

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION**

FEDERAL TRADE COMMISSION,
and STATE OF OHIO et rel., et al.,

v.

EDUCARE CENTRE SERVICES, INC., et al.,

Case No. 3:19-cv-00196-KC

**NOTICE OF UNOPPOSED APPLICATION AND UNOPPOSED APPLICATION FOR
ORDER APPROVING AND AUTHORIZING PAYMENT OF RECEIVER'S AND
RECEIVER'S COUNSELS' FEES AND EXPENSES FOR THE PERIOD FROM
INCEPTION OF RECEIVERSHIP ESTATE THROUGH DECEMBER 31, 2019**

TO THE HONORABLE KATHLEEN CARDONE, UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS:

PLEASE TAKE NOTICE that Robb Evans & Associates LLC, as Receiver (“Receiver”), hereby applies (“Application”) to the Court for an order approving the payment of the fees and expenses of the Receiver, the Receiver’s staff, local Texas counsel, Kemp Smith Law (“Kemp Smith”), and Canadian counsel Kugler Kandestin SENCRL / LLP (“Kugler”), for the period from inception of the receivership estate (July 19, 2019) through December 31, 2019 (“First Reporting Period”). During the First Reporting Period (a) the fees and costs of the Receiver and its staff totaled \$40,315.48 (consisting of \$38,669.85 in fees and \$1,645.63 in costs), (b) the fees and costs of Kemp Smith totaled \$15,912.20 (consisting of \$15,906.90 in fees and \$5.30 in costs), and (c) the fees and costs of Kugler totaled \$29,697.08 (consisting of \$27,525.21 in fees and \$2,171.87 in costs), for a grand total of \$85,924.76.

PLEASE TAKE FURTHER NOTICE that this Application is made pursuant to the latest of the Court’s preliminary injunctions issued in this action, namely Preliminary Injunction with Asset Freeze, Receiver, and Other Equitable Relief [Doc. No. 125, entered on December 17, 2019], which requires the Receiver to file with the Court and serve on the parties periodic requests for the payment of reasonable compensation for the Receiver’s and the Receiver’s hired personnel, including counsel to the Receiver, and for actual out-of-pocket expenses incurred by them, with the first such request filed no more than 60 days after the entry of said Order.

This Application is based upon this Notice and the attached Memorandum of Points and Authorities; the concurrently filed Declarations of Brick Kane, Shelly W. Rivas, and Jeremy Cuttler (and exhibits thereto); upon the pleadings, records and files of this case of which the Receiver requests the Court take judicial notice, and upon all other further pleadings, oral and documentary evidence and argument of counsel as may be presented by the Receiver at or before the time of the hearing on this Application.

PLEASE TAKE FURTHER NOTICE that a copy of this Application and supporting declarations and exhibits are posted on the Receiver’s website at

<https://www.robbevans.com/find-a-case/educare-centre-services-inc-et-al-receiver/> where they may be reviewed in their entirety. This Application, attached Memorandum of Points and Authorities, and concurrently filed declarations and exhibits are being served on all parties herein. While a copy of this Application and attached Memorandum of Points and Authorities is being served on all known creditors and interested parties (see attached Service List), these third-parties may obtain copies of the supporting declarations by accessing the Receiver's website or by sending a written request to: Robb Evans & Associates LLC, 11450 Sheldon Street, Sun Valley, California 91352-1121; Telephone (818) 768-8100; Facsimile: (818) 768-8802.

DATED: February 14, 2020

Respectfully submitted,

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By: /s/ Hal D. Goldflam

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Attorneys for Robb Evans & Associates LLC

MEMORANDUM OF POINTS AND AUTHORITIES

I. CHRONOLOGICAL FACTS

1. On July 18, 2019, the Federal Trade Commission (“FTC”) and the State of Ohio (collectively, “Plaintiffs”) filed, *ex parte*, their Complaint for Permanent Injunction and Other Equitable Relief pursuant to Section 13(b) of the Federal Trade Commission Act [Doc. No. 9], and moved for a temporary restraining order and an order to show cause why a preliminary injunction should not issue against Educare Centre Services, Inc. (“Educare”), Tripletel, Inc. (“Tripletel”), Prolink Vision, S.R.L. (“Prolink”), Sam Madi (“Madi”), Mohammad Souheil (“Souheil”), Wissam Abedel Jalil (“Jalil”), Charles Kharouf (“Kharouf”), and relief defendant 9896988 Canada, Inc. (“9896988”) (collectively, “Educare Defendants”) [Doc. 1-7].

2. On July 19, 2019, the Court issued its *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 (“Temporary Restraining Order 1”), whereby the Court appointed Robb Evans & Associates LLC as the Temporary Receiver over Educare, Tripletel, Prolink, and 9896988 Canada, Inc. (collectively, “Receivership Entities”) as more particularized therein. [Doc. No. 8.]

3. On July 30, 2019, the Court entered its Preliminary Injunction Order (“Preliminary Injunction 1”) against the Receivership Entities Educare, Tripletel, and Jalil, whereby the Court ordered that Robb Evans & Associates LLC shall continue to serve as the Receiver of the Receivership Entities with full powers of an equity receiver. [Doc. No. 25.]

4. On December 3, 2019, Plaintiffs filed, *ex parte*, their First Amended Complaint (“FAC”) that adds Globex Telecom, Inc. (“Globex”) and 9506276 Canada, Inc. (“9506276”) (collectively, “Globex Defendants”) as defendants, and moved for a temporary restraining order and an order to show cause why a preliminary injunction should not issue against the Globex Defendants. [Doc. No. 81.]

5. On December 3, 2019, the Court entered its *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 against the Globex Defendants (“Temporary Restraining Order 2” and together with Temporary Restraining Order 1, “Temporary Restraining Orders”). [Doc. No. 84.]

6. On December 17, 2019, the Court entered its Preliminary Injunction Order as to Defendants Prolink, 9896988, Madi, Souheil, and Kharouf [Doc. No. 124] as well as its Preliminary Injunction Order as to the Globex Defendants (“Preliminary Injunction 2” and together with Preliminary Injunction 1, “Preliminary Injunctions”), whereby the Court ordered that Robb Evans & Associates LLC shall continue to serve as the Receiver of the Receivership Entities with full powers of an equity receiver. [Docket No. 125.]

7. On December 15, 2019, the Receiver filed its Report of Receiver’s Activities for the period from July 19, 2019, through December 13, 2019 (“First Report of Activities”). [Doc. No. 120.]

8. The Preliminary Injunctions each provide that the Receiver is to file periodic applications for reasonable compensation. [Preliminary Injunction 2, § XIX, pg. 26.]

9. On January 22, 2020, Receiver’s California counsel, Frandzel Robins Bloom & Csato, L.C. (“Frandzel”), was admitted *pro hac vice*. [Unnumbered Docket Entry on 01/22/2020.]¹

II. THE RECEIVER’S AND RECEIVER’S COUNSELS’ FEES, EXPENSES, AND ACTIVITIES DURING THE FIRST REPORTING PERIOD

During the First Reporting Period (July 19, 2019 through December 31, 2019), (a) the fees and costs of the Receiver and its staff totaled \$40,315.48 (consisting of \$38,669.85 in fees and \$1,645.63 in costs), (b) the fees and costs of Kemp Smith totaled \$15,912.20 (consisting of \$15,906.90 in fees and \$5.30 in costs), and (c) the fees and costs of Kugler totaled \$29,697.08 (consisting of \$27,525.21 in fees and \$2,171.87 in costs), for a grand total of \$85,924.76. Accordingly, the total of receivership fees and expenses incurred during the First Reporting

¹ Frandzel did not incur any fees or costs during the First Reporting Period.

Period which the Receiver seeks an order authorizing payment is \$85,924.76. (*See* concurrently filed Declaration of Brick Kane.)

Kemp Smith and Canadian counsel Kugler were each hired by the Receiver pursuant to the authority given to the Receiver in the Court's Temporary Restraining Orders and the Preliminary Injunctions.

The activities undertaken by the Receiver, the Receiver's duties, and staff from inception of the receivership estate through December 31, 2019, are described in part in the First Report of Activities and are further detailed in the Receiver's monthly billing summaries reflecting the services rendered and time spent by the Receiver. (*See* Declaration of Brick Kane, Exhs. 1, 3.) The activities described in the First Report of Activities generally have continued First Reporting Period in the context of the Receiver's efforts to identify, obtain, safeguard and preserve assets of the receivership estate and otherwise to perform its duties and responsibilities under the authority granted by the Temporary Restraining Orders and Preliminary Injunctions. (*Id.*) Kemp Smith assisted the Receiver during the First Reporting Period in the manner described in the concurrently filed Declaration of Shelly W. Rivas (along with Exh. 4). Kugler assisted the Receiver during the First Reporting Period in the manner described in the concurrently filed Declaration of Jeremy Cuttler (along with Exh. 5).

As set forth in the Certificate of Conference, below, and Attachment A, the Receiver's counsel met and conferred with counsel prior to filing the instant Application. The FTC has no opposition to the relief sought in this Application. As of the filing of this Application, no response has been made by others.

The Receiver respectfully submits that in light of the work performed during the First Reporting Period, the fees and costs of the Receiver and its professionals are reasonable and should be approved and authorized for payment in their entirety.

III. CONCLUSION

Based on the foregoing and the concurrently filed Declarations of Brick Kane, Shelly W. Rivas, and Jeremy Cuttler (and Exhibits thereto), the Receiver respectfully requests that the

Court grant the Application and that it issue an order deeming that, in light of the work performed during the First Reporting Period, the fees and costs of the Receiver and its professionals are reasonable and should be approved and authorized for payment in their entirety.

DATED: February 14, 2020

Respectfully submitted,

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CERTIFICATE OF CONFERENCE

On February 6, 2020, Receiver's counsel attempted to confer in good faith with counsel for Plaintiffs and Defendants via email and letter (See Attachment A) regarding this *Notice Of Unopposed Application And Unopposed Application For Order Approving And Authorizing Payment Of Receiver's And Receiver's Counsels' Fees And Expenses For The Period From Inception Of Receivership Estate Through December 31, 2019*. No counsel or party replied that any would oppose this Application.

/s/ Hal D. Goldflam
Hal D. Goldflam

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION

FEDERAL TRADE COMMISSION,
and STATE OF OHIO et rel., et al.,

v.

EDUCARE CENTRE SERVICES, INC., et al.,

Case No. 3:19-cv-00196-KC

**DECLARATION OF BRICK KANE IN SUPPORT OF UNOPPOSED APPLICATION
FOR ORDER APPROVING AND AUTHORIZING PAYMENT OF RECEIVER'S AND
RECEIVER'S COUNSELS' FEES AND EXPENSES FOR THE PERIOD FROM
INCEPTION OF RECEIVERSHIP ESTATE THROUGH DECEMBER 31, 2019**

I, Brick Kane, declare as follows:

1. I am the President & Chief Operating Officer of Robb Evans & Associates LLC (“REA”), initially the Temporary Receiver and subsequently the Receiver in this matter. I have personal knowledge of the matters set forth in this declaration and, if I were called upon to testify as to those matters, I could and would competently testify thereto based upon my personal knowledge.

2. I am one of the individuals with REA that has primary responsibility for the day-to-day supervision and management of the receivership estate in this case since REA first began to act as the Temporary Receiver on July 19, 2019, pursuant to its *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 (“Temporary Restraining Order 1”) [Doc. No. 8].

3. On July 30, 2019, the Court entered its Preliminary Injunction Order (“Preliminary Injunction 1”), whereby the Court ordered that Robb Evans & Associates LLC shall continue to serve as the Receiver of the Receivership Entities with full powers of an equity receiver. [Doc. No. 25.]

4. On December 3, 2019, Plaintiffs filed, ex parte, their First Amended Complaint (“FAC”) that adds Globex Telecom, Inc. (“Globex”) and 9506276 Canada, Inc. (“9506276”)

(collectively, “Globex Defendants”) as defendants, and moved for a temporary restraining order and an order to show cause why a preliminary injunction should not issue against the Globex Defendants. [Doc. No. 81.]

5. On December 3, 2019, the Court entered its 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 against the Globex Defendants (“Temporary Restraining Order 2” and together with Temporary Restraining Order 1, “Temporary Restraining Orders”). [Doc. No. 84.]

6. On December 17, 2019, the Court entered its Preliminary Injunction Order as to Defendants Prolink, 9896988, Sam Madi, Mohammad Souheil, and Charles Kharouf [Doc. No. 124] as well as its Preliminary Injunction Order as to the Globex Defendants (“Preliminary Injunction 2” and together with Preliminary Injunction 1, “Preliminary Injunctions”), whereby the Court ordered that Robb Evans & Associates LLC shall continue to serve as the Receiver of the Receivership Entities with full powers of an equity receiver. [Docket No. 125.]

7. The Preliminary Injunctions each provide that the Receiver is to file periodic applications for reasonable compensation.

8. Activities undertaken by the Receiver’s members and staff are specified in the First Report of Activities (“First Report of Activities”). [Doc. No. 120.] The activities described in First Report of Activities (a true and correct copy of which is attached hereto as Exhibit 1 (without Exhibits)), generally have continued through December 31, 2019 in the context of the Receiver’s efforts to identify, obtain, safeguard and preserve assets of the receivership estate and otherwise to perform its duties and responsibilities under the authority granted by the Temporary Restraining Orders and Preliminary Injunctions.

9. During the First Reporting Period (July 19, 2019 through December 31, 2019), the fees and costs of the Receiver’s members, accountants, staff, and support staff totaled \$40,315.48, consisting of \$38,669.85 in fees and \$1,645.63 in costs.

10. The legal fees and costs of the Receiver's local Texas counsel, Kemp Smith Law ("Kemp Smith") totaled \$15,912.20, consisting of \$15,906.90 in fees and \$5.30 in costs. The fees and costs of the Receiver's Canadian counsel, Kugler Kandestin SENCRL / LLP ("Kugler"), totaled \$29,697.08 in U.S. Dollars, consisting of \$27,525.21 in fees and \$2,171.87 in costs.

11. Accordingly, the total of receivership fees and expenses incurred during the First Reporting Period which the Receiver seeks an order authorizing payment is \$85,924.76.

12. Kemp Smith and Kugler were each hired by the Receiver pursuant to the authority given to the Receiver in the Court's Temporary Restraining Orders and the Preliminary Injunctions.

13. The Receiver's fees and costs for which approval is requested are identified in the summary which the Receiver's office has prepared and titled as "Receiver's Administrative Expenses and Fund Balance From Inception (July 19, 2019) to December 31, 2019," a true and correct copy of which is attached as Exhibit 2. The fees are further detailed in Exhibit 3 attached hereto. Specifically, Exhibit 3 is comprised of monthly billing summaries reflecting the services rendered and time spent by REA's members, accountants, staff, and support staff (with the work descriptions redacted where appropriate to preserve information protected from disclosure by the attorney-client privilege or otherwise to protect the Receiver and the receivership estate from inappropriate disclosures).

14. I am familiar with the methods and procedures used to create, record, and maintain the Receiver's billing records. The billing records attached hereto as Exhibit 3 are prepared from computerized time records prepared contemporaneously with the services rendered by each professional billing time to this matter. These computerized records are prepared in the ordinary course of business by the Receiver's professionals who have a business duty to accurately record their time spent and services rendered on the matters on which they perform work. The time records are transferred into a computerized billing program which


generates monthly invoices. In my experience, the Receiver's methods and procedures for recording and accounting for time and services have proven to be reliable and accurate.

15. During the First Reporting Period, both local counsel and Canadian counsel performed certain work for the Receiver. That work is summarized in the accompanying Declarations of Shelly W. Rivas and Jeremy Cuttler, respectively.

16. I believe that in light of the work performed during the First Reporting Period, the fees and costs of the Receiver, Kemp Smith, and Kugler are reasonable and should be approved and authorized for payment in their entirety.

17. In connection with the Application, the Receiver's counsel will have effectuated service of a copy of the Notice of Application and Application, the supporting Memorandum of Points and Authorities, and the declarations and all exhibits on the parties to this action. In addition, the Receiver will provide an entire copy of the Application, including the declarations, to anyone who requests a copy of the Application in writing directed to Robb Evans & Associates LLC, 11450 Sheldon Street, Sun Valley, California 91352-1121. The Receiver also will post a copy of the entire Application and supporting declarations on the Receiver's website for this case at <https://www.robbevans.com/find-a-case/educare-centre-services-inc-et-al-receiver/>.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that this declaration was executed on February 12, 2020, at Sun Valley, California.



BRICK KANE

EXHIBIT 1

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS

Federal Trade Commission, and

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State of Ohio ex rel. Attorney General
Dave Yost,

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Plaintiffs,

§

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v.

§

Cause No. EP19CV0196-KC

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Educare Centre Services, Inc., et al.,

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§

§

Defendants.

§

NOTICE OF FILING REPORT OF RECEIVER'S ACTIVITIES

ROBB EVANS & ASSOCIATES LLC
Receiver of
Educare Centre Services, Inc. et al.
and Temporary Receiver of
Globex Telecom, Inc. et al.

REPORT OF RECEIVER'S ACTIVITIES
July 19, 2019 through December 13, 2019

This report covers the activities of the Temporary Receiver (Receiver)¹ since the inception of the receivership. This is the first report to the Court on the progress of the receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing the progress of the receivership.

Overview

On July 19, 2019 this Court issued a Temporary Restraining Order (TRO) that named Educare Centre Services, Inc. Tripletel, Inc., Prolink Vision S.R.L., and 9896988 Canada, Inc. (9896988) (collectively referred to as the "Educare defendants") as Receivership Entities. On July 30, 2019 this Court entered a Preliminary Injunction Order as to Receivership Entities Educare Centre Services, Inc. and Tripletel, Inc.

On December 3, 2019 this Court issued a Temporary Restraining Order (TRO) that named Globex Telecom Inc. (Globex) and 9506276 Canada, Inc. (9506276) (collectively referred to as the "Globex defendants") as additional Receivership Entities.

According to public information 9896988 and 9506276 both have registered offices at the same address in Quebec, Canada (Exhibit 1).

The Educare defendants did not provide the Receiver with any of the documents or other information that they were required to provide under various provisions of the TRO.

The Globex defendants have provided the Receiver with some documents required by the TRO but have not provided many documents and other information required under various provisions of the TRO.

On December 12, 2019 9506276 filed a notice of bankruptcy in Quebec (Exhibit 2). This bankruptcy filing appears to violate several provisions of the TRO and was done so without the knowledge or consent of the Receiver. Section XI. of the TRO places the Receiver in control of the Receivership Entities.

¹ Reference to the Receiver in this report means the Receiver, the Receiver's deputies, its staff, and its counsel.

Section XVI. of the TRO addresses non-interference with the Receiver. Section XVII., paragraph A. of the TRO prohibits any bankruptcy filing without leave of this Court.

As will be discussed in more detail below, Globex generated nearly \$38 million in sales from 2015 through December 2019. During that same time period, the Globex' net income was approximately \$7.5 million.

Proceedings in Montreal, Canada

Prior to the Receiver's appointment, the attorneys for the Federal Trade Commission (FTC) informed the proposed Receiver about the existence of a defendant entity in Montreal. According to the FTC, substantial sums had been transferred to a Canadian entity, 9896988. The proposed Receiver contacted a law firm in Montreal about the impending proceeding in El Paso.

On July 23, 2019 the Receiver filed an Originating Application for the Issuance of a Mareva Injunction² and for an Interlocutory and Permanent Injunction in the Montreal Court. On the same day, the Montreal Court issued the Mareva Injunction (Exhibit 3).

On August 2, 2019 the Receiver filed an Application for the Issuance of a Safeguard Order to extend the Mareva Injunction to August 12, 2019. That application was granted (Exhibit 4).

Subsequently, defendants 9896988 and Mr. Souheil agreed to turn over the funds in a bank account at Toronto Dominion Bank. Approximately CAD\$3,200.00 was turned over to the Receiver.

Information from the Globex Defendants

On December 6, 2019 the Receiver spoke with counsel for the Globex defendants who stated to the Receiver that his firm represents both the United States entity and the Canadian entity. The Receiver followed up that conversation with an email (Exhibit 5). That email was not responded to until December 12, 2019 (Exhibit 6). On December 10, 2019 the Receiver emailed counsel for Globex to inquire about discussing business operations with company management (Exhibit 7). That email has not been answered.

On the evening of December 12, 2019 counsel for Globex provided the Receiver with a QuickBooks accounting file and online access to the Globex account at Bank of America. The Receiver was not able to access either the QuickBooks file or the Bank of America account until December 13th, due to incomplete access information. That additional information was provided by counsel for Globex on December 13th.

² A Mareva Injunction is a temporary injunction that freezes the assets of a party pending further order or final resolution by the Court.

As of the date of this report, Globex has not provided the following items detailed in Exhibit 5:

- Access to all company email accounts.
- A copy of all electronic documents.
- Login details for all company bank accounts.
- A copy of any database the contains business information such as customers and vendors.
- A copy of contracts for any customers or vendors.

The Receiver has independently learned that Globex used a customer records management system operated by Sales Force.com. The Receiver has issued a data preservation notice to Sales Force and is attempting to make arrangements to download the database.

Globex Financial Information

The Globex defendants turned over a QuickBooks accounting file to the Receiver. The information presented in this section of the report is based on the books and records of Globex. As the accounting data was turned over on the eve of preparing this report, the Receiver has not been able to forensically analyze the accounting entries and compare those entries to bank documents.

Balance Sheet

The December 12, 2019 Balance Sheet (Exhibit 8) lists total assets of approximately \$15 million. The largest asset is a loan to Initpro Technologies. Form 851 Affiliation Schedule of the 2018 Globex tax return (Exhibit 9) shows that Globex owns 100% of the shares of Initpro Technologies Inc. and 100% of the shares of R Squared Telecom LLC. The QuickBooks file and the tax return are inconsistent. The Receiver has not been provided any share subscription agreements or loan documents to determine if Globex is a shareholder or a lender/creditor of Initpro Technologies.

The Balance Sheet lists total liabilities of approximately \$5.9 million. The largest liability of approximately \$4 million is a loan from F.I.T. Ventures Lending Inc. (FIT). FIT has filed a motion to intervene [Doc. 113] in this matter. The Receiver has had discussions with counsel for FIT and believes that FIT is in possession of documents that will be helpful to the Receiver. The Receiver is working with FIT's counsel to obtain copies of documents. In its motion to intervene FIT stated that it made an investment of \$5.4 million in Globex and its Canadian affiliate 9504591 Canada, Inc. (9504591). Under Exhibit 10 is public information on 9504591. Its registered office is at the same address as the Educare defendants and the Globex defendants. Sally Souheil is listed as the Director. The Receiver has not been provided any accounting or banking information for this entity or for Globex defendant, 9506276.

The Balance Sheet lists paid-in capital at \$2,250,000. There were three capital contributions that were all made in February 2019. These capital contributions appear to be from different individuals/entities. The Receiver will investigate the source of these funds.

The 2018 tax return shows the following ownership information for Globex:

F.I.T. Ventures L.P. : 34.931%
10471500 Canada Inc. : 60%

Under Exhibit 11 is the public information on 10471500 Canada Inc. Its registered office is at the same address as the Educare defendants and the Globex defendants. Mohammad Souheil and Sally Souheil are listed as the Directors.

Profit & Loss Statement

The Profit & Loss Statement (Exhibit 12) lists total sales of approximately \$38 million. These sales were generated between 2015 and 2019. Of the \$38 million, approximately \$25.5 million was generated in 2018 and 2019. The 2018 Globex tax return shows gross receipts of \$19.4 million³. The QuickBooks file shows gross receipts of \$14.3 million for 2018.

Under Exhibit 13 is a list of Sales by Customer⁴ that was downloaded from the QuickBooks file. The largest customer is Technologic USA with approximately \$18.6 million in sales. According to the QuickBooks file, Technologic is located in Panama. The second largest customer is XYSM with approximately \$3.3 million in sales. The only contact information for XYSM in the QuickBooks file is sally@globextelecom.net. The third largest customer is Educare Services with approximately \$2 million in sales.

Under Exhibit 14 is a list of payments⁵ made that was downloaded from the QuickBooks file. The largest payee is Receivership Entity 9506276 which received approximately \$4.3 million. The second largest payee is All Access Telecom, Inc. which received approximately \$2.5 million. These payments were classified under the Cost of Goods Sold account. The third largest payee is Sipnav which received approximately \$2.2 million. These payments were classified under the Cost of Goods Sold account.

³ The 2018 tax return includes receipts for two wholly owned subsidiaries which are Initpro Technologies Inc. and R Squared Telecom LLC. The Receiver has not been provided any information about the business nature of either of these entities.

⁴ The Receiver has the complete sales list but eliminated a number of pages with small sales amounts from the Exhibit.

⁵ The Receiver has the complete list of payments but eliminated a number of pages with small payments from the Exhibit.

TRO Section XI.

Paragraph T. of Section XI. states that the Receiver may suspend the business operations of the Receivership Entities if in the judgment of the Receiver such operations cannot be continued legally and profitably.

The Receiver is currently not in a position to opine on business operations. The Receiver has not been provided access to company management and, as discussed above, has not been provided numerous documents which include, but are not limited to email, contracts, loan agreements, and stock purchase agreements.

Paragraph U. of Section XI. provides that if the Receiver identifies a nonparty as a Receivership Entity, promptly notify the entity as well as the parties.

The Receiver is still analyzing entities that may fall under Paragraph U. Those entities include:

Initpro Technologies Inc.
R Squared Telecom LLC
Sipniv
Hungry Text LLC
200 Networks LLC
Aurora Telecom
SOFE. AI
10471500 Canada Inc.
9504591 Canada, Inc.
Rubix Telecom

Bank Accounts

The table below details information about merchant and bank accounts with balances for both the Educare defendants and the Globex defendants.

Name of Financial Institution	Account Name	Preliminary Balance	Funds Turned Over
Bank of America	Globex Telecom Inc	\$329,287.31	\$352,524.34
BMO Harris	Tripletel Inc.	\$6,113.10	\$6,113.10
Paypal		Pending for confirmation	
Stripe	9506276 Canada Inc - CAN\$	\$491.83	
TD Bank	Educare Centre Services Inc	\$19.00	
TD Bank	Educare Centre Services Inc	\$13,877.97	
TD Bank	Educare Centre Services Inc	\$196.35	
TD Bank	Educare Centre Services Inc	\$66.56	
TD Bank of Canada	Globex Telecom, Inc.	Pending for Confirmation	
Toronto Dominion Bank	9896988 Canada Inc.- CAD\$	\$3,329.77	\$3,329.77
Toronto Dominion Bank	9896988 Canada Inc.	\$32.00	\$32.00
Wells Fargo Bank	Globex Telecom Inc	Pending for confirmation	
Total		\$353,413.89	\$361,999.21

Conclusion

As detailed in this report, the Educare defendants have not met their obligations under the TRO or the Preliminary Injunction Order and the Globex defendants have not met most of their obligations under the TRO.

The Receiver's financial investigation and its investigation of various entities is ongoing.

Respectfully Submitted,

/s/

Robb Evans & Associates LLC
Receiver

EXHIBIT 2

**Robb Evans & Associates LLC, Receiver of Educare Centre Services Inc. et al.
Receiver's Administrative Expenses and Fund Balance
From Inception (July 19, 2019) to December 31, 2019**

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	TOTAL
Corporate Assets Collected							
Canada Inc.							
Toronto Dominion Bank 0963	2,487.48	0.00	0.00	0.00	0.00	0.00	2,487.48
Total Canada Inc.	2,487.48	0.00	0.00	0.00	0.00	0.00	2,487.48
Educare Centre Services Inc.							
TD Bank	0.00	0.00	0.00	0.00	0.00	14,159.88	14,159.88
Total Educare Centre Services Inc.	0.00	0.00	0.00	0.00	0.00	14,159.88	14,159.88
Globex Telecom Inc.							
Bank of America 3472	0.00	0.00	0.00	0.00	0.00	352,524.34	352,524.34
Total Globex Telecom Inc.	0.00	0.00	0.00	0.00	0.00	352,524.34	352,524.34
Tripletc Inc.							
BMO Harris Bank	0.00	0.00	0.00	0.00	0.00	6,113.10	6,113.10
Total Tripletc Inc.	0.00	0.00	0.00	0.00	0.00	6,113.10	6,113.10
Total Corporate Assets Collected	2,487.48	0.00	0.00	0.00	0.00	372,797.32	375,284.80
Total Funds Collected	2,487.48	0.00	0.00	0.00	0.00	372,797.32	375,284.80
Expenses							
Receiver Fees and Expenses							
Receiver Fees							
Receiver							
B. Kane	2,359.80	444.60	102.60	342.00	410.40	8,276.40	11,935.80
A. Jen	2,838.60	171.00	102.60	34.20	0.00	20,930.40	24,076.80
C. Callahan	0.00	0.00	0.00	0.00	0.00	112.50	112.50
H. Jen	450.00	480.00	225.00	120.00	0.00	390.00	1,665.00
C. DeCius	0.00	0.00	36.45	24.30	0.00	243.00	303.75
Total Receiver	5,648.40	1,095.60	466.65	520.50	410.40	29,952.30	38,093.85

Robb Evans & Associates LLC, Receiver of Educare Centre Services Inc. et al.
Receiver's Administrative Expenses and Fund Balance
 From Inception (July 19, 2019) to December 31, 2019

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	TOTAL
Support Staff	90.00	21.00	0.00	0.00	0.00	465.00	576.00
Total Receiver Fees	5,738.40	1,116.60	466.65	520.50	410.40	30,417.30	38,669.85
Receiver Expenses							
Asset/Credit Search Costs	0.00	237.51	0.00	0.00	0.00	528.20	765.71
Postage & Delivery	0.00	165.72	0.00	0.00	0.00	254.88	420.60
Receiver Bond Premium	0.00	0.00	100.00	0.00	0.00	0.00	100.00
Website Support	124.21	79.85	0.00	0.00	0.00	155.26	359.32
Total Receiver Expenses	124.21	483.08	100.00	0.00	0.00	938.34	1,645.63
Legal Fees & Costs							
Kemp Smith Law							
Legal Fees	3,266.60	0.00	105.30	0.00	0.00	12,535.00	15,906.90
Legal Costs	0.00	0.00	0.00	0.00	0.00	5.30	5.30
Total Kemp Smith Law	3,266.60	0.00	105.30	0.00	0.00	12,540.30	15,912.20
Kugler Kandestin							
Legal Fees	0.00	0.00	0.00	0.00	0.00	27,525.21	27,525.21
Legal Costs	0.00	0.00	0.00	0.00	0.00	2,171.87	2,171.87
Total Kugler Kandestin	0.00	0.00	0.00	0.00	0.00	29,697.08	29,697.08
Total Legal Fees & Costs	3,266.60	0.00	105.30	0.00	0.00	42,237.38	45,609.28
Total Receiver Fees and Expenses	9,129.21	1,599.68	671.95	520.50	410.40	73,593.02	85,924.76
Total Expenses	9,129.21	1,599.68	671.95	520.50	410.40	73,593.02	85,924.76
Fund Balance							<u>289,360.04</u>

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION

FEDERAL TRADE COMMISSION,
and STATE OF OHIO et rel., et al.,

v.

EDUCARE CENTRE SERVICES, INC., et al.,

Case No. 3:19-cv-00196-KC

**DECLARATION OF SHELLY W. RIVAS IN SUPPORT OF UNOPPOSED
APPLICATION FOR ORDER APPROVING AND AUTHORIZING PAYMENT OF
RECEIVER'S AND RECEIVER'S COUNSELS' FEES AND EXPENSES FOR THE
PERIOD FROM INCEPTION OF RECEIVERSHIP ESTATE
THROUGH DECEMBER 31, 2019**

I, Shelly W. Rivas, declare as follows:

1. I am an attorney at law duly admitted to practice before the courts of the State of Texas, the federal courts of the State of Texas, including the United States District Court for the Western District of Texas, and am a partner at Kemp Smith Law ("Kemp Smith"), local Texas counsel to the Court-appointed receiver in this matter, Robb Evans & Associates LLC ("Receiver").

2. I have personal knowledge of the matters set forth in this declaration and, if I were called upon to testify as to those matters, I could and would competently testify thereto based upon my personal knowledge.

3. I, along with James Wesley Brewer and Ken Slavin, partners at Kemp Smith, are local Texas counsel to the Receiver.

4. During the period of July 19, 2019 through December 31, 2019 ("First Reporting Period"), Kemp Smith incurred fees and costs totaling \$15,912.20, consisting of \$15,906.90 in fees and \$5.30 in costs.

5. I attach hereto as Exhibit 4 true and correct copies of the billing records for Kemp Smith reflecting the services rendered, time spent and costs incurred by Kemp Smith pertaining to this matter during the First Reporting Period, with the work descriptions have redacted where

appropriate to preserve information protected from disclosure by the attorney-client privilege and/or attorney work product doctrine or otherwise protect the Receiver and the receivership estate from inappropriate disclosures.

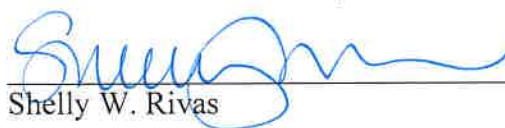
6. I am familiar with the methods and procedures used to create, record and maintain billing records for Kemp Smith's clients. The billing records attached hereto as Exhibit 4 are prepared from computerized time records prepared contemporaneously with the services rendered by each attorney and paralegal billing time to this matter. These computerized records are prepared in the ordinary course of business by the attorneys employed by Kemp Smith who have a business duty to accurately record their time spent and services rendered on the matters on which they perform work. The time records are transferred into a computerized billing program which generates monthly invoices under the supervision of the firm's accounting department. Based upon my experience with Kemp Smith, I believe the firm's methods and procedures for recording and accounting for time and services for its clients is reliable and accurate.

7. While the legal services rendered by Kemp Smith during the First Reporting Period, either at the direction of the Receiver or responsible attorneys with this firm, are contained in the specific work entries in Exhibit 4, such services included, without limitation, the following:

- a. Review and analysis of TRO and entered orders in the Receivership Action;
- b. conferences with Receiver concerning upcoming hearings, bond filing, and ancillary filing in New Mexico Federal District Court;
- c. meeting and conferring with Globex attorneys;
- d. review, analysis, and input to Receiver regarding Receiver's report; and

- e. preparation for and attendance at Preliminary Injunction Hearing held on 12/16/2019.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct, and that this Declaration was executed on this 12 day of February, 2020, at El Paso, Texas.



Shelly W. Rivas

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION**

FEDERAL TRADE COMMISSION,
and STATE OF OHIO et rel., et al.,

v.

EDUCARE CENTRE SERVICES, INC., et al.,

Case No. 3:19-cv-00196-KC

**DECLARATION OF JEREMY CUTTLER IN SUPPORT OF UNOPPOSED
APPLICATION FOR ORDER APPROVING AND AUTHORIZING PAYMENT OF
RECEIVER'S AND RECEIVER'S COUNSELS' FEES AND EXPENSES FOR THE
PERIOD FROM INCEPTION OF RECEIVERSHIP ESTATE
THROUGH DECEMBER 31, 2019**

I, Jeremy Cuttler, declare as follows:

1. I am an attorney at law duly admitted to practice law in the Province of Quebec and am an associate at Kugler Kandestin SENCRL / LLP (“Kugler”), Canadian counsel to the court-appointed receiver in this matter, Robb Evans & Associates LLC (“Receiver”).

2. I have personal knowledge of the matters set forth in this declaration and, if I were called upon to testify as to those matters, I could and would competently testify thereto based upon my personal knowledge.

3. During the period of July 19, 2019 through December 31, 2019 (“First Reporting Period”), Kugler incurred fees and costs totaling \$29,697.08 (U.S. Dollars), consisting of \$27,525.21 in fees and \$2,171.87 in costs.

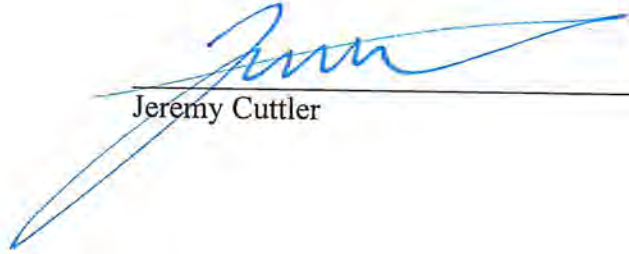
4. I attach hereto as Exhibit 5 true and correct copies of the billing records for Kugler reflecting the services rendered, time spent and costs incurred (all amounts are specified in Canadian Dollars) by Kugler pertaining to this matter during the First Reporting Period, with the work descriptions have redacted where appropriate to preserve information protected from disclosure by the attorney-client privilege and/or attorney work product doctrine or otherwise protect the Receiver and the receivership estate from inappropriate disclosures.

5. I am familiar with the methods and procedures used to create, record and maintain billing records for Kugler's clients. The billing records attached hereto as Exhibit 5 are prepared from computerized time records prepared contemporaneously with the services rendered by each attorney and paralegal billing time to this matter. These computerized records are prepared in the ordinary course of business by the attorneys and paralegals employed by Kugler who have a business duty to accurately record their time spent and services rendered on the matters on which they perform work. The time records are transferred into a computerized billing program which generates monthly invoices under the supervision of the firm's accounting department. Based upon my experience with Kugler, I believe the firm's methods and procedures for recording and accounting for time and services for its clients is reliable and accurate.

6. While the legal services rendered by Kugler during the First Reporting Period, either at the direction of the Receiver or responsible attorneys with this firm, are contained in the specific work entries in Exhibit 5, such services included, without limitation, the following:

- a. Providing advice with respect to Quebec and Canadian law and representation in Quebec;
- b. Preparation of a Motion for Mareva Injunction (proceeding to freeze assets located in Quebec);
- c. Preparation for and attendance at hearing on the Motion for Mareva Injunction;
- d. All activities relating to coordination of Mareva Injunction and resulting judgment (communications with bank, counsel)
- e. Service of judgment on Defendant;
- f. Renewal of Safeguard Order (Mareva Injunction);
- g. Work on settlement agreement and release; and
- h. Work on matters relating to Canadian insolvency filing and bankruptcy of 9506276 Canada Inc. (including providing advice, calls and correspondence);
- i. Review and analysis of Bankruptcy and Insolvency Act related to Receivership Entity bankruptcy filing and its impact upon Receivership Action.

I declare under penalty of perjury under the laws of the Canada and the United States that the foregoing is true and correct, and that this Declaration was executed on this 12th day of February, 2020, at Montreal, Quebec.



Jeremy Cuttler