

1 Andrew M. Greene (SBN 167386)  
agreene@mcnamarallp.com  
2 McNamara Smith LLP  
655 West Broadway, Suite 900  
3 San Diego, California 92101  
Telephone: 619-269-0400  
4 Facsimile: 619-269-0401

5 *Attorneys for Receiver,*  
*Thomas W. McNamara*  
6  
7

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

FEDERAL TRADE COMMISSION,  
  
Plaintiff,  
  
v.  
  
SL FINANCE LLC, et al.,  
  
Defendants.

Case No. 8:23-cv-00698-JWH (ADSx)  
  
**RECEIVER’S FIRST INTERIM  
STATUS REPORT**  
  
JUDGE: Hon. John W. Holcomb  
CTRM: 9D

1 The receiver submits this First Interim Status Report for the period of May  
2 12, 2023 to November 9, 2023. *See* L.R. 66-6.1.

3 **I.**

4 **INTRODUCTION**

5 On May 2, 2023, this Court entered a Temporary Restraining Order (“TRO,”  
6 ECF No. 23) and appointed Thomas W. McNamara as temporary receiver of the  
7 Receivership Entities.<sup>1</sup> The Receiver’s appointment was confirmed in the  
8 Stipulated Preliminary Injunction (ECF No. 38) entered on May 22, 2023.

9 The Receiver filed his Preliminary Report (ECF No. 29) on May 12, 2023  
10 which described in detail the implementation of the receivership and summarized  
11 the Receivership Entities’ operations and finances. On July 3, 2023, the Receiver’s  
12 First Interim Fee Application was filed (ECF No. 43), which additionally provided  
13 a summary and detailed billing records of receivership activities through June 30,  
14 2023. This report covers receivership activities after that date.

15 **A. Investigation and Demand to Payment Processor**

16 In the initial review of materials and documents, the Receiver’s team  
17 observed troubling activity by the Receivership Entities’ primary payment  
18 processor. A more in-depth review and investigation into the merchant processor  
19 was recently undertaken. After that review, a detailed demand letter with  
20 supporting materials was presented to the processor. The Receiver and payment  
21 processor subsequently engaged in settlement discussions which remain ongoing.<sup>2</sup>

22 \_\_\_\_\_  
23 <sup>1</sup> The TRO defines Receivership Entities to mean, “Corporate Defendant” [SL  
24 Finance LLC and its subsidiaries, affiliates, successors, and assigns] as well as any  
25 other entity that has conducted any business related to Defendants’ marketing of  
26 Debt Relief Services, including receipt of Assets derived from any activity that is  
27 the subject of the Complaint in this matter, and that the Receiver determines is  
controlled or owned by any Defendant. Additionally, on May 4 and May 22, 2023,  
respectively, the Receiver gave notice he determined that Debt Consulting  
Services, Inc. and ACM Marketing LLC qualified as additional Receivership  
Entities.

28 <sup>2</sup> This payment processor was also the primary processor for the defendant student  
loan debt relief operations in the related case *Federal Trade Commission v. BCO  
Consulting Services, Inc., et al.* (C.D. Cal.), No. 8:23-cv-00699-JWH (ADSx). The

1 **B. The 2017 Tesla**

2 Pursuant to the provisions of the Order Granting Stipulation for Permanent  
3 Injunction (ECF No. 56), Defendant Michael Castillo had the option to transfer  
4 \$13,723 to the FTC or transfer the title to a 2107 Tesla Model 3 listed on his  
5 financial statement to the Receiver. Michael Castillo has elected to transfer the  
6 title to the Receiver. The process is presently underway. If there is sufficient  
7 equity in the Tesla (there is an outstanding loan on the vehicle), the Receiver will  
8 sell it; if there is insufficient equity, the car will be returned to the lender.

9 **C. Miscellaneous Issues**

10 The Receiver's team has extensively interfaced with the provider of the  
11 Receivership Entities' customer relationship management ("CRM") platform and  
12 ultimately obtained a complete export of the system's data for preservation.  
13 Additionally, the CRM platform was used to conduct an email campaign to notify  
14 consumers of the FTC lawsuit, the receivership (including identifying the  
15 receiver's website where pleadings and additional information were available), and  
16 the urgent need to contact their student loan processors to verify loan information.

17 The Receiver's forensic accountant has reviewed bank statements, merchant  
18 processor statements, payroll tax records, and CRM data to identify assets,  
19 liabilities, and investigate the topics discussed above.

20 **II.**

21 **RECEIVERSHIP ACCOUNTING**

22 Attached as Exhibit 1 is a Receipts and Disbursements Summary through  
23 November 9, 2023. During this period, receipts were \$137,799.81, primarily  
24 comprised of transfers from the Receivership Entities' bank and merchant accounts  
25 (\$132,371.80). Disbursements were \$120,803.54, primarily comprised of  
26 professional fees and expenses contained in the Receiver's First Interim Fee

27 \_\_\_\_\_  
28 Receiver's demand relates to the payment processor's activities for the defendants  
in both lawsuits.

1 Application (ECF No. 43) and approved by the Order entered August 7, 2023 (ECF  
2 No. 51). Net available cash as of November 9, 2023 is \$16,996.27.

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

Dated: November 10, 2023

MCNAMARA SMITH LLP

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

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

**CERTIFICATE OF SERVICE**

I hereby certify that on the 10th day of November, 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*