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7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 FEDERAL TRADE COMMISSION,

12 Plaintiff,

13 v.

14 BCO CONSULTING SERVICES, INC.,
et al.,

15 Defendants.
16
17

Case No. 8:23-cv-00699-JWH (ADSx)

**RECEIVER’S FINAL REPORT
AND APPLICATION FOR:
(1) DISCHARGE OF RECEIVER;
AND (2) APPROVAL OF FINAL
FEE APPLICATION**

JUDGE: Hon. John W. Holcomb
CTRM: 9D
DATE: October 25, 2024
TIME: 9:00 a.m.

18
19 Thomas W. McNamara (“Receiver”), by and through his undersigned
20 counsel, submits this Final Report and Application for: (1) Discharge of Receiver;
21 and (2) Approval of Final Fee Application for fees and expenses of the Receiver
22 and his counsel for the 15-month period of July 1, 2023 through September 23,
23 2024.

24 **INTRODUCTION**

25 On April 24, 2023, the Federal Trade Commission (“FTC”) initiated this
26 lawsuit against BCO Consulting Services, Inc., SLA Consulting Services Inc.,
27 Gianni Olilang (“Olilang”), Brandon Clores (“Clore”), Kishan Bhakta (“Bhakta”),
28 and Allan Radam (“Radam”). The FTC alleged Defendants violated Section 5 of

1 the FTC Act, the Telemarketing Sales Rule, the COVID-19 Consumer Protection
2 Act, and the Gramm-Leach-Bliley Act. *See* ECF No. 1.

3 On May 3, 2023, the Court entered an Amended Temporary Restraining
4 Order (ECF No. 32, “TRO”) appointing Mr. McNamara as the temporary receiver
5 over the Receivership Entities.¹ The appointment was confirmed on May 22, 2023
6 with the Court’s entry of the Order Entering Stipulated Preliminary Injunction
7 (ECF No. 55, “PI”).

8 The Receiver was given a number of duties under the TRO and PI including:
9 (1) taking custody and control of the Receivership Entities’ Assets and Documents,
10 PI ¶ 13(b) and (c); (2) preserving the value of the Receivership Entities’ Assets and
11 preventing the loss of Documents, PI ¶ 13(d) and (e); (3) securing each location
12 from which the Receivership Entities operated their businesses, PI ¶ 13(h); (4)
13 protecting the interests of consumers who transacted business with the
14 Receivership Entities, PI ¶ 13(k); (5) providing an accounting of the Assets and
15 financial condition of the receivership, PI ¶ 13(l); (6) instituting legal action as the
16 Receiver deems necessary and advisable to preserve or recover the Assets of the
17 Receivership Entities, PI ¶ 13(m); (7) issuing subpoenas and conducting discovery
18 on behalf of the receivership estate, PI ¶ 13(n); (8) opening a bank account for
19 funds of the Receivership Entities, serving copies of monthly account statements
20 on all parties, and maintaining accurate records of all receipts and expenditures, PI

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22 ¹ “Receivership Entities” are defined in the TRO to mean Corporate Defendants
23 (BCO Consulting Services Inc., also d/b/a Student Loan Services LLC, and SLA
24 Consulting Services Inc., f/k/a Student Loan Advocates LLC and their respective
25 subsidiaries, affiliates, successors, and assigns), as well as any other entity that has
26 conducted any business related to Defendants’ marketing of Debt Relief Services,
including receipt of Assets derived from any activity that is the subject of the
Complaint in this matter, and that the Receiver determines is controlled or owned
by any Defendant. *See* TRO Definition M, page 7.

27 Pursuant to the procedure in both the TRO and PI ¶ 13(u), the Receiver designated
28 additional entities to be Receivership Entities based on his determination that they
received Assets derived from Defendants’ student loan debt relief business and
were controlled or owned by a Defendant. These included A1 Consulting LLC,
Xcel Consulting Services, Inc., ASCND Media, LLC, and DocuProc LLC.

1 ¶ 13(o) and (p); (9) providing both the FTC and Defendants access to the
2 Receivership Entities’ premises and documents, PI ¶ 13(q) and (r); (10) suspending
3 the Receivership Entities’ business operations if, in the Receiver’s judgment, they
4 could not continue lawfully and profitably, PI ¶ 13(t); and (11) identifying
5 additional Receivership Entities, PI ¶ 13(u).

6 The parties reached settlements resolving all matters between them and
7 presented stipulations to the Court (ECF No. 66 as to Brandon Clores, Kishan
8 Bhakta, and BCO Consulting Services, Inc. and ECF No. 67 as to Gianni Olilang,
9 Allan Radam, and SLA Consulting Services Inc.). On October 11, 2023, the Court
10 entered an Order Granting Stipulation for Permanent Injunction, Monetary Relief,
11 and Other Relief as to Gianni Olilang, Allan Radam, and SLA Consulting Services
12 Inc. (“SLAC Permanent Injunction,” ECF No. 69) and on October 24, 2023, an
13 Order Entering Stipulation for Permanent Injunction, Monetary Relief, and Other
14 Relief as to Brandon Clores, Kishan Bhakta, and BCO Consulting Services, Inc.
15 (“BCO Permanent Injunction,” ECF No. 70). The Orders identified a number of
16 assets which the Defendants either had to turn over to the Receiver for liquidation
17 or provide equivalent value to the FTC. The Receiver was directed to wind up the
18 Receivership Entities and liquidate all assets within 180 days after entry of the
19 Orders, although extensions could be granted for good cause.

20 The Receiver moved to extend the Receivership on June 25, 2024 (ECF
21 No. 78) because a Motion to Approve Settlement Agreement with Non-Party
22 Payment Automation Network, Inc. and Allocation of Proceeds (ECF No. 58)
23 remained pending before the Court. On July 17, 2024, the Court granted the
24 Motion to Approve and Allocate (ECF No. 79), as well as the Motion to Extend
25 Completion Deadline for Receivership which extended the completion deadline for
26 the receivership until September 23, 2024 (ECF No. 80).

27 With the case settled as to all parties, all motions having been resolved, and
28 the Receiver having fulfilled his duties under the PI as described below, the

1 Receiver now presents this Final Report, requests discharge, and seeks final
2 payment of fees and expenses.²

3 **FINAL REPORT**

4 As described in greater detail in previous reports, and in line with his duties,
5 the Receiver secured the site that the Receivership Entities used for their business;
6 examined business and financial records; prepared an assessment whether the
7 business could operate lawfully and profitably, ultimately concluding that it could
8 not; liquidated available assets of Receivership Entities; pursued claims against
9 third-parties; ensured that consumer payments to Defendants were suspended; and
10 provided updates to consumers on the case on an ongoing basis.

11 **I.**

12 **Immediate Access**

13 At the time of the Receiver’s appointment on May 3, 2023, only two of the
14 Receivership Entities had active physical locations – SLA Consulting Services Inc.
15 in Santa Ana, California and A1 Consulting LLC in Las Vegas, Nevada.

16 **A. SLAC – 1665 E. 4th Street, Suite 208, Santa Ana, California**

17 On May 4, 2023, accompanied by law enforcement officers, SLA Consulting
18 Services Inc.’s (“SLAC”) Santa Ana site was secured, and the locks changed. We
19 also provided access to counsel and other representatives of the FTC as required by
20 the TRO. Once the site and assets were secure, the Receiver suspended operations
21 in compliance with the TRO and began the process of assessing Defendants’
22 business operations.

23 The Santa Ana location was a small office space in a Class C office building,
24 which accommodated 11 telemarketer carrels and had previously been occupied by

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27 ² This Final Report is a summary of activities which are detailed more fully in the
28 Receiver’s Preliminary Report (ECF No. 37, filed May 12, 2023), a First Interim
Fee Application (ECF No. 57), and a First Interim Status Report (ECF No. 71,
filed November 10, 2023).

1 SLAC’s predecessor entity Student Loan Advocates LLC until the conversion to
2 SLAC in May 2021.

3 The site was in the process of shutting down at the time of entry. The only
4 remaining employee – manager Kevin Nunez – was present when we arrived; he
5 cooperated and answered questions. He confirmed ownership of the business by
6 Defendants Olilang and Radam (who were out of town at that time) and that the
7 company had never had more than four employees at that location. Nunez
8 provided access codes to DebtPayPro – the customer relationship management
9 (“CRM”) software used by Defendants, as well as his iPhone, his laptop, his Ytel
10 login, and the CallTools software. We were also able to speak with Defendant
11 Radam via telephone.

12 The interviews, review of records, and Defendants’ CRM verified that initial
13 consumer payments were all paid in advance either in full or via an abbreviated
14 payment plan, before any submission or approval, of an application to the
15 Department of Education; no escrow accounts for consumer payments were ever
16 established; and that misrepresentations and blatantly deceptive sales tactics were
17 embedded in the call scripts and sales materials.

18 We supervised the FTC’s Digital Forensics Unit in creating forensic images
19 of certain selected desktop computers and Kevin Nunez’s iPhone and laptop.

20 The few hard copy records onsite were boxed and taken to the Receiver’s
21 secure storage unit. The offices were returned to the landlord after the entry of the
22 Order Entering Stipulated Preliminary Injunction (ECF No. 55), at the end of May
23 2023.

24 **B. A1 Consulting LLC – 4045 Spencer Street, Suite 116, Las Vegas,**
25 **Nevada**

26 Consistent with ¶ 13(u) of the TRO, the Receiver designated A1 Consulting
27 LLC (“A1”) as a Receivership Entity. A1 was owned and controlled by Defendant

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1 Clores and offered student loan debt relief services related to Defendants' debt
2 relief services.

3 Clores, A1's principal, was initially contacted by telephone on May 4, 2023,
4 and later that day he met with the Receiver and another member of the Receiver's
5 team at A1's location in Las Vegas. Prior to starting A1 in April, 2022, Clores had
6 been a principal at BCO in Placentia, California. Not surprisingly, A1's business
7 plan, website, and vendors mirrored BCO's.

8 Although the A1 offices could accommodate 10 telemarketers, Clores had
9 been unsuccessful in building his new team. After a few months, he gave up and
10 in early 2023 subleased 90% of the office to a travel company. A1 had no staff
11 and Clores maintained only a single back office for himself and his partner.
12 "Customer service" for any incoming calls was provided by outside contractors
13 and ongoing monthly student loan customer payments were processed through a
14 merchant account. Operations may have been minimal, but there were countless
15 consumer complaints and A1 lost its primary payment processor after only five
16 months due to excessive chargebacks.

17 Clores cooperated and provided the access codes for the electronic data
18 including Google G suite accounts for both BCO (discussed below) and A1.
19 Clores confirmed that A1 did not employ escrow accounts for consumer payments
20 and the CRM records (A1 also used DebtPayPro) indicated that consumers' initial
21 fee payments were taken either upfront or within 30 days of signing up, once
22 again, well in advance of any preparation, submission, or approval of an
23 application to the Department of Education.

24 Given the lack of operations attributable to A1 in Clores' remaining leased
25 office, the Receiver determined it was not necessary to secure the space.
26 Ultimately, A1 relinquished the offices, and the Receiver's team negotiated with
27 the landlord for the return of almost \$3,000 of the security deposit.

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1 **C. BCO Consulting Services, Inc.**

2 Initially Bhakta, Clores, and Olilang operated BCO Consulting Services, Inc.
3 (“BCO”) as a student loan debt relief business from offices in Santa Ana, which
4 later moved to Placentia. By Spring 2022, the Placentia location was closed, and
5 no current active location or operations were identified. It appears that BCO
6 succumbed to the state regulatory actions taken against it, changes to California
7 laws governing debt relief companies, and probably – most importantly – the
8 continuing federal moratorium on student loan collection.

9 When BCO disbanded in Spring 2022, the three principals went off to
10 pursue independent projects. It is unknown what Bhakta turned to, but Clores
11 moved to Las Vegas and started A1 and Olilang (with Radam) formed SLAC and
12 later, Xcel Consulting Services, Inc.

13 Although there was not a remaining brick and mortar location for BCO, we
14 were able to review DebtPayPro electronic records, which confirmed consumers
15 paid BCO advance fees either during the sign-up process or just after the initial
16 sales call. BCO merchant processor statements further demonstrated that escrow
17 accounts were not used. Additionally, BCO sales scripts instructed agents to
18 obtain payment information on the initial call, suggesting agents ask consumers,
19 “Would you like us to process your first installment today, tomorrow, or next
20 week?” BCO agents also misrepresented that they worked hand in hand with the
21 Department of Education and that payments would be placed in escrow accounts.

22 **D. Xcel Consulting Services, Inc. – 760 N. Euclid Street, Suite 213,
23 Anaheim, California**

24 Olilang was the sole officer and director of Xcel Consulting Services, Inc.
25 (“Xcel”), which he formed in March, 2022 after BCO operations ceased. Because
26 Xcel conducted a business related to Defendants’ debt relief services and was
27 owned and controlled by Olilang, the Receiver determined that it qualified as a
28 Receivership Entity.

1 When the telephone number from Xcel’s website was called in late April, it
2 was answered by someone stating the business related to a Student Loan
3 Forgiveness Program; yet when we went to Xcel’s office on May 4, it was vacant.

4 What was uncovered about Xcel came from DebtPayPro records. We
5 confirmed that once again, consumers’ fees were taken upfront or soon after the
6 initial sales call – well in advance of any consumer loan application to, or approval
7 by, the Department of Education. Likewise, DebtPayPro records verified that
8 agents emailed consumers during the initial sales congratulating them on
9 enrollment in a repayment program (“Congratulations on your enrollment in the
10 Income-Driven Repayment (IDR) program”) in advance of any application on their
11 behalf to the Department of Education.

12 **E. DocuProc LLC**

13 DocuProc LLC (“DocuProc”) was formed by Olilang in April, 2019.
14 Olilang was the sole owner and acted as the Manager of the company. DocuProc’s
15 bank records revealed that all of its income came directly from SLAC and/or its
16 predecessor Student Loan Advocates. Based on state corporate filings, Olilang’s
17 financial disclosures, and DocuProc’s banking records, the Receiver concluded that
18 the business, if any, conducted by DocuProc was related to the debt relief services
19 provided by SLAC. Given the overlapping ownership, management, and business
20 areas of DocuProc, it qualified as an “affiliate, successor, or assign” of SLAC and,
21 therefore, was a Corporate Defendant as defined in the PI.

22 DocuProc also fell within the definition of a Receivership Entity. It clearly
23 received Assets derived from SLAC’s Debt Relief Services as defined in the PI and
24 was owned, operated, and controlled by Olilang.

25 **F. ASCND Media, LLC**

26 ASCND was formed in April of 2019 by Olilang with Clores as a Manager.
27 Their financial disclosures indicated they were each 50% owners of the company.
28 Our review of ASCND bank records revealed that all of its income came directly

1 from SLAC and/or Student Loan Advocates. It appeared that ASCND was
2 purchasing leads for the debt relief services being provided by SLAC. Given the
3 overlapping ownership, management, and business areas of ASCND, the Receiver
4 determined that it qualified as an “affiliate, successor, or assign” of Defendant
5 SLA Consulting and, therefore, was a Corporate Defendant as defined in the PI.

6 ASCND also fell within the definition of a Receivership Entity. The
7 company clearly received Assets obtained from SLAC’s Debt Relief Services as
8 defined in the PI, purchased leads for SLAC’s business, and was owned, operated,
9 and controlled by Defendants Clores and Olilang.

10 **II.**

11 **The Receiver’s Investigation of Defendants’ Business**

12 **A. Defendants’ Student Loan Debt Relief Business**

13 Defendants operated in direct violation of the Telemarketing Sales Rule
14 (16 C.F.R. § 310, “TSR”) which prohibits abusive and deceptive telemarketing
15 practices such as requesting or receiving payment of any fee for any debt relief
16 service until and unless (A) the telemarketer has settled at least one debt pursuant
17 to an agreement executed by the customer, and (B) the customer has made at least
18 one payment on the new agreement. Although the TRS contains an escrow
19 exception, Defendants did not employ escrow or trust accounts for student loan
20 debt relief customers.

21 The Receiver’s investigation verified that Defendants’ student loan debt
22 relief operations were based upon practices prohibited by the TRO, primarily
23 taking advance fees and deceptive representations to consumers. The review of
24 electronic records, the limited hard copy documents found onsite, third-party
25 discovery responses, and employee interviews, confirmed that Receivership
26 Entities and Individual Defendants operated these businesses in a form of common
27 enterprise with overlapping ownership and almost indistinguishable schemes.

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1 The business models for all the Receivership Entities were virtually
2 interchangeable – each was based on advance fees, similar misrepresentations to
3 consumers, and common infrastructure vendors.

4 In every incarnation, DebtPayPro records, emails, and call scripts reinforced
5 Defendants’ unlawful practices of:

- 6 • Taking advance fees;
- 7 • Lack of escrow accounts;
- 8 • Falsely identifying that Defendants were affiliated with the federal
9 government or, specifically, the Department of Education;
- 10 • Leading consumers to believe they would be enrolled in a loan
11 repayment program and would have their loans forgiven in whole or
12 in part; and
- 13 • Misleading consumers into believing their payments would be applied
14 to reduce their loan balance when, in fact, Defendants received the
15 money.

16 1. Unlawful Advance Fees

17 DebtPayPro records confirmed time and again that Receivership Entities
18 collected fees in advance either as a lump sum or spread over a few months, prior
19 to the work being completed or the customer making the first payment on the
20 negotiated settlement. Additional income for some of the Receivership Entities
21 came from recurring monthly recertification service fees (\$39) for the annual
22 debtor income recertification required by most student loan payment reduction
23 plans. For those companies that charged recertification fees, these payments
24 created a residual monthly cash flow for Defendants with no immediate benefit to
25 the customer and the payments were made well before the annual recertification
26 was actually prepared or even due. All fees were, therefore, unlawful advance
27 fees.

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1 2. Deceptive Sales Practices and Misrepresentations

2 Deceptive sales practices were prevalent in Receivership Entities’ sales and
3 training materials and call scripts. Sales agents were instructed to tell consumers
4 they were calling “on behalf of your Federal Student Loans” and to ignore
5 inquiries/notices from their loan servicer. They falsely led consumers to believe
6 payments would go towards their loan balance and, in some instances, fees were
7 disguised as initial payments on the renegotiated loan. Call room sales employees
8 were instructed to place consumers on an artificial hold (some scripts stated, “hold
9 for exactly 1 minute and 20 seconds”) to perpetuate the illusion that they were
10 contacting an underwriting department for approval. To further deceive
11 consumers, the scripts instructed agents to “come back [to the call] out of breath”
12 before announcing approval into their “Student Loan Forgiveness Program!” See
13 ECF No. 37-1.

14 During the initial sales call, sales agents would sometimes send a consumer
15 an official looking email congratulating them on their enrollment in the Income-
16 Based Repayment (IBR) or Income-Driven Repayment (IDR) programs, well in
17 advance of the consumer’s application to a loan program being prepared. Some
18 “rebuttal” sales scripts instructed agents to tell the consumer they worked hand in
19 hand with the Department of Education and that payments would be placed in
20 escrow accounts. *Id.*

21 The hard copy and electronic materials (scripts, training materials, emails,
22 sales directives, and consumer complaints) confirmed that deceptive sales practices
23 prohibited by the TRO were ingrained in all these businesses and, therefore, they
24 could not continue legally and profitably.

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1 III.

2 Implementation of the Preliminary Injunction

3 On May 22, 2023, the Court entered the PI, confirming Mr. McNamara’s
4 appointing as permanent receiver and his duties and authorities as previously
5 outlined in the TRO.

6 A. Settlement with Merchant Processor

7 Payment Automation Network, Inc. (“PAN”) and its principal, Kenneth
8 Martinez (“Martinez”) played an essential and knowing role in aiding and abetting
9 the unlawful student loan debt relief schemes at the heart of the FTC Actions³ –
10 schemes which resulted in millions of dollars in consumer losses.

11 During the course of his investigation, the Receiver and his team reviewed
12 thousands of emails and utilized the Expedited Discovery provision of the PI (¶ 22)
13 to subpoena both Martinez and PAN for business records.

14 The records revealed that Students Loan Services LLC (“SLS”), the alter
15 ego of Defendant BCO, first approached PAN in mid-2016 for payment processing
16 services. SLS was owned and operated by Defendants Olilang, Clores, and
17 Bhakta. SLS was the first in a series of related unlawful student loan debt relief
18 companies created by Defendants (discussed above) which PAN assisted over the
19 next seven years.

20 On August 7, 2023, the Receiver sent a detailed demand letter to PAN, after
21 which the parties engaged in a substantive written exchange outlining their
22 respective positions. Following this exchange, on December 29, 2023, the parties
23 conducted a full-day virtual mediation, at which time they reached agreement to

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26 ³ PAN also provided payment processing services for Receivership Entities in a
27 related matter styled, *Federal Trade Commission v. SL Finance LLC, et al.* (C.D.
28 Cal.), Case No. 8:23-cv-00698-JWH (ADSx) (the “SL Finance Case”), in which
Mr. McNamara is also the Court-appointed receiver. (Collectively, the instant
action and the SL Finance Case are referred to as the “FTC Actions.”)

1 settle the dispute with PAN paying \$425,000, thus avoiding the time and expense
2 of litigation.

3 In his Motion to Approve Settlement Agreement with Non-Party Payment
4 Automation Network, Inc. and Allocation of Proceeds (ECF No. 72), the Receiver
5 proposed an allocation of the proceeds between the two FTC Actions based upon
6 an analysis of the fees charged by PAN to the Receivership Entities in each case:
7 75% of the fees were paid by BCO Consulting Receivership Entities and 25% were
8 paid by the SL Finance Receivership Entities. On July 17, 2024, the Court entered
9 an Order (ECF No. 79) approving the Settlement Agreement and this allocation of
10 proceeds.

11 **B. Sale of Real Property**

12 Pursuant to the provisions of the SLAC Permanent Injunction (ECF No. 69),
13 Defendant Olilang executed a real estate power of attorney appointing the Receiver
14 as his agent for the sale of two rental properties. The properties consisted of a
15 triplex in Hemet, California, and a duplex in Cathedral City, California. Olilang
16 executed a power of attorney in the Receiver's favor to allow the Receiver to
17 market and sell the properties. The Receiver coordinated with the manager of the
18 properties to gather information about the condition of the properties, the identity
19 of the tenants, and the status of rents and then identified, interviewed, and selected
20 a real estate broker for each. Both properties had outstanding mortgages, which
21 were paid off at closing.

22 1. 4146 Trevor Lane, Hemet, California

23 The Hemet triplex was an investment property purchased by Olilang in
24 2021. The triplex, built in 1978 with minimal renovations in 2017, consisted of a
25 3-bedroom, 2-bath unit and two 2-bedroom, 1-bath units with small, enclosed
26 yards for two units. It was listed in late October 2023 for \$549,000. We quickly

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1 received three offers and ultimately sold the property for \$590,000, closing escrow
2 in mid-December. Net proceeds to the receivership estate were \$151,707.57.⁴

3 2. 33351 Whispering Palms Trail, Cathedral City, California

4 The Cathedral City property, a duplex, was purchased by Olilang in May,
5 2022 as an investment property. It was listed in late October 2023 for \$395,000
6 and by mid-November, we had four offers. The property sold in early December
7 for \$410,000, and net proceeds to the receivership estate were \$116,976.79.⁵

8 3. 7128 Black Sage Street, Las Vegas, Nevada

9 Clores held 50% ownership in a single-family home located at 7128 Black
10 Sage Street, Las Vegas, Nevada, which he purchased in June 2022. However, the
11 Receiver determined that the property had no equity and, therefore, did not take
12 title or attempt to liquidate it.

13 **C. Sale of Vehicles**

14 In partial satisfaction of the judgment against him, the BCO Permanent
15 Injunction (ECF No. 70) directed Clores to transfer title of his 2006 Porsche
16 Cayman S to the Receiver. The Porsche was in Las Vegas, Nevada, so a local
17 dealer was used to sell the car on a commission basis. The car was inspected,
18 detailed, and advertised through the dealer's website. The Porsche sold for
19 \$28,500. After covering the sales costs (\$401.75), paying off the vehicle loan
20 (\$15,872.92), and sales commission (\$2,850.00), the net funds to the receivership
21 estate were \$9,375.33.

22 The BCO Permanent Injunction also ordered Bhakta to transfer to the
23 Receiver title to the 2015 Volkswagen Jetta disclosed on his financial statement.

24

25 ⁴ Selling costs included mortgage payoff (\$360,864.40); listing agent's commission
26 (\$20,650.00); selling agent's commission (\$14,750.00); withholding to the
California Franchise Tax Board (\$19,647.00); and seller credit (\$12,000.00).

27 ⁵ Selling costs included mortgage payoff (\$251,465.03); listing agent's commission
28 (\$20,500.00); withholding to the California Franchise Tax Board (\$13,653.00); and
miscellaneous taxes, title fees, and recording fees (\$5,031.84).

1 This vehicle was in Riverside County and was sold through an Escondido-based
2 auto wholesaler. It was ultimately sold at auction for \$4,000. After deducting
3 transportation, detailing, and auction fees, net proceeds to the receivership estate
4 were \$3,300.

5 Bhakta's second vehicle was a 2021 Toyota Rav4 and did not have enough
6 equity to make it cost-effective to liquidate.

7 **D. Consumer Protection Efforts**

8 Upon appointment, the Receiver proceeded to ensure that all consumer
9 payments to the Receivership Entities were suspended. However, we later learned
10 from a consumer that a payment processor had continued to debit their account.
11 We contacted the payment processor and discovered that ACH debits had been
12 taken from a small number of A1 consumers, even after receiving notice of the
13 TRO and asset freeze. The processing ceased, and the consumers were provided
14 refunds.

15 Notices were posted to Defendants' websites informing consumers about the
16 FTC case against Defendants and directing them to the Receiver's website, which
17 provided additional information. Utilizing Defendants' Debt Pay Pro CRM, emails
18 were sent to approximately 20,000 consumers notifying them of the lawsuit,
19 recommending that they contact their student loan servicers, and directing them to
20 the Receiver's website. The Receiver's office continues to respond to inquiries
21 from consumers.

22 **IV.**

23 **Receivership Accounting**

24 Attached as Exhibit 1 is a Receipts and Disbursements Summary for the
25 receivership period through September 23, 2024. It shows aggregate receipts of
26 \$653,689.29, less disbursements of \$162,729.53, for net cash as of this Final
27 Report of \$490,959.76.

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1 immediate transfer to the FTC will be \$348,896.59. In addition, all future
2 payments in the PAN settlement will be directed to the FTC.

3 The Application for Discharge is based upon the Final Report, the
4 Declaration of Thomas W. McNamara, and the proposed Order filed
5 simultaneously with this Application, the pleadings in this matter, and such other
6 oral and documentary evidence that may be presented at or before the time of the
7 hearing on the Application.

8

9 Dated: September 23, 2024

MCNAMARA SMITH LLP

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By: /s/ Logan D. Smith
Logan D. Smith
Attorneys for Receiver,
Thomas W. McNamara

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CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of September, 2024, 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/ Logan D. Smith
Logan D. Smith
Attorney for Receiver,
Thomas W. McNamara