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United States of America v. Internet Transaction Services, Inc., et al.
U.S. District Court (C.D. Cal.) Case No. 2:21-cv-06582-JFW (KSx)

RECEIVER’S INITIAL STATUS REPORT

Thomas W. McNamara
Regulatory Resolutions
655 West Broadway, Suite 900
San Diego, California 92101
Telephone: 619-269-0400
Facsimile: 619-269-0401
Receiver

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1 Thomas W. McNamara, the Court-appointed receiver (“Receiver”), submits
2 this report of receivership activities from the filing of the complaint to October 15,
3 2021.

4 **I.**

5 **INTRODUCTION**

6 The Department of Justice filed its complaint on August 13, 2021, and on
7 August 20, this Court entered a Temporary Restraining Order (“TRO,” ECF No.
8 19), pursuant to which I was appointed as temporary receiver for the business
9 activities of the Receivership Entities.¹ My appointment was confirmed, and the
10 temporary designation removed, by the Preliminary Injunction (“PI,” ECF No. 34)
11 entered on September 2, 2021. I submit this First Interim Status Report to advise
12 the Court of my initial actions and document my preliminary observations.

13 Our witness interviews and our review of Defendants² operations have
14 confirmed the central allegations in the Complaint. In particular:

- 15 • One of the first things Defendant Edward Courdy (“Courdy”) said to
16 us in our initial meeting was that the Department of Justice’s
17 complaint “spell[ed] it out pretty clearly as to what’s been going on.”
18
19

20 ¹ Receivership Entities are the Corporate Entities Internet Transaction Services,
21 Inc. and Intertrans.com, Inc. (collectively, “Intertrans”), as well as “any other
22 entity that has conducted any business related to Intertrans’ participation in the
23 scheme that is the subject of the Complaint in this matter, including receipt of
24 Assets derived from any activity that is the subject of the Complaint in this matter,
25 and that the Receiver determines is controlled or owned by Intertrans.” See PI,
26 Definitions, paragraph G, page 4. Based upon this definition and as discussed
27 further below, I determined that a number of additional entities and fictitious
28 business names qualified as Receivership Entities due to Intertrans’ involvement
with their operations and/or management (discussed more fully at Section IV.C).
The additional Receivership Entities I have identified are listed in Exhibit 1 to this
report and along with Intertrans are collectively referred to as the “Receivership
Entities.”

² The term “Defendants” as used herein is inclusive of all named defendants in this
action including, among others, Intertrans, Edward Courdy, Michael Young, Guy
Benoit, and CBX International Inc.

1 Over the course of that discussion and others, he repeatedly confirmed
2 the accuracy of the allegations in the complaint.

- 3 • Defendants’ scheme, as detailed in the complaint, was fairly
4 straightforward: they would withdraw funds from consumers’ bank
5 accounts without the consumers’ authorization. The execution of the
6 scheme, however, was tedious and complex.
- 7 • Defendants first needed to source stolen consumer bank account
8 information (which they referred to as “data,” “traffic,” or “leads”)
9 that they could run their fraudulent withdrawals against. The amount
10 charged would range from \$20 to \$65. If the charges went through
11 the first month, Defendants would then run “recurring” charges every
12 month forward.
- 13 • To run the ACH charges, Defendants needed access to payment
14 processing services. To get those services, they created shell
15 companies and recruited “signers” or “fronts” to act as the nominal
16 owners of the shells. Courdy and Intertrans’ primary role was to find
17 the signers, set up the shell entities, and obtain merchant processing
18 services for them, at which point Benoit would take over. Benoit
19 handled the monthly “billings” and customer complaints, the latter of
20 which he routed through a call center based in the Ukraine.
- 21 • Many consumers would eventually see the phony withdrawals made
22 by the Defendants and dispute them. The high number of returned
23 transactions, in particular “unauthorized” returns, posed a lethal
24 problem for Defendants: if the return rates grew too large, the shell
25 companies would lose the ability to process payments. Defendants
26 addressed this problem by having some of the shell companies they
27 controlled act as nominal “third parties,” against which Defendants’
28 consumer-facing fraudulent shell companies (the ones debiting

1 consumers’ accounts for the monthly “services”) could run micro-
2 transactions that Defendants referred to as “friendlies.” These micro-
3 transactions were used to artificially suppress Defendants’ return rates
4 and keep the overall return rates below key thresholds.

- 5 • To a lesser extent, Defendants also fought disputes on another front.
6 When consumers disputed the fraudulent charges, the consumers’
7 banks would at times contact Defendants to request “proof of
8 authorization” showing that the consumers had agreed to be charged.
9 Defendants resolved this issue by creating sophisticated false proofs
10 purporting to show that the consumers had subscribed to the service,
11 even including the supposed IP address from which the sign-up
12 occurred.
- 13 • The scale of the operation and the scope of the consumer harm was
14 tremendous. Based only on the initial records received from the
15 Defendants’ primary payment processor, Defendants made 701,476
16 withdrawals from consumers’ bank accounts. The gross receipts were
17 \$30,054,119.41, and Courdy estimated the true number is likely to be
18 in \$50,000,000 range. In order for this to be possible, Defendants had
19 to execute 8,009,757 “friendly” micro-transactions to keep the shells
20 under processing thresholds – otherwise, the true return rates would
21 have alerted banks and processors to the scheme early on and forced
22 Defendants to shut down.

23 **II.**

24 **ENTRY INTO INTERTRANS’ OFFICE AT**
25 **1901 REDONDO AVENUE, SIGNAL HILL, CALIFORNIA**

26 Prior to my appointment, on August 9, 2021, the United States Postal
27 Inspector’s Office executed a search warrant at the Intertrans office. At that time,
28 virtually all of the office computers were taken for imaging, off-sight servers were

1 imaged, and relevant paper records were seized and removed by federal agents.
2 On August 13, the Department of Justice filed this action, and I was appointed on
3 August 20. I learned from United States Postal Inspectors that, in addition to the
4 main office location, there was a second, co-location data center site in Los
5 Angeles that housed the Intertrans’ servers and that those servers had been imaged
6 but left operational on-site.

7 Immediately after being appointed on Friday morning, August 20, I
8 dispatched a private investigator to inspect the Intertrans business premises. The
9 investigator called me from the office and reported there was no activity inside the
10 office and that he observed a large pile of mail at the door, suggesting there had
11 been no activity in the office for at least several days. A short time later we
12 instructed the co-location data center in Los Angeles to terminate outside access to
13 Intertrans’ servers by disconnecting them from the internet. We also went about
14 serving the TRO on banks and payment processors.

15 Under the circumstances, I determined that immediately dispatching my
16 team to the Intertrans offices late on a Friday afternoon would not be a good use of
17 the Receivership Estate’s assets. The elements which normally would give
18 urgency to our immediate access – employees and documents on-site – were not
19 present here. My team and I arranged to go up the following business day, which
20 was Monday, August 23. Shortly before we arrived at the Intertrans office, I
21 telephoned Intertrans’ principal, Defendant Edward Courdy (“Courdy”), informed
22 him who I was, and asked him to meet me at the office to let us in. Courdy agreed.

23 The Intertrans office is located in a small office complex in a light industrial
24 area in the Signal Hill area of Long Beach. There was no activity in the office
25 when we arrived and the pile of mail at the door remained. Courdy arrived a short
26 time after we did and opened up the office for us. Courdy confirmed that
27 Intertrans had essentially ceased operations after the search warrant.

28 ///

1 The entrance to the Intertrans office is at street level, although the entire
2 suite is on the second level (the street-level door leads directly into a stairwell).
3 The office suite was small, but relatively clean and consisted of a hallway, one
4 large office partially divided by a wall, one smaller office, a conference room, a
5 server/electronics room, and a bathroom. Exhibit 2 is a schematic of the office and
6 an inventory of the property on site. A locksmith we retained subsequently arrived
7 and changed the locks.

8 After talking with his lawyer by phone in our presence, Courdy agreed to
9 speak with us, but only after he had an opportunity to read the relevant pleadings.
10 We provided the Department of Justice complaint and Memorandum supporting
11 the Motion for a Temporary Restraining Order and allowed him to review those
12 documents alone in the conference room. After his review, Courdy spoke with my
13 team for a couple of hours, in which he continually admitted culpability (though he
14 often hedged on the particulars). Courdy also arranged for the person responsible
15 for Intertrans' IT system, Todd Foster, to come to the site. Like Courdy, Foster
16 agreed to be interviewed.

17 We inspected the office for any relevant material, but as we expected, there
18 was very little to review because nearly all of Intertrans' computers and relevant
19 business records had been seized in the execution of the search warrant. Courdy
20 also informed us of a nearby storage unit which he said had some old Intertrans
21 records and computer equipment. We inspected the unit and collected some
22 records, but when we later reviewed them, we found they were dated (most from
23 before 2014) and many were Courdy's personal files.³ Ultimately, there was no
24 useful information in the records. The electronic equipment in the storage unit
25 consisted primarily of old cables, routers, and various other computer peripherals
26

27 ³ In general, we found many of Courdy's personal files stored throughout the
28 Intertrans office. He appears to have routinely had Intertrans employees handle
personal matters, particularly doctor's appointments, for him.

1 that did not appear to have any significant value or contain any relevant
2 information.

3 In the days that followed, we reached out to and conducted telephonic
4 interviews with other Intertrans employees and related individuals and conducted
5 follow-up telephonic interviews of Courdy.

6 **III.**

7 **INVESTIGATION OF DEFENDANTS' FRAUDULENT SCHEME**

8 Ordinarily, my preliminary observations to the Court would be based on a
9 combination of witness interviews and document review. In this case, the primary
10 electronic documents, in particular, emails, did not become available until the last
11 day of September as the result of our inability to access the Intertrans' servers at
12 the co-location site, as explained below in Section III.B. The bulk of our initial
13 investigation, therefore, focused on witness interviews.

14 In general, the witnesses presented descriptions of events which were
15 consistent with the allegations in the complaint. Our subsequent review of
16 Intertrans' emails, QuickBooks files, and bank and payment processing statements
17 has filled out our understanding of the scheme and is also largely in line with the
18 Department of Justice's allegations. Our discussion is broken into two parts: a
19 summary of our interviews of relevant witnesses, and a summary of our subsequent
20 review of documents that we have been able to complete to date.

21 **A. Witness Interviews**

22 1. Interviews of Edward Courdy

23 Courdy met us at Intertrans' offices on the morning of August 23. He
24 agreed to talk to us after speaking with counsel and reviewing relevant pleadings
25 and was the first witness we interviewed. In addition to agreeing to be interviewed
26 at the office, Courdy agreed to a number of subsequent telephonic interviews with
27 us.

28 ///

1 One of the first things that he said to us on our August 23 meeting was that
2 the Department of Justice’s complaint “spell[ed] it out pretty clearly as to what’s
3 been going on.” Courdy was clear that he did not dispute the allegations in the
4 complaint, and said more than once in the course of our conversation that he was
5 “guilty.” But it soon became clear that in spite of his willingness to admit his guilt,
6 he was difficult to interview. While he confirmed the accuracy of the complaint’s
7 allegations immediately and then repeatedly throughout our discussions with him,
8 it was difficult to get him to answer straightforward questions or explain in his own
9 words what had occurred. Courdy also continually claimed not to remember key
10 facts, blaming his poor memory on a health condition.⁴

11 Courdy eventually did provide some details about the fraud scheme he
12 admitted that he and Defendant Guy Benoit (“Benoit”) had been perpetrating on
13 consumers for years.

14 *a. Overview of the Business*

15 Per Courdy, before five or six years ago his and Intertrans’ business had
16 focused primarily on finding payment processing solutions for high-risk
17 businesses, from which he would earn commissions. In the course of this business,
18 Courdy had obtained payment processing for Benoit’s “businesses” and gotten to
19 know Benoit. It was around five or six years ago that Courdy became more
20 involved in Benoit’s business when Benoit came to Courdy in need of new U.S.
21 based “signers” – strawpersons (who Courdy referred to as “freeway dummies”)
22 who would be the nominal owners of the shell companies – to be the fronts for
23 U.S. shell companies for which, in turn, Courdy could obtain payment processing.⁵

24
25 ⁴ It appeared to us in the meeting with Courdy that he does suffer from some
26 malady that causes him to continually hiccup and belch. Courdy claimed this
affects his memory because it affects his oxygen level.

27 ⁵ Courdy explained that Intertrans also ran reports and calculated the
28 “commissions” that the signers were owed for Defendants’ use of their names in
connection with the scheme.

1 Courdy and Intertrans' primary role in this common enterprise was to find the
2 signers, set up the shell entities, and obtain merchant processing services for them,
3 at which point Benoit would take over. Both Courdy/Intertrans and Benoit
4 benefited financially from the scheme: Courdy/Intertrans received commissions
5 for placing the fraudulent entities with payment processors, as well as a partnership
6 split of the consumer funds taken in by one of the entities, and Benoit received the
7 vast majority of the consumer fraud funds.⁶

8 For Benoit and Courdy's scheme to work, they needed a substantial amount
9 of stolen consumer bank account information, which they referred to
10 euphemistically as "data," "traffic," or "leads." At one point, Courdy was also
11 responsible for sourcing some of these "leads" for the scheme.⁷ However, Benoit
12 eventually became dissatisfied with the supplier of Courdy's traffic – the lists were
13 generating too many returned transactions – and after that, it appears Benoit
14 sourced the traffic independently of Courdy.

15 Once Defendants had a list of stolen consumer bank account information,
16 they would run fraudulent withdrawals against the consumer accounts in amounts
17 ranging from \$20 to \$65. If the charges went through the first month, the
18 Defendants would run "recurring" debits every month forward. When consumers
19 would call to ask why they were being charged, Defendants' call center
20 representatives would tell the consumers that they had signed up for tech support
21 or cloud storage, but would readily offer to refund the charges. As we later
22 learned, Benoit's team would create websites for the shell companies that
23 purported to offer, for example, different tiers of cloud storage plans ranging in
24

25 ⁶ Courdy is adamant that he was a partner with Benoit in only one entity –
26 Gigatech. We have reviewed documents which suggest the partnership involved
several entities, but we are not yet able to confirm one way or the other.

27 ⁷ Courdy believes that this consumer data is harvested from payday loan aggregator
28 websites. These are websites in which consumers input personal information in
connection with payday loan applications.

1 price (from \$20 to \$65 per month). These websites were designed to give
2 Defendants' story the appearance of legitimacy, both with consumers and with
3 payment processors and banks, who would review the websites before agreeing to
4 provide services to Defendants.

5 All of this was, of course, a complete fiction, and many consumers would
6 eventually see the phony withdrawals and dispute them. The high number of
7 returned transactions, in particular "unauthorized" returns, posed a problem for
8 Defendants, because many payment processors and banks would terminate
9 companies whose return rates were too high. As Courdy explained to us, this was
10 where some of the affiliated shell companies came in: they were nominal "third
11 party" companies controlled by Defendants against which Defendants' consumer-
12 facing fraudulent shell companies (the ones debiting consumers' accounts for the
13 monthly "services") could run micro-transactions that Defendants referred to as
14 "friendlies." These micro-transactions were used to artificially suppress
15 Defendants' return rates. As consumer returns climbed, Defendants would turn on
16 the friendly micro-transaction spigot, running small debits against separate but
17 affiliated shell companies' accounts. Because Defendants controlled the shells on
18 both sides of the "friendly" transactions, the withdrawals were never disputed.
19 These "accepted" withdrawals helped balance out those which were disputed by
20 consumers and kept the overall return rates below the key thresholds.

21 From time-to-time, banks or payment processors would forward a consumer
22 complaint that withdrawals were unauthorized and ask that the Defendants present
23 "proof of authorization" as evidence that the consumer had actually authorized the
24 transaction. As Courdy later explained to us, these requests were funneled from an
25 Intertrans employee to Defendant John Murphy in Benoit's group, who would
26 create fake proofs of authorization which were forwarded to the payment processor
27 or bank as supposed proof the consumer authorized the withdrawal.

28 ///

1 as Courdy had received commissions from matching Benoit with payment
2 processors, he received commissions from these new Bauer-“owned” shell entities
3 that Courdy formed for his common enterprise with Benoit. In addition to setting
4 up these shells, Courdy would also transfer funds to the signers so they could fund
5 the shells’ bank accounts.

6 As Courdy recalled, his and Benoit’s venture further evolved roughly three
7 or four years ago when Benoit offered him a 50% partnership interest (in addition
8 to any commissions) in a Benoit shell company named “Gigatech.” Once Courdy
9 arranged for the signer, he formed the shell entity or f/b/n and established payment
10 processing for the shell. Benoit would then charge the customers on a monthly
11 basis and handle “customer service” while Courdy would earn commissions from
12 all of the fraudulent transactions being run by the shell companies, as well as 50%
13 of the Gigatech profits.

14 We asked Courdy to elaborate on what “service” Benoit was providing, but
15 when pressed, Courdy danced around the truth, saying that “each transaction had a
16 toll-free number on it” and that if a consumer called it, they could get a
17 cancellation or refund, *or* they would be asked if they wanted, sign up for the
18 service – for which they were already being billed. Courdy said the service was
19 originally “tech support,” but switched to a cloud storage “service” after “tech
20 support” got blocked by the banks.” Courdy latched on to the idea that his actions
21 were somehow less culpable because they would give cancellations and refunds,
22 and (he claimed to believe) the service was technically available to consumers if
23 they wanted it. When we asked him if he was aware of any consumers who ever
24 received a service, however, he admitted, “Personally, no.”

25 Courdy told us that Benoit had arranged for consumers calling with
26 complaints to be routed to a call center in Ukraine. Courdy claimed not to have
27 any involvement with the call center, and said he was only aware that refunds were
28 ///

1 offered because he would see them “on reports that [Defendant] Jenny [Sullivan]
2 would do” for him and Benoit.

3 As mentioned above, Courdy explained that per his arrangement with
4 Benoit, he was to receive 50% of Gigatech’s “profits,” but that some of his share
5 went to the signer’s commission and the “person that got traffic.” While Courdy
6 was reluctant to admit it, he eventually confirmed that this “traffic” or “data” or
7 “leads” were the lists of stolen consumer information. Courdy claimed that Benoit
8 had sourced his own “traffic” at some point, but that Courdy later introduced him
9 to a source from Arizona, who was in the payday lending business and was one of
10 Courdy’s traffic sources. Courdy then said, in contradiction to these (already
11 somewhat contradictory) statements regarding “traffic” purchases, that he was only
12 “somewhat involved” and “really was out of my league.”

13 Courdy told us that in addition to handling “customer service,” Benoit
14 “[c]ontrol[ed] the cash.” That included both the “rebillings” – another
15 euphemism, this time for the monthly unauthorized withdrawals from consumers’
16 accounts – as well as the “friendly” micro-transactions that Defendants ran in order
17 to keep the return rates down.

18 As with many of his other relationships, however, Courdy’s relationship
19 with Benoit eventually grew poisonous. In part, this appeared to be due to
20 Courdy’s attempt to run a copycat operation based on Benoit’s model, and, in part,
21 because Courdy suspected Benoit was moving some of the Gigatech partnership’s
22 “recurring” billings to other shells and/or payment processors – cutting Courdy out
23 of the profits. Although Courdy did not clarify when Benoit learned of it, he told
24 us that “three [or] four years ago,” he and Intertrans employee, Defendant Michael
25 Young (“Young”), set up an operation with Receivership Entity Tech Connect that
26 was “the same identical business model” as Benoit’s, and that Benoit was “very
27 upset” when he learned about it. For his part, Courdy felt justified because Benoit

28 ///

1 was cutting him out the “recurring” charges that should have been run through
2 Gigatech.

3 Courdy’s relationship with Benoit took another hit “about a year and a half
4 ago,” at which point Courdy thought he could cut out the middlemen for the
5 payment processors – “agents” who, like Courdy, were receiving commissions
6 based on the Defendants’ accounts for which they set up payment processing.
7 Courdy told us that he made a deal with Benoit: if Courdy “fought with the
8 agents” and managed to get them out of the picture (which would lower the
9 amount Benoit had to pay for payment processing), Courdy and Benoit would split
10 the money that Benoit was saving. Per Courdy, he held up his end of the bargain,
11 but Benoit did not. The general sense we got from speaking with Courdy,
12 however, was that his chief complaint with Benoit was that Benoit eventually
13 began to shift recurring payments that were supposed to go to Gigatech to other
14 companies and effectively cut Courdy out of the picture.

15 It was not clear from our conversations with Courdy what the final straw in
16 his relationship with Benoit was, but the two didn’t part ways on good terms.
17 During our first interview of Courdy in August, he said that “for the last three
18 months” he and Benoit had been “at war and shutting down.”¹⁰

19 *ii. Defendant Eric Bauer*

20 Defendant Eric Bauer (“Bauer”) was a friend of Courdy’s who he had
21 known for “twenty years.” Courdy told us in his first interview that he brought
22 Bauer into Defendants’ business as a signer for one of Benoit’s companies, back
23 when Courdy first began performing that service for Benoit. In exchange for
24 letting them use his name, Bauer would receive a small percentage (3-5%) of
25 Benoit’s profits. Although Courdy brought in other signers, Bauer appears to have
26 been the first and most prolific.

27

28 ¹⁰ As discussed below, emails from last summer bear out Courdy’s claim.

1 Although Bauer and Courdy were long-time friends, they had a falling out in
2 2020. Courdy told us that the break-up of their friendship was due to a loan that
3 Bauer had made him; Courdy believed he had paid Bauer back in full, with
4 interest, but Bauer believed that Courdy still owed him money. As Courdy
5 described it, he and Bauer had a “screaming contest” at the Intertrans office about
6 the loan, after which Bauer went to work for Benoit directly. Courdy said that
7 Bauer and Benoit did not initially “cut him out” of the commission he (Courdy)
8 was owed, but later did so.¹¹

9 *iii. Defendant Jenny Sullivan*

10 Courdy told us in his first interview that he was originally the one who
11 employed Defendant Jenny Sullivan (“Sullivan”), but that she later went to work
12 for Benoit when Courdy didn’t need her services and couldn’t afford to pay her
13 any longer. Courdy offered relatively little information on what she did for him
14 and Benoit, other than to describe it in his first interview as work on “the daily
15 accounting side” and to mention that she ran “reports.” (As discussed below in
16 Section III.B.3, we learned more from the documents about what Sullivan did for
17 Courdy and Benoit.) Courdy said that after Sullivan went to work for Benoit, she
18 developed a “real attitude” towards him, and their conversations became “hostile.”
19 Courdy told us that Sullivan temporarily moved to Cyprus (where Benoit lives) to
20 work for Benoit, but that she has since moved back to southern California.

21 *iv. Defendant John Murphy*

22 Courdy did not provide much information about Defendant John Murphy
23 (“Murphy”) initially, except to note he was recruited by Benoit and worked for the
24 Benoit-Courdy common enterprise. In response to direct questions in a subsequent
25 telephone call about bank requests for proof of authorizations (“POA”), Courdy
26

27 ¹¹ Our efforts to speak with Bauer were not successful. We spoke with his counsel
28 a couple of times, and he indicated that Bauer might provide information, but
ultimately counsel quit responding to our inquiries.

1 did provide more information about Murphy’s involvement. The problem for
2 Defendants when a bank requested a POA was that *none* of the consumers had
3 agreed to have their accounts debited. Defendants, via Murphy, resolved this issue
4 by creating false POAs purporting to show that the consumers had subscribed to
5 the service, even including an IP address from which the sign-up supposedly
6 occurred. While Courdy slightly hedged when asked about the authenticity of the
7 POAs, he then admitted to us that the POAs they submitted were all “fakes.”

8 *v. Defendant Michael Young*

9 In his first interview, Courdy admitted he worked with Young, but offered
10 little detail on their relationship beyond saying that Young “assisted” him “three
11 [or] four years ago” in setting up Intertrans’ copycat operation, which they initially
12 ran through Receivership Entity Tech Connect. In a subsequent telephonic
13 interview, Courdy told us that when Murphy stopped doing so, Young was
14 involved in creating the fake POAs. Again, in a later interview, Courdy told us
15 that Young had stopped working for Intertrans “a year and a half” ago, though
16 Courdy also said he believed he continued paying Young for at least part of that
17 time. Courdy did say that he suspected Young and Benoit were working together
18 on the side without Courdy’s knowledge.

19 *c. Conclusions*

20 Despite sometimes having to press and challenge Courdy’s initial
21 explanations, we have been able to corroborate most of what he has told us. In the
22 process, we did not always find him entirely credible, however, we have been able
23 to confirm significant aspects of his story. He was reluctant to talk about the
24 details of the scheme (even as he admitted to participating in it), often citing a lack
25 of memory related to a serious health condition. Again, while it was clear to us
26 that Courdy did have some legitimate health issues, it was less clear to us to what
27 extent they affected his memory.

28 ///

1 when an injury sidelined him from his normal employment. Trevino claimed he
2 worked part-time and that his job responsibilities at Intertrans were minimal. He
3 explained that each day, he was responsible for logging into Secure Payment
4 Systems (“SPS”), Intertrans’ primary payment processor, and downloading daily
5 account activity reports for (as he recalled) six to eight companies.¹² Trevino
6 would then put the data in a spreadsheet and begin reviewing it to determine how
7 many “friendly” micro-transactions each account would need to run to keep its
8 “unauthorized” return rate¹³ below the 0.5% cap.¹⁴ Trevino described a micro-
9 transaction as “putting our own charge through to counter-balance” the
10 unauthorized returns, and said that Courdy had told him they needed to keep the
11 return rates below the 0.5% threshold “in order to keep the company open.” After
12 determining the number of micro-transactions that needed to be run for the return
13 rates to stay below the threshold, Trevino would report to Courdy and Benoit by
14 sending an email including the results of his calculations as well as the underlying
15 spreadsheet with the data on a daily basis.¹⁵ See Exhibit 3.

16 Trevino told us that he also pulled weekly reports of commissions owed to
17 Defendant Eric Bauer, who he described as a “lifetime” friend of Courdy’s and a
18 signer for “a few of the companies.” Trevino recalled these reports showing that

19
20 ¹² Trevino remembered downloading reports for Dollar Web Sales, E-Cloud
21 Secure, My Cloud Box, Silver Safe Box, and “VPN” (possibly VPN Me Now). He
22 remembered logging into a separate payment processor, Accepta Payments, to
download the reports for NRG Support.

23 ¹³ The return rate is calculated as the number of returned transactions divided by
the total number of transactions processed during a certain time period.

24 ¹⁴ Though Trevino was unaware of it, this is the maximum unauthorized return rate
25 set by National Automated Clearing House Association (“NACHA”), the
governing body for ACH processors.

26 ¹⁵ A second Intertrans employee who we interviewed said he helped Trevino with
27 these “daily summaries.” We see evidence in the emails that this micro-transaction
28 report was a mainstay of the scheme since at least mid-2015 (which is far back as
the emails go). It appears that different employees, including Defendant Jenny
Sullivan, had responsibility for the reports at one time or another.

1 Bauer was owed commissions in amounts ranging between \$300 and \$1,200 each
2 week. Although Bauer was a friend of Courdy's, Trevino said that Bauer and
3 Courdy had a "falling out" in 2020.

4 Trevino claimed that he did not know Courdy was running charges without
5 authorization until after the search warrant was executed, when he said Courdy
6 confessed to him. While we find that difficult to believe (and Trevino generally
7 tried to minimize his involvement), we otherwise found Trevino to be largely
8 credible.

9 4. Veronica Crosswell

10 Multiple Intertrans employees described Veronica Crosswell ("Crosswell")
11 as Courdy's "right hand." Courdy relied heavily on her, even for basic tasks like
12 typing and sending emails. Per Trevino, Crosswell was also a signer on all of
13 Courdy's bank accounts. Her title was alternately described as "office manager,"
14 "business assistant," and "secretary" by other employees, reflecting her
15 involvement in multiple aspects of Courdy's business. While we have no reason to
16 think Crosswell was more than a functionary at present, we do believe that there is
17 much she could tell us about Courdy's business.

18 Other than sending a single non-responsive email, however, Crosswell has
19 been completely uncooperative and unwilling to talk to us.¹⁶

20 **B. Document Review**

21 As discussed above, by the time of my appointment nearly all of the relevant
22 materials – both hard copy and electronic – had been seized from Intertrans'
23 offices in connection with the execution of a search warrant. As such, there was
24 relatively little for us to review onsite at the offices when we arrived. We
25

26 ¹⁶ We also conducted telephonic interviews of additional individuals who worked
27 in the Intertrans office or were otherwise connected to Courdy. While some of
28 these witnesses corroborated things gleaned from other interviews, none of them
provided any significant new information which would be relevant to the subject
scheme, and so we have not recounted those interviews here.

1 coordinated with the U.S. Postal Inspectors to obtain a forensic image of the
2 electronic evidence seized. At the same time, we tried to gain access to Intertrans’
3 emails via the servers at the co-location site in Los Angeles. Unfortunately, that
4 proved to be a very difficult task.

5 On the day of my appointment, my team arranged to have the owner of the
6 co-location site disconnect the servers from the internet to keep Defendants (or
7 anyone else) from accessing any of the data on the servers. I also asked our
8 computer forensics expert to work with Intertrans’ IT consultant, Todd Foster, to
9 extract the Intertrans emails from the servers at the co-location site so that my team
10 could review them. Upon arrival at the co-location site, however, our expert and
11 Foster realized that the co-location’s owner had disconnected the servers from both
12 the internet and their power source. With a normal server or computer, this might
13 not cause a problem. However, Foster had created an unconventional and
14 unusually complex network system involving multiple “blades” and protected by a
15 firewall custom-designed by Foster. This meant that when power was restored, the
16 servers did not become accessible.

17 Given the state of the servers, our experts decided to attempt to extract the
18 emails from the forensic images of the servers that the U.S. Postal Inspectors made
19 during the execution of their search warrant, which our forensic IT expert received
20 on September 2, 2021. After reviewing the images, however, our expert concluded
21 that a directory needed to extract the emails from the images was missing. At that
22 point, we switched back to trying to restore the server itself. In the end, given the
23 complexity of the systems that Foster had built, we were forced to retain a
24 Microsoft Exchange server specialist to examine the system. After much effort
25 and with the assistance of Foster, the expert eventually was able to restore the
26 server to operational condition, bypass a firewall protecting the email data, and
27 configure remote access for our computer forensics team.

28 ///

1 Having finally gained access to the servers, our forensics team was then able
2 to extract most, but not all, of the email files. Even so, our experts identified
3 additional email files on the servers which they have thus far been unable to
4 extract. Further, at least one email file they extracted was damaged and we have
5 not yet been able to open/review it.¹⁷ As a result of these delays, our office was
6 not able to review any Intertrans emails until September 30, 2021. Similarly, we
7 were unable to review any of the QuickBooks files used by Intertrans until
8 September 24 and 27, 2021, when we received copies of hard drives seized in the
9 search warrant.¹⁸

10 1. Documents Reflecting Defendants' Purchase of Consumer Bank
11 Account Information

12 As discussed above, Courdy would refer to the consumer bank account
13 information stolen from consumers as “data,” “traffic,” or “leads.” Courdy told us
14 that when Intertrans initially became involved with Benoit, Benoit already had his
15 own “traffic” source. Not long after Courdy and Benoit joined forces, however,
16 Intertrans began devoting resources to securing a new “traffic” source for the
17 operation.

18 Although Courdy was reluctant to talk about the stolen consumer account
19 information with us, our review of the documents showed that he was helping
20 Defendants find these “leads.” On November 10, 2015, for example, Defendant
21 Young (then an Intertrans employee) sent an email to a potential “lead” source,
22

23 ¹⁷ We intend to continue to work on resolving these issues and expect to have to
24 incur further expert costs in order to do so.

25 ¹⁸ We reviewed QuickBooks files for Intertrans.com, Inc., Internet Transaction
26 Services, Inc. and CardService Western States (a f/b/n used by Courdy both
27 personally and in connection with his Intertrans business). The servers also
28 contained QuickBooks files for other Receivership Entities, including Add-On
Coupons, NRG Support, and Silver Safe Box, for which we lack the login
credentials. This, along with the email files, appears to be the universe of the
electronic data. Intertrans did not maintain any recordings of telephone calls and
we do not believe they used any customer management software.

1 saying that he had just gotten off a call with “Eddie’s friend” (Benoit) and that
2 Benoit was “going to start off with 10,000 leads that he [Benoit] needs asap”; *See*
3 Exhibit 4. Young’s email also reflects Defendants’ use of a “scrubbing” process to
4 minimize return rates, which appears to have included running new “leads” against
5 old ones to eliminate any duplicates.¹⁹

6 The source that Young contacted ultimately agreed to sell “leads” to
7 Defendants. Our review of the emails showed that the source would provide the
8 stolen consumer account information in Excel spreadsheets listing consumers’
9 bank routing, account, and Social Security numbers, among other personal
10 information. *See* Exhibit 5 (sample spreadsheet). Sometimes Benoit wired the
11 money for the “leads,” and sometimes it was Courdy and Intertrans who paid.
12 Intertrans continued to purchase “traffic” from this particular source until about
13 mid-2017, when Courdy and the source got into a payment dispute. The source
14 sent Courdy an invoice for over 23,000 “leads” that he had recently provided to
15 Intertrans, but that Intertrans had not paid for in full. The invoice is attached as
16 Exhibit 6. After this point, Intertrans and Defendants had to look to other sources
17 for such data.²⁰

18 2. Documents Confirm Intertrans’ Sourcing of Signers, Establishment of
19 Shell Entities, Arrangement of Payment Processing, and Receipt of
20 Commissions for Fraudulent Consumer Charges

21 Once they had “leads,” Defendants needed to find signers for the shell
22 companies that would charge consumers and run micro-transactions. As discussed
23 above, they recruited a number of the signers, set up their shells, and arranged for

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25 ¹⁹ Other correspondence suggests that Defendants would also engage in more
26 traditional “scrubbing,” either internally or using third-party scrubbers, which
included sending micro-credits to accounts to make sure they were active before
running the debits.

27 ²⁰ While our limited review of the emails strongly suggests that Defendants
28 continued to purchase “leads” (consistent with what we learned in our interviews),
we have not yet determined the source or sources who were providing them.

1 them to get access to payment processing. Intertrans received a commission each
2 time one of their shells processed a consumer's stolen funds.²¹ Based on our
3 review to date, Intertrans received monthly commission payments for transactions
4 processed for Tech Connect, IKalls, ECloud Secure, CloudNV, My Kloud Box,
5 Silver Safe Box, and Gigatech, though the commissions did not go in full to
6 Intertrans. Instead, these commissions would often be shared with other agents
7 and parties, and Crosswell (and others) prepared charts tracking the commission
8 split. *See e.g.*, Exhibit 7.

9 3. Documents Reflecting Defendants' Extensive Use of "Friendly"
10 Micro-Transactions

11 Because of the fraudulent nature of their business model, Defendants
12 inevitably began to experience consumers disputing their withdrawals, which
13 naturally led to a high level of "unauthorized returns." Intertrans and Courdy
14 therefore worked closely with Benoit to keep the return rates for the consumer-
15 facing shells below key thresholds, which allowed the entities to continue
16 processing consumer payments. Defendants did this by initiating millions of
17 "friendly" micro-transactions with affiliated shell entities controlled by Defendants
18 to offset the high number of consumer returns the consumer-facing shells were
19 incurring.

20 The use of micro-transactions was a key component of Defendants' scheme.
21 A late 2018 email from Defendant Young (then an Intertrans employee) to a third
22 party encapsulates the theory on micro-transactions. *See* Exhibit 8. Young
23 explained that "micro debit transactions" would "probably be needed in order to
24 stay within the NACHA guidelines for unauthorized returns to be under 0.50%."
25 Young advised that "[i]f you wanted to look good to the bank you would calculate
26 based on an even lower number because after the first month you will get late

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28 ²¹ These commissions were separate and apart from the partnership split that
Courdy received based on Gigatech's business.

1 returns that will report back to that previous processing month,” which would
2 “bump that .48% over .50% for their guidelines.” Young added, “You won’t get
3 shut down for having this but it looks better to finish lower and let it roll to the
4 next month.”

5 Intertrans and Courdy were heavily involved with the micro-transactions
6 from the beginning. The earliest emails to which we have access (from roughly
7 July 2015) show that Defendants were monitoring the shell companies’ return rates
8 and running micro-transactions to lower them when they got too close to the cut-
9 off rate. As early as July 10, 2015, Defendant Jenny Sullivan was providing “daily
10 report” emails to Courdy and Benoit that detailed the effect of the micro-
11 transactions that they were running to keep the return rates for NRG Support and I-
12 Support low. *See* Exhibit 9. By way of example, Sullivan’s attached daily report
13 reflects that Defendants’ use of micro-debits brought I-Support’s overall return rate
14 down from 18.45% down to just 1.40%, and its unauthorized return rate down
15 from 7.44% to just 0.57%. This meant that even with the micro-debits, however,
16 I-Support’s unauthorized return rate was still above the 0.5% industry cap – which
17 is presumably why Sullivan wrote in her cover email, “[p]lease continue to
18 increase micro debits for [the] I Support account.” *See also* Exhibit 10 (chart
19 attached to Sullivan’s email from January 17, 2019 showing a return rate of
20 22.95% “without micro debits” for Tech Connect was reduced to 3.26% with
21 micro-transactions, and that the 13.05% unauthorized return rate for 2018 was
22 reduced to 0.59% with them).

23 Sullivan continued to provide similar reports to Courdy and Benoit for a
24 significant period afterwards; her report responsibilities were passed along to
25 others over time, culminating with Trevino’s involvement in late 2019 or early
26 2020. The documents reflect that during his tenure, Trevino provided micro-
27 transaction reporting to Courdy and Benoit for at least IKalls, iTeck, My Kloud
28

1 Box, Gigatech, Dollar Web Sales, CloudNV, E-Cloud Secure, Silver Safe Box,
2 NRG Support and VPN Me Now. *See, e.g., Exhibit 3.*

3 Defendants were not sparing in their use of micro-transactions. As one
4 example, a bank statement we reviewed for one of the Defendants' affiliated shells
5 utilized for micro-transactions was more than 4,400 pages in length and listed more
6 than 60,000 micro-transactions in just a one-month period. The micro-transactions
7 on that statement ranged from \$0.32 to \$0.38 per transaction and totaled more than
8 \$25,000. We are still reviewing bank statements and records, but this statement
9 does not appear to be atypical. To date, we have seen micro-transactions ranging
10 from \$0.32 up to \$1.55 each, and it appears that they were generally purchased in
11 tranches of differing amounts²² in what was, as best we can tell, an attempt to
12 disguise the purpose of the micro-transactions.

13 4. Consumer Harm

14 Based on the incomplete data available to us (chiefly records of Intertrans'
15 primary merchant processor, SPS), between about September 2017 and August
16 2021, the Courdy-Benoit common enterprise *withdrew from consumers' bank*
17 *accounts 701,475 times, generating gross receipts of over \$30 million. See Exhibit*
18 *11.*²³ The average transaction totaled \$42.84, which falls within the range of
19 "monthly fees" that Defendants charged consumers. During this same period,
20 there were consumer chargebacks or returns totaling more than \$3.6 million, or
21 roughly 12% of all the consumer charges Defendants imposed.²⁴ These had to be

22 _____
23 ²² For example, on one day there might be 900 micros of \$0.32 each, 500 micros of
24 \$0.48 each, and 600 micros of \$0.59 each.

25 ²³ When asked how much he thought the entire scheme generated in consumer
26 charges, Courdy estimated \$50 million. It is possible we will see the consumer
charges reach that level once we have access to all the payment processor
statements.

27 ²⁴ Conversely, and astoundingly, 88% of the consumers whose accounts were
28 debited – for services they never ordered or received – never sought to dispute the
debits. This explains why the scheme was a viable business proposition.

1 as “Shobie” who, like Benoit, was based in Canada.²⁵ The scheme was patterned
2 after the Courdy-Benoit operation. Our review of the documents shed more light
3 on their business dealings, which began in approximately August 2018 when John
4 Beebe (discussed further below in Section IV.C), who was known to Courdy and
5 Benoit, approached Intertrans about securing merchant processing for IKalls LLC,
6 a company jointly controlled by Beebe and Shobie.

7 On September 17, 2018, Courdy sent Beebe an email regarding the cost of
8 “friendly traffic” that Intertrans would conduct for IKalls in order to keep IKalls
9 otherwise excessive returns at the necessary levels to maintain merchant
10 processing. *See* Exhibit 14. Courdy explained that (like his situation with Benoit)
11 he expected IKalls (i.e., Beebe and/or Shobie) “to fund the actual dollar amount of
12 the friendlies in advance.”

13 In completing the necessary paperwork for IKalls to obtain merchant
14 processing, Beebe/Shobie listed Beebe’s wife, Tracy Beebe, as the nominal owner
15 of IKalls before later adding Lubna Shoaib (believed to be Shobie’s wife) as a co-
16 owner of the company. Intertrans proceeded to secure merchant processing for
17 IKalls through SPS.²⁶

18 At the beginning of this relationship, Shobie was utilizing his own source for
19 purchasing “traffic” for IKalls, although Intertrans offered to share its “traffic”
20 sources if the quality of Shobie’s data proved not to be reliable.²⁷

21
22 _____
23 ²⁵ Our further investigation has revealed that a female resident of Quebec, Canada
24 named Lubna Shoaib, was involved as a signer on one of the Shobie-related
companies and that, based on conversations with Courdy, Ms. Shoaib is likely
Shobie’s wife.

25 ²⁶ Roughly a year later, in June 2019, in an apparent effort to hide Shobie’s
26 involvement in the operation, Intertrans had Lubna Shoaib removed as a co-owner
of IKall’s and gave 100% ownership (at least nominally) of the company to the
27 signer, Tracy Beebe.

28 ²⁷ We have not yet been able to determine if Intertrans ever utilized its own sources
for “traffic” in connection with its relationship with Shobie.

1 Realizing that the relationship with Shobie could be quite lucrative,
2 Courdy/Intertrans worked with him to form additional shell entities, iTeck Cloud
3 (in or about April 2019) and, more recently, Aurora Cloud Storage (in April 2021).
4 While Courdy claims iTeck was solely owned/controlled by Shobie, Courdy recalls
5 Shobie offering him “at least a 40% partnership interest in Aurora. For these new
6 shell companies, as he had done for Benoit, Courdy recruited a U.S. signer —
7 another long-time Courdy friend named John Hall.²⁸ Intertrans also secured
8 merchant processing for these shell entities and created websites for them. As with
9 the Benoit side of the operation, Intertrans would provide daily reports to Shobie
10 specifying the number of micro-transactions Shobie needed to execute for these
11 shell companies. *See, e.g.*, Exhibit 15 (August 9, 2021 email from Trevino to an
12 email account used by Shoby, showing that 1,600 micro-transactions needed to be
13 executed for iTeck and 2,000 for Aurora). The Courdy/Shobie relationship
14 endured, and these companies were operating up until the time Intertrans was shut
15 down by the TRO.

16 IV.

17 RECEIVERSHIP ACTIVITIES

18 A. Assessment of the Receivership Entities’ Bank Accounts

19 Immediately after our appointment by the TRO, we served the asset freeze
20 notice on banks and other financial institutions where Receivership Entities were
21 known to maintain accounts. We have received the following information as to
22 frozen accounts:

23 ///

24 ///

25 ///

26 _____
27 ²⁸ We interviewed Hall and he told us he simply “went to the bank” when Courdy
28 told him to and dropped off bank statements at Courdy’s house. He otherwise
disclaimed any involvement in or knowledge of the Courdy/Shobie operation.

	Account Name	Fin'l Institution	Acct. Ending	Balance Frozen
1				
2				
3	Internet Transaction Services, Inc.	Farmers & Merchants	1717	\$476.48
4				
5	Intertrans.com, Inc.	Farmers & Merchants	2578	\$2,910.51
6	Add-On Coupon Services	Accepta		\$7,671.41
7	Add-On Coupon Services	Citibank	3431	\$5,357.33
8	Aurora Cloud Storage, Inc.	Citibank	1229	\$83,551.54
9	Aurora Cloud Storage, Inc.	SPS		\$1,700.54
10	Aurora Cloud	SPS		\$10,906.78
11	Edward Courdy dba Cardservice Western States	Farmers & Merchants	1148	\$3,512.59
12	CloudForce	SPS		\$48,608.48
13	Dollar Web Sales LLC	Accepta		\$237,695.48
14	Dollar Web Sales LLC	SPS		\$334.97
15	Dollar Web Sales LLC	SPS		\$25,024.00
16	Dollar Web Sales LLC dba My Kloud Box	Wells Fargo	5536	\$563.74
17	Dollar Web Sales LLC dba Remote Digital Safe Box	Wells Fargo	9946	\$2,323.46
18	Dollar Web Sales LLC dba Delta Cloud	Wells Fargo	9953	\$50.00
19	Dollar Web Sales LLC	Wells Fargo	9657	\$7,372.23
20	ECloud Secure	Citibank	4946	\$4,887.44
21	ECloud Secure LLC	Accepta		\$33,255.77
22	ECloud Secure LLC	SPS		\$3,344.34
23	ECloud Secure LLC	SPS		\$30,082.00
24	Gigatech	SPS		\$1,101.21
25	Gigatech	SPS		\$12,768.64
26	IData Clouds	Citibank	6235	\$7,451.28
27	IData	SPS		\$80,089.94
28	iKalls	SPS		\$20,294.30
	ITeck-Cloud, Inc.	Citibank	4569	\$2,634.99
	ITeck-Cloud, Inc.	Citibank	1620	\$11,382.22

	Account Name	Fin'l Institution	Acct. Ending	Balance Frozen
1				
2				
3	ITeck-Cloud, Inc.	SPS		\$8,552.52
4	ITeck-Cloud	SPS		\$20,009.53
5	My Kloud Box LLC	SPS		\$341.08
6	My Kloud Box LLC	SPS		\$25,104.85
7	MyTerabyte LLC	Citibank	2014	\$13,183.19
8	MyTerabytes	SPS		\$59,945.25
9	NRG Support LLC	Accepta		\$59,445.22
10	NRG Support LLC	Citibank	6110	\$672.80
11	NRG Support LLC	Citibank	0394	\$4,121.20
12	NRG Support LLC dba My Kloud Box	Wells Fargo	0040	\$50.00
13	NRG Support LLC	Wells Fargo	4918	\$14,886.79
14	PCUpdate	Bank of America	1848	\$59,483.64
15	PCUpdate	Bank of America	1835	\$55,057.61
16	Silver Safe Box LLC	Citibank	5385	\$12,920.67
17	Silver Safe Box LLC	Citibank	1024	\$960.99
18	Silver Safe Box	SPS		\$3,450.20
19	Silver Safe Box	SPS		\$35,964.72
20	Silver Safe Box LLC dba Debit Express	Wells Fargo	1442	\$5,337.50
21	Silver Safe Box LLC dba Gift Direct	Wells Fargo	1459	\$56.75
22	Silver Safe Box LLC dba One Stop Shop	Wells Fargo	1467	\$50.00
23	Silver Safe Box LLC dba Dollar Web Sales	Wells Fargo	0006	\$50.00
24	VPN Me Now LLC	JPMC	3391	\$21,326.62
25	VPN Me Now LLC	SPS		\$5,390.58
26	VPN Me Now LLC	SPS		\$29,148.25
27	TOTAL			\$1,080,861.63
28				

1 **B. Termination of Intertrans’ Public-Facing Media**

2 We disabled Intertrans’ telephone system and took down all websites that
3 were controlled by Intertrans’ GoDaddy account so that visitors to the websites
4 will now be redirected to the receivership webpage. That webpage includes
5 information about the case and the relevant pleadings and encourages consumers to
6 contact their financial institutions to check for unauthorized charges. We are still
7 attempting to identify websites belonging to other Receivership Entities that were
8 not under Intertrans’ GoDaddy account.

9 **C. Identification of Additional Receivership Entities**

10 Based on our witness interviews and our email review to date, we
11 determined that at a number of additional entities and f/b/ns qualified as
12 Receivership Entities under the PI.

13 The PI defines “Receivership Entities” to mean:

14 [Intertrans] as well as any other entity that has conducted any business
15 related to Intertrans’ participation in the scheme that is the subject of
16 the Complaint in this matter, 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 Intertrans.

17 PI § III.B.3.

18 The PI further defines “Receivership Property” to mean all assets “(1) owned,
19 controlled, or held by or for the benefit of the Receivership Entities, in whole or in
20 part,” or which are “(2) in the actual or constructive possession of the Receivership
21 Entities,” or are “(3) owned, controlled, or held by, or in the actual or constructive
22 possession of, or otherwise held for the benefit of, any corporation, partnership,
23 trust, or other entity directly or indirectly owned or controlled by the Receivership
24 Entities.” The PI directs and authorizes the Receiver to “[t]ake exclusive custody,
25 control, and possession of all Receivership Property, and Documents and Assets in
26 the possession, custody, or control of any Receivership Entity, wherever situated.”

27 PI § III.B.1.

28 ///

1 My review of the PI's terms and mandates has led me to conclude that a
2 number of Defendants' shell companies, as well as other non-party entities/f/b/ns
3 (primarily associated with Intertrans' business with Shobie), qualify as
4 Receivership Entities and hold Receivership Property. Each of these entities were
5 "controlled or owned," in whole or in part, by Intertrans and Courdy as they
6 provided vital functions for these entities. Courdy formed the U.S. shells, recruited
7 their signers, and established merchant processing accounts for them; Intertrans
8 employees ran the micro-transaction reports, which were necessary to keep the
9 shells' payment processing capabilities; Intertrans maintained the QuickBooks files
10 for a number of the entities (including Add-On Coupons, NRG Support, and Silver
11 Safe Box); Intertrans received commissions on the payments that were processed
12 for the fraud; and, as to at least Gigatech, Courdy himself was Benoit's "partner."
13 These factors all strongly weighed in favor of designating these entities as
14 Receivership Entities.

15 On September 3, 2021, we notified all relevant parties of our determinations.
16 Our letter notified the subject entities that they each had the right to challenge my
17 determination by filing a motion with the Court (PI § III.B.3) and invited them to
18 call me and provide any additional information that might change my conclusion.

19 To date, the only entities to contact me regarding my determination were
20 two entities involved in the Courdy/Shobie relationship – IKalls and PCUpdate.
21 During our investigation, Courdy identified Tracy Beebe and/or her husband, John
22 Beebe as having been "signers" for one or more of the shell companies involving
23 Shobie. We then discovered John Beebe was the registered agent of IKalls, and
24 Tracy Beebe was its Managing Member. *See* Exhibit 16.

25 Additionally, our review of Intertrans' banking records revealed over
26 \$60,000 in unexplained wire transfers (characterized in the Intertrans QuickBooks
27 as "commissions") which were made to "PCUpdate/Tracy Beebe" between
28 August, 2019 and April, 2021. Having seen no evidence that PCUpdate was a

1 legitimate merchant, we identified it as a Receivership Entity. We served the PI on
2 banks servicing IKalls and PCUpdate and notified both entities of our decision to
3 name them as Receivership Entities. *See* Exhibit 17. While John Beebe’s counsel
4 has contacted us, asked us to unfreeze PCUpdate’s accounts, and has provided
5 preliminary information, he has yet to provide us with any evidence that the
6 transfers were legitimate or that PCUpdate is a real company. We continue to
7 engage with counsel, and he has promised additional information will be
8 forthcoming.

9 **V.**

10 **INTERTRANS’ OTHER BUSINESS VENTURES**

11 While the vast majority of Intertrans’ business operations involved the
12 fraudulent scheme discussed at length above, we did learn of their involvement in a
13 few additional areas.

14 First, Courdy served as the Corporate Treasurer for the Marina Pacifica
15 Steering Committee Inc., which Courdy described as a charitable non-profit entity
16 related to the Alcoholics Anonymous Program (“AA”) with which he has been
17 affiliated for many years. Courdy described Intertrans as acting as the “business
18 office” of Marina Pacifica, and Intertrans had one employee who was exclusively
19 assigned to assisting Marina Pacifica’s business. Courdy resigned from the board
20 of Marina Pacifica on August 11, 2021 for “personal reasons.” *See* Exhibit 18.

21 Second, two of Intertrans’ employees were working on a new
22 cryptocurrency payment processing venture related to a product known as “Open
23 Node.” We understand from talking to Courdy that the Open Node product
24 provides merchants with the ability to accept Bitcoin and other forms of digital
25 payments. While Intertrans was acting as a sales agent and in the process of

26 ///

27 ///

28 ///

1 attempting to sign up merchants for this product, as of the date that Intertrans was
2 shut down they had not signed up any Open Node customers. Because the
3 business never got up and running, we do not believe there is any value to extract
4 from it.

5 Dated: October 19, 2021

By: s/ Thomas W. McNamara
Thomas W. McNamara, Receiver

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CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of October, 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/ Andrew M. Greene
Andrew M. Greene
Attorney for Receiver,
Thomas W. McNamara