



1 **ROR**  
2 CLARK HILL PLLC  
3 Crane M. Pomerantz  
4 Nevada Bar No. 14103  
5 Email: cpomerantz@clarkhill.com  
6 3800 Howard Hughes Parkway, Suite 500  
7 Las Vegas, Nevada 89169  
8 Telephone: (702) 697-7545  
9 Facsimile: (702) 862-8400

6 **MCNAMARA SMITH LLP**  
7 Andrew M. Greene (*Pro Hac Vice*)  
8 Email: agreene@mcnamarallp.com  
9 655 West Broadway, Suite 900  
10 San Diego, California 92101  
11 Telephone: (619) 269-0400  
12 Facsimile: (619) 269-0401

10 *Attorneys for Receiver,*  
11 *Thomas W. McNamara*

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

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

19 Plaintiffs,

20 v.

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

26 Defendants.

Case No. A-22-851637-B

Dept. No. XIII

**RECEIVER'S SECOND INTERIM  
STATUS REPORT**

1 Thomas W. McNamara, as Court-appointed receiver (“Receiver”), hereby submits this  
2 Second Interim Status Report of receivership activities for the period of January 19, 2023  
3 through April 14, 2023, pursuant to NRS § 86.5419.

4 **I.**

5 **INTRODUCTION**

6 This report supplements and incorporates by reference the Receiver’s previously filed  
7 Financial Report and Accounting (“Financial Report”), his Motion for Approval of Receiver’s  
8 First Interim Fee Application (“Fee Application”) filed on October 19, 2022, which described  
9 activities from appointment through August 31, 2022, and the Receiver’s Interim Status Report  
10 which reported on activities for the period September 1, 2022 through January 18, 2023.<sup>1</sup> This  
11 Second Interim Report updates the Court on activity since the last report.

12 During this period, the Receiver has attempted to identify and recover items Defendant  
13 Duane Tough purchased with stolen Zippy Cash funds and to trace transfers of these funds to  
14 third parties and Tough’s foreign accounts. The Receiver has also conducted the creditor claims  
15 process as established by statute and the Court.

16 **II.**

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

18 **A. Efforts to Claw Back Receivership Property**

19 The Receiver has devoted significant efforts during this period to identify and recover  
20 items purchased by Tough with converted Zippy Cash funds. During this process, Tough has  
21 once again failed and refused to cooperate with the Receiver’s efforts in any regard.

22 **1. Recovery and Liquidation of the Miami Condo**

23 As previously reported, on December 19, 2022, following Tough’s refusal to comply  
24 with and in contempt of the Turnover Order, the Receiver filed a quiet title action in Miami-  
25 Dade County, Florida, seeking to acquire title to the Miami penthouse condominium Tough

26  
27 <sup>1</sup> The Financial Report also provided the Court with a complete accounting of Receivership  
28 Entity Zippy Cash LLC’s (“Zippy Cash”) receipts and disbursements for the period February 16,  
2021 through July 13, 2022, when the last Zippy Cash banking transactions occurred.

1 purchased with \$2.1 million of Zippy Cash funds. Tough failed to answer the complaint and  
2 ultimately defaulted. A final judgment quieting title in the Receiver's favor was entered on  
3 March 14, 2023. The Receiver retained an experienced Realtor and gained access to the  
4 condominium. This necessitated significant contact and negotiation with the relevant home  
5 owners association ("HOA") and its counsel.

6 During the process of gaining access to the condo, the Receiver learned Tough had the  
7 2003 Porsche Boxster (which was purchased with stolen Zippy Cash funds) parked in the  
8 building. Despite the Receiver demanding in a telephone call that Tough leave the vehicle and  
9 turnover title to the Receiver, Tough ignored the Receiver's instructions and removed the vehicle  
10 to an unknown location. Further, the Receiver instructed Tough not to remove jewelry, luxury  
11 clothing and other items purchased with Zippy Cash funds and which Tough's wife had indicated  
12 were located at the condo. Tough also ignored this demand and the items were not found at the  
13 condo.

14 The Receiver is currently in the process of readying the condo for sale and, after  
15 consulting with his realtor, expects to soon list the property for an asking price of \$2,795,000. In  
16 the event the Receiver receives and accepts an offer for the property, he will bring the offer to  
17 the Court for approval.

## 18 2. Canadian Action to Recover Zippy Cash Funds

19 The Receiver, via Canadian counsel, continued prosecution of Canadian proceedings  
20 against Tough and his wife, Karen English ("English"), relating to approximately \$570,000 of  
21 Zippy Cash funds Tough transferred to Canadian Imperial Bank of Commerce ("CIBC")  
22 accounts owned by him or English.<sup>2</sup> Following the Canadian court's freezing of Tough's and  
23 English's accounts and assets, the Receiver confirmed that \$80,000 in frozen funds remained in  
24 English's CIBC account and Tough's CIBC accounts had negligible balances.

25 ///

26  
27 \_\_\_\_\_  
28 <sup>2</sup> More specifically, Tough transferred \$284,327.62 of converted Zippy Cash's funds to English's  
CIBC account and sent \$285,868.29 to his own CIBC accounts.

1 English retained counsel and contested the Receiver's allegations concerning the source  
2 of her funds. The Receiver filed responsive evidence supporting the claims. The Receiver is  
3 very close to reaching a settlement in principle with English that would require her to return all  
4 but \$4,500 of the frozen \$80,000 funds, certain luxury items and jewelry in her possession, and  
5 the Porsche Boxster which Tough purchased in her name and recently removed from the Miami  
6 condo. Once the settlement is reached and memorialized, the Receiver intends to submit the  
7 settlement to this Court for consideration and approval.

8 In contrast to English's participation in the Canadian action, and, despite claiming he was  
9 retaining counsel of his own, Tough has not participated in the case. He has not provided a  
10 sworn asset affidavit, or any other documents or disclosures required under the Canadian court's  
11 orders. Ultimately, the Receiver may seek a default judgment against Tough.

### 12 3. Deposition of Krista Tedder

13 Krista Tedder, a Las Vegas woman who appears to have a very close personal  
14 relationship with Tough and was involved in significant fund transfers to and from him, was  
15 recently deposed in hopes of identifying and locating further Receivership Assets. After being  
16 served with a deposition and documents subpoena, Tedder failed and refused to appear for  
17 deposition, forcing the Receiver to obtain an order compelling her deposition and issuing  
18 sanctions against her. Notwithstanding, Tedder failed to make the required sanctions payment  
19 and claimed not to have any responsive documents. At deposition, she denied receiving any gifts  
20 or items of value from Tough. At the same time, she readily admitted having traveled with  
21 Tough, that she allowed him to stay at her home, and transferred nearly \$60,000 to him "just  
22 because he asked for it." She additionally admitted Tough's cellphone was on her account and  
23 that she was paying for it. The Receiver is skeptical of the veracity of Tedder's testimony.

### 24 4. Return of IPpay Reserves

25 Shortly after appointment, Receiver's counsel contacted IPpay, LLC ("IPpay"), a third-  
26 party payment processor about reserve funds held by IPpay on Zippy Cash's behalf and  
27 requested return of the reserves to the Receivership Estate. IPpay subsequently agreed to return  
28 all of Zippy Cash's reserves pursuant to a payment schedule which protected IPpay against any

1 future customer chargebacks. IPpay ultimately returned almost all the reserves. However,  
2 discreetly, and without the Receiver's knowledge or consent, IPpay withheld \$10,729. It was  
3 only when the Receiver inquired about the missing funds, that IPpay responded that such funds  
4 were "legal fee expenses" allegedly paid to IPpay's outside counsel – a deduction not authorized  
5 by contract or law. Despite the Receiver's demand that these funds be returned, IPpay failed and  
6 refused to do so. Accordingly, the Receiver was forced to prepare and file a turnover motion for  
7 the return of these funds and for reimbursement of the Receiver's fees, which motion is set for  
8 hearing on April 24, 2023. Since that motion was filed, however, IPpay elected to return the full  
9 \$10,729 to the Receiver and has recently agreed to additionally reimburse the Receivership for  
10 one half of the attorneys' fees sought – i.e., \$1,782. In exchange, the Receiver has agreed to  
11 withdraw the motion upon receipt of the remaining fees payment from IPpay and to release  
12 IPpay from further claims.

13 **B. Creditor Claims**

14 Pursuant to the Court's December 2, 2022 order, the Receiver provided notice to  
15 potential creditors informing them of the statutory claims submission process and notifying them  
16 of the Court-ordered claims bar date of January 27, 2023. The Receiver ultimately received  
17 claims from seven different alleged creditors, totaling \$44,949,387.89. Following a careful  
18 review and analysis of each claim, the Receiver provided notice of his decision to the claimants.  
19 In all, the Receiver allowed a total of \$6,740,655.67 in claims to six different claimants and  
20 denied one alleged creditor's claim in its entirety. The Receiver notified the claimants that they  
21 would have 30 days from notice of the Receiver's decision to file an appeal with the Court  
22 pursuant to NRS 86.5422(2). The Receiver is currently unaware of any claimant having filed an  
23 appeal and the time for appeal has now run for all but one claimant. Lastly, the Receiver notified  
24 the claimants that there would likely not be sufficient funds to satisfy all allowed claims in full  
25 and that payment would thus be subject to a prorated distribution conducted towards the end of  
26 the Receivership.

27 ///

28 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

III.

RECEIVERSHIP ACCOUNTING

Attached as Exhibit A is a Receipts and Disbursements Summary for the Receivership for the period January 19, 2023 through April 13, 2023. During this time period, receipts were \$10,825.21, primarily comprised of funds transferred from a merchant processor (\$10,729.00). Disbursements were \$3,996.51, the largest component of which related to database hosting (\$3,557.65). In aggregate, the Receivership bank accounts have a current balance of \$348,098.00<sup>3</sup>

Dated this 14th day of April, 2023.

CLARK HILL PLLC  
  
/s/ Crane M. Pomerantz  
Crane M. Pomerantz  
Nevada Bar No. 14103  
3800 Howard Hughes Parkway, Suite 500  
Las Vegas, Nevada 89169

McNAMARA SMITH LLP  
  
/s/ Andrew M. Greene  
Andrew M. Greene (*Pro Hac Vice*)  
655 West Broadway, Suite 900  
San Diego, California 92101  
*Attorneys for Receiver, Thomas W. McNamara*

---

<sup>3</sup> The Receiver expects to file a fee application to pay professionals, including counsel in Canada and Florida, in the near future.