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8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

10  
11 UNITED STATES OF AMERICA,  
12 Plaintiff,  
13 v.  
14 INTERNET TRANSACTION  
SERVICES, INC., et al.,  
15 Defendants.  
16

Case No. 2:21-cv-06582-JFW (KSx)  
**RECEIVER’S SECOND INTERIM  
STATUS REPORT**  
JUDGE: Hon. John F. Walter  
CTRM: 7A

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1 Pursuant to Section III.B.10. of the Preliminary Injunction entered  
2 September 2, 2021 (ECF No. 34), directing the Receiver to file status reports every  
3 60 days, the Receiver submits this Status Report for the period of October 16, 2021  
4 to December 17, 2021.

5 **I.**

6 **INTRODUCTION**

7 On August 20, 2021, this Court entered a Temporary Restraining Order  
8 (“TRO,” ECF No. 19) and appointed Thomas W. McNamara as temporary receiver  
9 for the Receivership Defendants Internet Transaction Services, Inc. and  
10 Intertrans.com, Inc. (collectively, “Intertrans”). Pursuant to the provisions of the  
11 Preliminary Injunction (“PI,” ECF No. 34) entered on September 2, 2021, the  
12 Receiver’s appointment was confirmed. On September 3, 2021, the Receiver gave  
13 notice he determined a number of additional entities qualified as Receivership  
14 Entities.<sup>1</sup>

15 The Receiver filed his Initial Status Report (ECF No. 80) on October 19,  
16 2021 which, among other things, described in detail the implementation of the  
17 receivership and summarized the Receivership Entities’ operations and finances.  
18 Since the filing of the Initial Status Report, the Receiver’s primary focus has been  
19 on winding down the business, addressing outstanding issues, vacating office space  
20 and investigating potential claims against third parties.

21 **A. Preservation of Business Records and Return of Leased Premises**

22 On October 22, 2021, the Receiver and Defendant Courdy (Intertrans’  
23 principal) stipulated to, and the Court issued, an order authorizing the Receiver to  
24 liquidate or abandon receivership estate assets and vacate the leased premises.  
25 (ECF Nos. 84, 85.) Among other things, the order directed the Receiver to  
26 “preserve all business records and potential evidence” prior to “sale or  
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28 <sup>1</sup> The additional Receivership Entities are set forth in Exhibit 1 to this report.

1 abandonment of the Office Equipment and Property.” Accordingly, on October  
2 26, 2021, a member of the Receiver’s team traveled to the Intertrans office at 1901  
3 Redondo Avenue and collected 21 banker’s boxes of business records and two  
4 computer towers and transferred them to a secure storage facility maintained by the  
5 Receiver. Having determined that all business records had been preserved and that  
6 the cost associated with liquidating any of the remaining office property exceeded  
7 the value of that property, the Receiver elected to abandon the remaining office  
8 equipment in place and relinquished control of the Redondo Avenue location to the  
9 property’s landlord.

#### 10 **B. Potential Litigation Against Third Parties**

11 The Receiver and his team have been actively investigating several  
12 individuals and companies that may have knowingly profited from Defendants’  
13 fraudulent scheme at the expense of the Receivership Entities. In connection with  
14 the Receiver’s investigation, counsel for the Receiver has issued subpoenas and  
15 made record requests to banks and payments processors. The Receiver’s team is in  
16 the process of reviewing documents produced by these third parties and continues  
17 to review the substantial volume of email data collected from Intertrans’ servers  
18 and received from third parties. The Receiver has also conducted follow up  
19 interviews of Defendant Courdy to address questions raised during the  
20 investigation. Additionally, the Receiver’s forensic accountant has reviewed bank  
21 statements and prepared financial and cash flow analyses to assist in understanding  
22 money flow and recipients. The Receiver will continue to update the Court on  
23 these matters as they progress.

#### 24 **C. Collection of Additional Electronic Evidence and Preservation of** 25 **Intertrans’ Servers**

26 As detailed in the Receiver’s Initial Status Report, the Receiver retained IT  
27 consulting firms to restore access to Intertrans’ servers located at a Los Angeles  
28 co-location facility and ultimately recovered an initial volume of email data stored

1 therein. As previously noted, the consultants also identified, but had been unable  
2 to recover, an additional volume of email data on the server. Just recently,  
3 however, this additional email data was recovered, collected, and will be reviewed  
4 and analyzed in the near term.<sup>2</sup>

5 Given the unconventional and unusually complex network system designed  
6 by Intertrans' IT consultant, Todd Foster, and described in the Receiver's Initial  
7 Status Report, it was determined that, at least for now, the best way to preserve the  
8 original data contained on Intertrans' servers was to keep the servers up and  
9 running at the co-location facility. Moving or shutting down the servers may result  
10 in a loss of data. The Receiver therefore has agreed to pay the facility for the short  
11 term until it can be confirmed all the data has been imaged or until an alternative  
12 arrangement can be agreed to by the parties.

13 **D. Miscellaneous Issues**

14 Several potential cryptocurrency accounts which appeared to belong to  
15 Receivership Entities were discovered. Notice of the PI and asset freeze was then  
16 provided to the cryptocurrency exchanges which held the accounts. Thus far, one  
17 active account was identified at OpenNode Inc. with a balance of approximately  
18 \$3,700. OpenNode has agreed to transfer the funds to the Receiver.

19 Attempts to shut down several remaining websites associated with the  
20 Defendants have been rejected by the hosting company, GoDaddy.com. Thus far,  
21 GoDaddy has refused to transfer control or shut down those websites, taking the  
22 position that the current PI does not require them to do so. The Receiver has  
23 coordinated with the Plaintiff to attempt to address this issue.

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27 <sup>2</sup> Two of the additional email account .pst files appear to have been corrupted by  
28 malware. Efforts are underway to determine whether or not these files can be  
recovered.

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**II.**

**RECEIVERSHIP ACCOUNTING**

Attached as Exhibit 2 is a Receipts and Disbursements Summary through December 17, 2021. During this period, receipts were \$1,090,823.31, primarily comprised of transfers from the Receivership Entities’ bank and merchant accounts (\$1,090,740.43). Approved disbursements were \$181,148.29, primarily comprised of professional fees and expenses contained in the Receiver’s First Interim Fee Application (ECF No. 83) and approved by the Order entered November 18, 2021 (ECF No. 97) (McNamara Smith LLP’s legal fees and expenses (\$95,131.08), Receiver’s fees and expenses (\$77,786.21), and Receiver’s IT forensic consultant (\$4,957.75)), and MS Exchange Systems Support (\$3,060.75). Net available cash as of December 17, 2021 is \$909,675.02.

Dated: December 20, 2021

MCNAMARA SMITH LLP

By:           /s/ Andrew M. Greene            
Andrew M. Greene  
*Attorneys for Receiver,*  
*Thomas W. McNamara*

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 20th day of December, 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*