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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 SEVENTH INTERIM
STATUS REPORT**

JUDGE: Hon. John F. Walter

CTRM: 7A

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1 Pursuant to Section III.B.11. of the Permanent Injunction entered January 5,
2 2022 (ECF No. 112), the receiver files this 120-day status report for the period of
3 April 14, 2023 through August 11, 2023.

4 **I.**

5 **INTRODUCTION**

6 On August 20, 2021, this Court entered a Temporary Restraining Order
7 (“TRO,” ECF No. 19) and appointed Thomas W. McNamara as temporary receiver
8 (“Receiver”) for Receivership Entities Internet Transaction Services, Inc. and
9 Intertrans.com, Inc. (collectively, “Intertrans”). Pursuant to the provisions of the
10 Preliminary Injunction (ECF No. 34) entered on September 2, 2021, the Receiver’s
11 appointment was confirmed. On January 5, 2022, the Court entered its Final Order
12 of Permanent Injunction (ECF No. 112) which extended the receivership to include
13 the Shell Entity Defendants as Receivership Entities (as those terms are defined in
14 that Order).

15 **II.**

16 **RECEIVERSHIP ACTIVITIES**

17 There has been relatively little receivership activity during this most recent
18 period as the vast majority of this receivership’s work has been completed. On
19 April 12, 2023, the Department of Justice (“DOJ”) filed a forfeiture action to seize
20 the bulk of the Receivership Estate funds. On April 26, 2023, the Court issued a
21 Warrant for Arrest In Rem (ECF No. 11 in related case no. 2:23-cv-02732-JFW-
22 KSx) in the amount of \$4,747,500.00 and the Receiver subsequently transferred
23 these funds to the U.S. Marshals Service. The Receiver intended to thereafter file a
24 final report and request for discharge, but we learned from DOJ that receivership
25 documents will need to be made available to the defendants in the related criminal
26 action. We therefore delayed a request for discharge so these discovery issues can
27 be resolved and receivership materials provided as necessary in the criminal action.
28 Once the issues are determined, the Receiver expects the DOJ to file a second

1 forfeiture action for the remaining funds in the Receivership Estate and the
2 Receiver will then be in a position to file his final report and request discharge.

3 As to the efforts to collect on the Judgment entered against Theodore
4 Sapperstein and his companies, Hayes Consulting LLC, and Hayes Markets LLC
5 (ECF No. 154), the collection law firm, KMA Law Office of Severna Park,
6 Maryland has been retained to make collection efforts in return for a 30%
7 contingency fee. Relevant information and documentation have been compiled and
8 provided to the collection firm. The firm's collection efforts are ongoing.

9 **III.**

10 **RECEIVERSHIP ACCOUNTING**

11 Attached as Exhibit 1 is a Receipts and Disbursements Summary for the
12 period April 14, 2023 through August 11, 2023.

13 Receipts during this period were \$10,826.06, primarily consisting of accrued
14 interest on the receivership accounts (\$8,212.18). Disbursements were
15 \$4,990,892.75, which, other than the seized funds discussed above, was primarily
16 comprised of payment of the Receiver's Third Interim Fee Application (\$85,558.29
17 Receiver's fees and expenses; \$153,696.96 McNamara Smith legal fees and
18 expenses; and \$1,255.00 Hadron Computer Forensics & Investigations). Net
19 available cash as of August 11, 2023 is \$412,558.27.

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21 Dated: August 14, 2023

MCNAMARA SMITH LLP

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By: /s/ Andrew M. Greene

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Andrew M. Greene
Attorneys for Receiver,
Thomas W. McNamara

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CERTIFICATE OF SERVICE

I hereby certify that on the 14th day of August, 2023, 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