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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

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FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ELEGANT SOLUTIONS, INC., et al.,

Defendants.

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

**THIRD INTERIM STATUS
REPORT OF RECEIVER**

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

1 Thomas W. McNamara, as Court-appointed receiver (“Receiver”),¹ submits
2 this report of receivership activities for the period of July 11, 2020 to January 5,
3 2021.

4 Shortly after the Receiver filed his second interim status report (ECF No.
5 183), Defendants appealed the order of summary judgment entered against them.
6 See ECF No. 192. Defendants’ motions to stay the case pending appeal were
7 denied in both the District Court (ECF No. 197) and the Ninth Circuit (ECF No.
8 198), but the case is still on appeal. In his last status report the Receiver indicated
9 that he intended to file a final report in the near term, but in light of the appeal, the
10 Receiver has determined to hold off on doing so for the time being.

11 The Receivership is presently in a stable position. Other than the appeal,
12 there remains little to resolve. Since the last status report, the Receiver has
13 resolved tax issues for Receivership Entity Dark Island Industries dba RCC Motors
14 and reviewed payroll records to confirm that all payroll and trust fund taxes were
15 remitted to the appropriate tax agency. The Receiver is also working to liquidate a
16 few remaining receivership assets, including some sports memorabilia recovered
17 from Defendants’ business premises.

18 The receivership bank accounts have a current balance of \$3,250,969.15 as
19 of January 4, 2021. A Receipts and Disbursements Summary for the period July
20 11, 2020 through January 4, 2021 is attached as Exhibit A. During this period,
21 receipts totaled \$6,013.09 (primarily comprised of \$3,150.50 from various

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 corporate entities' health insurance programs, and \$2,127.59 interest from the
2 receivership money market account). Disbursements were \$17,602.85 (primarily
3 comprised of \$15,886.85 in payment of sales taxes and interest to the California
4 Department of Tax & Fee Administration for the period ending June 30, 2019 and
5 \$1,356.00 for record storage fees).²

6 We do not anticipate any other material receivership activities other than
7 maintaining the records.

8 Dated: January 6, 2021

MCNAMARA SMITH LLP

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10 By: /s/ Sanjay Bhandari

Sanjay Bhandari
Attorneys for Receiver,
Thomas W. McNamara

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28 ² Given the Receivership Entities' records are not likely to be needed by the parties during the appeal, they have been moved to a secure offsite storage facility.

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CERTIFICATE OF SERVICE

I hereby certify that on the 6th of January, 2021, 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/ Sanjay Bhandari
Sanjay Bhandari
Attorney for Receiver,
Thomas W. McNamara