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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

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11 FEDERAL TRADE COMMISSION,

12 Plaintiff,

13 v.

14 ELEGANT SOLUTIONS, INC., et al.,

15 Defendants.
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Case No. 8:19-cv-01333-JVS (KESx)

**SECOND INTERIM STATUS
REPORT OF RECEIVER**

JUDGE: Hon. James V. Selna
CTRM: 10C

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1 Thomas W. McNamara, as Court-appointed receiver (“Receiver”),¹ submits
2 this report of receivership activities for the period of January 14, 2020 to July 10,
3 2020.

4 During this time period, the Receiver provided the parties access to various
5 Receivership Entities’ business records, including providing Defendants and their
6 counsel access to the storage facility where Receivership Entities’ business records
7 are stored. The Receiver was also forced to respond to discovery requests, a
8 subpoena and Defendants’ *ex parte* application to hold the FTC and Receiver and
9 his counsel in contempt, and then a second *ex parte* application to hold the
10 Receiver and his counsel in contempt. Both motions were denied (ECF Nos. 109,
11 120).

12 The receivership bank accounts have a current balance of \$3,262,558.91 as
13 of July 10, 2020. A Receipts and Disbursements Summary for the period
14 January 14, 2020 through July 10, 2020 is attached as Exhibit A. During this
15 period, receipts totaled \$49,568.88 (primarily comprised of \$22,500 sale of 1964
16 Belvedere, \$20,525.34 ADP refund for uncashed checks, \$4,970 sale of
17 miscellaneous assets (furniture, fixtures, equipment, etc.), and \$1,551.54 interest).
18 Disbursements were \$6,322.49 (primarily comprised of \$1,991.49 utilities, \$1,974
19 record storage fee, and \$1,575 vehicle storage fee).

20 As reported in the Receiver’s First Status Report (ECF No. 93), the only
21 remaining vehicles to be sold included a 1964 Plymouth Belvedere, which had

22 _____
23 ¹ The Receiver’s appointment was confirmed by the Order Entering Stipulated
24 Preliminary Injunction entered July 17, 2019 (ECF No. 52), which defines
25 Receivership Entities as the entities named as Corporate Defendants (Elegant
26 Solutions, Inc., also d/b/a Federal Direct Group, Trend Capital Ltd., also d/b/a
27 Mission Hills Federal, Dark Island Industries, Inc., also d/b/a Federal Direct Group
28 and Cosmopolitan Funding Inc., Heritage Asset Management, Inc., also d/b/a
National Secure Processing, Tribune Management, Inc., also d/b/a the Student
Loan Group), as well as any other entity that has conducted any business related to
Defendants’ marketing of Debt Relief Services, including receipt of Assets derived
from any activity that is the subject of the Complaint in this matter, and that the
Receiver determines is controlled or owned by any Defendant. On August 5, 2019,
the Receiver notified the parties that RCC America LLC is a Receivership Entity.

1 been modified to a track-only vehicle (i.e., not street legal), and a 2006 Ford E250
2 van. The 1964 Plymouth Belvedere was sold in April 2020 for \$25,000. After
3 paying commission of \$2,500 (10% of the sale price), the receivership netted
4 \$22,500.

5 While Defendants stipulated to the sale of the 2006 Ford E250 van, which
6 was used by RCC Motors, the vehicle's title was held by Mazan Radwan. He was
7 in the process of transferring the title to RCC Motors, but the title transfer was not
8 complete. In March and April 2020, we sought Defendants' counsel assistance to
9 complete the title transfer from Mazan Radwan to RCC Motors. When
10 Defendants' counsel failed to respond, we made another request in June 2020 and
11 informed them that if the Receiver does not soon obtain title, the van would likely
12 be abandoned because (1) the Receiver cannot sell the van without title and (2) the
13 storage costs for the van would exceed the estimated value of the van
14 (approximately \$3,000). To date, Mazan Radwan has not completed the necessary
15 DMV form to transfer title to RCC Motors. Accordingly, the Receiver will soon
16 abandon the van.

17 We do not anticipate any other material receivership activities. And in light
18 of the recently entered Order granting summary judgment, we plan to file a final
19 report, final fee application, and request for discharge in the near term.

20 Dated: July 13, 2020

MCNAMARA SMITH LLP

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22 By: /s/ Edward Chang
23 Edward Chang
24 *Attorneys for Receiver,*
25 *Thomas W. McNamara*
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CERTIFICATE OF SERVICE

I hereby certify that on the 13th of July, 2020, 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