

**ROBB EVANS & ASSOCIATES LLC**

**Receiver of**

**Universal Premium Services, Inc. AKA Premier Benefits, Inc.**

**Consumer Reward Network, Inc.**

**Star Communications LLC**

**Membership Services Direct, Inc. AKA Continuity Partners Inc.**

**Connect2USA, Inc., et al.**

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**Federal Trade Commission v. Universal Premium Services, Inc, et al.  
CASE No. CV06-0849 GW (OPx)**

**Report of Receiver's Activities for the  
Period from January 1, 2007 Through November 30, 2008**

**Filed December 5, 2008**

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7 ROBB EVANS & ASSOCIATES LLC

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

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11 FEDERAL TRADE COMMISSION,

12 Plaintiff,

13 v.

14 UNIVERSAL PREMIUM SERVICES,  
15 INC., a California corporation (also  
known as Premier Benefits, Inc.), et al.,

16 Defendants.

CASE NO. CV06-0849 GHW (OPX)

**REPORT OF RECEIVER FOR THE  
PERIOD FROM JANUARY 1, 2007  
THROUGH NOVEMBER 30, 2008**

17  
18 TO THE HONORABLE GEORGE H. WU, UNITED STATES DISTRICT  
19 JUDGE:

20 Robb Evans & Associates LLC as Receiver of Universal Premium Services,  
21 Inc. aka Premier Benefits, Inc., Consumer Reward Network, Inc., Star  
22 Communications, LLC, Membership Direct Services, Inc. aka Continuity Partners,  
23 Inc., Connect2USA, Inc. and their subsidiaries and affiliates ("Receiver")

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1 herewith files his third Report to the Court, covering the period from January 1,  
2 2007 through November 30, 2008.

3  
4 Dated: December 5, 2008

McKenna Long & Aldridge LLP  
Gary Owen Caris  
Lesley Anne Hawes

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By: /s/ Gary Owen Caris  
Gary Owen Caris  
Attorneys for Temporary Receiver  
ROBB EVANS & ASSOCIATES  
LLC

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**Universal Premium Services, Inc. AKA Premier Benefits, Inc.**

**Consumer Reward Network, Inc.**

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**Membership Services Direct, Inc. AKA Continuity Partners Inc.**

**Connect2USA, Inc., et al.**

**REPORT OF RECEIVER'S ACTIVITIES**

**JANUARY 1, 2007 THROUGH NOVEMBER 30, 2008**

This report covers the activities of the Receiver<sup>1</sup> since the last report. This is the third 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.

**Asset Recovery and Liquidation**

Personal Property

The Receiver previously reported on the Court-approved sale of personal property that produced a net return to the estate of \$19,975.79. The Receiver also reported it abandoned a vehicle with no equity, and collected net proceeds of \$748.58 from another vehicle.

Real Property Assets

On November 18, 2005, Brian MacGregor purchased Unit 1104 at Three Turnberry Place, Las Vegas, a luxury high-rise condominium project, for \$1,010,000. Plaza Homeland Mortgage financed the purchase of this property. Based on discussions with the mortgage company and local real estate experts, and the lack of any substantial offers for the property, the Receiver determined there was no equity that would accrue to the receivership estate. The Receiver did not use any of the estate funds to pay the monthly mortgage payments and the property was foreclosed.

The Receiver was aware of the existence of Midwest Properties, Inc., a company owned by Christine MacGregor, and the allegation that Brian MacGregor fraudulently transferred approximately \$17 million in real property assets to his wife. The Receiver investigated properties owned by Midwest Properties and Christine MacGregor to ascertain the source

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

of funds used to purchase those properties. The Receiver issued numerous subpoenas and reviewed thousands of documents produced by various title companies. It appeared that Brian MacGregor used funds from the Receivership Defendants to purchase some of the properties.

In June 2007 the Federal Trade Commission, Midwest Properties, Inc. and Christine MacGregor stipulated to a Final Order that, among other things, transferred via grant deed a house and an additional lot in Mammoth Lakes, California to the Receiver. The order included detailed procedures to market and sell the properties, including a requirement for an overbid process.

The first property was a custom 8,500 square-foot single family residence with a separate caretaker unit. The second property was an 18,000 square-foot lot on the same street as the house. In March 2007, the FTC obtained two appraisals on the residence, one for \$5.1 million and another for \$4.8 million. When the settlement discussions were approved by this Court and the transfer of the properties to the Receiver was finally completed, the Receiver ordered an appraisal and a broker's price opinion. In October 2007 the appraisal was reduced to \$4.0 million and the broker's price opinion was between \$3.0 million and \$3.5 million. The Receiver listed the property for sale at \$3,900,000 on October 26, 2007.

Under the terms of the Settlement, the Receiver marketed and sold the property subject to an overbid process. After many weeks of marketing, including newspaper display ads and electronic advertising to brokers in Southern California, the Receiver accepted an offer of \$3,300,000 on February 29, 2008. Previous offers were between \$1.0 million and \$3.0 million. After this Court approved the sale and the overbid procedures, the Receiver advertised and scheduled an overbid session, which was held on April 25, 2008. The final winning overbid was \$3,475,000.

The second property is an 18,000 square-foot lot on the same street as the house. It is an upslope, ski in – ski out, wooded, view lot. After obtaining an appraisal and broker's opinion of value, the Receiver listed the lot for sale on October 31, 2007 at \$799,000. The lot sold on March 3, 2008, for \$700,000. However, the buyer rescinded the offer after further inspections revealed the house he wanted could not be built as planned.

The Mammoth Lakes market continues to be extremely slow, and this is especially true for lots. As of October 17, 2008, only five lots sold during the year and none was over \$500,000. On August 15, 2008, the listing price was reduced to \$599,000. With winter approaching, which is the slowest time of the year for lot sales, the Receiver further reduced the price to \$549,000.00 on September 30, 2008.

The Receiver's broker continues to market the lot with display advertising in the Mammoth Lakes area and electronic advertising targeting Southern California real estate

brokers. The Receiver is considering an auction sale of the lot in the near future if no offers are presented.

#### Recoveries from Third Parties

Previously, the Receiver reported recovering \$102,762.87 from International Payment Consultants, LLC and \$259,317.95 from Timothy Bice, an attorney that represented several of the Receivership Defendants prior to the Receiver's appointment. Additionally, the Receiver successfully negotiated a settlement regarding two state court lawsuits pursuant to which the receivership estate received \$438,619.93.

Prior to being placed in receivership, the Receivership Defendants debited consumers' bank accounts through Payment Processing Center LLC (PPC), a third-party processor located in Pennsylvania. The Receiver had made several demands to PPC to deliver the funds which it is holding on behalf of the Receivership Defendants. In October 2006, an Assistant United States Attorney (who previously brought an action against PPC), the Monitor (now a receiver) of PPC and counsel for PPC, filed a stipulation with the District Court in the PPC action seeking permission to transfer funds and issue refunds to consumers who were debited by PPC for the benefit of the Receivership Defendants. As a result, the Receiver is no longer seeking a turnover of funds from the PPC receiver.

The Receiver continues to cooperate with the PPC receiver, in order that he returns funds held by the PPC estate to the victims of the telemarketing activities of the defendants.

#### **Remaining Activities**

The Receiver's remaining activities are very limited. The Receiver continues to market and attempt to sell the lot in Mammoth Lakes. Additionally, the Defendant has appealed the judgment awarded to the FTC, and the receivership estate will remain open until that appeal is resolved.

Respectfully submitted,

/s/

Robb Evans & Associates LLC  
Receiver