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10 *Attorneys for Receiver,*
Thomas W. McNamara

11
12 **DISTRICT COURT**
13 **CLARK COUNTY, NEVADA**

14 3342962 NOVA SCOTIA LIMITED, a body
15 corporate existing under the laws of the Province
of Nova Scotia, Canada, and 4043434 NOVA
16 SCOTIA LIMITED, a body corporate existing
under the laws of the Province of Nova Scotia,
17 Canada, individually and derivatively on behalf of
ZIPPY CASH LLC, a Nevada limited liability
18 company,

19 Plaintiffs,

20 v.

21 ZIPPY CASH LLC, a Nevada limited liability
company; TOUGH MONEY LLC, a Delaware
22 limited liability company; DUANE TOUGH;
BRENT RUTTMAN; LIO LLC, a Delaware
23 limited liability company; ROBERT L.
STEWART; JOHN F. STEWART; GENE
24 WILLIAMS; SALES CONSULTANTS INT'L,
INC., a New York Corporation; and Z Cash LLC,
25 a Nevada limited liability company,

26 Defendants.

Case No. A-22-851637-B

Dept. No. XIII

**RECEIVER'S INTERIM STATUS
REPORT**

1 Thomas W. McNamara, as Court-appointed receiver (“Receiver”), hereby submits this
2 Interim Status Report of receivership activities for the period of September 1, 2022 through
3 January 18, 2023, pursuant to NRS § 86.5419.

4 **I.**

5 **INTRODUCTION**

6 Pursuant to the provisions of the Court’s July 27, 2002 Order Granting Plaintiff’s Motion
7 for Appointment of Receiver (“Receivership Order”), the Receiver previously filed his Financial
8 Report and Accounting (“Financial Report”) and his Motion for Approval of Receiver’s First
9 Interim Fee Application (“Fee Application”) on October 19, 2022. The Financial Report and Fee
10 Application are incorporated by reference and set forth the Receiver’s activities from his
11 appointment through August 31, 2022. The Financial Report also provided the Court with a
12 complete accounting of Receivership Entity Zippy Cash LLC’s (“Zippy Cash”) receipts and
13 disbursements for the period February 16, 2021 through July 13, 2022, when the last Zippy Cash
14 banking transactions occurred. This Interim Status Report will not restate past findings and
15 reports, but instead will focus on activity since the last report was made to the Court. In sum, the
16 Receiver has spent the bulk of this period attempting to gain Defendants Duane Tough’s
17 (“Tough”) and Brent Ruttman’s (“Ruttman”) (collectively “Defendants”) compliance with the
18 Receivership Order and to identify, locate and recapture Receivership assets wrongfully taken by
19 Tough.

20 **II.**

21 **SUMMARY OF THE RECEIVER’S ACTIVITIES**

22 **A. Efforts to Gain Defendants’ Compliance with the Receivership Order**

23 As previously reported, one of the Receiver’s primary efforts has been attempting to
24 obtain Defendants’ full compliance with their obligations under the Receivership Order, to
25 cooperate with the Receiver, and turn over documents and materials. That effort has continued
26 without much success. It is no exaggeration to say Defendants’ actions and failure to cooperate
27 made this normally basic task incredibly more difficult and time consuming. And Defendants’
28 compliance is still lacking as of the date of this report.

1 Some of the Receiver’s efforts in this regard were detailed in the Receiver’s Motion for
2 an Order to Show Cause re: Contempt filed on August 10, 2022 and supplemented on August 22,
3 2022. Defendants opposed the motion and the Receiver participated in a contested hearing on
4 September 1, 2022, after which the Court issued an Order to Show Cause against Defendants.
5 The parties agreed to hold the evidentiary hearing on October 11, 2022. At that hearing, the
6 Receiver presented extensive evidence. Despite agreeing to the hearing date, Defendants failed
7 to appear.

8 Following the hearing, on October 21, 2022, the Court issued its Order Finding Contempt
9 of Court and Issuing Penalties Against Duane Tough and Brent Ruttman (the “Contempt Order”)
10 which, among other things, found that (1) Tough had withdrawn over \$4.2 million from Zippy
11 Cash and deposited such funds into his personal Bank of America accounts (the “Transferred
12 Funds), and (2) that Tough used approximately \$2.1 million dollars of the Transferred Funds to
13 purchase a Miami penthouse condominium (the “Miami Condo”) in his name. In addition, the
14 Contempt Order imposed upon Defendants a \$500/day fine until they complied with the
15 Receiver’s outstanding requests and ceased and desisted from operating related Canadian
16 entities, Z Cash Inc. and Zippy Cash, Inc., which the Receiver had previously declared as
17 additional Receivership Entities. Lastly, the Court ordered that warrants would be issued for the
18 arrest and imprisonment of Defendants if they remained in contempt after 20 days of entry of the
19 Contempt Order. Following issuance of the Contempt Order, on October 25, 2022 the Receiver
20 moved for, and after a December 1, 2022 hearing, received, an order directing Tough to turn over
21 the Transferred Funds and The Miami Condo to the Receiver (the “Turnover Order”).¹

22 Defendants have not satisfied any of the Receiver’s outstanding requests, have failed to
23 satisfy their obligations set forth in the Contempt Order, have not provided any information
24 indicating they have ceased operating the Canadian entities, and Tough has failed and refused to
25

26 ¹ Among other things, the Turnover Order mandated that Tough execute a warranty deed (which
27 was attached to the Turnover Order and which the Receiver provided to Tough) transferring title
28 to the Miami Condo to the Receivership within 15 days of the order. Despite Tough’s assurances
to the Receiver that he was now willing to cooperate with the Receiver, Tough failed and refused
to execute the warranty deed.

1 comply with his obligations under the Turnover Order. Accordingly, on December 8, 2022, the
2 Receiver filed an Affidavit of Non-Compliance with Contempt Order by Tough and Ruttman,
3 requesting the issuance of warrants for Defendants due to their ongoing contempt of court and
4 per the terms of the Contempt Order. This request remains pending.

5 **B. Efforts to Claw Back Receivership Property**

6 The Receiver has also devoted significant efforts during this period to identify and
7 recover Receivership Assets taken by Tough. Suffice it to say, Tough has failed and refused to
8 cooperate with the Receiver's efforts in any regard.

9 1. Action to Recover the Miami Condo

10 In order to acquire title to the Miami Condo, following Tough's refusal to comply with
11 and in contempt of the Turnover Order, the Receiver retained counsel in Miami, Florida to
12 commence a quiet title action against Tough in Florida state court.² The quiet title complaint
13 was filed on December 19, 2022 in the Circuit Court of the 11th Judicial District in and for
14 Miami-Dade County, Florida. The summons and complaint were ultimately served on Tough in
15 Miami on January 12, 2023³ and Tough's response, if any, is due February 1, 2023. Regardless
16 of Tough's response, the Receiver is confident he will ultimately prevail in the quiet title action
17 and acquire title to the Miami Condo. He then intends to liquidate the Miami Condo (with the
18 Court's approval) for the benefit of the Receivership Estate. Tough purchased the condominium
19 in January of 2022 with Zippy Cash funds for \$2.1 million.

20 2. Canadian Action to Recover a Portion of the Transferred Funds

21 Following an in-depth review by the Receiver's forensic accountant of Tough's
22 subpoenaed Bank of America account records, the Receiver determined that Tough transferred
23 roughly \$570,000 of the Zippy Cash Transferred Funds from his personal Bank of America bank
24 accounts to accounts owned by Tough and his wife, Karen Ann English ("English"), at the

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26 ² The Receiver previously recorded a Lis Pendens on the Miami Condo on August 22, 2022.

27 ³ Based on information Tough's stepson provided to a process server during a previous service
28 attempt at Tough's home in Toronto, we learned Tough was most likely staying in the Miami
Condo and he was ultimately served in Miami.

1 Canadian Imperial Bank of Commerce (“CIBC”) in Toronto, Canada. The Receiver retained
2 Canadian counsel to seek the return of these funds.⁴ Accordingly, on December 30, 2022, the
3 Receiver filed a Statement of Claim against Tough and English and counsel participated in an *ex*
4 *parte* hearing before the Canadian Court on January 11, 2023 without notice to Tough or English
5 as allowed under Canadian law. The same day, the Court ordered CIBC to freeze Tough’s and
6 English’s accounts and required the bank to deliver to the Receiver records and account balances
7 for these accounts. The Canadian Court also set a further hearing on its order for January 20,
8 2023; Tough and English will have the opportunity to appear and respond at the hearing.

9 3. Efforts to Identify Other Receivership Assets

10 In connection with his efforts to identify other Receivership Assets converted by Tough,
11 the Receiver served 13 subpoenas to individuals and companies located in California, Nevada,
12 Florida and Texas (the “Subpoenaed Parties”). The Subpoenaed Parties were recipients of funds
13 from Tough’s Bank of America accounts. Based on the responses received thus far (with more
14 responses still pending), Tough frivolously spent many thousands of dollars of Zippy Cash’s
15 funds on expensive jewelry (at least some of which was for a female), extravagant clothing and
16 shoes, a sports car, a gambling website and high-end home furnishings, presumably for the
17 Miami Condo. By way of example, Tough spent roughly \$1,000 on a pair of Fendi women’s
18 shoes, \$31,000 on a diamond ring from Weston Jewelers, \$22,000 on another diamond band
19 from Tiffany & Co., and over \$140,000 in furniture from Restoration Hardware. In addition, the
20 Receiver served a deposition subpoena on a woman in Las Vegas who was involved in
21 significant fund transfers to and from Tough in hopes of identifying and locating further
22 Receivership Assets. Once all of the Subpoenaed Parties have responded, the Receiver will
23 carefully consider next steps.

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27 ⁴ In all, Tough transferred \$583,587.92 from his Bank of America accounts to his and his wife’s
28 Canadian accounts between January 2021 and May 2022 and thus the Canadian action seeks the
return of this amount in partial satisfaction of the Transferred Funds Tough has been ordered to
return to the Receivership.

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I am an employee of CLARK HILL PLLC and that on January 19,
3 2023, I served a copy of the foregoing by electronic service to all parties listed in the Court's
4 Odyssey E-File & Serve system.

5 A copy was also sent via U.S. Mail and email to:

6 Duane Tough
7 201 Aqua Ave., Unit PH3
8 Miami Beach, FL 33141
9 puralife5@gmail.com

10 Tough Money, LLC
11 c/o Duane Tough
12 221 N. Broad, Suite 3A
13 Middleton, DE 19709
14 puralife5@gmail.com

15 Brent Ruttman
16 10483 Manderson Plaza
17 Omaha, NE 68134
18 brenruttman@gmail.com

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/s/ Judy Estrada
An Employee of Clark Hill PLLC