

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 15-cv-61034 COHN/SELTZER

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

MAIL TREE INC. et al.,

Defendants.

**RECEIVER ROBB EVANS & ASSOCIATES LLC'S VERIFIED
MOTION TO APPROVE RECEIVERSHIP FEES AND EXPENSES
FOR THE PERIOD OF MAY 19, 2015 THROUGH FEBRUARY 28, 2017**

Robb Evans & Associates LLC, as Receiver over Mail Tree, Inc., a Florida corporation; Michael McKay Co., a Florida corporation; Spin Mail, Inc., a Florida corporation; MCP Marketing Activities, LLC, a Nevada limited liability company, also d/b/a Magellan Mail and Magellan Marketing; Trans National Concepts, Inc., a Nevada corporation; Romeria Global, LLC, a Florida limited liability company, also d/b/a Lowenstein, Varick and Nagel; Supreme Media, LLC, a Florida limited liability company; Vernier Holdings, Inc., a Florida corporation; Awards Research Consultant, LLC, a Nevada limited liability company; Mailpro Americas Corp., a Florida corporation; and Masterpiece Marketing, LLC, a Texas limited liability company, also d/b/a Affiliated Opportunities Group (AOG), Corporate Accounting Authority (CAA), Dispatch Notifications Services (DNS), Information Reporting Group (IRG), National Director Center (NDC), and Priority Information Exchange (PIE), and their successors and assigns, as well as any subsidiaries, affiliates, and any fictitious business entities or business names created or used by these

entities or any of them (collectively, the “Receivership Defendants”), respectfully moves this Court for an order approving and authorizing payment from the assets of the receivership estate of Receiver’s fees and expenses incurred in the administration of the receivership estate from the date of appointment, May 19, 2015, through February 28, 2017 (“Expense Period”).

During the Expense Period, Receiver has incurred fees and expenses totaling \$40,825.65, which consists of \$35,678.55 in fees for Receiver and its accounting staff and support staff, and \$5,147.10 in expenses. The receivership estate presently contains funds totaling \$59,440.52. Thus, sufficient funds exist in the receivership estate to fully cover Receiver’s fees and expenses.

This motion is verified and is also supported by the Declaration of Kenton Johnson (“Johnson Declaration”), which is being served concurrently with this motion. Mr. Johnson is the Executive Vice President for Receiver.

I. PERTINENT BACKGROUND

1. Plaintiff, the Federal Trade Commission (“FTC”), filed this action against the Receivership Defendants and other individual defendants alleging violations of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a), and moved for a temporary restraining order with asset freeze pursuant to Rule 65 of the Federal Rules of Civil Procedure and for other relief.

2. The Court entered a Sealed Temporary Restraining Order (“TRO”) (D.E. 16) on May 19, 2015, pursuant to which Receiver was appointed as temporary equity receiver for the Receivership Defendants with full power of an equity receiver. The Receiver was directed to assume full control of the Receivership Defendants; take custody, control, and

possession of all assets and documents of the Receivership Defendants; manage and administer the business of the Receivership Defendants; and conserve, hold, and manage all receivership assets, among other things, as set forth in the TRO. The TRO states in Section VII.G that the Receiver and all personnel hired by the Receiver, as authorized under the TRO, are entitled to reasonable compensation for the performance of duties pursuant to the TRO and for the cost of actual out-of-pocket expenses from the assets of the Receivership Defendants. The Receiver does not have a fee agreement with any party.

3. The Court entered a Preliminary Injunction on June 12, 2015 (D.E. 57) as to all Defendants except Marcus Pradel (“Pradel”) and Trans National Concepts, Inc. (“TNC”).

4. TNC and Pradel subsequently stipulated to a Preliminary Injunction, which the Court approved by its Order Approving Stipulated Preliminary Injunction with Respect to Defendants Marcus Pradel and Trans National Concepts, Inc., dated June 12, 2015 (D.E. 58).

5. On June 12, 2015, the Court entered an order staying the case (“Order Staying Case”) (D.E. 60), which was subsequently modified to include third party discovery (“Modifying Order”) (D.E. 65).

II. SUMMARY OF THE RECEIVER’S PERFORMANCE

6. This motion covers the period from May 19, 2015 through February 28, 2017 (i.e., the Expense Period). The motion seeks approval and payment of the Receiver’s fees and expenses incurred during the Expense Period totaling \$40,825.65.

7. During the Expense Period, the following personnel worked on the receivership:

a. Brick Kane – Mr. Kane manages and co-manages federal regulatory and state court receiverships. He has more than 25 years of experience in this area. His primary activities include evaluating, managing, and liquidating receivership assets and supervising outside attorneys conducting litigation. He directs preparation of the receiver’s initial report in federal regulatory actions that is filed in advance of the preliminary injunction hearing. Mr. Kane’s case management activities include designing and supervising asset tracing and recovery of fraudulent transfers. To pursue assets as part of a federal regulatory receivership, Mr. Kane has been appointed as a Joint Official Liquidator in the Commonwealth of the Bahamas and as Interim Receiver in Hong Kong (SAR). Mr. Kane has testified in numerous courts in the United States, the Cayman Islands, and in the nations of Australia and Vanuatu. Mr. Kane was formerly a bank chief operating officer and chief financial officer. Mr. Kane is a founding member of the National Association of Federal Equity Receivers.

b. Kenton Johnson – Mr. Johnson manages and co-manages federal regulatory and state court receiverships. He has more than 20 years of experience in this area. His primary activities include evaluating, managing, and liquidating receivership assets and supervising outside attorneys conducting litigation. He directs preparation of the receiver’s initial report in federal regulatory actions that is filed in advance of the preliminary injunction hearing. Mr. Johnson’s asset management activities include supervision marketing, negotiating and approving sale terms, and seeking and obtaining court approval of sales transactions. Mr. Johnson was formerly a bank chief executive officer and senior credit officer. Mr. Johnson is a founding member of the National Association of Federal Equity Receivers and a Director and Co-Chair of the California Receiver’s Forum.

c. Anita Jen – Ms. Jen is a Certified Public Accountant and is Chief

Financial Officer of the firm and the estates under management. She has more than 25 years of experience in these areas. Ms. Jen manages and directs the activities of four Certified Public Accountants and staff accountants. She specializes in forensic auditing and assembling financial information from receivership records for court reports and for receivership estate management. Ms. Jen has served as the Controller of an independent bank and as an auditor for Columbia Pictures, Deloitte & Touche, LLP, and Arthur Andersen LLP.

d. Flora Jen - Ms. Jen is a Certified Public Accountant who specializes in reconstructing mismanaged and incomplete financial records to identify and validate claims for consumer victims and identify potential receivership claims against third parties. She has more than 15 years of experience in this area. Ms. Jen has also managed complex financial operations including commodity trading and import-export trading companies. She was formerly the Controller of a private university. Ms. Jen was also an auditor with Ernst & Young LLP and Deloitte & Touche LLP.

e. Tiffany Chung - Ms. Chung is a Certified Public Accountant who specializes in forensic financial reconstruction. She has more than 15 years of experience in this area. Ms. Chung was an auditor with KPMG and an audit manager with Deloitte & Touche LLP where she managed engagements of banks, other financial institutions, public companies, and hedge funds. In many federal regulatory assignments, Ms. Chung has analyzed hundreds of thousands of documents to locate diverted and hidden assets for the benefit of defrauded consumers. She has also assisted in the management of federal receivership assets and claims processing.

f. Coleen Callahan – Ms. Callahan is an asset manager who specializes in the management, valuation, and disposition of assets in federal and state receivership estates.

Ms. Callahan has over 30 years of banking experience and was formerly a bank chief credit officer, manager of special assets, and a real estate and construction loan officer. Ms. Callahan's assignments have included managing, marketing, and liquidating loan portfolios and other receivables and personal and real property.

g. Carl DeCius – Mr. DeCius is a project manager who oversees projects related to federal and state receivership estates, including setting up accounting books, updating accounting, and preparing various reports concerning the receivership estate. He has more than 15 years of experience as a project manager with continuing substantial accounting and record-keeping responsibilities.

h. Manuel Chen and Imelda Perez – Mr. Chen and Ms. Perez are support staff who handle clerical, organizational, and office responsibilities related to federal and state receivership estates.

8. The timesheets for each member or staff person and receipts for expenses are included at page 2 of the Receiver's Report of Administration Expenses of the Receiver by Month and Fund Balance for the Expense Period, which is attached as Exhibit 2 to the Johnson Declaration filed in support of this motion and referenced in the Report of Receiver's Activities June 3, 2015 Through February 28, 2017 ("Second Report") that is being filed concurrently with this Motion. The timesheets contain descriptions of the tasks performed by each member or staff person. Below is a summary of the rates, hours, and expenses for the Expense Period:

Name	Position	Hourly Rate (\$)	Total Hours	Total Fees (\$)
Brick Kane	President	342.00	2.0	684.00
Kent Johnson	Executive VP	342.00	59.4	20,314.80
Anita Jen	Chief Financial Officer	342.00	2.1	718.20
Flora Jen	Accounting Staff	301.50	14.6	4,401.90
Tiffany Chung	Accounting Staff	301.50	7.9	2,381.85
Coleen Callahan	Asset Manager	225.00	28.0	6,300.00
Carl DeCius	Project Manager	90.00	4.2	378.00
Manuel Chen	Support Staff	31.04*	7.7	239.04
Imelda Perez	Support Staff	31.04*	8.4	260.76

* Blended rate.

9. The Receiver's activities during the Expense Period consist of preparing and filing its Initial Report and Second Report, attempts at locating information pointing to or describing other assets of the Receivership Defendants, contacting firms to collect and forward consumer payments, and addressing a Canadian processing company that refused to turn over frozen funds and related records and documents. The Canadian processor required a consent or direction from the Defendant customer before completing the request to turn over funds and records. Defendants have not responded to requests to complete directions to the Canadian processing company to turn over the funds and records. The Receiver suspended additional activity while the Order Staying Case and Modifying Order are effective.

10. The activities creating the fees and expenses of the Receiver and its staff are also more fully described in the Initial Report, Second Report filed concurrently with this motion, and Johnson Declaration filed in support of this motion.

III. MEMORANDUM OF LAW

11. It is a fundamental tenet of receivership law that expenses of administration incurred by the receiver, including those of the receiver, his counsel and others employed by him, constitute priority expenses for which compensation should be paid from the assets of the receivership. As explained in the leading treatise *Clark on Receivers*:

The obligations and expenses which the court creates in its administration of the property are necessarily burdens on the property taken possession of, and this, irrespective of the question who may be the ultimate owner, or who may have the preferred lien, or who may invoke the receivership. The appointing court pledges its good faith that all duly authorized obligations incurred during the receivership shall be paid.

2 Clark, Ralph Ewing, *A Treatise on the Law and Practice of Receivers* § 637, p. 1052 (3rd ed. Rev. 1992).

12. The Receiver is an officer of the Court charged with a myriad of duties under the Court's receivership orders, many of which have no relationship to recovery of assets or increasing the funds available for distribution to creditors. Because of the nature of the administrative and other services required in receiverships, the benefit a receiver confers on receivership property cannot be determined based solely on the increase or decrease in the value of property in the receiver's possession. As the Court explained in *Securities and Exchange Commission v. Elliott*, 953 F. 2d 1560, 1577 (11th Cir. 1992):

[I]t is sometimes difficult to ascertain what type of benefits a receiver has bestowed on receivership property. . . . [A] benefit to a secured party may take more subtle forms than a bare increase in monetary value. Even though a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation. [Citations omitted.]

Securities and Exchange Commission v. Elliott, 953 F. 2d at 1577.

13. “The Receiver is entitled to reasonable compensation and expenses, pursuant to the Order of appointment. The Court has traditionally determined reasonableness by utilizing the familiar lodestar approach, calculating a reasonable hourly rate in the relevant market and the reasonable number of hours expended.” *Federal Trade Commission v. Worldwide Info Services, Inc.*, 2015 WL 3953761 (M.D. Fla. 2015) (citations omitted). The Court has broad discretion in determining the reasonableness of fees to be awarded a receiver. *See In re San Vicente Medical Partners Ltd.*, 962 F. 2d 1402, 1409-1410 (9th Cir. 1992). The Court may evaluate the time and effort expended by the Receiver with respect to specific projects and aspects of the administration of the estate, and may look to a number of different factors under the case law in approving receiver’s and counsel’s fees. *In re San Vicente Medical Partners Ltd.*, 962 F. 2d at 1409-141014.

14. A receivership’s expenses, which includes the Receiver’s compensation and costs, are a “first charge” against the receivership estate, regardless of who is ultimately the prevailing party or who is liable to pay them. *United States v. Weitzel*, 246 U.S. 533 (1918); *Palmer v. Texas*, 212 U.S. 118 (1909); 66 Am. Jur. 2d, Receivers§ 281 (“The general rule is

that costs and expenses of a receivership, including compensation for the receiver, counsel fees, and obligations incurred by him or her in discharge of his or her duties, constitute a first charge against the property or funds in receivership, irrespective of who is ultimately successful in the suit or is ultimately liable to pay them.”).¹

15. The Receiver and its professionals have performed varied tasks during the Expense Period, which are described in this motion, the Johnson Declaration, and the Receiver Reports filed with the Court. These materials establish that the Receiver rendered reasonable and necessary services for the receivership estate since the commencement of the receivership that were beneficial to the estate. *See Federal Trade Commission v. Capital Acquisitions & Management Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005). The Receiver submits the fees are reasonable in light of the services rendered, and that the fees and expenses requested should be awarded in their entirety. As set forth above and in the Johnson Declaration, there are sufficient assets in the receivership estate to allow for payment of all fees and expenses requested.

16. The Receiver has provided notice of this motion by serving the parties to the case who have appeared or their counsel. In addition, the Receiver will post a copy of the motion and supporting declaration, without copies of the time/billing records, on the Receiver’s website for this case and will provide a complete copy of the motion to any interested party who

¹ *See also In re Reef Petroleum Corp.*, 1988 Ban1cr. LEXIS 1749 at *10, (Ban1cr. W.D. Mich., October 21, 1988) (citing *In re Rite-Way Tool & Mfg.*, 53 N.W.2d 373 (1952) (expenses of administration of the receivership estate receives first priority). *See also, Donovan v. Robbins*, 588 F. Supp. 1268, 1271 (N.D. Ill. 1984) (“As a general rule, the expenses and costs of a receivership are charged to the property or fund administered.”); *In re Spice Wood Associates*, 445 F. Supp. 564, 570 n.5 (N.D. Ill. 1977) (“fees and expenses of a receiver in administering a property are properly chargeable against the owner thereof and/or against the proceeds from the sale thereof.”); “Receivers ordinarily have a right to compensation for their services and expenses, and such right is a strong equity, analogous to an obligation founded upon an implied contract, and is not dependent upon the mere arbitrary discretion of the court, if the appointment of the receiver was regular and his conduct has been free from exception. Such right of the receiver to compensation is a charge on the property or fund in receivership.” 45 Am. Jur., § 281. *See Fisk v. Fisk*, 53 N.W.2d 356,359 (1952).

requests it, to the extent that interested party has not been served with the motion.

IV. CONCLUSION

Based on this motion, the supporting Johnson Declaration served concurrently herewith, and the pleadings, records, and files of the Court of which the Receiver requests the Court take judicial notice pursuant to Rule 201 of the Federal Rules of Evidence, the Receiver respectfully requests that the Court grant the relief requested in the motion.

Respectively Submitted,

ROBB EVANS & ASSOCIATES LLC

Dated: July 24, 2017.

By: s/Kenton Johnson

Kenton Johnson

For and on Behalf of Receiver,

Robb Evans & Associates LLC

11450 Sheldon Street

Sun Valley CA 91352-1121

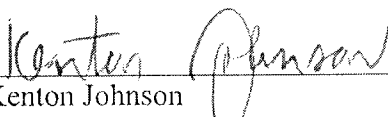
Tel: (818) 768-8100

Facsimile: (818) 768-8802

kjohnson@robbevans.com

VERIFICATION

I verify under penalty of perjury that the facts set forth in Plaintiff's Verified Motion to Approve Receivership Fees and Expenses for the Period of May 19, 2015 Through February 28, 2017, are true and correct.


Kenton Johnson
As Executive Vice President
Robb Evans & Associates, LLC

CERTIFICATION OF GOOD FAITH EFFORT

Receiver made the following good faith efforts to resolve by agreement the issues raised in this motion. Prior to filing and service of this motion, Receiver, through its agents, conferred by email on June 12 and 14, 2017, and again on July 5, 2017, with counsel for Plaintiff, Federal Trade Commission (“FTC”), regarding the relief sought in this motion. The FTC advised that it does not object to the relief sought in the motion.

Prior to filing and service of this motion, Receiver, through its agents, emailed counsel for Defendants, Matthew Pisoni, Mail Tree, Inc., Michael McKay Co., Spin Mail, Inc., MCP Marketing Activities, LLP, Marcus Pradel, Trans National Concepts, Inc., and Victor Ramirez, regarding the relief sought in this motion. Marshall Dore Louis, counsel for Victor Ramirez, and Tony G. Franqui, counsel for Matthew Pisoni, each advised that their respective clients had no objection to the relief sought in the motion. Marc Nurik, counsel for Marcus Pradel and Trans National Concept, Inc., advised by phone on July 12, 2017, that he would speak with his client about the motion and provide a response by July 14, 2017 if his client objected. Mr. Nurik did voice any subsequent objection and subsequent email to him on July 14 and 17, 2017, and calls on July 21 and 24, 2017, did not receive a response.

The Receiver, through its agents, sent letters to the Defendants who are not represented by counsel (i.e., John Leon, Malepro Americas Court, and Masterpiece Marketing, LLC) on June 12, 2017, and June 30, 2017, regarding the relief sought in this motion but received no response. The relief sought by the Receiver cannot be resolved by the parties, as the Court is required to rule on this motion for approval of fees and expenses.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 15-cv-61034 COHN/SELTZER

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

MAIL TREE INC. et al.,

Defendants.

**DECLARATION OF KENTON JOHNSON IN SUPPORT OF RECEIVER ROBB EVANS
& ASSOCIATES LLC'S MOTION TO APPROVE RECEIVERSHIP FEES AND
EXPENSES FOR THE PERIOD OF MAY 19, 2015 THROUGH FEBRUARY 28, 2017**

I, Kenton Johnson, as Executive Vice President of Robb Evans & Associates LLC, declare:

1. I am the Executive Vice President of Robb Evans & Associates LLC. Robb Evans & Associates LLC has been appointed as Receiver ("Receiver") over Defendants, Mail Tree, Inc., a Florida corporation; Michael McKay Co., a Florida corporation; Spin Mail, Inc., a Florida corporation; MCP Marketing Activities, LLC, a Nevada limited liability company, also d/b/a Magellan Mail and Magellan Marketing; Trans National Concepts, Inc., a Nevada corporation; Romeria Global, LLC, a Florida limited liability company, also d/b/a Lowenstein, Varick and Nagel; Supreme Media, LLC, a Florida limited liability company; Vernier Holdings, Inc., a Florida corporation; Awards Research Consultant, LLC, a Nevada limited liability company; Mailpro Americas Corp., a Florida corporation; and Masterpiece Marketing, LLC, a Texas limited liability company, also d/b/a Affiliated Opportunities Group (AOG), Corporate Accounting Authority (CAA), Dispatch Notifications Services (DNS), Information Reporting Group (IRG), National Director Center (NDC), and Priority

Information Exchange (PIE), and their successors and assigns, as well as any subsidiaries, affiliates, and any fictitious business entities or business names created or used by these entities or any of them (collectively, the "Receivership Defendants"), pursuant to, inter alia, a Sealed Temporary Restraining Order ("TRO") (D.E. 16), Preliminary Injunctions (D.E. 57) and Order Approving Stipulated Preliminary Injunction (D.E. 58) entered in the above-captioned case. If called upon to testify as to the facts set forth in this declaration, I could and would testify competently thereto, as the facts are true based on my own personal knowledge.

2. I have been primarily responsible for the supervision and administration of the receivership estate, the Receiver's review and investigation of assets and analysis of financial and business records relevant to the receivership, and the Receiver's exercise of its powers and duties under the TRO and the Preliminary Injunction regarding, inter alia, Trans National Concepts, Inc. dated June 12, 2015 (D.E. 58). I was personally involved in the preparation and review of the Receiver's Report of Temporary Receiver's Activities May 21, 2015 to June 2, 2015 ("Initial Report") and the Report of Receiver's Activities for the period of June 3, 2015 through February 28, 2017 ("Second Report") (collectively, the "Reports"). A true and correct copy of the Second Report (which includes a file stamped copy of the Initial Report) is attached as **Exhibit 1**.

3. This declaration is submitted in support of the Receiver's Motion to Approve Receivership Fees and Expenses for the Period of May 19, 2015 Through February 28, 2017 ("Motion for Approval"). The Receiver seeks approval and authorization for payment of the Receiver's fees and expenses and those of its professionals described in the Receiver's financial report entitled Receivership Administrative Expenses by Month and Fund Balance ("Financial Summary") for the financial reporting period of May 19, 2015 through February 28, 2017

("Expense Period"). A copy of the Financial Summary is attached hereto as **Exhibit 2**. The timesheets and receipts reflected in the Financial Summary are included with the Financial Summary.

4. During the Expense Period, the Receiver's members have incurred fees of \$21,717.00, support staff fees of \$499.80, and senior and accounting staff fees of \$13,461.75, for total fees of \$35,678.55 during the Expense Period. The Receiver has incurred expenses of \$5,147.10, including primarily expenses for travel, during the Expense Period. The total fees and expenses for the Expense Period is \$40,825.65.

5. The Receiver engaged in varied activities during the Expense Period to administer the receivership estate, including preparing and filing its Reports, attempts at locating information pointing to or describing other assets of the Receivership Defendants, contacting firms to collect and forward consumer payments, and addressing a Canadian processing company that refused to turn over frozen funds and related records and documents, including financial institutions receiving consumer process. The Canadian processor required a consent or direction from the Defendant customer before completing the request to turn over funds and records. Defendants have not responded to requests to complete directions to the Canadian processing company to turn over the funds and records. The Receiver suspended additional activity while the Order Staying Case and Modifying Order are effective.

6. The Receiver's senior and accounting staff assisted with locating information to pursue assets and leads to assets, completed investigation conversations, served the TRO on numerous financial and other entities, prepared monthly financial reports, including the Financial Summary, and coordinated the receipt of funds into the receivership estate, among other things.

7. The billing rates charged by the Receiver in this case reflected in the billing records filed in support of the Motion for Approval are discounted at 10% from the rates charged by the Receiver in private sector cases as of the time of the Receiver's appointment in 2015. The Receiver does not raise its rates for its members, employees, and senior and accounting staff during the receivership case.

8. As a member of the Receiver, I am familiar with the methods and procedures used by the Receiver and its staff and employees to record the time spent rendering services to receivership estates over which Robb Evans & Associates LLC has been appointed. The records attached hereto as Exhibit 2 (i.e., the Financial Summary and timesheets) were made at or near the time of the events recorded by, or from information transmitted by the members, staff, and employees of the Receiver, who had knowledge of the events and a business duty to accurately record the information regarding their services set forth in these records. The records were kept in the course of the Receiver's regularly conducted business activity, and it was the Receiver's regular practice to make such records. Based upon my experience as a member of the Receiver, I believe the Receiver's methods and procedures for recording and accounting for time and services for the receivership estates over which the Receiver has been appointed are reliable and accurate.

9. This is the end of my declaration.

[Signature on next page.]

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 9th day of June, 2017, at Sun Valley, California.

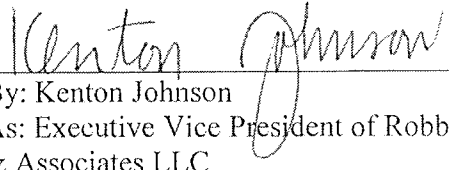

By: Kenton Johnson
As: Executive Vice President of Robb Evans
& Associates LLC

EXHIBIT 1

ROBB EVANS & ASSOCIATES LLC
Receiver of Mail Tree, Inc., et al.

REPORT OF RECEIVER'S ACTIVITIES
June 3, 2015 through February 28, 2017

This report is an update to the Court about the current status of the receivership estate and summarizes the activities of the Receiver¹ since the Receiver's Report of Temporary Receiver's Activities May 21, 2015 to June 2, 2015 (Initial Report) filed June 9, 2015. This update report to the Court does not constitute an audit of financial condition and is intended to provide information for the Court to use to assess the progress and condition of the receivership. For convenience, the Receiver's Initial Report is included under Tab 1.

Summary of Earlier Receivership Activities

The Receiver's Initial Report described the actions completed at the only known operating premises, a small business location in North Miami Beach Florida leased to receivership defendant MailPro Americas Corp. The Initial Report includes details about locating and freezing about \$3,500 in bank accounts of receivership defendants and receiving \$59,441 from the attorney for defendant Trans National Concepts, Inc. The Initial Report also details the Receiver learned a Canadian processing company had frozen and was holding what it described as current funds of about US\$4,500 for one of the receivership defendants and about US\$8,500 for an affiliated entity, along with related records and documents.

Update of Additional Receivership Activities

After preparing and filing² its Initial Report, the Receiver continued to try to locate information pointing to or describing other assets and a current location for them. Firms the defendants previously contracted to collect and forward consumer payments responded to questions from the Receiver. However, these firms did not have any current or useful information about additional financial institutions receiving consumer proceeds for individual or receivership defendants. The individual defendants and the served financial institutions did not provide any additional asset information.

About the middle of June 2015, the Canadian processing company refused to turn over the frozen funds and the related records and documents, including financial institutions receiving consumer proceeds. The Canadian processor required a consent or direction from the defendant customer before completing the request to turn over funds and records.

On June 12, 2015 the Court entered Document # 60 Order Staying Case. The defendants have not responded to requests to complete directions to the Canadian processing company to turn

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

² At this time the Receiver has not engaged an attorney to represent or to appear for it on this Appointment. The Receiver did obtain some limited local legal consulting to assist with over-all compliance with filing requirements and other court rules.

over the finds and records to the Receiver. Additional activity is suspended while the Order Staying Case, and the Modifying Order # 65 including third-party discovery, is effective.

Potential Additional Receivership Activity

The Receiver does not expect to complete any significant activity until the Orders Staying Case are removed or modified. In that event, the Receiver would work with the parties to have the Canadian processing company turn over the frozen cash and all available records and documents. The Receiver would then examine the turned over records and documents to possibly locate additional assets or financial institutions that may hold assets. If the Receiver were not able to locate any additional assets from all available new information, including any new information from defendants, then the Receiver would complete, file, and serve a Final Report and Accounting.

Financial Report

From May 19, 2015 through June 30, 2015, the Receiver's fees and expenses were for traveling³ to the defendants' location, establishing control and possession of the business premises and records, reviewing on-site documents and records, and completing questions and interviews with the non-defendant corporate officer. After returning from the defendants' location, the Receiver completed and filed the Initial Report. During the rest of June, the Receiver continued to try to locate information about, and a current location of, other potential assets.

The Receiver's total fees and expenses for the period May 19, 2015 through June 30, 2015 were \$35,041.05. Receiver and Senior and Accounting Staff and Support Staff fees totaled \$29,900.35. Receiver expenses, primarily travel expenses, were \$5,140.70.

From July 1, 2015 through February 28, 2017 the Receiver's fees and expenses for the 20 months were \$5,784.60, bringing the total receivership estate expenses to \$40,825.65.

Under Tab 2 is a Report of Administrative Expenses of the Receiver by Month and Fund Balance for the financial reporting period May 19, 2015 through February 2017, with timesheets for each Member or staff person that describe work completed for the receivership estate.

The Receiver has concurrently filed and served a motion requesting the Court to approve the Report of Administrative Expenses of the Receiver by Month and Fund Balance for the financial reporting period May 19, 2015 through February 28, 2017, and grant authority to the Receiver to pay the approved expenses.

³ Travel Time is billed for 50% of the dedicated time.

Dated: May 15, 2017

Respectfully submitted,

Robb Evans & Associates LLC

s/Kenton Johnson

KENTON JOHNSON

For and on Behalf of Receiver

Robb Evans & Associates LLC

11450 Sheldon Street

Sun Valley California 91352-1121

(T) 818-768-8100 (F) 818-768-8802

kjohnson@robbevans.com

TAB 1 TO RECEIVER'S REPORT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

FEDERAL TRADE COMMISSION,)

Plaintiff,)

v.)

MAIL TREE INC., *et al.*,)

Defendants.)

Case No. 15-cv-61034

Judge James I. Cohn

Magistrate Judge Barry S. Seltzer

FILED BY [Signature]
2015 JUN -9 PM 1:52
U.S. DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

NOTICE OF FILING
REPORT OF TEMPORARY RECEIVER'S ACTIVITIES MAY 21, 2015
THROUGH MAY 29, 2015

Robb Evans & Associates LLC, Temporary Receiver in the above-entitled matter, herewith submits its Report of Temporary Receiver's Activities May 21, 2015 through May 29, 2015.

Dated: June 9, 2015

ROBB EVANS & ASSOCIATES LLC



KENTON JOHNSON
For and on Behalf of Temporary Receiver,
Robb Evans & Associates LLC
11450 Sheldon Street
Sun Valley CA 91352-1121
Tel: (818) 768-8100
Facsimile: (818) 768-8802
kenton.johnson@robbevans.com

Certificate of Service

I, Kenton Johnson, hereby certify that on June 9, 2015 The Temporary Receiver's REPORT OF TEMPORARY RECEIVER'S ACTIVITIES MAY 21, 2015 THROUGH MAY 29, 2015 was filed with the Clerk of Court and served electronically to attorneys for the parties and by Federal Express for next day delivery to the individual defendants:

1. Guy G. Ward
Staff Attorney
Federal Trade Commission
55 W. Monroe Street, Suite 1825
Chicago, Illinois 60603
(312) 960-5634
gward@ftc.gov
2. Paul G. Totten, Esq.
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4. Defendants John Leon and Romeria Global, LLC, Supreme Media, LLC, and Vernier Holdings, Inc. c/o John Leon, Wilton Manors, FL
5. Defendants Victor Ramirez and Awards Research Consultant, LLC c/o Victor Ramirez, Aventura FL
6. Defendant Mailpro Americas Corp. c/o Myriam Ceballos, Aventura FL
7. Defendant Masterpiece Marketing, LLC c/o Lila Rodriguez, Hollywood FL

ROBB EVANS & ASSOCIATES LLC



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ROBB EVANS & ASSOCIATES LLC
Temporary Receiver of
Mail Tree, Inc., et al.

REPORT OF TEMPORARY RECEIVER'S ACTIVITIES
May 21, 2015 through June 2, 2015

This report covers the activities of the Temporary Receiver¹ since the inception of the temporary receivership. This is the first report to the Court on the progress of the temporary receivership. It does not constitute an audit of financial condition and is intended only to provide information for the Court to use to assess the progress and condition of the temporary receivership.

Overview

The Temporary Receiver entered, and gained custody of a small business location in North Miami Beach Florida. None of the defendants were present and there were very few meaningful and current paper or electronic records in the premises. The Temporary Receiver later met with a non-defendant part-time company officer of a receivership defendant, who claimed to have very limited information about the business operations. This officer also claimed that she took directions from and completed some bookkeeping tasks for defendant Victor Ramirez, but did not know or interact with the other three named defendants.

The Temporary Receiver located and froze about US\$3,500 in bank accounts of receivership defendants and later learned a Canadian processing company was holding what it described as current funds of about US\$4,500 for one of the receivership defendants and about US\$8,500 for an affiliated entity.

On June 2, 2015 an attorney for receivership defendant Trans National Concepts, Inc. (Trans National) informed the Temporary Receiver that the firm was holding \$59,441 that Trans National previously sent to it. The attorney then wired that amount to the Temporary Receiver. At this date, the Temporary has not identified or located any additional receivership assets.

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

Custody, Control and Possession

On Thursday, May 21, 2015 the Temporary Receiver entered and took possession of two small offices in a 1,200 SF, seven office suite at 3363 NE. 163rd St., North Miami Beach Florida. The receivership defendant Mailpro Americas Corp. is the lessee of an Office Lease Agreement dated June 2013 and expiring May 31, 2015. The Temporary Receiver soon learned from two sub-tenants that the defendant lessee occupied only two offices, one used to store office furniture and a few records.

The part-time company officer occupied the other office, primarily conducting bookkeeping, tax preparing, and payroll processing service for five or six small local retail clients, including businesses owned by defendant Victor Ramirez. The part-time company officer also completed some bill paying and accounting work for the defendant Mailpro Americas Corp.

Because the information technology personnel imaging the computer server experienced technical difficulties, the Temporary Receiver has been unable to view the contents of the server in the occupied office. According to the part-time company officer, the server contents included the QuickBooks accounting reports and other schedules the officer prepared and maintained for the receivership defendant Mailpro Americas Corp.

Business Operations

The Temporary Receiver reviewed available paper records, bank statements, a profit loss statement of Mailpro Americas Corp. for the years 2014 and 2013, and other miscellaneous and various documents. One single page document describes the business, confirms the address the Temporary Receiver entered and controlled, and appears to offer its mail processing and order fulfillment operation to others.

The business description lists the activities the receivership defendant completes for postal based marketing sale campaigns in Europe, Asia, and Australia. The list includes PO Box rental, mail pickup and processing, order payment consolidation, deposit, and clearing. It further describes that Mailpro Americas Corp. outsources much of the mail collecting and check processing to vendors while maintaining control of key activities..

The Temporary Receiver also completed several discussions with the part-time company officer. The Temporary Receiver was able to make the following observations and develop conclusions.

- It appears the individual defendants in other locations managed and directed the operations to prepare and mail the sweepstake announcements to worldwide consumers as described in the Complaint, and to collect mail and payments that consumers returned to multiple post offices in the United States and Canada.
- Checks and currency sent by worldwide consumers trying to claim a sweepstakes award were collected, deposited, and forwarded by specialty processing firms to financial destinations that the Receiver currently is unable to identify.
- The bank statements for seven months of 2014-2015 located on the premises were from one bank. The part-time company officer claimed this was the only bank account for which she signed, managed, and also used to prepare the profit and loss statement.
- The seven months of statements detailed periodic deposits, about two or three each month, and usually for less than \$5,000. The one profit and loss statement located for defendant Mailpro Americas Corp. from January to December 2014 and 2013 showed total income in 2014 of \$61,000 and total income in 2013 of \$211,000.
- Some of the paid checks, receipts, and notes confirmed the part-time company officer paid PO Box fees for several locations identified in the complaint papers as receiving mail and payments from consumers, paid for printing and mailing services for one of the receivership defendants, and paid commission checks to individuals who picked up mail from consumers in various postal locations and delivered them to currently unidentified or unconfirmed processors.
- The Temporary Receiver confirmed from the conversations with the part-time company officer that she would pay expenses, including commission checks for individuals collecting and forwarding checks, based on directions provided by defendant Victor Ramirez. She said Mr. Ramirez would state that a certain individual collected an amount of money and was entitled to a commission, usually ranging from 9% to 12%. The part-time company officer would prepare an Excel schedule and then prepare checks or wire transfer payments. The Temporary Receiver has not been able to review the Excel schedules stored on the server.
- The part-time company officer told the Temporary Receiver that Mr. Rodriguez directed her to vacate the premises at the expiration of the lease, May 31 and to work from home. The two sub-tenants confirmed they were also vacating the premises on or before May 31.

Conclusion

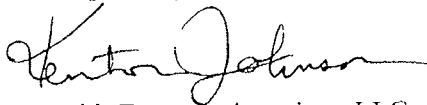
The Temporary Receiver has concluded based on information and records available at this time that the individual defendants managed and conducted the extensive operations to prepare and mail personalized sweepstakes announcements to consumers on a worldwide basis. The individual defendants also collected large volumes of responses from consumers that included payments. The Temporary Receiver believes such activities were completed primarily outside the premises inspected and controlled at 3363 NE. 163rd St. in North Miami Beach Florida.

The Temporary Receiver has also concluded that the accounting and check writing operations completed on the premises included preparing and paying for some services and expenses related to the mailing and receipt-collecting operation. However, similar to directing operations, it appears the receipts from consumers were gathered, collected, and ultimately kept by defendants, outside the office premises in North Miami Beach.

After receiving \$59,000 from the attorney for Trans National, and anticipating receiving about an additional \$13,000 from a Canadian processor, the receivership estate will be able to pay its incurred administrative expenses. The receivership estate will also have the capacity to conduct limited and controlled research to attempt to locate additional assets or, conversely, to confirm that additional assets do not exist.

It is possible the individual defendants or their attorneys may reveal additional assets, or the banks and other institutions that received the Temporary Restraining Order may provide additional detailed information.

Respectfully submitted,



Robb Evans & Associates LLC
Temporary Receiver

TAB 2 TO RECEIVER'S REPORT

Robb Evans & Associates LLC Receiver of Mail Tree Inc. et al.
Receiver's Administrative Expenses by Month and Fund Balance
 Since Inception (May 19, 2015) to February 28, 2017

	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
Receiver'ship Defendant Funds								
Trans National Concepts Inc.	0.00	59,440.52	0.00	0.00	0.00	0.00	0.00	0.00
Total Receiver'ship Defendant Funds	0.00	59,440.52	0.00	0.00	0.00	0.00	0.00	0.00
Total Collections	0.00	59,440.52	0.00	0.00	0.00	0.00	0.00	0.00
Expenses								
Receiver'ship Fees & Expenses								
Receiver Fees								
B. Kane	581.40	102.60	0.00	0.00	0.00	0.00	0.00	0.00
K. Johnson	9,986.40	5,061.60	68.40	102.60	0.00	0.00	1,675.80	0.00
A. Jen	0.00	718.20	0.00	0.00	0.00	0.00	0.00	0.00
Total Receiver	10,567.80	5,882.40	68.40	102.60	0.00	0.00	1,675.80	0.00
Senior and accounting Staff								
F. Jen	3,557.70	603.00	30.15	0.00	30.15	0.00	30.15	0.00
T. Chung	2,381.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Callahan	5,175.00	1,080.00	45.00	0.00	0.00	0.00	0.00	0.00
C. DeCius	0.00	162.00	0.00	0.00	9.00	0.00	9.00	0.00
Total Senior and accounting Staff	11,114.55	1,845.00	75.15	0.00	39.15	0.00	39.15	0.00
Support Staff	360.60	130.00	9.20	0.00	0.00	0.00	0.00	0.00
Total Receiver Fees	22,042.95	7,857.40	132.75	102.60	39.15	0.00	1,714.95	0.00
Receiver Expenses								
Locksmith Services	631.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Postage & Delivery	0.00	407.64	6.40	0.00	0.00	0.00	0.00	0.00
Travel Expenses	3,928.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Website Support	173.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Receiver Expenses	4,733.06	407.64	6.40	0.00	0.00	0.00	0.00	0.00
Total Receiver'ship Fees & Expenses	26,776.01	8,265.04	159.15	102.60	39.15	0.00	1,714.95	0.00
Total Expenses	26,776.01	8,265.04	159.15	102.60	39.15	0.00	1,714.95	0.00

Robb Evans & Associates LLC Receiver of Mail Tree Inc. et al.
Receivership Administrative Expenses by Month and Fund Balance
 Since Inception (May 19, 2015) to February 28, 2017

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Receivership Defendant Funds									
Trans National Concepts Inc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Receivership Defendant Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Collections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses									
Receivership Fees & Expenses									
Receiver Fees									
Receiver									
B. Kane	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
K. Johnson	0.00	102.60	34.20	0.00	205.20	2,154.60	0.00	0.00	171.00
A. Jen	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Receiver	0.00	102.60	34.20	0.00	205.20	2,154.60	0.00	0.00	171.00
Senior and accounting Staff									
F. Jen	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.30	0.00
T. Chung	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Callahan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. DeCius	0.00	0.00	0.00	0.00	0.00	0.00	0.00	198.00	0.00
Total Senior and accounting Staff	0.00	0.00	0.00	0.00	0.00	0.00	0.00	258.30	0.00
Support Staff	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Receiver Fees	0.00	102.60	34.20	0.00	205.20	2,154.60	0.00	258.30	171.00
Receiver Expenses									
Locksmith Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Postage & Delivery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travel Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Website Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Receiver Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Receivership Fees & Expenses	0.00	102.60	34.20	0.00	205.20	2,154.60	0.00	258.30	171.00
Total Expenses	0.00	102.60	34.20	0.00	205.20	2,154.60	0.00	258.30	171.00

Robb Evans & Associates LLC Receiver of Mail Tree Inc. et al.
Receivership Administrative Expenses by Month and Fund Balance
 Since Inception (May 19, 2015) to February 28, 2017

	<u>Oct 16</u>	<u>Nov 16</u>	<u>Dec 16</u>	<u>Jan 17</u>	<u>Feb 17</u>	<u>TOTAL</u>
Receivership Defendant Funds						
Trans National Concepts Inc.	0.00	0.00	0.00	0.00	0.00	59,440.52
Total Receivership Defendant Funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>59,440.52</u>
Total Collections	0.00	0.00	0.00	0.00	0.00	59,440.52
Expenses						
Receivership Fees & Expenses						
Receiver Fees						
Receiver						
B. Kane	0.00	0.00	0.00	0.00	0.00	684.00
K. Johnson	0.00	68.40	0.00	615.60	68.40	20,314.80
A. Jen	0.00	0.00	0.00	0.00	0.00	718.20
Total Receiver	<u>0.00</u>	<u>68.40</u>	<u>0.00</u>	<u>615.60</u>	<u>68.40</u>	<u>21,717.00</u>
Senior and accounting Staff						
F. Jen	0.00	0.00	30.15	60.30	0.00	4,401.90
T. Chung	0.00	0.00	0.00	0.00	0.00	2,381.85
C. Callahan	0.00	0.00	0.00	0.00	0.00	6,300.00
C. DeCius	0.00	0.00	0.00	0.00	0.00	378.00
Total Senior and accounting Staff	<u>0.00</u>	<u>0.00</u>	<u>30.15</u>	<u>60.30</u>	<u>0.00</u>	<u>13,461.75</u>
Support Staff	0.00	0.00	0.00	0.00	0.00	499.80
Total Receiver Fees	<u>0.00</u>	<u>68.40</u>	<u>30.15</u>	<u>675.90</u>	<u>68.40</u>	<u>35,678.55</u>
Receiver Expenses						
Locksmith Services	0.00	0.00	0.00	0.00	0.00	631.30
Postage & Delivery	0.00	0.00	0.00	0.00	0.00	414.04
Travel Expenses	0.00	0.00	0.00	0.00	0.00	3,928.76
Website Support	0.00	0.00	0.00	0.00	0.00	173.00
Total Receiver Expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,147.10</u>
Total Receivership Fees & Expenses	<u>0.00</u>	<u>68.40</u>	<u>30.15</u>	<u>675.90</u>	<u>68.40</u>	<u>40,825.65</u>
Total Expenses	<u>0.00</u>	<u>68.40</u>	<u>30.15</u>	<u>675.90</u>	<u>68.40</u>	<u>40,825.65</u>
Fund Balance						<u>0.00</u>