requested copies of Mr. Lu's lease agreement and all documents reflecting any lease or other payments made by Mr. Lu in connection with the property. As of this Supplemental Report, Mr. Lu has failed

² Mr. Leung never advised the Receiver of any tenancy at the Linden 2 property.

1 to provide any of the requested documents, or to remove his notice and locks, and
2 return possession of the property to the Receiver. The Receiver strongly suspects
3 that, given that the Linden 2 property is uninhabitable, Mr. Lu's lease – to the extent
4 it exists at all – is a pretextual agreement deliberately intended to frustrate the ability
5 of creditors, or the Receiver, to obtain possession of the property.

6 3. The Brooks So-Called Tenant.

7 An apparently pretextual lease is also frustrating the Receiver's attempts to
8 obtain possession of the Brooks property. In late March 2025, after the entry of the
9 Turnover Order, the Receiver attempted to make entry into the Brooks property. He
10 was unable to do so, and thereafter transmitted correspondence addressed to
11 "Tenant" (given that Defendants had steadfastly failed to identify their own "long-
12 term tenant") regarding his appointment and the effect of the Turnover Order. The
13 Receiver was later contacted by a person named "Tia Fouroohi", who identified
14 herself as defendant Jeremy Leung's estranged fiancée³ (raising the question as to
15 why Defendants failed to identify her as the tenant in the first place), and who
16 claimed to be occupying the property pursuant to a post-receivership lease⁴, which
17 provided for monthly lease payments in the amount of \$1,000, or \$12,000 *per month*
18 less than the market rate rent paid by the Special Group, the Brooks property's
19 former tenant.

20 The Receiver requested that Ms. Fouroohi provide him with a copy of her
21 lease, along with documents reflecting any payments she made in connection with
22 her occupancy of the Brooks property, and requesting that she permit him to enter
23 the property. In response, Ms. Fouroohi provided only a fillable PDF document
24 purporting to be her lease, and summary schedules unsupported by an bank or other
25 financial statements purporting to reflect lease and related payments. In the
26

27 ³ In his sworn deposition testimony, Mr. Leung identified Ms. Fouroohi as his
spouse.

28 ⁴ Ms. Fouroohi initially represented that her "lease" was entered into pre-
receivership.

1 Receiver's estimation, none of the documents provided by Ms. Fourroohi is sufficient
2 to establish the existence of an enforceable arms-length lease agreement,
3 particularly given that she is an insider (married or engaged to defendant Leung)
4 purporting to make lease payments for a luxury condominium in Venice California
5 at \$12,000 a month less than the market rate. Unsurprisingly, like the Linden 2
6 "tenant" Mr. Lu, Ms. Fourroohi has failed to provide the Receiver with any verifiable
7 evidence of lease payments, and has not permitted him entry to the property, while
8 simultaneously claiming a willingness to "cooperate." Her cooperation is belied by
9 her refusal to engage in substantive discussions with the Receiver and, perhaps most
10 brazenly, repeated requests that the Receiver or the FTC *pay her* in order to obtain
11 access to the property.

12 4. The Pending Brooks Foreclosure.

13 In or around late April 2025, as a result of his counsel's review of updated
14 title documents, the Receiver discovered that, like Linden 2, the Brooks property
15 was the subject of a then-pending non-judicial foreclosure commenced by a secured
16 lender in violation of the Initial Appointment Order and in contravention of the Lis
17 Pendens. To the best of the Receiver's knowledge, the foreclosure has never been
18 disclosed by Defendants. The Receiver and his counsel are presently engaged in
19 discussions with the property's foreclosure trustee in an effort to terminate the
20 pendency of the foreclosure.

21 5. Summary of Defendants' Omissions And Misrepresentations.

22 As noted above, at the time the Turnover Stipulation was negotiated between
23 Defendants, the FTC, and the Receiver, Defendants did not mention or alert the
24 Receiver to any of the above issues, which in the Receiver's view they should have
25 reasonably known would complicate his administration of the Linden 2 and Brooks
26 properties, as contemplated by the then proposed Turnover Order. To summarize:

- 27 • Both the Linden 2 and Brooks tenants claim to have negotiated their
28 claimed leases with defendant Jeremy Leung (indeed, the Brooks tenant

1 is either his wife or his fiancée). Yet Defendants did not alert the
2 Receiver to either "lease" prior to the execution of the Turnover
3 Stipulation, and consistently failed to identify either Mr. Lu or
4 Ms. Fourroohi as tenants despite multiple requests from the Receiver.

- 5 • Assuming the leases are valid, Defendants knew or reasonably should
6 have known payments – which are subject to turnover pursuant to the
7 Preliminary Injunction – were due in connection with each. They made
8 no mention of any due and collectible payments to the Receiver.
- 9 • Defendants failed to disclose the pending foreclosure of the Linden 2
10 property until after the Turnover Order was entered, and then only
11 claimed that "the bank" had "repossessed" the property, failing to alert
12 the Receiver to an actual foreclosure commenced in violation of the
13 Initial Appointment Order and Lis Pendens, to say nothing of Mr. Lu's
14 alleged "lease".
- 15 • Defendants failed to disclose the pending foreclosure of the Brooks
16 property.
- 17 • In partial reliance on these misrepresentations, Defendants extracted a
18 concession from the Receiver – the refund of the Special Group
19 security deposit due in connection with a legitimate Brooks lease –
20 which he may not have agreed to had he known, as Defendants should
21 reasonably have known, that the purpose of the Turnover Order could
22 not be readily achieved without the expenditure of additional Estate
23 assets to resolve the very issues they themselves failed to disclose.

24 **F. The Receiver's Next Steps.**

25 In the Receiver's view, neither Mr. Lu and Ms. Fourroohi are legitimate
26 tenants at the properties they claim to occupy, which properties Defendants have
27 specifically stipulated are subject to turnover to the Receiver. To the extent that
28 either entered into any lease agreement, such agreement is void, having not been

1 negotiated at arms-length, and appearing to be intended as a means of frustrating
2 creditors. Moreover, to the extent – as is certainly the case with Ms. Fouroohi –
3 either has resided in the Linden 2 or Brooks properties without paying rent, or
4 making rent payments to Defendants inconsistent with the market value of the
5 properties, each is a fraudulent transferee in the amount of the improper monetary
6 benefit they obtained from such residence. Perhaps more importantly in the
7 immediate term, both Mr. Lu and Ms. Fouroohi are in deliberate contempt of the
8 Initial Appointment Order, its December 3, 2024 Order Granting Stipulation for
9 Court to Enter Preliminary Injunction (the "Preliminary Injunction") [ECF No. 82],
10 and the Turnover Order, each of which requires either the production of documents
11 or the turnover of Receivership Assets to the Receiver.

12 1. Potential *Ex Parte* Application.

13 Accordingly, in the near term and if necessary, the Receiver anticipates filing
14 an *ex parte* application for an Order to Show Cause re: Civil Contempt for Mr. Lu's
15 and Ms. Fouroohi's willful violations of the Initial Appointment Order, Preliminary
16 Injunction, and Turnover Order. The Receiver will request that the Court enter
17 injunctive sanctions sufficient to compel the turnover of the Linden 2 and Brooks
18 properties to him, and award monetary sanctions sufficient to reimburse him for the
19 professional fees and expenses arising from Mr. Lu's and Ms. Fouroohi's contempt
20 of this Court. He may also seek sanctions against Defendants for their apparently
21 deliberate failures to identify outstanding issues associated with the properties
22 before and after the submission of the Turnover Stipulation, some of which – like
23 identifying Ms. Fouroohi as the Brooks tenant – are entirely inexplicable and highly
24 suggestive of an attempt to undermine the Receiver's ability to carry out the very
25 intent of the Turnover Order.

26 2. Potential Litigation.

27 Should the above relief be insufficient, the Receiver may have no choice but
28 to commence direct litigation against Mr. Lu and Ms. Fouroohi to recover the

1 Linden 2 and Brooks properties (a result already ordered by this Court), and to
2 recover damages from them, as suspected fraudulent transferees.⁵ As reflected in
3 the Receiver's prior submissions to the Court, the Granite Escrow Proceeds and the
4 Linden 2 and Brooks properties reflect the highest-value Receivership Assets
5 available for recovery for the benefit of the Estate, and may be the only source of
6 funds to further administer the Receivership and – more importantly – raise money
7 for partial restitution to allegedly defrauded consumers.

8 Of course, the Receiver will need to make a cost/benefit decision on the value
9 of such litigation based on the then-applicable value of the properties. Moreover,
10 the Receiver shares the Court's concerns regarding the administrative expense
11 associated with the continued pendency of the receivership, and therefore will not
12 commence litigation absent specific authorization from this Court, which he
13 requests by way of this Supplemental Report.

14 3. Potential Abandonment.

15 In a worst case scenario, it is possible that, either because the Court does not
16 authorize the commencement of litigation or the Receiver determines that litigation
17 is not advisable or appropriate on a cost/benefit basis, the Linden 2 and Brooks
18 properties may ultimately come to represent Receivership Assets of no value (or
19 even potential liabilities) to the Estate, given that the loans secured by each of the
20 properties remain in default, and property taxes continue to accrue, meaning the
21 Estate's equity in the properties continues to diminish, *daily*. In the event that the
22 Receiver determines, in his reasonable business judgment, that this is indeed the
23 case, he respectfully submits that immediate abandonment of the Estate's interest in
24

25 ⁵ By way of example, the evidence presently available to the Receiver suggests
26 that, at least, the rental amount for Ms. Fourroohi's claimed "lease" is well below
27 the market value, that the "lease" was not negotiated at arms-length, and that the
28 Receivership Entities received no value from the either the "lease" of any
payments made in connection therewith. In the Receiver's view, Ms. Fourroohi
has benefitted in the amount of at least \$84,000, given the market rental rate for
the Brooks property.

1 the properties to the FTC⁶ will be appropriate, and requests that the Court authorize
2 such an abandonment, should the Receiver determine it is appropriate.

3 **II. PETITION FOR INSTRUCTIONS.**

4 The Receiver therefore respectfully requests that this Court enter an order:

5 1. Accepting this Supplemental Report and the conclusions presented
6 therein, in their entirety;

7 2. Authorizing the Receiver to commence litigation against Berlin Lu and
8 Tia Fouroohi in connection with and arising from their claimed tenancies at the
9 Linden 2 and Brooks properties, should the Receiver determine, in his reasonable
10 business judgement, that the value of the properties to the Estate warrants the
11 expense and delay associated with such litigation; and

12 3. Authorizing the Receiver, upon filing of a notice of abandonment with
13 the Court, to deem the Estate's interest in the Linden 2 and Brooks properties
14 abandoned to the plaintiff FTC, in the event that either: (a) the Court does not
15 authorize the Receiver to commence litigation against the alleged Linden 2 and
16 Brooks tenants in connection with and arising from their claimed tenancies; or
17 (b) the Receiver otherwise determines, in his reasonable business judgment, that the
18 cost of recovering and administering the properties exceeds the likely benefit to the
19 Estate.

20 Dated: April 29, 2025

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6 An abandonment of the Estate's interest to the FTC would preserve the possibility that the properties could, at some point, be monetized for the benefit of allegedly defrauded consumers and other stakeholders.