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Attorneys for Court-Appointed Receiver, Thomas W. McNamara

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

AMERICAN FINANCIAL BENEFITS CENTER, a corporation, also d/b/a AFB and AF STUDENT SERVICES; AMERITECH FINANCIAL, a corporation; FINANCIAL EDUCATION BENEFITS CENTER, a corporation; and BRANDON DEMOND FRERE, individually and as an officer of AMERICAN FINANCIAL BENEFITS CENTER, AMERITECH FINANCIAL, and FINANCIAL EDUCATION BENEFITS CENTER,

Defendants.

Case No. 4:18-cv-00806-SBA

RECEIVER'S INTERIM STATUS REPORT

JUDGE: Mag. Judge Jacqueline Scott Corley
CTRM.: 15th Floor, Ctrm. F

I.

INTRODUCTION

On November 29, 2018, this Court entered the Modified Preliminary Injunction Order (ECF No. 187) ("PI") that appointed Thomas W. McNamara as Receiver ("Receiver") of the Corporate Defendants. The Receiver filed his Preliminary Report on December 21, 2018 (ECF No. 204), which recounted in detail the initial implementation of the receivership, summarized Defendants' operations and finances, and documented his conclusions that the business could not be operated lawfully and profitably going forward. The Receiver files this report to update the Court on the status of the receivership.

II.

SUMMARY OF RECEIVERSHIP ACTIVITIES

A. Vacation of Receivership Sites

In January 2019, the Receiver vacated the premises leased by the Receivership Defendants, which were returned to their respective landlords in February 2019. As part of this process, the Receiver allowed employees' to retrieve their personal property and vendors to recover leased equipment. The Receiver also preserved and stored the Receivership Defendants' business records (i.e., hard copy documents and computer hard drives). Finally, the Receiver engaged a liquidator, which purchased the office equipment and removed significant amounts of office furniture (i.e., cubicles).

B. Sale of Vehicles

On June 14, 2019, the Court entered an order authorizing the Receiver to sell six vehicles which were turned over by Defendant Brandon Frere: (1) 2014 Audi S7 (VIN ending in 4350); (2) 2015 GMC Sierra 2500HD Denali (VIN ending in 2494); (3) 2012 Porsche Panamera Turbo S (VIN ending in 0412); (4) 2013 Porsche Cayenne Turbo (VIN ending in 0223); and two off-road vehicles (5) 2015 Can-Am Maverick Turbo XDS; and (6) 2017 Can-Am Maverick X3 Max XRS Turbo R (collectively, the "Vehicles"). *See* ECF No. 228. All six vehicles were sold at an auction conducted by RM Auctions in Auburn, Indiana on August 29-September 1, 2019. The vehicles' net proceeds (less commission and transportation costs) are as follows:

Vehicle	Net Proceeds
2014 Audi S7	$19,650.00
2015 GMC Sierra 2500HD Denali	$33,600.00
2012 Porsche Panamera Turbo S	$44,400.00
2013 Porsche Cayenne Turbo	$32,250.00
2015 Can-Am Maverick Turbo XDS	$8,850.00
2017 Can-Am Maverick X3 Max XRS Turbo R	$12,000.00

In total, the sale of the Vehicles netted the Receivership Estate $150,750.00.

III.

RECEIVERSHIP ACCOUNTING

Attached as Exhibit 1 is a Receipts and Disbursements Summary for the receivership bank account for the period February 1, 2019 through January 9, 2020. During this time period, receipts were $163,507.19, primarily comprised of funds from the sale of six vehicles ($150,750) and the sale of furniture and equipment ($1,260). Disbursements were $355,216.46, the largest component of which was professional fees and expenses paid in accordance with the Court's Order approving the Receiver's first interim fee application (ECF No. 221) (legal fees and expenses to the Receiver's counsel, McNamara Smith LLP ($215,544.20); Receiver's fees and expenses ($112,839.53); fees and costs to the Receiver's IT forensics consultant ($6,830.15)), vehicle storage and towing costs ($6,200), and telephone costs ($8,308.28), which provides information to callers about the underlying case and receivership. The receivership bank account has a current balance of $384,236.66.

Dated: January 9, 2019

MCNAMARA SMITH LLP

By: /s/ Edward Chang
Edward Chang
Attorneys for Court-appointed Receiver, Thomas W. McNamara

CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of January 2020, the foregoing document, **RECEIVER'S INTERIM STATUS REPORT**, was electronically transmitted to the Clerk's Office using the CM/ECF System for filing, and for transmittal of a Notice of Electronic Filing to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system.

/s/ Edward Chang
Edward Chang
Attorneys for the Court-Appointed Receiver, Thomas W. McNamara