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*Attorneys for Receiver,
Thomas W. McNamara*

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiffs,

v.

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

Defendants.

Case No. A-22-851637-B

Dept. No. XIII

**RECEIVER'S FOURTH INTERIM
STATUS REPORT**

1 Thomas W. McNamara, as Court-appointed receiver (“Receiver”), hereby submits this
2 Fourth Interim Status Report of receivership activities for the period of July 15, 2023 through
3 October 16, 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 filed October 19, 2022, the Interim Status Report filed January
8 19, 2023, the Second Interim Status Report filed April 14, 2023, and the Third Interim Status
9 Report filed July 19, 2023.¹ This Fourth Interim Status Report updates the Court on receivership
10 activities since the last status report.

11 During this period, the Receiver continued to oversee efforts to repair and market the
12 Miami Condominium held by the receivership; continued the process of obtaining items
13 transferred to the receivership by Karen English (Duane Tough’s wife) pursuant to settlement
14 and liquidating these items; opposed and attended a hearing on Cooper Levenson’s second
15 appeal of the denial of their creditor claim; and successfully sought an Order staying all actions
16 against receivership assets and requiring creditors to come to the Court with good cause before
17 proceeding.

18 II.

19 SUMMARY OF THE RECEIVER’S ACTIVITIES

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

21 1. **Canadian Action to Recover Zippy Cash Funds**

22 As previously reported and approved by the Court, following extensive negotiations, the
23 Receiver reached a settlement with Karen English that required her to return certain funds, an
24 automobile, jewelry, and luxury items that were obtained from, or purchased with, funds
25

26 ¹ The Receiver also filed a First Interim Fee Application on October 19, 2022 and a Second
27 Interim Fee Application on June 30, 2023 which discuss receivership activities. Additionally,
28 the Receiver filed a Motion for Order Approving Settlement with Non-Party Karen English on
June 12, 2023, which provides additional detail on activities.

1 belonging to Zippy Cash LLC. During this period, the funds, jewelry, and luxury items were
2 turned over to the Receiver and the Receiver has successfully liquidated almost all of the items.
3 In addition, while English did turn over possession of the automobile, the Receiver and English
4 continue to work through transfer of title, after which the car will be sold.

5 Consistent with his conduct in this case, Tough failed to participate in the Canadian
6 proceedings and acted in contempt of the Canadian Court's orders. The Receiver subsequently
7 obtained a default judgment in Canada against Tough in the total sum of \$595,294.03.

8 2. Liquidation of the Miami Condo

9 As previously reported, following Tough's refusal to comply with the Turnover Order
10 issued by this Court, the Receiver filed a quiet title action in Miami-Dade County, Florida, and
11 ultimately acquired title to the Miami penthouse condominium Tough purchased with \$2.1
12 million of Zippy Cash funds. During this reporting period, the Receiver extended his contract
13 with the real estate broker who is listing and marketing the Miami penthouse condominium. As
14 set forth in the prior status report, the Receiver had authorized a \$300,000 price reduction in the
15 asking price (to \$2,495,000) based on a lack of market interest in the condominium and a general
16 downturn in the Miami real estate market – expected to last until early winter. In order to keep
17 the listing from stagnating, the Receiver instructed his broker to remove the condominium from
18 the multiple listing service on August 21, 2023 and to relist the property on October 15, 2023,
19 aligning more closely with the start of the busy season for the Miami real estate market.

20 During the interim, the Receiver's counsel was in contact with counsel for the
21 condominium's homeowner associations (the "HOAs") regarding proposed payment of
22 outstanding assessments on the property from escrow at the time of sale. Despite these
23 discussions, the HOAs recorded liens and notices of their intent to foreclose on the property
24 which led to the Receiver successfully seeking an Order staying all actions against receivership
25 assets absent a show of good cause. The HOAs have since agreed to stand down and wait for
26 payment from escrow at the time of a sale.

27 There are other obstacles in addition to market conditions impacting the marketing of the
28 unit. The penthouse includes a 2,000 square foot rooftop terrace, one of its strongest selling

1 points. Beginning very soon, the entire terrace will be inaccessible due to the HOAs' ongoing
2 building construction/maintenance, which will negatively impact our ability to show the terrace
3 to prospective buyers. Despite these obstacles, the property is being marketed aggressively to
4 potential buyers worldwide in hopes of a sale in the not-too-distant future.

5 3. Creditor Claims

6 As previously reported, the Receiver reviewed and approved a total of \$6,740,655.67 in
7 claims by creditors and denied one claim in its entirety. That creditor, Defendants Tough's and
8 Ruttman's former counsel, Cooper Levenson, P.A., filed an appeal of the Receiver's decision
9 which the Court ultimately granted in part and denied in part. See Amended Order dated June
10 30, 2023. Following the Receiver's receipt and careful consideration of additional briefing and
11 materials from Cooper Levenson, the Receiver denied the claim, after which Cooper Levenson
12 filed another appeal. That appeal has been briefed and argued before the Court and the parties
13 are currently awaiting a decision.

14 **II.**

15 **RECEIVERSHIP ACCOUNTING**

16 Attached as Exhibit 1 is a Receipts and Disbursements Summary for the receivership for
17 the period July 15, 2023 through October 16, 2023. During this time period, receipts were
18 \$94,281.41, primarily comprised of funds and (recently liquidated) items obtained in the
19 settlement with Karen English. Disbursements were \$384,703.83, the largest component of
20 which related to payment of a significant portion of professional fees approved by the Court in
21 connection with the Receiver's most recent fee application. As the Court may recall, the
22 Receiver has withheld paying a portion of the approved fees pending sale of the Miami

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1 condominium. In aggregate, the receivership bank accounts have a current balance of
2 \$43,252.58.

3 Dated this 19th day of October, 2023.

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14 San Diego, California 92101
15 *Attorneys for Receiver, Thomas W. McNamara*

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I am an employee of CLARK HILL PLLC and that on October 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 **Via Email**

7 Duane Tough
8 puralife5@gmail.com

9 **Via Email**

10 Tough Money, LLC
11 c/o Duane Tough
12 puralife5@gmail.com

13 **Via Email & U.S. Mail**

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

18 */s/ Jamie Soquena*
19 _____
20 An Employee of Clark Hill PLLC
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