

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 THIRD VERIFIED MOTION TO EXPAND
RECEIVERSHIP OVER 110 GLOUCESTER ST., LLC**

Jonathan E. Perlman, “Permanent Receiver” over the Receivership Defendants¹ (the “Receiver”), pursuant to S.D. Fla. L.R. 7.1(E), submits this Third Verified Motion to Expand Receivership over 110 Gloucester St., LLC, to confirm or expand the Receivership to include an additional affiliated entity who was a 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

¹ Receivership Defendants are Financial Freedom National, Inc. f/k/a Institute for Financial Freedom, Inc. and Marine Career Institute Sea Frontiers, Inc. 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. d/b/a 321Financial, Inc., Instahelp America, Inc. f/k/a Helping America Team, Inc. d/b/a Helping America Group, Breeze Financial Solutions, Inc. 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. d/b/a Guardian Legal Center, Guardian LG, LLC 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, Associated Administrative Services, LLC d/b/a Jobfax, Cockburn & Associate LLC, JLMJP Pompano, LLC, Halfpay International, LLC, Halfpay NV, LLC, HP Properties Group, Inc., HP Media, Inc., Omni Management Partners, LLC, Nantucket Cove of Illinois, LLC, Discount Marketing USA, S.A., Viking Management Services, LLC, White Light Media LLC, Blue42, LLC, National Arms, LLC and their divisions, subsidiaries, affiliates, predecessors, successors, and assigns.

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controlled by Defendant Jeremy Marcus. The additional entity this Motion seeks to formally add as a Receivership Entity is 110 Gloucester St., LLC (“Additional Receivership Entity” or “110 Gloucester”), an additional affiliated entity to the Defendants which was a part of a single enterprise.

Defendant Jeremy Marcus, as 100% owner, manager, officer, director and/or authorized representative of 110 Gloucester, recently stipulated to turn over all of his legal rights and interests for 110 Gloucester to the Receiver. [ECF No. 231]. As such, it is the Receiver’s belief that he is already the control person for 110 Gloucester, but files this Motion in an abundance of caution.

Plaintiffs FTC and State of Florida have authorized the Receiver to represent that they concur with the relief sought in this Motion.

I. INTRODUCTION

The FTC’s and State of Florida’s Amended Complaint alleges that Defendants engaged in a scheme 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. 127]. The Court, in its May 17, 2017 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 then 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,

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and solely the agent of this Court, in acting as Receiver under this Order.” [*Id.* at p.17]. The Receiver shall conserve, hold and manage all receivership assets, and perform all acts necessary or advisable to preserve the value of those assets, in order to prevent irreparable loss, damage or injury to consumers or creditors of the Receivership Defendants. [*Id.* at p. 18].²

By this Motion, Receiver Perlman seeks the entry of an Order formally confirming as Receivership Entity and/or expanding the Receivership, to include 110 Gloucester, which entity was also owned and controlled by Defendant Marcus, was funded by Defendant Marcus’ debt-relief enterprise, and is currently subject to this Court’s Asset Freeze.

Given that Defendant Marcus, the ultimate owner and control person for 110 Gloucester, has transferred his 100% interest to the Receiver, the Motion clearly should be granted. [ECF No. 231].

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 through an interrelated network of companies with common owners, operators, employees, locations, and shared funds. [ECF No. 19]. The Receiver determined that Defendant Marcus and the Receivership Defendants operated 110

² The Receiver in separate motions later moved to confirm/expand the Receivership to include thirteen additional entities that the Court granted on July 31, 2017 and March 16, 2018, respectively. [ECF Nos. 102, 222].

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Gloucester out of the Pompano Headquarters. *Id.*

Defendant Marcus incorporated 110 Gloucester on January 22, 2015. Receivership Defendant Halfpay International, LLC is the managing member of 110 Gloucester. 110 Gloucester utilized the Pompano Headquarters as its principal place of business according to its articles of incorporation. *Id.* 110 Gloucester's corporate books and records were found at the Pompano Headquarters.

On September 11, 2014, Defendant Jeremy Marcus took title of the house located at 110 Gloucester St., Boca Raton, FL 33487, using \$95,291.69 in consumer funds received from Receivership Defendant Active Debt Solutions. *See* Ex. A. Marcus then transferred the 110 Gloucester Property to 110 Gloucester. Thereafter, Receivership Defendants/consumer funds totaling \$50,049.41 were used for improvements to 110 Gloucester, as well as to pay property taxes on the house. *Id.*

On February 22, 2017, a fictitious entity with no ownership interest in the property executed a quit-claim deed signed by Jeremy Marcus' father attempting to transfer ownership of the Property to Relief Defendant Teresa Duda, Jeremy Marcus' mother.

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

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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., ECF No. 102 and ECF No. 222; *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 Motion should be granted and the Receivership should be expanded to include 110 Gloucester.

WHEREFORE, Receiver Perlman respectfully requests this Court to enter an order expanding the Receivership Order to formally include 110 Gloucester St., LLC, and for such other and further relief as this Court deems just and proper.

Respectfully submitted this 1st day of May 2018.

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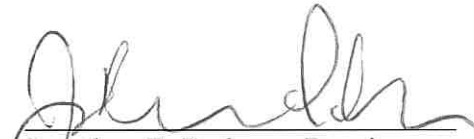
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VERIFICATION

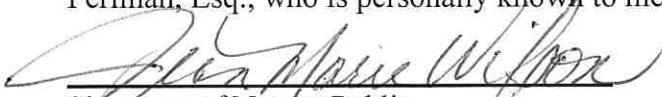
After being duly sworn, I hereby verify under penalty of perjury that I have read the foregoing document and that based on my personal knowledge, the factual allegations contained therein are true, accurate, and correct.


Jonathan E. Perlman, Receiver

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

Sworn to and subscribed before me this 30 day of APRIL 2018, 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)



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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 1st day of May 2018.

By: /s/ Gregory M. Garno
Gregory M. Garno, Esq.

SERVICE LIST

Federal Trade Commission v. Jeremy Lee Marcus, et al.
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