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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 **SECOND 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: December 3, 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

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

The purpose of this Supplemental Report is to update the Court and interested parties regarding two real properties that defendants William Basta and Jeremy Leung (collectively, "Defendants") stipulated to turn over to the Receiver, but in connection with which they failed to disclose conditions that ultimately undermined the relief to which they agreed, resulting in additional and unforeseen expenses to the Receivership Entities' estate (the "Estate"). As detailed below, the Receiver has undertaken substantial efforts to address these issues and has achieved measurable success, including successfully monetizing one of the two properties, resulting in a six-figure recovery for the benefit of the Estate. With respect to each of the properties in issue, the Receiver reports as follows:

A. Status of the Receiver's Real Property Assets.

As detailed in the Receiver's *Supplemental Report and Petition for Instructions of Receiver, Stephen J. Donell Re: Real Properties Subject to Turnover Order* (ECF No. 100-1) (the "Real Property Report") and *Third Interim Report and Petition for Instructions* (ECF No. 113-1) (the "Third Interim Report"), the Receiver identified and effectuated the turnover of two (2) real properties purchased by individual defendants William Basta and Jeremy Leung (collectively, "Defendants") with funds traced to Receivership Entity consumers, both of which remained in the Receiver's control as of the filing of the Real Property Report: (i) 2010 Linden

Avenue, Venice, California 90291 ("Linden 2") and (ii) 25 Brooks Avenue, Unit 2, Venice, California 90291 ("Brooks").[1]

1. Disposition of the Brooks Property.

(a) Brooks Property Sale.

The Receiver is pleased to report that he has successfully closed a sale of the Brooks property for the benefit of the Estate and its creditors. This outcome was not without its share of challenges. In addition to having to resolve the issues arising from the Defendants' omissions, including by effectuating the exit from the property of unauthorized occupant Ms. Tia Fouroohi and halting unlawful foreclosure proceedings against the property, the Receiver was ultimately compelled to enter into detailed negotiations with the foreclosing lender as to the value of the property, ultimately securing an agreement by the lender to discount its payoff by $100,000—a discount without which the sale of the property would not have returned any material net benefit to the Estate. Specifically, during the time required to address the unlawful tenancy and foreclosure issues, the secured debt continued to accrue against the property, such that a marketing and sale process would not have yielded a meaningful return to the Estate; indeed, a sale at the property's market price would barely have covered the debt. Rather than abandon the property, the Receiver successfully negotiated a reduction of the outstanding debt to permit a sale that would provide a material benefit to the Estate. On September 25, 2025, the Receiver closed the sale of the Brooks Property and recovered approximately $165,000 in net proceeds for the benefit of the Estate.

(i) Third Party Claim to Security Deposit

The sole remaining issue associated with the Brooks property concerns the claim of the Special Group, a former tenant, to a $26,000 rental security deposit (the "Deposit") owed by Defendants under a pre-receivership lease. As described in the

[1] The net proceeds from a post-receivership sale by Defendants of a third real property were also turned over to the Receiver pursuant to the Turnover Order.

Real Property Report, Defendants conditioned their agreement to the stipulation underlying the Turnover Order on the Receiver's agreement to remit the Deposit to Special Group.

The Receiver's initial agreement to pay the Deposit to the Special Group was made in reliance on Defendants' representations, and his understanding that the stipulation would result in the turnover of the Linden 2 and Brooks properties, which could then immediately be marketed and sold for the benefit of the Estate, an impression Defendants did nothing to correct despite their apparently actual knowledge of unlawful tenancies at both properties, to say nothing of undisclosed pending foreclosures and other issues which nearly extinguished any remaining value at Brooks and Linden 2. Notwithstanding the unexpected and increased costs arising from the Defendants' omissions, the Receiver will confer with the plaintiff Federal Trade Commission ("FTC") regarding the propriety of any payment to Special Group. Unfortunately, that discussion has been delayed as a consequence of the ongoing federal government shutdown and the furlough of FTC personnel.

2. Disposition of the Linden 2 Property.

The Receiver continues to advance the administration of Linden 2. As described in the Real Property Report, Linden 2 is in significant disrepair and may require substantial remediation—including mold abatement—before it can be marketed in a commercially reasonable manner. The reason for the possible requirement to remediate mold involves the likely refusal by any lender to provide financing for the property. In addition, the Receiver discovered that substantial work was performed on the property without permits. The City of Los Angeles issued a cease & desist order, which must be disclosed to prospective buyers. Moreover, as with the Brooks property, the Defendants' nondisclosures have exacerbated the costs and delays associated with the Receiver's efforts to monetize Linden 2 and overcome the same issues: an unauthorized occupant asserting tenancy

rights, improper foreclosure activity initiated by the secured lender in violation of Court orders, and ongoing accrual of secured debt obligations.

Nonetheless, the Receiver has been successful in halting foreclosure proceedings against the property and, with the assistance of this Court's order confirming the Receiver's exclusive possessory interest in Brooks and Linden 2 [ECF No. 118] (the "Possessory Order"), believes he has secured the property against any further interference from unauthorized third parties, including unlawful tenants. The Receiver's efforts required the expenditure of considerable time, effort, and resources; by the time the Possessory Order was entered and the lender confirmed all foreclosure activity had ceased, the accumulation of secured debt against the property—together with anticipated repair and remediation costs—rendered a marketing and sale process economically infeasible at the current loan payoff amount. In an effort to preserve and maximize value for the Estate, the Receiver is currently negotiating with the Linden 2 lender in an effort to secure a discounted secured debt payoff. If a sufficient reduction is agreed upon, the Receiver presently believes that he can remediate Linden 2 and position it for a sale that provides a material benefit to the Estate.

B. The Receiver's Next Steps.

Linden 2 is the only asset of the Estate remaining to administer. If the Receiver secures an adequate payoff reduction from the secured lender, he may, if required and in accordance with his business judgment, undertake such stabilization and remediation efforts as he deems necessary and appropriate to market and sell the property for a material benefit to the Estate. If a viable reduction cannot be achieved—or if a sale otherwise proves impracticable—the Receiver will file a notice of abandonment and abandon the property, in accordance with Section IV(D) of the *Order Granting Stipulation for Court Order Entering Permanent Injunction and Monetary Judgment as to Ascend Capventures Inc., Ascend Ecommerce, Inc.,*

Ascend Administration, Inc., Ascend Ecom LLC, William Michael Basta, and Jeremy Kenneth Leung [ECF No. 117] (the "Final Judgment").

Upon the disposition of Linden 2, either by sale or abandonment, the Receiver believes, in his reasonable business judgment, that he will have undertaken all appropriate and reasonable efforts to recover and monetize those Estate assets which could justifiably be pursued given the cost-benefit calculus applicable to the Receiver's efforts. In other words, upon the disposition of Linden 2, and having already completed his analysis and accounting of the business and financial activities of the Receivership Entities as reflected in his prior submissions (*see*, *e.g.*, ECF Nos. 77, 88, 113), the Receiver will have completed all of the Estate administration efforts required under the terms of his appointment, and which can be undertaken without depleting the Estate's cash reserves to the point where it can neither pay the costs of its administration nor leave any surplus for turnover to the FTC. At that point, the Receiver would seek to wind-down and close the instant receivership by, among other things: (i) filing a final fee application on behalf of himself and his professionals; (ii) making all remaining recovered funds available for restitution to injured consumers by turning over such funds to the FTC, in lieu of a Receiver-administered claims and distribution process, with its attendant additional expense.

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II. PETITION FOR INSTRUCTIONS.

The Receiver therefore respectfully requests that this Court enter an order accepting this Supplemental Report and the conclusions presented therein, in their entirety.

Dated: October 30, 2025

ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP
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By: */s/ Alphamorlai L. Kebeh*
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