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ROBB EVANS and ROBB EVANS &  
6 ASSOCIATES LLC

7  
8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 WESTERN DIVISION

11  
12 FEDERAL TRADE COMMISSION,  
13 Plaintiff,  
14 v.  
15 J.K. PUBLICATIONS, INC., et al.,  
16 Defendants.

Case No. 2:99-CV-00044-JFW-AJWx

**FINAL REPORT OF RECEIVER'S  
ACTIVITIES FOR THE PERIOD  
ENDING AUGUST 31, 2020**

17  
18 **I. INTRODUCTION**

19 This Final Report of Receiver’s Activities for the Period Ending August 31,  
20 2020 (“Final Report”) is the Receiver’s thirtieth and final post-judgment report to  
21 the Court. This report describes the status of the receivership estate as of August  
22 31, 2020. The Receiver’s last report to the Court was the Report of Receiver’s  
23 Activities for the Period Ending December 10, 2019 (“December 2019 Report”).  
24 As previously reported, the Receiver was able to recover \$5,052,811.81 from  
25 European Bank Limited (“European Bank”) in the Republic of Vanuatu on  
26 December 9, 2014 in connection with an account there held in the name of a  
27 receivership entity, Benford Limited (“Benford”). The Receiver’s activities since  
28 December 2014 have focused on attempts to recover the remaining funds from the

1 Benford account that the Receiver contended was owed to the estate and to evaluate  
2 alternatives available to the Receiver to address those funds and complete the  
3 administration of the receivership.

4 The Receiver is pleased to report to the Court that, as a result of favorable  
5 Court rulings in Vanuatu in 2020 described below, the Receiver was successful in  
6 recovering an additional \$2,791,026.66 from European Bank's successor bank,  
7 Wanfuteng Bank Limited ("Wanfuteng Bank"). Therefore, the Receiver  
8 successfully recovered a total of \$7,843,838.47 in connection with its extended  
9 litigation dispute with European Bank and its successor bank, Wanfuteng Bank.

10 The Receiver now seeks to turn over the estimated sum of \$3,003,735.21 to  
11 the Federal Trade Commission ("FTC"), representing the estimated net funds on  
12 hand in the receivership estate, so that these funds can be disbursed for further  
13 consumer redress. The Receiver has already disbursed \$20,485,474.90 to the FTC  
14 for consumer redress in this matter pursuant to two prior Court-approved  
15 distributions (Docs. 634 and 707). Along with this third and final payment, the  
16 total turned over by the Receiver to the FTC for consumer redress will be nearly  
17 \$23.5 million.

18 **II. SUCCESSFUL RESOLUTION OF LITIGATION IN VANUATU**  
19 **AGAINST WANFUTENG BANK**

20 In September 2015, the Receiver filed under seal a motion for instructions as  
21 to how the Receiver should proceed to address the remaining amounts owed by  
22 European Bank to the Receiver. On October 16, 2015 the Court entered its order  
23 granting the motion for instructions and authorizing the Receiver to institute and  
24 prosecute litigation on behalf of the receivership estate against European Bank in  
25 Vanuatu for the purpose of asserting all claims and rights to recover any sums due  
26 the receivership estate based on the funds originally held in the Benford account at  
27 European Bank (Document 708) ("Order Granting Motion for Instructions").  
28

1 As previously reported, pursuant to the Order Granting Motion for  
2 Instructions, the Receiver initiated a Claim in the Supreme Court (trial court) in  
3 Vanuatu on November 3, 2015. European Bank brought the equivalent of a motion  
4 to strike in response to the Claim, but consented to the filing of an Amended Claim  
5 on March 29, 2016. In response to the Amended Claim, on May 23, 2016 another  
6 motion to strike was filed by European Bank, alleging the Receiver lacked standing  
7 to bring the Amended Claim.

8 As previously reported, after briefing and oral argument, the Supreme Court  
9 in Vanuatu agreed that the challenge based on the Receiver's alleged lack of  
10 standing was meritless and denied the motion to strike by written order dated  
11 February 24, 2017. The Vanuatu Court set the matter for a pre-trial conference on  
12 May 16, 2017. However, the pre-trial conference scheduled for that day was taken  
13 off calendar, because the judge handling the matter left Vanuatu to take up a  
14 position on the Court of Appeal in Gambia.

15 After a delay of nearly one year, the matter was finally reassigned to  
16 another judge in April 2018. By agreement of the parties, the Receiver was  
17 permitted to amend its Claim by order entered April 30, 2018. In May 2018,  
18 European Bank was acquired by Wanfuteng Bank. On August 27, 2018, a status  
19 hearing was held, at which time the Supreme Court ordered the Receiver's sworn  
20 statement in support of its Amended Claim to be filed by August 31, 2018, which  
21 was timely filed.

22 On November 20, 2018 Wanfuteng Bank made another challenge to the  
23 Receiver's standing to recover the balance of funds due from the Benford account.  
24 Inexplicably, despite timely briefing by the parties, there was another inordinate  
25 delay in the Supreme Court. This resulted in the matter being re-assigned to yet  
26 another judge with the concurrence of the parties. Finally, on October 28, 2019, the  
27 new judge issued an order determining that the Receiver has standing to bring the  
28 current Claim. In its ruling, the Supreme Court was apologetic about the delays

1 experienced in the Vanuatu courts on this matter and stated: “The Court of Appeal  
2 [in its ruling leading to the initial recovery of \$5,052,811.81] justifiably pointed to  
3 very lengthy delays in the return of the fraudulently obtained funds. Far too much  
4 of the delay lies at the feet of Courts in Vanuatu. ... [E]very attempt will be made  
5 to avoid further undue delay.” Consequently, the Supreme Court scheduled and  
6 conducted a trial on the Receiver’s claim on February 27, 2020.

7 In the parties’ preparations for trial, Wanfuteng Bank acknowledged that  
8 incorrect interest calculations had been made which led to an underpayment to the  
9 Receiver of \$844,528.04 at the time of its initial recovery of \$5,052,811.81 in  
10 December 2014. This ensured that a significant recovery would be obtained by the  
11 Receiver, irrespective of how the Supreme Court in Vanuatu ruled on all of the  
12 other complicated accounting disputes between the parties.

13 Following the trial, the Supreme Court issued a detailed Judgment on March  
14 30, 2020 which addressed the various accounting disputes, without providing an  
15 actual calculation of the sums due to the Receiver. Most, but not all, of the issues  
16 were resolved in the Receiver’s favor. The Court instructed the parties to make  
17 calculations based on its ruling and scheduled a further hearing on April 30, 2020 to  
18 address the calculations and to determine if there were further disagreements in  
19 connection with the interpretation of the Judgment. The day before the April 30,  
20 2020 hearing, Wanfuteng Bank paid the Receiver the sum of \$1,071,026.66  
21 representing payment of the \$844,528.04 which was due in December 2014 on  
22 account of its predecessor’s miscalculation of interest, plus approximately 5 ½  
23 years worth of interest on that underpayment.

24 At the April 30, 2020 hearing, the Court was advised by the parties of the  
25 remaining disagreements with respect to the interpretation of the Court’s Judgment  
26 and the accounting of sums still owed to the Receiver. The Court ordered further  
27 briefing on the remaining issues in dispute and set a hearing on May 22, 2020 with  
28 respect to those issues. The Court also set a hearing for June 17, 2020 to determine

1 how much in costs was due to the Receiver in connection with its successful Claim.

2 After the briefing and hearing on May 22, 2020 the Court issued a second  
3 Judgment on June 10, 2020 resolving the remaining disputed issues, except for  
4 costs. Once again, the ruling was for the most part favorable to the Receiver.

5 Thereafter, the Court postponed the June 17, 2020 hearing to enable the  
6 parties the opportunity to resolve the final dispute concerning the extent to which  
7 the Receiver would be awarded costs in connection with its successful litigation.  
8 The Receiver made a small compromise on that issue, which paved the way for a  
9 final agreement of the remaining sums due and pursuant to which Wanfuteng  
10 waived all of its rights of appeal. The second and final payment on this successful  
11 Claim was \$1,720,000, for a total of \$2,791,026.66 paid by Wanfuteng Bank to the  
12 Receiver as a result of the Claim instituted in 2015. This eliminated the need for  
13 further Court hearings and expense in Vanuatu. On July 22, 2020 the payment of  
14 \$1,720,000 was paid to the Receiver. The total obtained by the Receiver against  
15 European Bank and its successor, Wanfuteng Bank, in connection with the Benford  
16 account, was \$7,843,838.47, including the sum paid in December 2014.

17 **III. WIND UP OF RECEIVERSHIP ESTATE**

18 The Receiver is now in a position to wind up and close the receivership  
19 estate. After the successful conclusion of its protracted litigation against European  
20 Bank and its successor, Wanfuteng Bank, there are no remaining assets to be  
21 collected or liquidated. The Receiver has traced and recovered to the extent  
22 possible all of the assets of the receivership estate. As set forth in the final  
23 accounting attached to the Declaration of Brick Kane which accompanies the  
24 motion to wind up the estate, filed concurrently herewith, nearly \$36.6 million was  
25 collected by the Receiver and nearly \$23.5 million will have been distributed to the  
26 FTC by the Receiver for consumer redress. This is a remarkable result, given that  
27 the FTC's monetary judgment, reflecting the amount of consumer harm attributable  
28 to Defendants' misconduct, was approximately \$37.5 million. In other words, the

1 Receiver’s collections exceeded 97% of the consumer harm.

2 As more particularly set forth in the wind up motion, after payment of  
3 administrative expenses and remaining wind up tasks, and the distribution of  
4 remaining funds on hand to the FTC, estimated to be \$3,003,735.21, the Receiver  
5 can bring this receivership estate to a close.

6 WHEREFORE, the Receiver respectfully requests that the Court:

- 7 1. Approve this Final Report of Receiver’s Activities for the Period
- 8 Ending August 31, 2020;
- 9 2. Confirm the Receiver’s activities as set forth in this Report; and
- 10 3. Approve and authorize payment of the Receiver’s fees and expenses
- 11 and those of its professionals pursuant to the motion filed concurrently herewith.

12  
13 DATED: September 9, 2020

BARNES & THORNBURG LLP

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16 By:           /s/ Gary Owen Caris            
17 Gary Owen Caris  
18 Attorneys for Receiver ROBB EVANS and  
19 ROBB EVANS & ASSOCIATES, LLC  
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