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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

APEX CAPITAL GROUP, LLC, et al.,

Defendants.

Case No. 2:18-cv-09573-JFW (JPRx)

**STATUS REPORT OF RECEIVER**

JUDGE: Hon. John F. Walter  
CTRM: 7A

1 Pursuant to Section XV(W) of the two stipulated preliminary injunctions  
2 (ECF Nos. 40 and 41) (collectively, the “Preliminary Injunctions”), directing the  
3 Receiver to file reports every 120 days, the Receiver submits this Status Report for  
4 the period of July 27, 2019 to November 26, 2019.

5 **I.**

6 **SUMMARY OF RECEIVERSHIP ACTIVITIES**

7 **A. Westlake Village Property**

8 As discussed in our Second Status Report (ECF No. 100), following the  
9 transfer of the real property located at 740 Country Valley Road, Westlake Village,  
10 California 91362 (the “Westlake Village Property”) from Defendant Phillip Peikos  
11 (“Peikos”), the Receiver solicited and reviewed bids from multiple contractors to  
12 conduct the necessary repairs in order to market it to traditional buyers (*i.e.*, buyers  
13 with a down payment and mortgage, as opposed to flippers or all-cash buyers).  
14 After reviewing the bids, we conducted interviews with three contractors and  
15 invited two contractors to submit their best and final bids. Alpha Builders Group,  
16 Inc. was ultimately selected as the contractor for the project. They started work in  
17 late September 2019 and they are scheduled to complete the project by late  
18 December 2019. The Receiver informed the parties of the scope of the renovations  
19 to the property and provided updates on the contractor selection process, including  
20 the selected contractor. The Receiver anticipates that repairs will be completed,  
21 and the Westlake Village Property will be ready to market, in early 2020.

22 **B. Receivership Entities’ Assets**

23 As previously reported, Peikos used the Receivership Entities’ funds for  
24 various investments, mostly incomplete or unsuccessful. Below is a brief update  
25 on some of these investments.

26 Defendant Peikos started Jaci, a hair care company in the preliminary startup  
27 phase. While Jaci lacked a business plan, Peikos completed certain startup tasks  
28 (*i.e.*, shampoo formulations and bottle design). A Jaci domain name and

1 trademarks were also obtained. Pursuant to the stipulation and order (ECF Nos. 78  
2 and 79), the Receiver is in the process of selling the domain name and trademarks.

3 For the Cinsay, Inc. (“Cinsay”) convertible notes, as previously reported,  
4 Cinsay paid the outstanding interest owed on the notes. Cinsay continues to make  
5 regular interest payments. Defendants Peikos and David Barnett (“Barnett”) both  
6 owned Cinsay stock. The Receiver continues to evaluate how to best liquidate the  
7 stock to maximize return.

8 As previously reported, a €600,000 loan to a Greek beach club and €1.5  
9 million purchase of shares of the same Greek beach club using Receivership  
10 Entities’ funds, were completed prior to the FTC action. While Greek counsel  
11 demanded repayment of the loan and Cyprus counsel demanded the Cypriot  
12 corporation fulfill its purchase agreement and turnover the shares of the Greek  
13 beach club to the Receiver, neither the Greek beach club nor the Cypriot  
14 corporation responded to our demands. The Receiver has instructed counsel to  
15 take the necessary next litigation steps.

16 Finally, after securing the Jeep Wrangler that Peikos acquired with  
17 Receivership Entities funds and navigating various Puerto Rico logistical issues,  
18 the Jeep Wrangler was transported from Puerto Rico to Auburn, Indiana.  
19 Unfortunately, due to Puerto Rico export procedures and weather-related issues, it  
20 took substantial time to get the Jeep to the mainland. The vehicle will be sold by  
21 RM Auctions in December 2019 via an online auction. Separately, the Receiver  
22 also took possession of Defendant Barnett’s 2018 Audi SQ5, which will also be  
23 sold in the same manner.

24 **II.**

25 **RECEIVERSHIP ACCOUNTING**

26 Attached as Exhibit A is a Receipts and Disbursements Summary from  
27 July 27, 2019 through November 26, 2019. During this time period, receipts were  
28 \$42,369.25, primarily comprised of promissory note interest payments

1 (\$40,666.66). Disbursements were \$858,442.28, primarily comprised of a  
2 distribution to the FTC pursuant to Section XIII.A of the Stipulated Order for  
3 Permanent Injunction entered September 11, 2019 (ECF No. 120) (\$500,000),  
4 costs associated with the Westlake Village property (\$263,030.46 construction  
5 costs, \$82,055.94 mortgage payments, \$4,025 landscaping, \$2,050.93 utilities, and  
6 \$1,200 appraisal), and Relativity hosting fees (\$3,042.20). In aggregate, the  
7 receivership bank accounts have a current balance of \$497,782.82.

8 Dated: November 27, 2019

MCNAMARA SMITH LLP

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By: /s/ Edward Chang  
Edward Chang  
Attorneys for Receiver,  
Thomas W. McNamara

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**CERTIFICATE OF SERVICE**

I hereby certify that on November 27, 2019, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of the filing to all participants in the case who are registered CM/ECF users.

/s/ Edward Chang  
Edward Chang  
*Attorney for Receiver,*  
*Thomas W. McNamara*