UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

FEDERAL TRADE COMMISSION

Plaintiff,

v. CASE NO. 3:22-cv-487-TJC-MCR

MICHAEL RANDO, *et al.*,

Defendants.

_____/

RECEIVER'S FIFTH QUARTERLY STATUS REPORT

Maria M. Yip CPA, CFE, CIRA
myip@yipcpa.com
Receiver for the Receivership Entities

-and-

JOHNSON, NEWLON
& DECORT P.A.
Katherine C. Donlon, Esquire
Florida Bar No. 0066941
kdonlon@jnd-law.com
3242 Henderson Blvd., Ste 210
Tampa, Florida 33609
Tel: (813) 291-3300
Fax: (813) 235-0462
Attorney for Receiver Maria M. Yip

TABLE OF CONTENTS

EXECUTIVE SUMMARY 3
RECEIVER'S FIFTH QUARTERLY STATUS REPORT 5
I. BACKGROUND 5
II. SUMMARY OF THE RECEIVER'S OPERATIONS DURING THIS REPORTING PERIOD 8
A. Cardone Capital Investment 8
B. Office Lease Assignment 9
C. Receiver's Storage Unit 10
D. Website maintenance 11
E. Receivership Bank Account 11
III. RECEIVERSHIP ESTATE ASSETS 12
IV. RECEIPTS AND DISBURSEMENTS 13
V. CREDITORS 14
VI. CONTINUING WORK 15

EXECUTIVE SUMMARY

1. On May 3, 2022, this Court entered the *Ex Parte* Temporary Restraining Order with Asset Freeze, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue ("TRO") [ECF 12]. Under the TRO, Maria M. Yip (the "Receiver") was appointed temporary Receiver over corporate Defendants Prosperity Training Technology LLC, Elite Customer Services, LLC, Digital Business Scaling LLC, First Coast Matchmakers Inc., First Coast Matchmakers LLC, Financial Consulting Management Group LLC and Resource Management Investments LLC (collectively referred to as "Receivership Entities"). Individual Defendants include Michael Rando and Valerie Rando (collectively referred to as "Individual Defendants" or "the Randos").

2. On June 13, 2022, the Receiver filed her First Interim Report [ECF 50] in accordance with instructions from the Court in the TRO.

3. On September 27, 2022, the Court entered the Stipulated Preliminary Injunction as to Defendants ("Preliminary Injunction") [ECF 101] and ordered that Maria M. Yip shall continue as Receiver of the Receivership Entities with full powers of an equity receiver [ECF 101 at 22]. The Preliminary Injunction ordered that the Receiver file a report with the Court by November 30, 2022, and every three (3) months thereafter [ECF 101 at 29].

4. On November 30, 2022, the Receiver filed her First Quarterly Status Report [ECF 114].

5. On December 15, 2022, the Federal Trade Commission filed a Joint Motion for Permanent Injunction as to All Defendants [ECF 115] which was entered by this Court on January 10, 2023 [ECF 116 and 117] ("Permanent Injunction").

6. On February 28, 2023, the Receiver filed her Second Quarterly Status Report [ECF 122].

7. On June 30, 2023, the Receiver filed her Third Quarterly Status Report [ECF 137].

8. On November 6, 2023, the Receiver filed her Fourth Quarterly Status Report [ECF 140].

9. During this reporting period, November 1, 2023, through February 29, 2024, the Receiver and her team continued to take steps necessary to obtain control, title, dominion and interest in the assets listed in the Permanent Injunction, including collecting the investment distributions from Cardone Capital. The Receiver also continues to maintain the Receiver's website. In addition, the Receiver and her team communicated with third parties, including consumers and former employees.

RECEIVER'S FIFTH QUARTERLY STATUS REPORT

10. Maria M. Yip, court-appointed Receiver over the Receivership Entities, by and through undersigned counsel and pursuant to this Court's Order appointing the Receiver, respectfully submits her Fifth Quarterly Status Report (the "Report").

I. BACKGROUND

11. On May 2, 2022, the U.S. Federal Trade Commission ("FTC" or "Plaintiff") commenced this action by filing a complaint for permanent injunction, monetary relief and other relief (the "Complaint") and a temporary restraining order with asset freeze, appointment of a receiver, immediate access to Defendants' premises and documents, and other equitable relief alleging that the Defendants Michael Rando and Valerie Rando, the Corporate Defendants, and the Receivership Entities,[1] violated Section 5(a) of the FTC Act, 15 U.S.C. § 45(a); multiple provisions of the Credit Repair Organizations Act ("CROA"), 15 U.S.C. §§ 1679-1679j; multiple provisions of the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310; Section 1401(b)(2) of the COVID-19 Consumer Protection Act, 15 U.S.C § 45 note (CCPA § 1401(b)(2)); and multiple provisions of the FTC's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning

[1] Pursuant to the Order, "Receivership Entities" means "Corporate Defendants" as well as any other entity that has conducted any business related to Defendants' credit repair and money-making scheme, 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." [ECF 12 at 8]

Business Opportunities" ("Business Opportunity Rule" or "BOR"), 16 C.F.R. Part 437. [ECF 1].

12. On May 3, 2022, this Court granted Plaintiff's application for a temporary restraining order and entered an Order freezing assets belonging to any of the Defendants [ECF 12].

13. This Court also appointed Maria M. Yip, the Managing Partner of Yip Associates, as temporary receiver of the Receivership Entities with full powers of an equity receiver [ECF 12 at 22]. The Order directs and authorizes the Receiver to assume full control of the Receivership Entities and "[to] take exclusive custody, control, and possession of all Assets and Documents of, in the possession, custody, or under the control of, any Receivership Entity, wherever situated."

14. The Receiver's professionals include Katherine Donlon ("Counsel"), a partner with the law firm of Johnson, Newlon & DeCort as counsel to the Receiver. Yip Associates serves as the forensic accountants and E-Hounds serves as the computer forensics and data preservation firm.

15. On June 13, 2022, the Receiver filed the Receiver's First Interim Report [ECF 50] in accordance with instructions from the Court in the TRO.

16. On August 31, 2022, due to the fruitful and ongoing settlement negotiations between Plaintiff, the Federal Trade Commission ("FTC"), and Defendants, Plaintiff and Defendants jointly submitted the proposed Stipulated Preliminary Injunction [ECF 89]. On September 27, 2022, the Court issued its Order granting the parties' motion for entry Preliminary Injunction [ECF 101].

17. As part of the Preliminary Injunction, the court ordered that Maria M. Yip shall continue as Receiver of the Receivership Entities with full powers of an equity receiver [ECF 101 at 22]. The court also ordered that the Receiver file a report with the Court by November 30, 2022, and every three (3) months thereafter [ECF 101 at 29].

18. On November 30, 2022, the Receiver filed her First Quarterly Status Report [ECF 114].

19. The Joint Motion for Permanent Injunction was filed on December 15, 2022 [ECF 115] and on January 10, 2023, the Permanent Injunction was granted [ECF 116 and 117]. The Permanent Injunction includes a judgment against Defendants in the amount of $18,875,613.94. In partial satisfaction of the judgment entered, Defendants were ordered to surrender to the Receiver all control, title, dominion, and interest in the assets listed in the Stipulated Order for Permanent Injunction and Monetary Judgment ("Order") which included real estate, automobiles, personal items, bank and investment accounts, and life insurance policies.

20. On February 28, 2023, the Receiver filed her Second Quarterly Status Report [ECF 122].

21. On June 30, 2023, the Receiver filed her Third Quarterly Status Report [ECF 137].

22. On November 6, 2023 the Receiver filed her Fourth Quarterly Status Report [ECF 140].

23. The following sections of this Fifth Quarterly Status Report describe the Receiver's efforts during the period November 1, 2023, through February 29, 2024.

II. SUMMARY OF THE RECEIVER'S OPERATIONS DURING THIS REPORTING PERIOD

24. The Permanent Injunction provided that the Defendants, immediately upon entry of the Order, to the extent not already done so, shall take all steps necessary to surrender to the Receiver all control, title, dominion, and interest in the various assets listed [ECF 116 and 117]. Since the entering of the Order on January 10, 2023, the Receiver has taken steps to obtain and liquidate the assets listed on the Order. The Receiver's efforts during the period November 1, 2023, through February 29, 2024, are described in more detail in the following sections.

A. Cardone Capital Investment

25. As stated in the Receiver's Prior Reports, based on information from Cardone Capital ("Cardone"), MR Protection Trust invested a total of $6,950,000 in various Cardone Equity Funds between the period July 2019 and October 2021[2] and the 2022 ending capital account balance with the various Cardone Funds totaled $2,139,159.[3]

26. On October 21, 2022, the Court ordered Cardone Capital to distribute all accrued and future distributions in the name of MR Protection Trust to Receiver

[2] May 6, 2022 Statement provided in TRO response from Cardone Capital to the FTC.
[3] Information from K-1s provided by Cardone Capital for 2022.

Maria Yip [ECF 107 at 2]. The Receiver received distributions from the Cardone investments during this reporting period as follows:

a. November 15, 2023: Distributions totaling $33,313;

b. December 15, 2023: Distributions totaling $33,313;

c. December 19, 2023: Distributions totaling $26,370;

d. January 12, 2024: Distributions totaling $33,313; and

e. February 15, 2024: Distributions totaling $33,313.

27. The Receiver is actively seeking to sell or transfer these assets and expects to continue to receive monthly distributions of approximately $33,000 per month until these assets are sold.

B. Office Lease Assignment

28. Receivership Entity PTT leased the office space at 14333 Beach Blvd, Units 33-34, from Pablo Station LLC, commencing in April 2022. PTT had prepaid the first year's rent of the three-year lease along with a $10,000 security deposit. The Receiver negotiated with Pablo Station LLC to assign the lease.

29. In order to recoup the prepaid rent for the Receivership Estate, the Receiver negotiated the assignment of the lease of the office space for Prosperity Technology to Advanced Business Solutions ("ABS") and John Rando (collectively the "Assignees") whereby the Assignees agreed to pay a monthly rent of $6,500 to the Receiver plus a payment of $500 per month for the purchase of existing office furniture and fixtures ("Rental Agreement"). The term of the Rental Agreement

was 8 months (from August 2022 through March 2023) or until PTT was no longer in Receivership, whichever was shorter.

30. Subsequent to the assignment of the lease of the office space and the execution of the Rental Agreement, the Assignees abandoned the space and failed to make timely rent payments under the terms of the assignment.

31. In June 2023, the landlord for the space filed a lawsuit in state court in Duval County, naming ABS, John Rando and Prosperity Technology as defendants for breach of contract seeking accelerated rent due under the three year lease. The Receiver negotiated with the landlord and Prosperity Technology was dismissed without prejudice from the action on November 9, 2023.

C. Receiver's Storage Unit

32. On July 27, 2022, the Receiver entered into a rental agreement for a storage unit with Atlantic Self Storage Cocoanut in Jacksonville, Florida ("Receiver's Storage Unit"). The Receiver and her team relocated computers, equipment, and the books and records of the Receivership Entities from the office located at 14333 Beach Blvd, Units 33-34, Jacksonville, FL 32250 and an existing storage unit maintained by Michael Rando, to the Receiver's Storage Unit. The Receiver continues to maintain the Receiver's Storage Unit and plans to dispose of the stored items and close the unit in the coming months.

D. Website maintenance

33. The Receiver continued to maintain an informational website that acts as a source for consumers and other interested parties to obtain current information about the progress of the Receivership, including significant actions, Court filings, and other items that might be of interest to the public. The website can be accessed at https://creditgamereceivership.com. The Receiver discontinued the services of K-Tek Systems, which was previously retained to update, host and maintain the receivership website, on December 31, 2023. The Receiver has retained Rad Technologies to provide these services going forward. As of this Report date, the website contained 100 key Court filings. The receivership website includes an online registration form for interested parties. Registration forms include key information such as current contact information, item(s) purchased, comments/complaints, and attorney representation contact information. As of this Report date, 373 registration forms have been received through the website.

E. Receivership Bank Account

34. The current balance in the Receivership Estate's bank account with Axos Bank is $1,718,153.50 as of February 29, 2024.

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III. RECEIVERSHIP ESTATE ASSETS

35. The table below summarizes the estimated net value of the Receivership assets and known assets related to the Defendants.

Summary of Receivership Assets and Known Assets Related to the Defendants			
Category	**Estimated Asset Amount**	**Estimated Liability Amount**	**Estimated Net Value**
Cash - Estate's Axos Bank Account	$ 1,718,153.50	$ -	$ 1,718,153.50
Rent Receivable	33,000.00	-	33,000.00
Investments	6,962,000.00	-	6,962,000.00
Other	5,000.00	-	5,000.00
TOTAL ESTIMATED ASSETS	**$ 8,718,153.50**	**$ -**	**$ 8,718,153.50**

36. A detailed summary of the Receivership assets and known assets related to the Defendants reviewed, including balance, date of value and the source of information is attached as **Exhibit "A"**.

[INTENTIONALLY LEFT BLANK]

IV. RECEIPTS AND DISBURSEMENTS

37. The table below summarizes the receipts and disbursement activity from November 1, 2023 through February 29, 2024.

Summary of Receipts and Disbursements		
	Receiver's Fourth Quarterly Report November 1, 2023 - February 29, 2024	
The Estate of Prosperity Training Technology		
Axos Bank Account Ending x8653 - Beginning Balance		$ 1,550,843.85
Sources of Funds:		
Distributions from Cardone Equity Funds Investments		159,622.00
Interest Earned		6,703.61
Other		984.04
Advances from Yip Associates for Operating Costs	$ 1,574.43	
Reimbursements to Receiver/Yip Associates for Advances	-	1,574.43
TOTAL SOURCES		**$ 168,884.08**
Uses of Funds:		
Storage		$ 873.75
Website-Related Services		436.93
Other		263.75
TOTAL USES		**$ 1,574.43**
Axos Bank Account Ending x8653 - Ending Balance		**$ 1,718,153.50**

38. A detailed schedule of all the Receiver's receipts and disbursements are reflected in **Exhibit "B"** attached hereto.

39. The following tables summarize the professional fees paid for the Receiver and her professionals through February 29, 2024.

Schedule of Fees & Costs for Receiver and her Professionals								
	First Fee Application (for May 2 - July 1, 2022) [ECF 67]			First Fee Motion Payments [ECF 83]	Second Fee Application (for July 2 - August 31, 2022) [ECF 100]			Second Fee Motion Payments [ECF 103]
	Fees	*Costs*	*Total*	*Payments*	*Fees*	*Costs*	*Total*	*Payments*
Receiver	$ 56,157	$ 7,578	$ 63,735	$ 42,490	$ 11,879	$ 733	$ 12,612	$ 25,445
Receiver - Operational Expenses						24,761	24,761	24,761
Yip Associates	151,953	6,547	158,501	105,667	24,085	1,304	25,388	58,689
Johnson Cassidy Newlon & DeCort	55,667	6,534	62,200	41,467	19,008	161	19,169	29,811
E-Hounds	26,602	3,040	29,642	19,761	5,258		5,258	11,294
TOTALS	**$290,379**	**$ 23,700**	**$314,078**	**$209,386**	**$ 60,229**	**$ 26,959**	**$ 87,188**	**$ 150,000**

Schedule of Fees & Costs for Receiver and her Professionals										
	Third Fee Application (for September 1, 2022 - February 28, 2023) [ECF 123]			Total Outstanding from Prior Fee Motions	Total	Third Fee Motion Payments [ECF 126]	Fourth Fee Application (for March 1, 2023 - August 31, 2023) [ECF 138]			Fourth Fee Motion Payments [ECF 139]
	Fees	*Costs*	*Total*	*Outstanding*	*Total*	*Payments*	*Fees*	*Costs*	*Total*	*Payments*
Receiver	$ 18,070	$ 1,136	$ 19,206	$ 8,412	$ 27,617	$ 35,177	$ 6,728	$ 723	$ 7,451	$ 9,945
Receiver - Operational Expenses		7,560	7,560	-	7,560			$ 2,494	$ 2,494	
Yip Associates	67,066	498	67,564	19,533	87,097	87,097	$ 17,377	$ 397	$ 17,774	17,774
Johnson Cassidy Newlon & DeCort	23,939	1,476	25,414	10,092	35,507	35,507	$ 13,463	$ 130	$ 13,593	13,593
E-Hounds	13,109	-	13,109	3,844	16,953	16,953	$ 12,270		$ 12,270	12,270
TOTALS	**$122,183**	**$ 10,670**	**$132,853**	**$ 41,881**	**$174,734**	**$ 174,734**	**$ 49,838**	**$ 3,744**	**$ 53,581**	**$ 53,581**

V. CREDITORS

40. As stated in the Receiver's Prior Report, the Receiver identified 9,639 unique customer names who appear to have purchased the Defendants' services. Based on the Receiver's analysis of records maintained by the Defendants for the

period of March 2, 2020, through May 4, 2022, total sales to these customers were $14,235,484.

VI. CONTINUING WORK

41. The Receiver will continue to liquidate the remaining assets in accordance with the Permanent Injunction.

42. Once all assets are liquidated, the Receiver will turn over the funds to the FTC who will handle the distribution of those funds to consumers.

Date: February 29, 2024

Respectfully submitted,

/s/ Maria M. Yip
Maria M. Yip CPA, CFE, CIRA
myip@yipcpa.com
One Biscayne Tower
2 S. Biscayne Blvd., Ste. 2690
Miami, FL 33131
Tel: (305) 787-3750

Receiver for the Receivership Entities

-and-

/s/ Katherine C. Donlon
Katherine C. Donlon, FBN: 0066941
kdonlon@jnd-law.com
JOHNSON, NEWLON & DECORT P.A.
3242 Henderson Blvd., Ste 210
Tampa, Florida 33609
Tel: (813) 291-3300
Fax: (813) 235-0462

Attorney for Receiver Maria M. Yip

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on February 29, 2024, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF E-filing Portal which will send a notification of filing to all counsel of record.

/s/ Katherine C. Donlon
Katherine C. Donlon, FBN 0066941