

1 JOSHUA A. DEL CASTILLO (BAR NO. 239015)
E-Mail: jdelcastillo@allenmatkins.com
2 MATTHEW D. PHAM (BAR NO. 287704)
E-Mail: mpham@allenmatkins.com
3 ALPHAMORLAI L. KEBEH (BAR NO. 336798)
E-Mail: mkebeh@allenmatkins.com
4 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
5 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
6 Phone: (213) 622-5555
Fax: (213) 620-8816

7 Attorneys for Receiver
8 Stephen J. Donell

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11
12 FEDERAL TRADE COMMISSION,
13 Plaintiff,
14 v.
15 ASCEND CAPVENTURES INC.; et al.,
16 Defendants.

Case No. 2:24-cv-07660-SPG-JPR
**INITIAL REPORT AND
RECOMMENDATIONS OF
RECEIVER, STEPHEN J. DONELL**
Date: September 25, 2024
Time: 3:00 p.m.
Ctrm: 5C
Judge Hon. Sherilyn Peace Garnett

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1 **TO ALL INTERESTED PARTIES AND THIS HONORABLE COURT:**
2 **PLEASE TAKE NOTICE THAT** Stephen J. Donell (the "Receiver"), the
3 Court-appointed receiver for defendants defendant Ascend Capventures Inc.,
4 Ascend Ecomm LLC, ACV, ACV Partners, Accelerated Ecommerce Ventures;
5 Ascend Distribution LLC (California), Ethix Capital, ACV Nexus, Ascend
6 Ecommerce Inc., Ascend Administration Inc., Ascend Ecomm LLC, Ascend
7 Distribution LLC (Texas), and their collective dbas, subsidiaries, and affiliates
8 (collectively, the "Receivership Entities" or "Entities"), hereby submits this Initial
9 Report and Recommendations of Receiver (the "Report")¹ in order to detail those
10 critical tasks undertaken by the Receiver and his professionals since the entry of the
11 Court's September 13, 2024 Order on Plaintiff's Ex Parte Application For
12 (1) Temporary Restraining Order and Order to Show Cause Why a Preliminary
13 Injunction Should Not Issue; (2) Waiver of Notice Requirement; (3) Appointment of
14 a Temporary Receiver, Freezing of Assets; and other Equitable Relief (the "Initial
15 Appointment Order").

16 **I. SUMMARY.**

17 As noted in the Initial Appointment Order, this Court has charged the
18 Receiver with, among other things, assuming authority and control over the
19 Receivership Entities and their assets ("Receivership Assets" or "Assets");
20 recovering all books and records concerning the Receivership Entities' business and
21 financial activities; and identifying, marshaling, and conserving available
22 Receivership Assets in a manner consistent with the purpose of his appointment.

23 The Initial Appointment Order further requires all parties in receipt of the
24 order to cooperate with the Receiver in connection with the Receiver's Asset
25 investigation and recovery efforts, including via the production of any documents
26 and other materials that may be relevant to the Receiver's charge.

27 _____
28 ¹ This Report is preliminary and based upon limited information presently
available to the Receiver. It, and any conclusions presented herein, are subject to
change as additional information is obtained.

1 Finally, the Appointment Order requires the Receiver to provide the Court
2 with an inventory of Receivership Assets as soon as practicable. As of the date of
3 this Report, the Receiver's document recovery and review efforts – let alone his
4 Asset identification and recovery efforts – remain incomplete. As reflected below,
5 and in accordance with the fee application calendar established by the Court in the
6 Initial Appointment Order, the Receiver recommends that the Court authorize the
7 Receiver to continue to perform his duties and to submit an additional, first interim
8 report ("First Interim Report"), no later than sixty (60) days from the date of the
9 entry of the Initial Appointment Order, contemporaneously with the submission of
10 his and his professionals' first interim fee applications, as contemplated in the order.

11 The Receiver's First Interim Report will address additional progress made and
12 steps taken by the Receiver, we well as any conclusions reached by the Receiver and
13 recommendations regarding the continuation or termination of the present
14 receivership. This should permit the Receiver sufficient time to determine whether
15 sufficient Receivership Assets exist and can be recovered so as to justify the
16 continued existence of the receivership. It will also permit the Receiver to
17 undertake meaningful collection efforts with respect to any Assets identified in the
18 near term, in accordance with the provisions of the Initial Appointment Order. If,
19 by the time the Receiver's submits his First Interim Report, he has not identified
20 Assets sufficient to justify a continued investigation, the Receiver may recommend
21 that the Court terminate the receivership.

22 **II. RECEIVER'S PRELIMINARY EFFORTS.**

23 While the Receiver was appointed just over one week before the submission
24 of this Report, he has already undertaken a number of efforts aimed at, among other
25 things, better understanding the corporate and individual defendants, their
26 interrelationships, the business operations of the Receivership Entities, and –
27 critically – the funds raised by the Receivership Entities during the pre-receivership
28

1 period, and the amount of Assets immediately available for recovery, if any. The
2 Receiver's most significant efforts include:

3 **A. Initial Efforts Of The Receiver.**

4 Upon his appointment, the Receiver and his staff, in coordination with the
5 plaintiff Federal Trade Commission (the "FTC"), commenced urgent efforts to
6 contact banking and other financial institutions and other third parties believed or
7 suspected to have conducted business with the Receivership Entities and individual
8 defendants William Basta and Jeremy Leung, in order to, among other things:
9 (a) provide notice of the Initial Appointment Order and the pending receivership;
10 (2) ensure timely compliance with the temporary restraints imposed by the Initial
11 Appointment Order, including with respect to the turnover of related premises,
12 accounts, and documents and other materials.

13 As of the date of this Report, and as detailed further below, the Receiver has
14 received some responses to the notices he has transmitted, and he expects to receive
15 more still. Nonetheless, he remains in the process of evaluating whether and to
16 whom additional notices and turnover requests are warranted, including in order to
17 identify and recovery available Receivership Assets.

18 By way of general summary, the Receiver's near-term investigation efforts
19 have included, among other things:

- 20 • Worked to minimize the likelihood of further allegedly fraudulent
21 activity by the Receivership Entities via the transmittal of notices of the
22 Initial Appointment Order to banks, financial institutions, and third
23 parties believed to have acted in concert or in privity with the
24 Receivership Entities, as well as the transmittal of document and data
25 preservation letters certain financial institutions as well as known
26 internet platforms believed to be associated with the Receivership
27 Entities and platforms commonly used to market and interact with
28 consumers;

- 1 • Engaging a forensic accountant and commencing a detailed review of
2 available data² relating to the business and financial activities of the
3 Receivership Entities and their principals, including individual
4 defendants Basta and Leung;
- 5 • Reviewing and conducting an initial analysis of the financial activities
6 described in the FTC's submissions in support of its request for a
7 temporary restraining order;
- 8 • Reviewing preliminary materials provided by the FTC, in addition to
9 banks and other financial institutions in receipt of notice of the Initial
10 Appointment Order;
- 11 • Conducting in-person visits to various physical addresses associated
12 with the Receivership Entities and their principals in order to:
13 (a) determine the availability of potentially relevant books and records;
14 (b) where possible, temporarily suspend known Receivership Entity
15 operations; and (c) identify potential Receivership Entity personnel or
16 third parties with knowledge of the Receivership Entities' operations
17 and activities; and
- 18 • Commenced a detailed investigation into multiple real properties
19 believed to be owned or controlled by defendants Basta and Leung, and
20 purchased with money obtained or unlawfully diverted from allegedly
21 defrauded consumers, as well as transmitting notices of the Initial
22 Appointment Order to real property brokers apparently currently
23 engaged in the marketing of two (2) such properties for sale.

24 As of the date of this Report and as addressed below, the Receiver has not yet
25 been able to make a determination as to the status of all of the Receivership Entities'
26 operations, or whether the Entities' principals remain engaged in actions consistent
27

28 ² The plaintiff FTC has also provided the Receiver with summary schedules
reflecting the accounting information underlying its submissions to the Court.

1 with the e-commerce scheme alleged in the FTC's Complaint. While the Receiver
2 has provided the Receiver with certain accounting summaries and other materials
3 and he has recovered potentially relevant information from his notices, demands,
4 and site visits, it will take time to complete a review of such information, and to
5 obtain presently outstanding responses which will likely further improve the
6 Receiver's understanding of the present state of the Receivership Entities' operations
7 and business and financial activities and their present status, critically including with
8 respect to the availability of recoverable Assets.

9 *1. Providing Notice of The Initial Appointment Order.*

10 As of the date of this Report, the Receiver has provided notice of the
11 Appointment Order to a number of banks and financial institutions, as well as
12 property management companies, landlords, a warehouse operator, at least three (3)
13 attorneys, and two real property brokerage companies believed to have acted in
14 concert with the Receivership Entities or individual defendants Basta and Leung.
15 While he has received responses to certain of his notices – and, through counsel, has
16 had productive discussions with certain persons with information regarding the
17 Entities' operations – the Receiver intends to continue his outreach efforts, including
18 via the continued distribution of notices of the Initial Appointment Order (or any
19 relevant preliminary injunction issued by this Court), and the submission of Asset,
20 account, and document preservation and turnover demands, as appropriate.

21 The Receiver was notified on September 20, 2024 that the defendants had
22 engaged counsel. The Receiver has, through counsel, transmitted a request for the
23 turnover of all Assets and information subject to the immediate turnover provisions
24 of Section XIII of the Initial Appointment Order. The Receiver intends to confer
25 with counsel further at his earliest opportunity (and indeed may have done so by the
26 time this Report is considered by the Court) and hopes that such discussions will aid
27 in securing prompt compliance with all terms of the Initial Appointment Order,
28

1 including with respect to the turnover of relevant documents and records, as well as
2 any Asset subject to the Initial Appointment Order.

3 2. Initial Financial Analysis.

4 While the materials the Receiver has recovered from non-parties to date are
5 relatively minimal, he has obtained some records, supplemented considerably by the
6 information submitted by the FTC in support of its request for injunctive relief or
7 otherwise shared with the Receiver. As of the date of this Report, the Receiver's
8 forensic accountant, SL Biggs, is in the process of conducting an initial analysis of
9 certain of these materials in order to better understand the business and financial
10 activities of the Receivership Entities and their defendant principals, prioritizing
11 those records also deemed likely to identify recoverable Receivership Assets. As a
12 result of these efforts, the Receiver has already identified a number of non-parties
13 that may be affiliates of the Receivership Entities, or through which certain of the
14 Receivership Entities or their principals' activities were undertaken, including the
15 purchase of Assets subject to turnover using funds diverted from allegedly
16 victimized consumers. While the information obtained by the Receiver to-date is
17 substantially incomplete and insufficient to underlie a comprehensive accounting,
18 the Receiver has identified a number of bank accounts warranting further review, as
19 well as at least six (6) real properties which may have been purchased using
20 consumer funds.

21 3. In-Person Site Visits.

22 (a) Auburn, California.

23 On September 16, 2024, the Receiver travelled to 3240 Professional Dr.,
24 Auburn, California 95602, believed to be among the principal places of business of
25 the Receivership Entities, in order to commence the physical take-over of the
26 Entities, critically including their books and records. While no Entity personnel
27 were located at the Auburn facility, the Receiver interviewed a Kristi Crowley and
28 Ashley Price, both with Executive Management Solutions TaxCite, an entity

1 associated with the Receivership Entities. Ms. Crowley assisted the FTC's IT
2 personnel, who joined the Receiver at the location, in recovering a number of
3 electronic materials believed to contain receivership records. At the Receiver's
4 request, those materials were imaged by the FTC. Prior to materials being provided
5 to the Receiver for his review, any recovered information will be initially reviewed
6 for privilege or other related protections that may exist. The Receiver will
7 commence his review and analysis of the data retrieved from those materials as soon
8 as practicable thereafter, and will include any conclusions derived therefrom in his
9 First Interim Report.

10 (b) *Dallas, Texas.*

11 On September 15, 2024, the Receiver's personnel in the Dallas Texas area
12 travelled to two locations believed to contain Receivership Entity operations and
13 Assets. The first of the locations proved no longer to be controlled by the Entities,
14 which had apparently been evicted for non-payment of rent in or around July 2024.
15 The second location, a warehouse (the "Warehouse") located at 941 Avenue N,
16 Grand Prairie, Texas 75050 and operated by an e-commerce shipper identified as
17 Walzon (a combination of "Wal-Mart" and "Amazon") was still operational. In
18 accordance with the Initial Appointment Order, the Receiver's personnel
19 immediately restricted access to the Warehouse and conducted an initial walk-
20 through of the premises, which proved to contain as many thousands of individual
21 items (some packed in wrapped pallets) for shipping, associated with a number of e-
22 commerce vendors, including but not limited to the Receivership Entities. A
23 handful of computers were also located at the Warehouse, which appeared to be in
24 use for Warehouse operations. With the permission of Walzon's on-site manager,
25 Nikita Loktev, those computers were later imaged for review, once the Receiver and
26 the FTC had made their personal inspection.

27 On September 16, 2024, the Receiver, accompanied by FTC personnel,
28 travelled to the Warehouse to undertake a personal review of the facility and its

1 contents, and to speak directly with Walzon's on-site facility manager, Mr. Loktev,
2 who maintained strenuously that the facility operated as a delivery and drop-
3 shipping site for multiple e-commerce vendors, not just those associated with the
4 Receivership Entities. After discussing the urgency of obtaining a inventory
5 distinguishing Entity-related Assets from those unrelated to the receivership with the
6 Walzon manager and conducting his own cursory review of the materials located at
7 the Warehouse, the Receiver determined, in his reasonable business judgment, that it
8 was impracticable in the immediate term for him to make an assessment of what
9 inventory was owned by or related to the Entities and their customers, and what
10 inventory was not. Notably, Mr. Loktev conceded to the Receiver that no written
11 inventory existed, that it was virtually impossible for a third party to ascertain what
12 items belonged to the Receivership Entities or their affiliates and which belonged to
13 Walzon's other clients, and it was clear to the Receiver that the Warehouse's
14 business was operating in a chaotic and disorganized fashion. As a consequence,
15 and having provided notice of the Initial Appointment Order to Walzon and the
16 Warehouse's landlord and property manager, and transmitted formal correspondence
17 from counsel regarding the risks attendant to any violations of the order, the
18 Receiver elected to permit Walzon to continue its operations, albeit subject to the
19 Asset disposition restrictions included in the Initial Appointment Order. Although
20 he Receiver had initially directed that the Warehouse be re-keyed, he returned a key
21 and access to Mr. Loktev.

22 The Receiver's discussion with Mr. Loktev, Walzon's on-site manager,
23 conducted in part through a Russian-speaking interpreter, was informative as to
24 other matters. Among other things, the Receiver learned that: (a) one of the
25 Receivership Entities was likely the Warehouse's lessee; (b) the Warehouse manager
26 had been in contact with defendant Leung through a variety of messaging
27 applications, including at least WhatsApp and Telegram, to advise him of the
28 lockdown undertaken by the Receiver's personnel and to provide him with photos of

1 the Receiver's Asset and record preservation letter; (c) Mr. Leung had allegedly
2 initially committed to contacting the Receiver and engaging legal counsel,
3 potentially for Warehouse personnel, but later reneged; and (d) Mr. Leung and a
4 non-party also believed to be affiliated with the Entities had deleted their entire
5 Telegram histories and all records of discussions with Warehouse personnel, after
6 having reviewed the Receiver's preservation letter.³

7 In other words, the Receiver is confident that Mr. Leung was made aware of
8 the Receiver's visit to the Warehouse, and accordingly of the current terms and
9 pendency of the receivership. Despite the commitment apparently made by
10 Mr. Leung to the Warehouse's manager, Mr. Leung has not been in contact with the
11 Receiver, directly or through counsel. Nonetheless, given that Mr. Leung appears to
12 have engaged counsel to represent him in this matter, and that the Receiver
13 anticipates opening a dialogue with counsel immediately, he remains optimistic that
14 prompt compliance with the Initial Appointment Order can be secured.

15 On September 16, 2024, the Receiver's personnel also conducted a site visit to
16 a residential address in Miami, Florida, believed to be defendant Basta's primary
17 residence, in the hopes of obtaining the turnover of materials and information falling
18 within the ambit of the turnover provisions of the Initial Appointment Order.
19 Unfortunately, no one was present at the address, which appeared not to have been
20 visited in some time. Thereafter, through counsel, the Receiver provided notice of
21 the Initial Appointment Order to an email account believed to belong to Mr. Basta.
22 The Receiver will continue his efforts to contact Mr. Basta, through counsel.

23 4. Real Property Investigations.

24 Based on materials obtained from the plaintiff FTC, the Receiver has
25 identified a total of six (6) real properties in California which may have been
26 purchased with funds obtained or unlawfully diverted from allegedly defrauded
27

28 ³ If true, such deletions could constitute a violation of the document preservation provisions of the Initial Appointment Order.

1 consumers. The Receiver has commenced a review of title documents associated
2 with these properties, in order to determine confirm last date of sale, present
3 ownership, and any relationship to the Receivership Entities or their principals, He
4 also anticipated undertaking discovery and document review aimed at determining
5 whether consumer funds were used to purchase the properties, in which case the
6 properties would be subject to disgorgement to the Receiver.

7 Upon his appointment, the Receiver learned that two (2) of the above-
8 referenced properties were currently listed for sale. Through counsel, the Receiver
9 immediately provided notice of the Initial Appointment Order to the properties'
10 brokers, one of whom has to-date responded, alleging no relationship to the
11 Receivership Entities. While the Receiver assumes this response was transmitted in
12 good faith, he understands there that video and other evidence directly links the
13 Receivership Entities and their principals to the property in question, and
14 accordingly will continue his investigation.

15 **B. Identification of Potential Receivership Assets.**

16 While the receivership remains in the early stages, the Receiver has already
17 begun inquiries regarding the nature, amount, and availability of recoverable
18 Receivership Assets. At present, the materials the Receiver has received from banks
19 and other financial institutions suggest that most or all known accounts associated
20 with the Receivership Entities have been drained, or carry extremely minimal
21 balances. The Receiver will, of course, continue to review documents in an effort to
22 trace and recover receivership funds through the use of his own staff and a third
23 party forensic accountant.

24 At present, however, and assuming for the moment that the real properties
25 already identified prove to have been purchased using funds obtained or unlawfully
26 diverted from allegedly defrauded consumers, these and other assets purchased with
27 fraudulent proceeds may represent the most significant source of recovery available
28 to the Receiver including for the eventual establishment of any funds intended to

1 make restitution to victimized creditors of the Receivership Entities. Accordingly,
2 and as he deems appropriate in his experience and reasonable business judgment,
3 the Receiver may record notices of pending receivership against these properties in
4 order to minimize the likelihood that they are sold without his (or this Court's)
5 permission during the pendency of the receivership.

6 **III. ASSETS AND LIABILITIES OF THE RECEIVERSHIP ENTITIES.**

7 Given the substantial volume information already provided to the Receiver,
8 including in the form of the FTC's submissions to the Court, and the Receiver's
9 ongoing discovery efforts, the Receiver has concluded that it is premature to present
10 a definitive assessment of the expected assets and liabilities of the Receivership
11 Entities. The Receiver has been appointed for just over one week, and the
12 investigation remains ongoing. The information received and processed by the
13 Receiver thus far, however, is promising, and suggests that there may be
14 Receivership Assets available for recovery that would justify the continued
15 pendency of the receivership, including for the purpose of restitution efforts vis-à-
16 vis allegedly defrauded consumers. The Receiver anticipates providing a more
17 comprehensive evaluation of the Receivership Entities' financial status in his
18 proposed, forthcoming First Interim Report.

19 **IV. THE RECEIVER'S INTENDED FUTURE ACTIONS.**

20 The Receiver will undertake several key steps in the coming weeks to protect
21 the Receivership Assets, pursue the recovery of Receivership Assets, and address
22 any liabilities associated with the Receivership Entities.

23 First, the Receiver will continue to prioritize the preservation of all known
24 Receivership Assets. This will include the ongoing communication with banks,
25 payment processors, and other financial institutions known or suspected to hold
26 accounts or assets associated with the Receivership Entities. The Receiver has
27 already begun issuing preservation notices to these entities to prevent any transfer,
28 dissipation, or other disposal of potential Receivership Assets. As more information

1 is uncovered – particularly as new potential assets are identified – the Receiver will
2 send additional subpoenas and preservation letters to secure those assets.

3 In addition to preservation efforts, the Receiver will continue his efforts to
4 recover potential assets held by third parties. Several financial institutions have
5 been identified as holding multiple accounts linked to the Receivership Assets, and
6 efforts are underway to compel these institutions to turn over any funds held in these
7 accounts, and to trace any funds dissipated from these accounts. Further, the
8 Receiver has identified real properties that may have been purchased using funds
9 from allegedly defrauded from consumer victims. The Receiver anticipates
10 recording notices of pending receivership against these properties and will continue
11 to investigate other potential assets purchase with consumer funds that may be
12 subject to turnover.

13 Addressing the liabilities of the Receivership Entities is also a priority. The
14 Receiver is in the process of reviewing all known relevant financial documentation
15 to assess the Receivership Entities' outstanding debts, obligations, and any other
16 liabilities that may affect the receivership estate, including a developing a list of
17 known consumer clients and other prospective creditors. As previously mentioned,
18 the Receiver anticipates including an updated analysis of the Receivership Entities'
19 known liabilities in the Receiver's First Interim Report.

20 Now that the docket for the above-captioned action has been unsealed, the
21 Receiver will establish a website portal for the instant receivership via his existing
22 website, www.fedreceiver.com, for the benefit of consumers and other prospective
23 creditors of the Estate. Via this portal, consumers and others will be able to register
24 with the Receiver, obtain information including case and filing updates, submit
25 claims and materials, and communicate directly with the Receiver or his staff.

26 In sum, the Receiver will continue his diligent efforts to preserve potential
27 Receivership Assets and documents, recover any additional assets from third parties,
28

1 and investigate the Receivership Entities' liabilities in accordance with the Initial
2 Appointment Order and any subsequent orders issued by this Court.

3 **V. VIABILITY OF THE RECEIVERSHIP ENTITIES' OPERATIONS.**

4 At this early stage of the Receivership, the Receiver has reviewed the
5 information provided by the FTC in its Complaint and related materials, as well as
6 the documents and financial records obtained to date. Based on this initial review,
7 the Receiver has significant concerns about the viability of the Receivership Entities'
8 business as a legitimate going concern, but expect to learn more about their
9 operations in the near term, including via discussions with and review of any
10 materials provided by defendants' counsel.

11 To date, the Receiver has not identified any portion of the Receivership
12 Entities' business that appears to be unrelated to the allegedly fraudulent activity
13 alleged by the FTC. While it remains possible that a portion of the business may be
14 legitimate, it is the Receiver's preliminary conclusion that the proceeds from
15 continuing to run any potentially lawful aspect of the business, as compared to the
16 cost of such operations under the supervision of the Receiver would likely be
17 insufficient to justify such operations. The Receiver has serious concerns regarding
18 the operations at the Warehouse, the lack of records, inventory, accounts payable,
19 receivables, or other similar business records that a legitimate business would be
20 expected to maintain.

21 As such, the Receiver is uncertain at this time as to whether the Receivership
22 Entities can be converted into a sustainable going concern. The Receiver will
23 continue to investigate the Receivership Entities' business operations and present
24 additional analysis, conclusions (if any), and recommendations to this Court in his
25 anticipated First Interim Report.

26 **VI. PRELIMINARY FINDINGS AND RECOMMENDATIONS.**

27 The information presently available to the Receiver is extremely limited,
28 given that his efforts to obtain and review materials are approximately a week old,

1 and that additional document and information requests are sure to issue. Those few
2 banks and financial institutions that have responded to the Receiver's requests have
3 provided minimal additional information of limited value. However, some of the
4 information obtained by the Receiver as of the date of this Report is promising and
5 may lead to the identification and recovery of Receivership Assets, or additional
6 financial information and other materials otherwise of value to the receivership. Of
7 course, many financial institutions and providers continue to gather requested
8 information and materials, and the Receiver anticipates that additional promising or
9 valuable information will be forthcoming.

10 Unfortunately, the information provided to the Receiver as of the date of this
11 Report has not led to the identification or recovery of Receivership Assets of any
12 substantial value. Indeed, based on responses and confirmations from certain
13 financial institutions to date, the Receiver believes that the Entities' known bank
14 accounts presently hold only a *de minimis* amount.

15 Nonetheless, based on the information obtained to date, the Receiver remains
16 optimistic that an appropriately cost-controlled follow-up regarding the information
17 and materials received so far may lead to the identification and recovery of
18 significantly more valuable financial and real property assets.

19 In other words, the Receiver's preliminary review of the materials and
20 information obtained to date suggests potentially promising additional avenues of
21 inquiry. The Receiver believes, in his reasonable business judgment, that these lines
22 of inquiry should be followed.

23 Accordingly, and for the time being, the Receiver recommends that the Court
24 continue the receivership and permit him to proceed with his document and asset
25 recovery efforts. He further recommends that he be authorized to file a follow-up,
26 First Interim Report no more than sixty (60) days after the entry of the Initial
27 Appointment Order, contemporaneously with his and his professionals' Court-
28 ordered fee application submission, to update the Court regarding his efforts to

1 identity and collect assets, further evaluate the state of the Receivership Entities
2 operations, and address whether the instant receivership should remain in effect. If,
3 as of the date that the First Interim Report is filed, the Receiver believes that there
4 are insufficient recoverable assets to justify the continuation of his investigation, the
5 Receiver will recommend to the Court that the Receivership be terminated.

6 In the interim, and unless otherwise instructed by the Court, the Receiver will
7 continue in his efforts to: (1) collect and review information that may lead to the
8 identification and recovery of Receivership Assets; (2) continue to take action to
9 monitor and control operations of the Receivership Entities, and to terminate them
10 as necessary; (3) identify additional individuals or entities whom the Receiver
11 believes, in his reasonable business judgment, should be subject to the Initial
12 Appointment Order and any subsequent injunctive orders issued by this Court; and
13 (4) respond to consumers and other interested parties and keep them as reasonably
14 informed as possible via his website portal, telephone, and email.

15 **VII. CONCLUSION.**

16 Based on the information presented below, and given the Receiver's ongoing
17 efforts in connection with his duties under the Appointment Order, the Receiver
18 recommends that the Court authorize the Receiver to continue to perform his duties
19 as established under the Appointment Order, and to submit an additional, First
20 Interim Report, within sixty (60) days after the date of entry of the Initial
21 Appointment Order, to address any progress made and conclusions reached by the
22 Receiver, and to supplement his recommendations to the Court.

23
24 Dated: September 23, 2024

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

25
26 By: /s/ Joshua A. del Castillo
27 JOSHUA A. DEL CASTILLO
28 Attorneys for Receiver
Stephen J. Donell