

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 17-60907-CIV-MORENO

FEDERAL TRADE COMMISSION, *et al.*,

Plaintiffs,

v.

JEREMY LEE MARCUS, *et al.*,

Defendants.

**RECEIVER JONATHAN E. PERLMAN'S AGREED FIRST
VERIFIED MOTION TO EXPAND RECEIVERSHIP**

Jonathan E. Perlman, “Permanent Receiver” over the Receivership Defendants¹ (the “Receiver”), pursuant to S.D. Fla. L.R. 7.1(E), submits this Agreed First Verified Motion to Expand Receivership (the “Motion”) to confirm or expand the Receivership to include twelve additional affiliated entities that are part of the single debt relief enterprise that is the subject of the Federal Trade Commission and Office of the Attorney General, State of Florida, Department of Legal Affairs’ (“State of Florida”) Complaint, all of whom are owned and controlled by Defendant Jeremy Marcus. The additional entities this motion seeks to formally add as

¹ The Court’s Preliminary Injunction Order defines the “Receivership Defendants” as Financial Freedom National, Inc. f/k/a Institute for Financial Freedom, Inc. and Marine Career Institute Sea Frontiers, Inc. also d/b/a 321 Loans, Instahelp America, Inc., Helping America Group, United Financial Support, Breeze Financial Solutions, 321Financial Education, Credit Health Plan, Credit Specialists of America, American Advocacy Alliance, and Associated Administrative Services; 321Loans, Inc., f/k/a 321 Loans, Inc. also d/b/a 321Financial, Inc.; Instahelp America, Inc. f/k/a Helping America Team, Inc. also d/b/a Helping America Group; Breeze Financial Solutions, Inc. also d/b/a Credit Health Plan and Credit Maximizing Program; US Legal Club, LLC; Active Debt Solutions, LLC f/k/a Active Debt Solutions, Inc. also d/b/a Guardian Legal Center; Guardian LG, LLC also d/b/a Guardian Legal Group; American Credit Security, LLC f/k/a America Credit Shield, LLC; Paralegal Support Group LLC f/k/a Paralegal Support LLC; and Associated Administrative Services, LLC also d/b/a Jobfax, **and their divisions, subsidiaries, affiliates, predecessors, successors, assigns, and any fictitious business entities or business names created or used by these entities, or any of them.** [See ECF No. 21 at 5]. (emphasis added).

Receivership Entities (in alphabetical order) are:

Blue42, LLC	HP Properties Group, Inc.
Cockburn & Associate, LLC	JLMJP Pompano, LLC
Discount Marketing USA S.A.	Nantucket Cove of Illinois, LLC
Halfpay International, LLC	Omni Management Partners LLC
Halfpay NV, LLC	Viking Management Services, LLC
HP Media, Inc.	White Light Media LLC

(collectively, the “Additional Receivership Entities.”).

The Receiver’s counsel has conferred with counsel for Defendants Jeremy Marcus (“Marcus”), JLMJP Pompano, LLC, Halfpay International, LLC, Halfpay NV LLC, and Nantucket Cove of Illinois, LLC, and they each consent to the relief sought herein. In addition, Marcus, individually and as owner, manager, officer, director and/or authorized representative with full authority, consents to the relief sought herein on behalf of the other Additional Receivership Entities (Blue42, Cockburn & Associate, Discount Marketing, HP Media, HP Properties, Omni Management, Viking Management, White Light Media). Jack Marcus (Jeremy Marcus’s father), individually and as owner, manager, officer, director, trustee, of any Additional Receivership Entity or related entity, also consents to this Motion. The Receiver appreciates Marcus’ cooperation in this matter.²

Individual Defendants Yisbet Segrea and Craig Smith have authorized the Receiver to state that they take no position with respect to this Motion.

Plaintiffs FTC and State of Florida have authorized the Receiver to represent that they have no objection to this Motion.

I. INTRODUCTION

The FTC’s and State of Florida’s Complaint alleges that Defendants engaged in a scheme

² The Receiver acknowledges that, by cooperating and agreeing to this Motion, Marcus makes no additional agreements or admissions with respect to any other actual or prospective matters in this case. Marcus’ agreement to this Motion should not be construed as an agreement with respect to any case law cited herein in support of this Agreed Motion.

defrauding consumers of millions of dollars by offering phony debt relief services and fake loans in violation of Section 5(a) of the FTC Act, 15 U.S.C. §45(a); the FTC's "Telemarketing Sales Rule," 16 C.F.R. Part 310; and Section 501.204 of the FDUTPA. [ECF No.1]. The Court, in its May 17 Preliminary Injunction, found that Plaintiffs were likely to prevail on the merits and that immediate and irreparable harm would likely result unless Defendants were restrained and a receiver appointed. [ECF No.21]. The Court appointed Mr. Perlman as "Permanent Receiver" over the eleven named "Receivership Defendants," plus "any of their affiliates, subsidiaries, divisions, or sales or customer service operations, wherever located...with the full power of an equity receiver. The Receiver shall be the agent of this Court, and solely the agent of this Court, in acting as Receiver under this Order." [*Id.* at p.17].

By this Agreed Motion, Receiver Perlman seeks the entry of an Order formally confirming as Receivership Entities, and/or expanding the Receivership, to include the twelve Additional Receivership Entities (four of whom are already "Relief Defendants"), all of whom are owned and controlled by Defendants, were funded by Defendants' debt relief enterprise, and are currently subject to this Court's Asset Freeze. Moreover, the entities commingled and moved monies amongst each other, at Mr. Marcus' direction, without regard to corporate formality.³ (*See generally*, SK Declaration). The Receiver is already acting as *de facto* Receiver over these entities, with Defendant Marcus' consent, in order to safeguard their assets as required by the Preliminary Injunction Order.⁴

³ In support of the relief requested, the Receiver is contemporaneously filing the Declaration of forensic accountant Soneet Kapila (the "SK Declaration"). Because his investigation is preliminary and ongoing, the Receiver reserves his right to supplement Mr. Kapila's declaration.

⁴ The "Relief Defendants" are JLMJP Pompano, LLC, 1609 Belmont Place LLC, 16 S H Street Lake Worth, LLC, 17866 Lake Azure Way Boca, LLC, 114 Southwest 2nd Street DBF, LLC, 110 Gloucester St., LLC, 72 SE 6th Ave., LLC, Fast Pace 69 LLC, Strategic Acquisitions Two, LLC, Halfpay International, LLC also d/b/a 16 H.S. Street 12Plex LLC, 311 SE 3rd St., LLC, 412

Given that the Court's Preliminary Injunction Order already appoints Mr. Perlman receiver over the Additional Receivership Entities as "affiliates, subsidiaries, divisions, or sales or customer service operations" of the Defendants; that Mr. Perlman is already the de facto receiver over the Additional Receivership Entities; and that Defendant Marcus, the Named Receivership Defendants, Relief Defendants and Additional Receivership Entities have all consented, the Motion to Expand clearly should be granted.

II. FACTUAL BACKGROUND

On May 10, 2017, the Receiver and his professionals, accompanied by representatives of the Plaintiffs, pursuant to the Court's Temporary Restraining Order ("TRO") [ECF No. 13], entered and took possession of the Defendants' Headquarters, a 50,000 sq. ft. building located at 1410 SW 3rd Street, Pompano Beach, Florida (the "Pompano Headquarters").

During his subsequent investigation, the Receiver discovered that the Receivership Defendants were operating as a common enterprise, because they were operating as an interrelated network of companies with common owners, operators, employees, locations, and shared funds. The Receiver also determined the Additional Receivership Entities were operating as part of that same common enterprise (hereinafter, the "Common Enterprise"). The Receivership Defendants, along with the twelve additional entities that are the subject of this Motion to Expand shall constitute the "Common Enterprise Entities."

Specifically, Marcus owned and/or controlled the additional entities as part of the Defendants' consumer debt relief business. The entities share common management and

Bayfront Drive, LLC, 110 Gloucester St., LLC, 72 SE 6th Ave., LLC, 114 SW 2nd Street JM, LLC, 8209 Desmond Drive, LLC, and HLFP, LLC, Halfpay NV LLC also d/b/a Halfpay International LLC, and Nantucket Cove of Illinois, LLC, as well as any successors, assigns, subsidiaries, fictitious business entities, or business names created or used by these entities, or any of them.

employees, all of whom answered to Marcus. Marcus also created additional affiliated entities to which he transferred in excess of \$20 million that originated from consumers. These entities too were headquartered at the Pompano Headquarters, utilized common employees, as well as common third-party professionals, all of whom were paid from monies received from consumers.

As Mike Silva, a manager, described it, “the same programs were being sold to consumers under different names.” Monies received from customers were commingled without regard to entity name.

In addition, Defendant Marcus, confirmed in his interview with the Receiver’s professionals that the declaration of the FTC’s forensic accountant, Roshni Agarwal, concerning the transfer of funds from Receivership Defendants to Relief Defendants for Marcus’ personal real estate investments was true and accurate. [See ECF No. 6, Ex. 2]. In short, Marcus admitted that Receivership monies from consumers were used to acquire assets owned and controlled by Marcus.

A. Defendants’ Common Enterprise Operated Out of Its Pompano Headquarters and Panama Satellite Office

i. JLMJP Pompano, LLC

JLMJP Pompano, LLC is a Relief Defendant. JLMJP Pompano is the record owner the Common Enterprises’ headquarters. JLM is Marcus’ initials. The Pompano Headquarters is the address on documents for virtually all Common Enterprise Entities. Marcus incorporated JLMJP Pompano, LLC on December 9, 2014 as its 100% membership owner and authorized representative. (Dec. 9, 2014 Articles of Incorporation attached as Ex. A). On December 23, 2014, Marcus assigned his membership interests to Relief Defendant Halfpay International, another Common Enterprise Entity wholly owned and controlled by Marcus over which this

Motion seeks expansion. (Absolute Assignment of Limited Liability Company Interest attached as Ex. B).

Defendant Marcus informed the Receiver that he transferred monies received from the Receivership Defendants to purchase the Pompano Headquarters. The Receiver has been able to confirm that the funds for acquisition of the property came from Receivership Defendant Active Debt Solutions. (SK Declaration ¶41).

Despite being purchased for cash received from Receivership Defendant Active Debt Solutions, Marcus caused JLMJP to record a mortgage on the property for \$2.4 million in favor of Relief Defendant Halfpay International, LLC. None of the Defendants or other Common Enterprise Entities paid rent to JLMJP (or anyone else) for their use of the Pompano Headquarters. When Marcus rented out a portion of the premises to actual third parties, the tenants paid their rent to HP Properties Group, Inc., another Common Enterprise Entity wholly owned and controlled by Marcus, not to JLMJP.

Corporate records for JLMJP Pompano, LLC filed with the State of Florida list its address as 1410 SW 3rd Street, Pompano Beach, FL 33069. JLMJP Pompano, LLC maintained its corporate books and records at the Pompano Headquarters. (Photo of Corporate Books taken at Pompano Headquarters attached as Ex. C).

Based on the above, this Court should expand the Receivership to include JLMJP Pompano, LLC as an Additional Receivership Entity.

ii. Discount Marketing USA

In 2016, the Defendants moved their customer relationship management (“CRM”) program and data to Panama City, Panama, along with the Common Enterprise’s “customer service department” and opened an office there. Defendant Segrea moved to Panama to oversee

the Receivership Defendants' new office.

Defendants formed and capitalized a new entity, Discount Marketing USA S.A. ("Discount Marketing") a Panamanian corporation, as employer to their Panamanian employees with Marcus as President and Smith as Treasurer. (Articles of Incorporation for Discount Marketing attached as Ex. D). The Receiver understands that Marcus and Smith own 80% of Discount Marketing.

Records found at the Pompano Headquarters indicate that Marcus provided Receivership Defendant 321Loans' financials to satisfy financial requirements of the Panama landlord, Global Realty Advisors, S.A.

Receivership Defendant Paralegal Support Group, LLC retained Panamanian law firms to provide legal services including immigration, incorporation of Discount Marketing, and opening of bank accounts for Discount Marketing at Multibank, a Panamanian Bank.

Payroll for employees in Panama, except Defendant Segrea, appear to be funded from Multibank. However, the funds to make such payroll were transferred to Multibank from Common Enterprise Entities, including HP Media, White Light Media, and Receivership Defendant 321Loans.

For example, on December 12, 2016 and March 7, 2017, the Discount Marketing account at Multibank received two transfers, for \$199,960 and \$49,960 respectively (net of wire fees), from Receivership Defendant 321Loans, Inc. (Discount Marketing Multibank Statements attached as Ex. E; *see also* SK Declaration at Table 6).

Likewise, HP Media, Inc.'s April 2017 JPMorgan Chase bank statement shows that it made four transfers to the Discount Marketing account at Multibank that month for \$100,000; \$84,000; \$300,000; and \$300,000. (HP Media JPMorgan Chase Statement attached as Ex. F; *see*

also, SK Declaration at Table 6). Common Enterprise Entity White Light Media's April 2017 Bank of America bank statement shows that it transferred \$600,000 to the Discount Marketing account at Multibank on April 27, 2017 as well. (White Light Media Bank of America statement attached as Ex. G; *see also*, SK Declaration at Table 6).

Following entry of the TRO, Marcus repatriated assets from Panama to the Receiver, including \$1,075,622.17 from Discount Marketing's Multibank account.

During the week of May 22, 2017, Ms. Segrea turned over the Panama office keys to the Receiver. The Receiver's professionals reviewed and brought back documents from Panama, including Better Business Bureau complaints involving the Receivership Defendants, correspondence related to Common Enterprise Entity Cockburn & Associate consumers, and call scripts for the Common Enterprise Entities. The Receiver currently maintains control over the Panama office and has paid utilities and IT services, all of which are necessary for the preservation of the CRM server and database containing the Common Enterprise Entities' customer information.

Based upon the foregoing, the Court should expand the Receivership to include Discount Marketing as an Additional Receivership Entity.

B. Three Common Enterprise Entities Defendants Utilized to Acquire Customers from Other Debt Relief Companies

Defendant Marcus, Manager Mike Silva, and others informed the Receiver that the Defendants repeatedly purchased customers from other debt relief companies. Those customers had accumulated savings in escrow accounts. The Common Enterprise Entities' telemarketing sales people would then attempt to convince the customers to sign over their escrow accounts and start making monthly payments to the Common Enterprise Entities for debt relief services.

Marcus informed the Receiver that he created separate corporate entities, including

Viking Management Services, LLC, Omni Management Partners, LLC and Cockburn & Associate LLC, in order to track the results from each acquisition separately. Though separate in name, the various entities operated from the same room, utilizing common employees and the same CRM.

i. Viking Management Services, LLC

Viking Management Services, LLC ("Viking") is a Wyoming Limited Liability Company that Marcus incorporated on February 2, 2017. Its principal place of business is the Pompano Headquarters. Jeremy Marcus told the Receiver that he is the 100% owner of Viking.

On February 2, 2017, Jeremy Marcus, individually, as buyer, and Negotiation Credit Services, as seller (d/b/a and a/k/a "Solid Ground"), entered into a Final Asset Purchase Agreement (the "NCS Agreement") for the purchase of 2600 clients for \$1.5 million, 2066 of which the NCS Agreement states were active as of January 13, 2017. (NCS Agreement attached as Ex. H). The escrow agent's bank records show the source of the purchase payment (plus applicable broker fees) as: (1) \$100,000 from HP Media, Inc. on January 27, 2016; (2) \$650,000 from White Light Media LLC on February 2, 2017; (3) \$100,000 from White Light Media LLC on March 1, 2017; (4) \$63,288 from Halfpay International, LLC through Titan Loan Servicing LLC Escrow Account on March 2, 2017; (5) \$206,771.30 from 321Loans, Inc. on March 2, 2017; (6) \$380,000 from Halfpay International, LLC through Titan Loan Servicing LLC Escrow Account on March 2, 2017; (7) \$75,000 on March 3, 2017 from currently unknown source; (8) \$75,000 on March 3, 2017 from currently unknown source (collectively, the "Solid Ground Transfers"). (A copy of the redacted escrow agent bank account statement highlighting the Solid Ground Transfers is attached as Ex. I).

Defendants' employees began calling Solid Ground's consumers in February 2017 telling

them that they worked at Viking and that Viking has taken over Solid Ground and solicited them to transfer their escrowed monies to Viking. (A photo taken by the Receiver inside the Defendants' sales room at the Pompano Headquarters regarding "Viking Management" sales is attached as Ex. J).

HP Media, Inc., another Common Enterprise Entity, was a W-2 employer for management and sales employees working on Viking accounts, as well as other Common Enterprise Entities. As of the date of the TRO, the Common Enterprise Entities' customer service database showed 1,464 Viking related customers making monthly ACH payments.⁵

Despite its active client base and monthly ACH transfers by consumers, Viking did not have a bank account. Rather, RAM deposited monthly ACH payments received from Viking consumers into a bank account at Bank of America titled in the name White Light Media LLC, another entity wholly owned and controlled by Jeremy Marcus.

Based on the above, this Court should expand the Receivership to include Viking Management as an Additional Receivership Entity.

ii. Cockburn & Associate LLC

Cockburn & Associate LLC ("Cockburn") is a Florida Limited Liability Company incorporated by Marcus on January 27, 2016. Cockburn's principal place of business is the Pompano Headquarters. (*See* Ex. K). Marcus is the 100% owner of Cockburn. Marcus created Cockburn to service a new group of consumers he purchased in 2015 from a New York attorney named Sheila Cockburn. The Receiver understands that Defendants paid \$1,500,000 for the "purchase" of approximately 1,500 client contacts. As of the date of the TRO, the Common

⁵ The Receivership Defendants utilized a company, Reliant Account Management ("RAM"), for ACH processing. Many consumers made monthly payments to the Receivership Defendants via ACH withdrawals from their bank accounts to RAM. RAM then transferred the monies to Receivership Defendants, including Defendants Active Debt Solutions, Associated Administrative Services, and Paralegal Staff Support.

Enterprise Entities' customer service database indicates 704 Cockburn-related clients. Marcus informed the Receiver that Cockburn-related consumers are primarily located in Canada.

Bank and processing records show that monies collected from Cockburn consumers flowed into a Cockburn bank account at Bank of Montreal. As of the date of the TRO, the Cockburn account had \$626,507.80 CAD (approximately \$475,000 US) in its Bank of Montreal account. Jeremy Marcus is the signor on the Cockburn account.

In addition to the above, the corporate book and records for Cockburn were found in the Pompano Headquarters in the shared office of Defendants Jeremy Marcus and Craig Smith. Cockburn Bank of Montreal statements are addressed to Marcus at the Pompano Headquarters, and Cockburn mail is received at the Pompano Headquarters as well. This Court should expand the Receivership to include Cockburn as an Additional Receivership Entity.

iii. Omni Management Partners

Omni Management Partners LLC ("Omni") is a Florida Limited Liability Company incorporated by Marcus on October 8, 2015. Omni's principal place of business is the Pompano Headquarters. Marcus is the 100% owner of Omni. As of the date of the TRO, the Common Enterprise's consumer database shows 1468 Omni-related clients. The Receiver understands that Marcus used Omni to track consumers he purchased from a debt relief company known as Brite Solutions.

Bank and ACH processing records show that Omni-related consumers made monthly ACH payments through RAM, the Common Enterprise Entities' ACH processor, into various Common Enterprise Entities' bank accounts, including Omni's account at City National Bank in the amount of \$259,256.45. (*See* SK Declaration at ¶30). However, Omni's City National account closed on October 5, 2016.

That same day, Omni transferred \$259,256.45 into an account of Receivership Defendant Associated Administrative Services LLC. Associated Administrative Services LLC thereupon wired those funds, along with over \$2 million in funds from other Common Enterprise Entities, to Receivership Defendant 321Loans' account at Banco Popular. (City National statement attached as Ex. L; *see also*, SK Declaration at Table 14).

In addition to the above, the corporate book was found in Marcus' office at the Pompano Headquarters, the Omni bank statements are addressed to Marcus at the Pompano Headquarters, and Omni receives mail at the Pompano Headquarters. Based upon the above, this Court should expand the Receivership to include Omni as an Additional Receivership Entity.

C. Seven Common Enterprise Entities Defendants Used to Transfer Consumer Monies and Properties

i. Relief Defendant Halfpay International, LLC

Relief Defendant Halfpay International, LLC d/b/a Halfpay International, Inc. ("Halfpay") is a Delaware entity wholly owned and controlled by Marcus. Halfpay utilized the Pompano Headquarters as its principal place of business, shared common employees and third-party professionals with the Common Enterprise Entities, and maintained its books and records at the Pompano Headquarters. (*See* Ex. C). Marcus informed the Receiver that he utilized Halfpay to withdraw millions of dollars from the Receivership Defendants. Thereafter, he used the monies to purchase real property for his own benefit, to make "hard money" loans and for other purposes. For example, between January 1, 2015 and May 6, 2017, Halfpay received at least \$6,822,772 from Receivership Defendants. (SK Declaration at Table 15).

Halfpay thereupon commingled these monies with other funds. Halfpay occasionally paid expenses for Common Enterprise Entities. (*Id.* at Table 16).

Halfpay quit-claimed real property located at 6436 Grand Cypress Cir, Lake Worth, FL 33463 to Jack Marcus (Jeremy's father) for no consideration. (Quit Claim Deed attached as Ex. M). The value of such property pursuant to the Palm Beach County Tax Assessor is \$231,458. (Property Appraiser Information Page attached as Ex. N). The 2016 property taxes for Jack Marcus' house were paid by HP Properties Group, Inc., another Common Enterprise Entity owned and controlled by Marcus discussed below.

Based upon the foregoing, the Court should expand the Receivership to include Halfpay International as an Additional Receivership Entity.

ii. Relief Defendant Halfpay NV, LLC

Relief Defendant Halfpay NV, LLC ("Halfpay NV") is another Common Enterprise Entity controlled and ultimately owned 100% by Jeremy Marcus. Halfpay NV and Halfpay International **both** have registered duplicate DBA's for the name of Relief Defendant "Halfpay International, LLC." (Records of Fictitious Names attached as Composite Ex. O). Halfpay NV's corporate book is located in Defendants Jeremy Marcus' and Craig Smith's office at the Pompano Headquarters. Based upon the foregoing, the Court should expand the Receivership to include Halfpay NV as an Additional Receivership Entity.

iii. HP Properties Group, Inc.

HP Properties Group, Inc. ("HP Properties") is a Florida corporation Jeremy Marcus created in October 2016. Marcus is the 100% owner. Marcus informed the Receiver that HP Properties paid for construction, and handled repairs and maintenance on properties that the Common Enterprise Entities purchased with monies received from consumers. Marcus informed the Receiver that these property management tasks were previously handled by Halfpay International and that he wanted to have a property management company under a different

name. The Receiver has confirmed that HP Properties received transfers from other Common Enterprise Entities, including White Light Media LLC discussed below, at Marcus' direction. HP Properties also paid property taxes on the properties that the Common Enterprise Entities purchased.

Tenants informed the Receiver that they pay rent directly to HP Properties. Marcus has directed tenants to deal with the Receiver on issues regarding property maintenance and rent collection. HP Properties conducted business out of the Pompano Headquarters and utilized the Common Enterprise's employees including Tiffanie Smith (Craig Smith's wife) and Diana Domingues.

Based upon the foregoing, the Court should expand the Receivership to include HP Properties as an Additional Receivership Entity.

iv. HP Media, Inc.

HP Media, Inc. ("HP Media") is a Florida corporation Jeremy Marcus created in October 2016. HP Media paid payroll for the Common Enterprise Entities' domestic employees at the time the TRO was entered. HP Media does not appear to have its own source of income and relies on transfers from other Common Enterprise Entities. Bank records show that HP Media received \$684,000 from Common Enterprise Entity White Light Media LLC (discussed below) in April 2017 alone.

In addition to payroll, HP Media appears to be a Common Enterprise Entity responsible for paying other operating expenses of the Common Enterprise, including telephone, internet service, web hosting, office supplies, and attorneys' fees. (*See* Ex. F). HP Media conducted business out of the Pompano Headquarters and maintained its books and records there. Indeed,

the directory at the Pompano Headquarters identifies HP Media as **the** Common Enterprise Entity occupant there. (Photo taken at Pompano Headquarters attached as Ex. P).

Based upon the foregoing, the Court should expand the Receivership to include HP Media, Inc. as an Additional Receivership Entity.

v. White Light Media LLC

White Light Media LLC (“White Light”) is a Nevada limited-liability company Marcus created on October 28, 2015. White Light’s Operating Agreement states that Jeremy Marcus holds a 99% membership interest and that his father, Jack, holds 1%. (White Light Operating Agreement attached as Ex. Q). Marcus informed the Receiver that he controls White Light. Marcus’ former counsel informed the Receiver that White Light “was a disbursement account for RAM to deposit funds. It paid out the other entities.” White Light received \$9,722,444 (net of RAM fees) in consumer funds between October 31, 2016 and May 11, 2017. (SK Declaration at ¶18).

Further, White Light transferred \$600,000 on April 27, 2017 to the Multibank account of Discount Marketing USA, S.A., the Common Enterprise Entity responsible for operating their Panama office. White Light also transferred \$584,000 to Common Enterprise Entity HP Media in April, 2017 and \$200,000 to Common Enterprise Entity HP Properties in January, 2017. (SK Declaration at Table 3). In addition, on April 13, 2017, White Light transferred \$1,250,000 for Receivership Defendant Associated Administrative Services’ purchase of a third party debt service company’s customers. (*See* Ex. I).

White Light conducted business at the Pompano Headquarters, received mail there, shared common employees, and maintained its books and records there. Based upon the

foregoing, the Court should expand the Receivership to include White Light as an Additional Receivership Entity.

vi. Blue42, LLC

Blue42, LLC (“Blue42”) is a Nevada Limited Liability Company incorporated by Marcus on December 8, 2014. Blue42’s principal place of business is the Pompano Headquarters and its corporate book is located there. Marcus informed the Receiver that he created Blue42 to hold securities accounts (including one at TD Ameritrade) that received consumer monies.

On February 6, 2017, Marcus, the signor on Blue42’s TD Ameritrade Account, sent a fax from Receivership Defendant Paralegal Support Group, directing TD Ameritrade to liquidate the account and wire all proceeds to Titan Loan Servicing, LLC (“Titan”). On February 10, 2017, TD Ameritrade transferred \$642,817.45 to Titan from Blue42’s account. The Receiver understands that this money was used by Halfpay International to make a loan to a third party through Titan.

The corporate book for Blue42 is kept in Jeremy Marcus and Craig Smith’s office at the Pompano Headquarters. Based upon the foregoing, the Court should expand the Receivership to include Blue42 as an Additional Receivership Entity.

vii. Relief Defendant Nantucket Cove of Illinois, LLC

Marcus is also the sole managing member and 100% owner of Relief Defendant Nantucket Cove of Illinois, LLC (“Nantucket Cove”). On August 25, 2015, Nantucket Cove purchased 135 lots in Beecher, Illinois for \$1.2 million. Marcus informed the Receiver that the source of the funds for the acquisition was consumer money from the Common Enterprise. Warranty deeds evidencing sales of real property by Nantucket Cove are signed by Marcus as Managing Member.

Common Enterprise Entities made numerous other transfers to Nantucket Cove including an October 27, 2016 wire transfer from Receivership Defendant 321 Loans in the amount of \$150,000. To date, the Receiver has identified in excess of \$2 million of consumer monies that Nantucket Cove received from Common Enterprise Entities. (SK Declaration at ¶29).

Nantucket Cove utilized the Pompano Headquarters as its principal place of business according to its articles of incorporation, and its mail, including bank account statements, were sent there.

Based upon the foregoing, the Court should expand the Receivership to include Nantucket Cove as an Additional Receivership Entity.

III. LEGAL ARGUMENT

The Court has broad powers to determine what relief is appropriate in an equity receivership. *See SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. Creative Capital Consortium*, 2009 WL 10664430, (SD Fla. Sept 21, 2009). The government's interest in preventing violations of the statutes pursuant to which this action was brought mandates application of a "flexible approach in determining whether the corporate entity should be disregarded." *Id.* Moreover, the overarching goal behind a proposed receivership expansion should be "to ensure that all available assets are brought within the receivership and may properly be distributed to creditors." *See SEC v. Elmas Trading Corp.*, 620 F. Supp. 231, 234 (D. Nev. 1985), *aff'd*, 805 F.2d 1039 (9th Cir. 1986).

Receiverships are consequently regularly expanded to include entities related to defendants, or where Receivership funds have been commingled with assets used by other entities. *See, e.g., Creative Capital*, 2009 WL 10669430 at *1 (expanding receivership over entities controlled by individual defendant who conceived the scheme); *S.E.C. v. Nadel*, No.

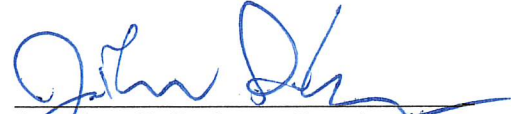
8:09-cv-87-T-26TBM, 2013 WL 2291871, at *2 (M.D. Fla. May 24, 2013) (third party entity's use of scheme proceeds to purchase oil and gas leases subjected it to inclusion in receivership despite that it was not an alter ego of defendant); *SEC v. Lauer*, No. 03-80612-Civ. 2009 WL 812719, at *4-5 (S.D. Fla. Mar. 26, 2009) (proceeds from sale of condominium that was maintained with tainted funds are also tainted by the fraud); *In re Fin. Federated Title & Tr., Inc.*, 347 F.3d 880 (11th Cir. 2003) (establishing constructive trust on property purchased with over 90% funds from Ponzi scheme); *CFTC v. Hudgins*, 620 F. Supp. 2d 790, 795 (E.D. Tex. 2009) (directing sale of condominium because defrauder's innocent girlfriend paid the mortgage with Ponzi scheme funds).

Based upon the foregoing, the Receiver submits that this Agreed Motion should be granted, and the Receivership should be expanded to include the twelve Additional Receivership Entities all of whom are alter egos of the Receivership Defendants.

WHEREFORE, Receiver Perlman respectfully requests that this Court enter an order expanding the Receivership Order to formally include Blue42, LLC, Cockburn & Associate LLC, Discount Marketing USA S.A., Halfpay International, LLC, Halfpay NV, LLC, HP Media, Inc., HP Properties Group, Inc., JLMJP Pompano, LLC, Nantucket Cove of Illinois, LLC, Omni Management Partners LLC, Viking Management Services, LLC and White Light Media LLC, together with such other and further relief as this Court deems just and proper.

VERIFICATION

After being duly sworn, I hereby verify under penalty of perjury that I have read the foregoing document and that based on my personal knowledge the factual allegations contained therein are true, accurate, and correct.


Jonathan E. Perlman, Receiver

STATE OF FLORIDA)
)ss:
MIAMI-DADE COUNTY)

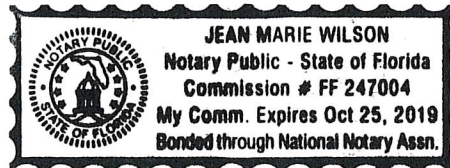
Sworn to and subscribed before me this 12 day of July 2017, by Jonathan E. Perlman, Esq., who is personally known to me, and took the oath.


Signature of Notary Public

JEAN MARIE WILSON
Printed Name of Notary Public

Commission No.
Commission Expires

(SEAL)



Respectfully submitted this 12th day of July 2017.

GENOVESE JOBLOVE & BATTISTA, P.A.

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Appointed Temporary Receiver*

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Motion was served via CM/ECF Notification and/or U.S. Mail to all parties on the attached service list on this 12th day of July 2017.

By: /s/ Gregory M. Garno

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USDC, SD Fla., Case No. 17-cv-60907-ALTONAGA/Goodman

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Discount Marketing USA S.A.
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