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9 SHIHHAO LAI aka JIMMY LAI and SWIFT
10 PAYMENTS

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12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**
14

15 THOMAS W. MCNAMARA, as the
16 Court-Appointed Receiver for True
17 Count Staffing Inc., d/b/a SL Account
18 Management, Prime Consulting LLC,
19 d/b/a Financial Preparation Services,
20 TAS 2019 LLC d/b/a Trusted
21 Account Services, First Priority LLC,
22 and Horizon Consultants LLC, and
23 their successors, assigns, affiliates, or
24 subsidiaries,

25 Plaintiff,
26 v.

27 NATIONAL MERCHANT CENTER,
28 INC., a California corporation,
SHIHHAO LAI aka JIMMY LAI, an
individual, SWIFT PAYMENTS, a
California corporation: DOES 1-10;
and ROES 1-10.

Defendant.

Case No. 8:21-cv-01122-MWF (KS)

**ANSWER TO FIRST AMENDED
COMPLAINT BY DEFENDANTS
SHIHHAO LAI A/K/A JIMMY LAI
AND SWIFT PAYMENTS**

Complaint Filed: June 28, 2021

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ANSWER TO FIRST AMENDED COMPLAINT

Defendants SHIHHAO LAI aka JIMMY LAI and SWIFT PAYMENTS (“Defendants”) submit the following Answer to the First Amended Complaint of Thomas W. McNamara.

Overview

1. Paragraph is comprised of allegations of fact and conclusory statements making up a so-called “overview” of the case. Defendants admit that it is publicly known that the CFPB sued a number of student loan debt relief companies. Defendants deny the remaining allegations in this paragraph.

2. Defendants deny the allegations in this paragraph.

3. Defendants deny the allegations in this paragraph.

4. Defendants deny the allegations in this paragraph.

5. Defendants deny the allegations in this paragraph.

6. This paragraph asserts a statement of law or fact, or makes legal contentions that does not require a response.

7. Paragraph 7 asserts allegations relating to a defendant other than Answering Defendants, and therefore, these Defendants deny the paragraph.

8. Defendants deny the allegations in this paragraph.

9. Defendants deny the allegations in this paragraph as to those portions alleged against them.

10. This paragraph asserts a statement of law or fact, or makes legal contentions that does not require a response.

11. Defendants are informed and believe this allegation is true.

12. Defendants admit that Mr. Lai lives in Santa Ana. Defendants deny the remainder of the allegations in this paragraph.

13. Admit.

14. This paragraph asserts a statement of law or fact, or makes legal

1 contentions that does not require a response.

2 15. This paragraph asserts a statement of law or fact, or makes legal
3 contentions that does not require a response.

4 **JURISDICTION AND VENUE**

5 16. This paragraph asserts a statement of law or fact, or makes legal
6 contentions that does not require a response.

7 17. This paragraph asserts a statement of law or fact, or makes legal
8 contentions that does not require a response.

9 18. This paragraph asserts a statement of law or fact, or makes legal
10 contentions that does not require a response.

11 **ALLEGATIONS**

12 19. Defendants deny the allegations in this paragraph.

13 20. Defendants deny the allegations in this paragraph.

14 21. Defendants deny the allegations in this paragraph.

15 22. Defendants deny the allegations in this paragraph.

16 23. Defendants deny the allegations in this paragraph.

17 24. Defendants deny the allegations in this paragraph.

18 25. This paragraph asserts a statement of law or fact, or makes legal
19 contentions that does not require a response. Moreover, the allegations concern
20 matters for which Defendants lack sufficient information or belief to admit or deny,
21 and therefore, they deny the allegations.

22 26. This paragraph asserts a statement of law or fact, or makes legal
23 contentions that does not require a response. To the extent the quoted portions are
24 accurately quoted, Defendants admit those words say what they say. Moreover, the
25 allegations concern matters for which Defendants lack sufficient information or
26 belief to admit or deny, and therefore, they deny the allegations.

27 27. This paragraph asserts a statement of law or fact, or makes legal
28

1 contentions that does not require a response. To the extent the quoted portions are
2 accurately quoted, Defendants admit those words say what they say. Moreover, the
3 allegations concern matters for which Defendants lack sufficient information or
4 belief to admit or deny, and therefore, they deny the allegations.

5 28. This paragraph asserts a statement of law or fact, or makes legal
6 contentions that does not require a response. To the extent the quoted portions are
7 accurately quoted, Defendants admit those words say what they say. Moreover, the
8 allegations concern matters for which Defendants lack sufficient information or
9 belief to admit or deny, and therefore, they deny the allegations.

10 29. This paragraph asserts a statement of law or fact, or makes legal
11 contentions that does not require a response. Moreover, the allegations concern
12 matters for which Defendants lack sufficient information or belief to admit or deny,
13 and therefore, they deny the allegations.

14 30. This paragraph asserts a statement of law or fact, or makes legal
15 contentions that does not require a response. Moreover, the allegations concern
16 matters for which Defendants lack sufficient information or belief to admit or deny,
17 and therefore, they deny the allegations.

18 31. This paragraph asserts a statement of law or fact, or makes legal
19 contentions that does not require a response. Moreover, the allegations concern
20 matters for which Defendants lack sufficient information or belief to admit or deny,
21 and therefore, they deny the allegations.

22 32. This paragraph asserts a statement of law or fact, or makes legal
23 contentions that does not require a response. Moreover, the allegations concern
24 matters for which Defendants lack sufficient information or belief to admit or deny,
25 and therefore, they deny the allegations.

26 33. This paragraph asserts a statement of law or fact, or makes legal
27 contentions that does not require a response.

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1 34. This paragraph asserts a statement of law or fact, or makes legal
2 contentions that does not require a response.

3 35. This paragraph asserts a statement of law or fact, or makes legal
4 contentions that does not require a response. Moreover, the allegations concern
5 matters for which Defendants lack sufficient information or belief to admit or deny,
6 and therefore, they deny the allegations.

7 36. This paragraph asserts a statement of law or fact, or makes legal
8 contentions that does not require a response.

9 37. This paragraph asserts a statement of law or fact, or makes legal
10 contentions that does not require a response. Moreover, the allegations concern
11 matters for which Defendants lack sufficient information or belief to admit or deny,
12 and therefore, they deny the allegations, except that Defendants specifically deny the
13 allegation that the SLAM Companies never had a TSR compliant system in place.

14 38. This paragraph asserts a statement of law or fact, or makes legal
15 contentions that does not require a response. Moreover, the allegations concern
16 matters for which Defendants lack sufficient information or belief to admit or deny,
17 and therefore, they deny the allegations, except that Defendants specifically deny the
18 allegation that the SLAM Companies never had a TSR compliant system in place.

19 39. This paragraph asserts a statement of law or fact, or makes legal
20 contentions that does not require a response. Moreover, the allegations concern
21 matters for which Defendants lack sufficient information or belief to admit or deny,
22 and therefore, they deny the allegations.

23 40. Defendants deny the allegations in this paragraph.

24 41. This paragraph and its footnote asserts a statement of law or fact, or
25 makes legal contentions that does not require a response. Moreover, the allegations
26 concern matters for which Defendants lack sufficient information or belief to admit
27 or deny, and therefore, they deny the allegations.

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1 42. Defendants deny the allegations in this paragraph.

2 43. This paragraph asserts a statement of law or fact, or makes legal
3 contentions that does not require a response. Moreover, the allegations concern
4 matters for which Defendants lack sufficient information or belief to admit or deny,
5 and therefore, they deny the allegations.

6 44. Defendants deny the allegations in this paragraph.

7 45. Defendants deny the allegations as relating to a party other than
8 Answering Defendants (the first two sentences) and more generally deny this
9 paragraph.

10 46. Defendants deny the allegations in this paragraph.

11 47. Defendants deny the allegations in this paragraph.

12 48. Defendants deny the allegations as relating to a party other than
13 Answering Defendants. Moreover, the allegations concern matters for which
14 Defendants lack sufficient information or belief to admit or deny, and therefore, they
15 deny the allegations.

16 49. Defendants deny the allegations as relating to a party other than
17 Answering Defendants. Moreover, the allegations concern matters for which
18 Defendants lack sufficient information or belief to admit or deny, and therefore, they
19 deny the allegations.

20 50. Defendants deny the allegations as relating to a party other than
21 Answering Defendants. Moreover, the allegations concern matters for which
22 Defendants lack sufficient information or belief to admit or deny, and therefore, they
23 deny the allegations.

24 51. Defendants deny the allegations as relating to a party other than
25 Answering Defendants. Moreover, the allegations concern matters for which
26 Defendants lack sufficient information or belief to admit or deny, and therefore, they
27 deny the allegations.

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1 52. The allegations in this paragraph concern matters for which
2 Defendants lack sufficient information or belief to admit or deny, and therefore, they
3 deny the allegations, except Defendants specifically deny they “knew the SLAM
4 Parties were engaging in these illegal practices.”

5 53. Defendants deny the allegations as relating to a party other than
6 Answering Defendants. Moreover, the allegations concern matters for which
7 Defendants lack sufficient information or belief to admit or deny, and therefore, they
8 deny the allegations.

9 54. Defendants deny the allegations as relating to a party other than
10 Answering Defendants. Moreover, the allegations concern matters for which
11 Defendants lack sufficient information or belief to admit or deny, and therefore, they
12 deny the allegations.

13 55. Defendants deny the allegations in this paragraph.

14 56. Defendants deny the allegations in this paragraph.

15 57. Defendants deny the allegations in this paragraph.

16 58. Defendants deny the allegations as relating to a party other than
17 Answering Defendants. Moreover, the allegations concern matters for which
18 Defendants lack sufficient information or belief to admit or deny, and therefore, they
19 deny the allegations.

20 59. Defendants deny the allegations as relating to a party other than
21 Answering Defendants. Moreover, the allegations concern matters for which
22 Defendants lack sufficient information or belief to admit or deny, and therefore, they
23 deny the allegations.

24 60. Defendants deny the allegations as relating to a party other than
25 Answering Defendants. Moreover, the allegations concern matters for which
26 Defendants lack sufficient information or belief to admit or deny, and therefore, they
27 deny the allegations.

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1 61. Defendants deny the allegations as relating to a party other than
2 Answering Defendants. Moreover, the allegations concern matters for which
3 Defendants lack sufficient information or belief to admit or deny, and therefore, they
4 deny the allegations.

5 62. Defendants deny the allegations in this paragraph.

6 63. Defendants deny the allegations in this paragraph.

7 64. Defendants deny the allegations in this paragraph.

8 65. Defendants deny the allegations in this paragraph.

9 66. Defendants deny the allegations in this paragraph.

10 67. Defendants admit that Lai has worked with NMC and John
11 Thompson since prior to the SLAM Parties' involvement. Defendants deny the
12 remaining conclusions in this paragraph.

13 68. Defendants admit Swift had a contractual relationship with NMC
14 from August 2017. Defendants deny the remaining conclusions in this paragraph.

15 69. Defendants admit Lai had a contractual relationship with NMC from
16 April 2019. Defendants deny the remaining conclusions in this paragraph.

17 70. Defendants admit that Lai and Swift are compensated by NMC.
18 Defendants deny the remainder of the allegations in this paragraph.

19 71. Defendants admit to communications by SLAM to Defendants about
20 reserve account balances, but deny the remainder of the allegations in this paragraph.

21 72. To the extent the quotations are accurately taken from extant emails
22 that the Receiver obtained from other parties, Defendants do not deny the contents of
23 those quotes, but deny the remainder of the allegations in this paragraph.

24 73. To the extent the quotations are accurately taken from extant emails
25 that the Receiver obtained from other parties, Defendants do not deny the contents of
26 those quotes, but deny the remainder of the allegations in this paragraph.

27 74. Defendants deny the allegations in this paragraph.

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1 75. Defendants deny the allegations in this paragraph.

2 76. To the extent the quotations are accurately taken from extant
3 complaints that the Receiver obtained from other parties, Defendants do not deny the
4 contents of those quotes, but deny the remainder of the allegations in this paragraph.

5 77. To the extent the quotations are accurately taken from extant
6 complaints that the Receiver obtained from other parties, Defendants do not deny the
7 contents of those quotes, but deny the remainder of the allegations in this paragraph.

8 78. Defendants deny the allegations in this paragraph.

9 79. To the extent the quotations are accurately taken from extant emails
10 that the Receiver obtained from other parties, Defendants do not deny the contents of
11 those quotes, but deny the remainder of the allegations in this paragraph.

12 80. To the extent the quotations are accurately taken from extant
13 materials that the Receiver obtained from other parties, Defendants do not deny the
14 contents of those quotes, but deny the remainder of the allegations in this paragraph.

15 81. Defendants deny the allegations in this paragraph.

16 82. Defendants deny the allegations in this paragraph.

17 83. The allegation that the CFPB issued a Civil Investigation Demand is
18 not a factual allegation to which Defendants are required to respond. Defendants
19 deny the remainder of the allegations in this paragraph.

20 84. Defendants deny the allegations in this paragraph.

21 85. Defendants deny the allegations in this paragraph.

22 86. Defendants deny the allegations in this paragraph.

23 87. Defendants deny the allegations in this paragraph.

24 88. Defendants deny the allegations as relating to a party other than
25 Answering Defendants. Moreover, the allegations concern matters for which
26 Defendants lack sufficient information or belief to admit or deny, and therefore, they
27 deny the allegations.
28

1 89. Defendants deny the allegations in this paragraph.

2 90. To the extent the quotations are accurately taken from extant emails
3 that the Receiver obtained from other parties, Defendants do not deny the contents of
4 those quotes, but deny the remainder of the allegations in this paragraph.

5 91. Defendants deny the allegations in this paragraph.

6 92. Defendants deny the allegations in this paragraph.

7 93. Defendants deny the allegations in this paragraph.

8 94. Defendants deny the allegations in this paragraph.

9 95. Defendants deny the allegations in this paragraph.

10 96. To the extent the quotations are accurately taken from extant emails
11 that the Receiver obtained from other parties, Defendants do not deny the contents of
12 those quotes, but deny the remainder of the allegations in this paragraph.

13 97. To the extent the quotations are accurately taken from extant emails
14 that the Receiver obtained from other parties, Defendants do not deny the contents of
15 those quotes, but deny the remainder of the allegations in this paragraph.

16 98. Defendants deny the allegations in this paragraph.

17 99. Defendants deny the allegations in this paragraph.

18 100. Defendants deny the allegations in this paragraph.

19 101. Defendants deny the allegations in this paragraph.

20 102. Defendants admit that TAS was meant to act as an independent
21 escrow company, but deny the remainder of the allegations in this paragraph.

22 103. Defendants deny the allegations in this paragraph.

23 104. Defendants deny the allegations in this paragraph.

24 105. Defendants deny the allegations in this paragraph.

25 106. Defendants deny the allegations in this paragraph.

26 107. Defendants deny the allegations in this paragraph.

27 108. Defendants deny the allegations in this paragraph.

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1 109. To the extent the quotations are accurately taken from extant emails
2 that the Receiver obtained from other parties, Defendants do not deny the contents of
3 those quotes, but deny the remainder of the allegations in this paragraph.

4 110. To the extent the quotations are accurately taken from extant emails
5 that the Receiver obtained from other parties, Defendants do not deny the contents of
6 those quotes, but deny the remainder of the allegations in this paragraph.

7 111. Defendants deny the allegations in this paragraph.

8 112. Defendants deny the allegations in this paragraph.

9 113. Defendants admit that Lai acquired a 51% interest in TAS, but deny
10 the remainder of the allegations in this paragraph.

11 114. Defendants deny the allegations in this paragraph.

12 115. Defendants deny the allegations in this paragraph.

13 116. Defendants deny the allegations in this paragraph.

14 117. Defendants admit that over \$2 million in transactions were generated
15 with TAS consumers, but deny the remainder of the allegations in this paragraph.

16 118. This paragraph asserts a statement of law or fact, or makes legal
17 contentions that does not require a response. Moreover, the allegations concern
18 matters for which Defendants lack sufficient information or belief to admit or deny,
19 and therefore, they deny the allegations.

20 119. This paragraph asserts a statement of law or fact, or makes legal
21 contentions that does not require a response. Moreover, the allegations concern
22 matters for which Defendants lack sufficient information or belief to admit or deny,
23 and therefore, they deny the allegations.

24 120. Defendants deny the allegations in this paragraph.

25 121. Defendants deny the allegations in this paragraph.

26 122. To the extent any language from the filed declaration is quoted
27 accurately, that document says what it says. Defendants deny the conclusions in this
28

1 paragraph.

2 123. To the extent any language from the filed declaration is quoted
3 accurately, that document says what it says. Defendants deny the conclusions in this
4 paragraph.

5 124. Defendants deny the allegations in this paragraph.

6 125. Defendants deny the allegations in this paragraph.

7 126. Defendants deny the allegations in this paragraph.

8 127. Defendants deny the allegations in this paragraph.

9 128. The allegations in this paragraph concern matters for which
10 Defendants lack sufficient information or belief to admit or deny, and therefore, they
11 deny the allegations.

12 129. The allegations in this paragraph concern matters for which
13 Defendants lack sufficient information or belief to admit or deny, and therefore, they
14 deny the allegations.

15 130. The allegations in this paragraph concern matters for which
16 Defendants lack sufficient information or belief to admit or deny, and therefore, they
17 deny the allegations.

18 131. The allegations in this paragraph concern matters for which
19 Defendants lack sufficient information or belief to admit or deny, and therefore, they
20 deny the allegations.

21 132. The allegations in this paragraph concern matters for which
22 Defendants lack sufficient information or belief to admit or deny, and therefore, they
23 deny the allegations.

24 133. The allegations in this paragraph concern matters for which
25 Defendants lack sufficient information or belief to admit or deny, and therefore, they
26 deny the allegations.

27 134. The allegations in this paragraph concern matters for which
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1 Defendants lack sufficient information or belief to admit or deny, and therefore, they
2 deny the allegations.

3 135. The allegations in this paragraph concern matters for which
4 Defendants lack sufficient information or belief to admit or deny, and therefore, they
5 deny the allegations.

6 136. The allegations in this paragraph concern matters for which
7 Defendants lack sufficient information or belief to admit or deny, and therefore, they
8 deny the allegations.

9 137. The allegations in this paragraph concern matters for which
10 Defendants lack sufficient information or belief to admit or deny, and therefore, they
11 deny the allegations.

12 138. This paragraph asserts a statement of law or fact, or makes legal
13 contentions that does not require a response. Moreover, the allegations concern
14 matters for which Defendants lack sufficient information or belief to admit or deny,
15 and therefore, they deny the allegations.

16 139. This paragraph asserts a statement of law or fact, or makes legal
17 contentions that does not require a response. Moreover, the allegations concern
18 matters for which Defendants lack sufficient information or belief to admit or deny,
19 and therefore, they deny the allegations.

20 140. This paragraph asserts a statement of law or fact, or makes legal
21 contentions that does not require a response. Moreover, the allegations concern
22 matters for which Defendants lack sufficient information or belief to admit or deny,
23 and therefore, they deny the allegations.

24 141. Defendants restate their prior responses to each of the above
25 paragraphs as if set forth herein.

26 142. Defendants deny the allegations in this paragraph.

27 143. Defendants deny the allegations in this paragraph.

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1 144. Defendants deny the allegations in this paragraph.

2 145. Defendants deny the allegations in this paragraph.

3 146. Defendants deny the allegations in this paragraph.

4 147. Defendants deny the allegations in this paragraph.

5 148. Defendants restate their prior responses to each of the above
6 paragraphs as if set forth herein.

7 149. Defendants deny the allegations in this paragraph.

8 150. Defendants deny the allegations in this paragraph.

9 151. Defendants deny the allegations in this paragraph.

10 152. Defendants deny the allegations in this paragraph.

11 153. Defendants deny the allegations in this paragraph.

12 154. Defendants deny the allegations in this paragraph.

13 155. Defendants deny the allegations in this paragraph.

14 156. Defendants deny the allegations in this paragraph.

15 157. Defendants restate their prior responses to each of the above
16 paragraphs as if set forth herein.

17 158. Defendants deny the allegations in this paragraph.

18 159. Defendants deny the allegations in this paragraph.

19 160. Defendants deny the allegations in this paragraph.

20 161. Defendants deny the allegations in this paragraph.

21 162. Defendants deny the allegations in this paragraph.

22 163. Defendants restate their prior responses to each of the above
23 paragraphs as if set forth herein.

24 164. Defendants deny the allegations in this paragraph.

25 165. Defendants deny the allegations in this paragraph.

26 166. Defendants deny the allegations in this paragraph.

27 167. Defendants deny the allegations in this paragraph.

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FOURTH AFFIRMATIVE DEFENSE

(Consent)

The Receiver’s claims are barred by reason of consent by the Receiver or the Receivership Entities, in whose place he is asserting standing to sue.

FIFTH AFFIRMATIVE DEFENSE

(Unclean Hands)

The Receiver’s claims are barred by his conduct or those of the Receivership Entities, in whose place he is asserting standing to sue.

SIXTH AFFIRMATIVE DEFENSE

(Comparative Conduct)

The damages sought by the Receiver in this action are subject to offset or reduction based on the conduct, acts or omissions of the Receiver or those of the Receivership Entities, in whose place he is asserting standing to sue.

SEVENTH AFFIRMATIVE DEFENSE

(Lack of Standing)

The Receiver lacks standing to make the claims asserted in the First Amended Complaint given he purports to act for the Receivership Entities, who, as a matter of logic, did not suffer any damages for committing the tortious acts that the Receiver accuses them of having committed.

PRAYER FOR RELIEF

Defendants pray for judgment against the Receiver as follows:

1. For judgment against the Receiver on all claims for relief;
2. For costs and fees, including for attorneys’ fees and costs, to the extent permitted by law; and
3. For such other and further relief as the Court may deem proper.

1 Dated: March 16, 2021

FTW LAW GROUP

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By: 

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Felix T. Woo

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Attorney for Defendants SHIHHAO
LAI aka JIMMY LAI and SWIFT
PAYMENTS

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