

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. :

Civil Action No. 1:19-CV-08454

TODAY’S GROWTH CONSULTANT, INC. :
(dba THE INCOME STORE) :

and :

KENNETH D. COURTRIGHT, III, :

Defendants. :

RECEIVER’S SECOND STATUS REPORT

Melanie E. Damian, the court-appointed receiver (“Receiver”) in the above-captioned enforcement action (“SEC Enforcement Action”), submits her second status report concerning the status of the Receivership, established pursuant to the Court’s Temporary Restraining Order Freezing Assets and Imposing Other Emergency Relief [ECF No. 20] (“TRO”) and Order Appointing Receiver (“Appointment Order”) [ECF No. 19], which the Court extended in its Preliminary Injunction Order (“Preliminary Injunction”) [ECF Nos. 55, 56]. This interim report sets forth the Receiver’s activities and efforts to fulfill her duties under the Appointment Order pursuant to which she was appointed for the period from January 31, 2020 through June 30, 2020 (the “Reporting Period”).¹

¹ Pursuant to the extensions granted as a result of the COVID-19 pandemic, the deadline to file the Receiver’s status report for February and March of the first quarter of 2020 was extended until after the second quarter. Therefore, rather than filing a first quarter status report for February and

TABLE OF CONTENTS

I.	INTRODUCTION	3
II.	THE APPOINTMENT ORDER AND PROCEDURAL BACKGROUND	5
	A. <i>The Receiver’s Appointment and Initial Report and the Preliminary Injunction</i>	5
	B. <i>Extensions Due to COVID-19 and the Parties’ Joint Status Report</i>	6
	C. <i>Receiver’s Duty to File Periodic Status Reports</i>	8
III.	STATUS OF THE RECEIVERSHIP AND SUMMARY OF OPERATIONS	8
	A. <i>Preserving Assets of the Estate</i>	9
	B. <i>Communicating with Investors</i>	10
	C. <i>Asset Recovery</i>	11
	D. <i>Liquidation of Estate Property</i>	11
	E. <i>Receiver’s Financial Advisor and Forensic Accountant</i>	14
	F. <i>Receiver’s Motion to Approve Noticing and Claims Administration Process and Partial Plan of Distribution and Objections Thereto</i>	15
IV.	CASH ON HAND AND ACCRUED EXPENSES OF ESTATE	18
V.	RECEIPTS AND DISBURSEMENTS OF RECEIVERSHIP ESTATE	19
VI.	KNOWN PROPERTY OF THE RECEIVERSHIP ESTATE.....	19
VII.	LIQUIDATED AND UNLIQUIDATED CLAIMS OF THE RECEIVERSHIP ESTATE.....	20
VIII.	KNOWN CREDITORS OF THE RECEIVERSHIP ESTATE	21
IX.	RECOMMENDATION FOR CONTINUATION OF RECEIVERSHIP & CONCLUSION.....	22

March 2020 and a separate second quarter status report for April through June 2020, the Receiver combined both reports in this Status Report for the sake of efficiency.

I. INTRODUCTION

Since her appointment on December 30, 2019, the Receiver, with the assistance of her retained professionals, including her lead counsel, local counsel in Pennsylvania and Illinois, and financial advisor and forensic accountant, has worked diligently to continue to fulfill her duties and obligations as set forth in the Appointment Order and to preserve the assets of the Receivership Estate (“Receivership Estate” or “Estate”), including but not limited to the many websites and domains owned by Today’s Growth Consultant d/b/a The Income Store (“TGC”) and to further identify and marshal all known assets and records of the Defendants not previously secured, including without limitation any funds held in bank accounts, bank records, real property, personal property, and funds transferred to third-parties. The Receiver continues to communicate with investors regarding the status of the SEC Enforcement Action, the Receiver’s proposed claims process and partial distribution plan, the investors’ involvement with TGC, the Consulting Performance Agreements they entered into with TGC, as well as their interests, requests, and expectations with respect to TGC’s websites.

To reconcile the costs associated with preserving the value of the digital assets of the Receivership Estate consisting largely of the websites and domains (which includes among other tasks sustaining and monitoring website traffic, maintaining website content, and providing for meaningful and continued site interaction), the Receiver has located, marshaled, and maximized Estate assets as authorized by the Appointment Order which includes, but is not limited to, collecting revenue generated from TGC’s websites, realizing proceeds from the liquidation of certain personal property of the Estate, and recovering funds transferred to third-parties. Further, the Receiver continues to monitor and institute practices that reduce monthly operational costs including, among other things, retaining a minimal group of IT employees at TGC’s Lancaster,

Pennsylvania office to assist the Receiver in day-to-day operations, data processing and recovery, and asset preservation, eliminating costly unnecessary aspects of TGC's websites including website hosting through the Shopify platform, thus trimming unnecessary costs.

As discussed in the Receiver's Initial Status Report [ECF No. 45] (the "Initial Report"), after reviewing TGC's records, the Receiver concluded that TGC's revenue generated from all of the websites was not sufficient to cover monthly payments to investors as well as TGC's monthly expenses, rendering the business unsustainable as operated by Defendant Courtright and necessitating the imposition of a claims process to provide restitution to the investors who suffered losses as a result of their investments with TGC. *See* ECF No. 45. The Receiver spent considerable time working with her retained professionals to develop and detail her proposed claims process and partial distribution plan in an effort to bring about a swift resolution to what will likely be a large number of investor claims against the Receivership Estate. The Receiver's proposed claims process is designed to maximize assets available for distribution to investors/creditors through an accelerated claims process while also eliminating some of the monetary claims that would otherwise be asserted by investors against the Estate. In particular, the proposed claims process offers investors the choice to (i) submit claims for their respective assigned website(s) and relinquish any monetary claims they may have against the Receivership Estate based the net losses they suffered as a result of their investments with TGC, or (ii) submit monetary claims against the Receivership Estate for the net losses they suffered and surrender any claim to the website(s) TGC had assigned to them.² Fewer monetary claims against the Estate will provide for greater recovery

² Despite contrary representations to the TGC investors, the websites and domains (with few exceptions) that TGC had assigned to investors were at all times maintained and owned in the name of TGC and not the individual investors.

by the remaining investors who choose not to seek their assigned websites as well as other creditors of the Estate. *See* ECF Nos. 45, 53.

After the Receiver filed her Motion to approve the foregoing claims process and partial distribution plan, Defendant Courtright and certain investors filed objections to the Receiver's proposed process and plan and the Receiver filed an omnibus response to all such objections. *See* ECF Nos. 68, 69, 71. Subsequently, the SEC filed a Statement of Position Concerning Receiver's Proposed Claims Administration Process and Partial Distribution Plan, and Defendant Courtright's Objections, supporting the Receiver's proposed plan and disputing Courtright's objections. *See* ECF No. 79. The Court has not yet issued a ruling on the Receiver's Motion.

II. THE APPOINTMENT ORDER AND PROCEDURAL BACKGROUND

A. *The Receiver's Appointment and Initial Report and the Preliminary Injunction*

The Appointment Order entered on December 30, 2019, among other things, directs the Receiver to file with the Court her report and recommendations during each reporting period within thirty (30) days after the end of each calendar quarter. *See* ECF No. 19. On January 30, 2020, the Receiver filed her Initial Report pursuant to the mandates of the Appointment Order. The Receiver's Initial Report documented, among other things, all actions taken by the Receiver within the first thirty (30) days of appointment, identified known assets, set forth the receipts and disbursements of the Receiver's activities to date, and set forth the Receiver's activities as to all other categories of information as delineated by the Appointment Order. *See* ECF No. 45. Importantly, in her Initial Report, the Receiver concluded that TGC's own business records confirm the allegations as set forth in the SEC's Complaint [ECF No. 1]. *See* EFC No. 45. As such, the Receiver concluded that the long-term costs associated with maintaining and preserving the digital assets of TGC is not in the best interest of the Receivership Estate as TGC's revenue

that was generated from all of the websites each month was significantly less than the monthly payment obligations to the investors and are thus not sufficient to cover both monthly payments to investors as well as TGC's monthly overhead expenses. *See id.* Based on these conclusions and the Receiver's analysis of the equities, expenses, and likely recovery of the Receivership Estate, the Receiver generally outlined her proposal to seek Court approval for a hybrid claims process and distribution plan summarized above and described in detail below.³ *See id.*

On March 2, 2020, this Court entered two separate stipulated preliminary injunction orders against each of the Defendants, TGC and Courtright, which shall remain in effect until the Court's determination of the merits of the allegations set forth in the SEC's Complaint or further order of the Court. *See* ECF Nos. 55, 56.

B. Extensions Due to COVID-19 and the Parties' Joint Status Report

During the current Reporting Period and in response to the COVID-19 global pandemic, Chief Judge of the U.S. District Court for the Northern District of Illinois (the "District Court"), Rebecca R. Pallmeyer, entered 3 separate general orders extending all deadlines in civil cases pending in the District Court. *See* ECF Nos. 67, 72, 76. The first general order [ECF No. 67], effective March 17, 2020, extended all deadlines by twenty-one (21) days from the then-current deadlines; the second general order [ECF No. 72], effective March 30, 2020, extended all deadlines previously extended by the first general order by an additional twenty-eight (28) days; and the third general order [ECF No. 76], effective April 24, 2020, extended all deadlines previously

³The Receiver indicated that a separate motion further detailing the proposed claims process would be filed by February 28, 2020. *See id.* Accordingly, on February 28, 2020, the Receiver filed her Motion to Approve (a) Noticing and Claims Administration Process and (b) Partial Plan of Distribution for the assets of the Receivership Estate of TGC (the "Claims Process Motion"). *See* ECF No. 53.

extended by the prior general orders by an additional twenty-eight (28) days.⁴ *See id.* The Chief Judge's general orders related to COVID-19 collectively extended all court deadlines by a total of seventy-seven (77) days. *See id.* These extensions resulted in limited docket activity in the SEC Enforcement Action from March 2020 through June 2020 as well as a delay in the briefing and resolution of the Receiver's Claims Process Motion, among other motions.

The Chief Judge's third amended general order [ECF No. 76] also required the parties in all civil cases pending in the District Court where no docket entry or order has been posted by the assigned judge since March 16, 2020 to file a joint written status report by May 18, 2020. *See* ECF No. 76. On May 18, 2020, in accordance with this requirement, the parties filed their joint status report which outlined the new deadlines for the parties to serve their initial disclosures and to conduct the Rule 26(f) conference as well as the status of all unresolved motions, including the Receiver's first application for an Order approving and authorizing payment of the Receiver's and her professionals' fees and expenses and the objections and responses thereto [ECF Nos. 60, 61, 68, 71] as well as the Receiver's Claims Process Motion [ECF No. 54].

As set forth in the joint status report, the new deadline for the parties to exchange their initial discovery responses under the Mandatory Initial Discovery Pilot Program was June 18, 2020. *See* ECF No. 76. On June 17, 2020, an indictment was returned against Defendant Courtright by a grand jury sitting in the Northern District of Illinois. *See* ECF No. 80. The parties believe that the subject matter of the charges outlined in the indictment are directly related to the allegations in the SEC's Complaint. *See id.* Due to potential conflict that discovery may impose on the criminal proceedings, the parties agreed to jointly move to extend the deadline for initial

⁴ The Chief Judge entered a fourth general order related to COVID-19, however, such order did not extend court deadlines in civil cases pending in the Northern District of Illinois beyond the extensions provided for in the three prior general orders. *See* ECF No. 78.

discovery disclosures by thirty (30) days to July 18, 2020. *See id.*

C. Receiver's Duty to File Periodic Status Reports

The Appointment Order requires the Receiver to file periodic status reports include in each report: (1) a summary of the operations of the Receiver; (2) a summary of cash on hand, accrued administrative expenses, and the amount of unencumbered funds in the estate; (3) a schedule of the Receiver's receipts and disbursements; (4) a description of all known Receivership Property; (5) a description of liquidated and unliquidated claims held by the Receivership Estate; (6) a list of all known creditors; (7) a status of Creditor Claims Proceedings (once commenced); and (8) the Receiver's recommendations for a continuation or discontinuation of the receivership. *See* ECF No. 19 at pp. 21-22.

Accordingly, the Receiver provides herein a description of her efforts and accomplishments, pursuant to the Appointment Order, during the current Reporting Period.

**III. STATUS OF THE RECEIVERSHIP AND SUMMARY OF OPERATIONS
(REPORTING PERIOD: JANUARY 31, 2020, THROUGH JUNE 30, 2020)**

The Receiver, with the assistance of her professionals, continues to perform all duties and obligations as set forth in the Appointment Order. During the Reporting Period, the Receiver focused her attention and resources on (i) working with TGC's IT team which the Receiver assembled to assist her to maintain and preserve the assets of the Receivership Estate, including the operating websites and associated domains, (ii) communicating with investors to address their questions and concerns regarding the SEC Enforcement Action and the Receivership and obtain information necessary to effectively operate TGC's websites, (iii) continuing to identify, locate, and marshal all assets of the Receivership Estate, (iv) arranging for the liquidation of certain depreciating assets of the Estate and negotiating with a party interested in purchasing TGC's website and domain portfolio, (v) working with her financial advisor and forensic accountant to

analyze the books and records of TGC, locate and provide records to the parties, and trace funds to the third parties, affiliates, and insiders, and (vi) responding to the objections to the Receiver's proposed claims process and partial distribution plan filed by certain investors and Defendant Courtright.

A. *Preserving Assets of the Estate*

During the Reporting Period, the Receiver continued to work with her professionals and TGC's IT staff to preserve, maintain and improve TGC's many actively-operating websites on a day-to-day basis to maximize the value of the Receivership Estate. The value of TGC's assets is in large part derived from the traffic generated by TGC's websites which is linked to the website content that attracts visitors and promotes engagement and the market value of the domains directed to those websites and the domains that are not yet associated with websites. Website revenue is generated through partnerships secured with advertisers and various marketing affiliates who pay TGC to advertise on TGC's websites. As such, the value of the websites is such that the Receiver and her professionals must closely monitor the websites to ensure that they maintain their functionality thus preventing the assets from depreciating. The Estate's assets are also based on the market value of the domains directed to the Estate's websites and the domains that are not yet associated with websites.

In operating the Estate's many websites, the Receiver and her professionals have confronted a steady stream of issues that had to be addressed and resolved on a daily basis in an expedited and comprehensive manner to maintain the websites' traffic and ultimate value. These issues included, but were not limited to, oscillating website traffic, broken website links, decreased functionality, malfunctioning/crashing domains, expiring hosting agreements/costs, decreasing monthly costs associated with hosting through various third-party platforms, unauthorized and

improper access to websites and domains and their backend access, and unauthorized transfer of their ownership or control. Addressing and resolving these issues required a detailed working knowledge of TGC's website operations and ownership/domain structure. The IT staff that the Receiver retained at TGC has been instrumental in assisting the Receiver to acquire such working knowledge. Understanding and addressing the day-to-day issues that arose with the websites also required constant dialogue between and among the Receiver, her counsel, her financial advisor, and the IT team at TGC. With the assistance of her professionals and TGC's IT team, the Receiver will continue to address any issues that may arise and maintain the value of the Estate's assets in accordance with her duties and obligations under the Appointment Order.

B. Communicating with Investors

During the Reporting Period, the Receiver continued to regularly communicate with investors through the email account, telephone number, and Receivership website established to respond to investors' various requests and inquiries, as detailed in the Receiver's Initial Report [ECF No. 45]. In fact, the Receiver's professionals received and responded to hundreds of telephone calls and emails from investors, provided various requested information and updates regarding the SEC Enforcement Action and the Receivership, and referred them to the Receivership website for further information.

In addition to providing such information and updates, the Receiver received information from various investors regarding website functionality, including websites' crashing or failing to load properly, broken links and images on websites, and other issues, that has facilitated the Receiver's maintenance and operation of the websites. The investors also provided to the Receiver, her professionals and TGC's IT team information regarding third parties that were involved in the operation of TGC as well as the potential location of offices, property and other

assets of TGC that may be recovered for the benefit of the Estate. Therefore, the Receiver will continue her exchange of information with the investors in fulfillment of her duties and obligations under the Appointment Order.

C. Asset Recovery

During the Reporting Period, pursuant to the Appointment Order, the Receiver continued to investigate, identify, locate, and marshal assets of the Estate for the benefit of the investors and creditors of TGC. In particular, the Receiver identified a list of domains that TGC had purchased from a bankruptcy estate and another list of domains and associated websites that were under the control of a foreign national who claimed to be providing services for those domains and websites. Accordingly, the Receiver, her counsel and certain members of TGC's IT team worked on locating and seeking to take control of those domains and websites. Further, the Receiver identified a significant transfer of TGC's funds that Defendant Courtright had made to potential defense counsel in December 2019. As such, the Receiver's counsel sent a letter to said counsel demanding the turnover of the funds, obtained and reviewed records regarding the funds, and secured the turnover of those funds to the Estate.

The Receiver will continue to work with her professionals to investigate, identify, locate, and marshal assets for the Receivership Estate pursuant to her duties and obligations under the Appointment Order.

D. Liquidation of Estate Property

During the Reporting Period, with the assistance of her professionals, the Receiver effectuated the sale of certain property of the Receivership Estate to increase the funds available for any claims process and distribution plan that the Court may approve. In particular, the Receiver liquidated various office furnishings and electronics, including office furniture (chairs, desks, etc.),

electronics (telephones, televisions, laptop computers, computer monitors, and various computer accessories, etc.), as well as cameras and related photography accessories. Such liquidation generated \$14,420.63 in sale proceeds for the benefit of the Estate.

The majority of TGC's office equipment located in its Lancaster, Pennsylvania office, including furniture, computers and related electronic equipment, will be sold through a series of online auctions to be conducted by the professional auction company, H.K. Keller, based in Lancaster. H.K. Keller has catalogued and photographed the equipment to be sold at the auctions, will extensively market the auctions, and will hold the auctions during the next reporting period. H.K. Keller will advance all costs of setting up, marketing and orchestrating the auctions and will be reimbursed with the proceeds of the auction and compensated for their services through a buyer's premium (as opposed to a seller's commission to minimize the auctions' expense to the Estate). The Receiver had intended to hold these auctions in person and online during the current Reporting Period, but public health concerns and the stay-at-home order in effect in Pennsylvania prevented the Receiver from doing so. Also, the Receiver intended to include in the auction the 2016 Chrysler Town and Country minivan previously identified in the Receiver's Initial Report, but given the delay in scheduling the auctions and the depreciating nature of the minivan, the Receiver determined that obtaining three (3) private offers and accepting the highest one would maximize the recovery for the Estate.

Also during the Reporting Period, the Receiver received and explored several inquiries regarding the assets of TGC, including an expression of interest in purchasing all of TGC's operating websites and domains by a former business associate of Defendant Courtright. Indeed, in his objection to the Receiver's Claims Process Motion filed on March 19, 2020 [ECF No. 68], Defendant Courtright attached a letter self-described as an Expression of Interest and

Declaration of Purchase of TGC's operating websites submitted by a company named R&R Financial with which Courtright and TGC previously conducted business. *See* ECF No. 68-2. The Receiver considered the Expression of Interest and directed her counsel to contact the principal of R&R Financial, Robert Monaco, to further explore it because certain terms and conditions listed in the Expression of Interest were inconsistent with the Court's Preliminary Injunction, including having Defendant Courtright serve in an executive or supervisory role in the company.

Subsequently, a second attorney for R&R Financial contacted the Receiver and her counsel to again ask the Receiver to consider R&R Financial's Expression of Interest. The Receiver and her counsel once again explained that the Expression of Interest included terms and conditions that ran afoul of the Preliminary Injunction and that R&R Financial should revise its Expression of Interest to exclude such terms. The Receiver further advised R&R Financial to submit a letter of intent that sets forth the specific terms of the proposed acquisition and confirms that an earnest money deposit has been provided to R&R Financial's counsel, at which time the Receiver would agree to enter into a non-disclosure agreement with R&R Financial so that she could share the analytics of TGC's websites to facilitate R&R Financial's due diligence with respect thereto.

Thereafter, counsel for R&R Financial sent a letter to the Receiver attaching a revised Expression of Interest, which still provided for Defendant Courtright's involvement in the company that would purchase and operate TGC's websites, though as a consultant rather than in an executive or supervisory role. This revised Expression of Interest also included terms and conditions that were not clear to the Receiver. Therefore, the Receiver's counsel sent a letter to R&R Financial's counsel requesting further information and clarification regarding the terms.

As of the date of this Report, the Receiver has not received from R&R Financial's counsel, or any other interested parties, a formal letter of intent.⁵ If and when the Receiver receives an acceptable letter of intent and confirmation of deposit, the Receiver will discuss it with the SEC and present it to the Court for approval.

E. Receiver's Financial Advisor and Forensic Accountant

During the initial reporting period, the Receiver retained Kapila Mukamal ("Kapila") as her financial advisor and forensic accountants to assist her to fulfill her duties under the Appointment Order. Kapila assisted the Receiver with an in-depth investigation of TGC's former business operations.

During this Reporting Period, Kapila analyzed TGC's accounting and banking records to quantify the amount of funds obtained from investors and the amount of funds obtained from other sources including the operation of TGC's websites and to determine the use of those funds. Kapila identified twenty-three (23) bank accounts titled in the name of TGC and nine (9) credit card accounts. Kapila analyzed and began reconstructing the transactions in these accounts in order to provide information to the Receiver for use in identifying potential assets of the Receivership Estate, including potential causes of action to be asserted against third parties. Kapila also identified and began analyzing and reconstructing ten (10) bank accounts and seven (7) credit card

⁵ On June 29, 2020, R&R Financial's counsel sent correspondence to the Receiver responding to the Receiver's most recent request for additional information and clarification as to R&R Financial's Expression of Interest. Said correspondence, however, did not include an explanation as to each of the terms for which the Receiver requested clarification; rather, counsel for R&R Financial explained that R&R Financial would not provide any further information until the Receiver provided analytics for all of TGC's websites, which the Receiver explained she would do after R&R Financial provides a formal letter of intent, confirms the deposit of earnest money, and signs a non-disclosure agreement. Neither R&R Financial nor Mr. Monaco, through their counsel or otherwise, has provided a formal letter of intent or confirmed the deposit of earnest money. Therefore, the Receiver has not entered into a non-disclosure agreement or disclosed the analytics.

accounts titled in the name of Courtright or other individuals and entities with which he is associated.

Also during this Reporting Period, the Receiver requested Kapila to investigate the revenues generated by certain of TGC's websites. Accordingly, Kapila analyzed the records and databases that TGC maintained which tracked revenue for its websites.

In connection with the Receiver's Claims Process Motion, the Receiver asked Kapila to determine the amount of funds that TGC had received from investors and the amount of funds it had paid to the investors and to create an investor database that the Receiver could use in processing investor claims in any claims process the Court may approve. Kapila used the banking records and databases maintained by TGC to begin preparing the investor database.

Kapila also assisted the Receiver with providing financial documents, reports and data requested by the parties.

The Receiver will continue to utilize the services of Kapila in connection with the foregoing tasks and any additional issues that may arise in fulfilling her duties and obligations under the Appointment Order.

F. Receiver's Motion to Approve Noticing and Claims Administration Process and Partial Plan of Distribution and Objections Thereto

As explained above and in the Initial Report, the Receiver was able to conclude based upon her analysis of TGC's company records that the revenue generated from all of the websites each month was significantly less than the monthly payment obligations to the investors. These revenues were not sufficient to cover monthly payments to investors as well as TGC's monthly overhead expenses. As such, TGC's business depended on the use of new investors' up-front payments to cover its obligations to earlier investors. The Receiver determined that this business

model and the long-term carry of the digital assets of TGC is not in the best interest of the Receivership Estate. Thus, the Receiver worked on formulating a claims process and distribution plan through which investors could file a claim against the Receivership Estate based on the losses they suffered from their investments with TGC and recover some value from the Estate. On February 28, 2020, the Receiver filed her Claims Process Motion in this action, seeking Court approval to implement a claims process and a plan to distribute in the short term a portion of the assets of the Receivership Estate of TGC. *See* ECF No. 53.

The Receiver's proposed claims process as set forth in the Claims Process Motion offered two methods for potential recovery by investors. The proposed claims process will permit investors to make a claim for the website(s) "assigned" to them pursuant to the Consulting Performance Agreements in exchange for releasing any claim against the Receivership Estate for a monetary recovery. If such investors already received from TGC more than they had invested, they will be required to return their net gain before they can receive the website(s) they are seeking. For the investors who do not want their purportedly assigned website(s) (or if such websites were not developed for them), those investors could participate in a subsequent monetary distribution from the Estate, which will be subject to subsequent Court approval. Upon request by investors participating in the claims process, the Receiver will provide data regarding website revenues to assist them in electing their remedies.

Under the proposed claims process and partial distribution plan, investors electing to receive a monetary distribution as their remedy will receive their distribution, after the Receiver (i) liquidates TGC's assets, including the websites and domains that remain after some are

transferred to investors through the proposed plan,⁶ and (ii) obtains Court approval of a monetary distribution plan the Receiver will propose in the future.⁷

On March 5, 2020, this Court heard oral arguments on the Receiver's Claims Process Motion and ruled that any interested party that desires to object or otherwise respond to the proposed claims administration process and partial distribution plan shall make a written filing with the Court setting forth its position by March 16, 2020. *See* ECF No. 59. Additionally, the Court set a deadline of March 19, 2020 for the Receiver to file a short status report with the Court stating whether she has received any objections to the proposed claims process and distribution plan. *See id.* Finally, the Court ordered the Receiver to provide notice of these deadlines to all investors by e-mail. *See id.*

On March 10, 2020, the Receiver filed a Notice of Amendment to Proposed Noticing and Claims Administration Process (the "Amendment"). *See* ECF No. 62. The Amendment proposed a modification to one eligibility requirement proposed in the Claims Process Motion and the Legal Notice and Proof of Claim form attached as exhibits to the Claims Process Motion, to provide the Receiver with discretion to allow the claim of a former employee or contractor of TGC, under appropriate circumstances as determined by the Receiver. *See id.*

Also on March 10, 2020, in compliance with this Court's Order, the Receiver posted to the

⁶ In the event the Court approves the Receiver's proposed claims process and TGC websites and domains are transferred to investors who elect such remedy, the total value of TGC's website and domain portfolio will be reduced, however, any such reduction in the value will be offset to some extent by the gains those investors must return to the Estate before they can receive website(s). Further, the liabilities of the Estate will be reduced by the losses of those investors, who must waive their claims to recover those losses to receive the website(s). Therefore, the Receiver expects to be able to make a significant monetary distribution to investors electing that remedy, once she is able to liquidate the remaining assets and pursue recovery from third parties.

⁷ For a complete description of the proposed claims process, *see* ECF No. 53.

Receivership website and sent out e-mail correspondence providing notice to all known investors of the March 16, 2020 deadline to submit to the Court or the Receiver any objection to, or comment regarding, the Receiver's proposed claims process and partial distribution plan, as modified by the Amendment. *See* copy of March 10, 2020 correspondence at <http://incomestorereceivership.com/letterstoinvestors.htm>.

On March 12, 2020, after some investors communicated to the Receiver confusion regarding the objection and commentary process, the Receiver posted to the Receivership website and sent out additional e-mail correspondence to all known investors providing further explanation and clarification on the process and the deadline by which investors must communicate objections/comments as to the proposed claims process. *See* copy of March 12, 2020 correspondence at <http://incomestorereceivership.com/letterstoinvestors.htm>.

On March 19, 2020, in compliance with this Court's March 6, 2020 Order, the Receiver filed her status report which compiled all twenty (20) timely objections and comments to the proposed claims process and responded to each one. *See* ECF No. 69. That same day, Defendant Courtright filed his objection to the Receiver's Claims Process Motion. *See* ECF No. 68. On March 30, 2020, the Receiver filed a supplement to her status report responding to Courtright's objections to the proposed claims process. *See* ECF No. 71.

As of the filing of this Status Report, the Court had not issued a ruling on the Receiver's Claims Process Motion. In the joint status report filed on May 18, 2020, the parties listed that Motion among the other unresolved motions and requested a hearing on the Motion as soon as is practicable. *See* ECF No. 76.

IV. CASH ON HAND AND ACCRUED EXPENSES OF ESTATE

As of the end of the Reporting Period (June 30, 2020), the Estate presently held a total of

\$605,229.58 in cash on hand, which it had recovered from TGC's business operations (including website revenue deposited in TGC's operating accounts). The Receiver deposited such funds in her fiduciary account for the Receivership Estate at City National Bank in Miami, Florida, earning interest at 1.25% (APR).

During the Reporting Period, the Receivership Estate has incurred administrative expenses in the form of fees and costs of the Receiver and her professionals for the work they performed in connection with fulfilling the Receiver's duties under the Court's Orders. Pursuant to the Appointment Order, the Receiver will file an application seeking approval and payment of those fees and costs from the funds the Receiver has marshalled and deposited into her fiduciary account since she was appointed.

V. RECEIPTS AND DISBURSEMENTS OF RECEIVERSHIP ESTATE

Since the inception of the Receivership and through the Reporting Period, the Receiver has made significant disbursements (totaling \$404,472.15) from the Receivership account for necessary expenses to preserve and administer the Receivership Estate as well as to preserve the assets and their value until such time that the Court rules on the Receiver's Claims Process Motion. Such expenses included payroll to the IT professionals who continue to assist the Receiver to operate the business in a limited capacity, utilities, data expense, domain hosting, maintenance fees, and fees for bank account services and maintenance. Attached hereto as **Exhibit A** is a detailed statement of the Estate's Receipts and Disbursements during the applicable Reporting Period.

VI. KNOWN PROPERTY OF THE RECEIVERSHIP ESTATE

The Receiver is in possession, custody or control of the following assets of the Receivership Estate:

- \$605,229.58 in cash on hand in the Receivership account.
- Approximately 3,130 domain names and revenues generated by operational websites (value currently unknown), as detailed in Exhibit C to the Receiver's Initial Status Report. *See* ECF No. 45-3.
- Personal property located in TGC's office, including computers and related equipment, office equipment, and inventory for fulfillment of certain e-commerce websites (value currently unknown), as detailed in Exhibit B to the Receiver's Initial Status Report. *See* ECF No. 45-2. Some of these assets have been liquidated with the assistance of TGC's IT staff. The majority of these assets will be liquidated with the assistance of a local auctioneer.⁸
- 2016 Chrysler Town and Country minivan (valued at approximately \$10,000-\$13,000)

VII. LIQUIDATED AND UNLIQUIDATED CLAIMS OF THE RECEIVERSHIP ESTATE

During the Reporting Period, the Receiver and her professionals continued to analyze whether TGC and the Receivership Estate hold liquidated and unliquidated claims against third parties, affiliates, and insiders of the Defendants as well as any potential source of recovery and gather evidence for purposes of developing and pursuing claims the Receivership Estate may have to recover funds or other assets belonging to or improperly transferred from the Defendants, including without limitation turnover and fraudulent transfer actions against affiliates, investors, relatives and third parties, as is appropriate and authorized by the Court. Further, the Receiver continued to investigate the Estate's potential claims against professionals and institutions that may have facilitated the alleged misconduct of the Defendants or otherwise contributed to the damages alleged to have been sustained by the Defendants' investors.

⁸ Defendant Courtright's personal assets are frozen but are not property of the Receivership Estate. If made part of the Estate, they would also be liquidated to increase the amount that would be distributed to investors who elect to receive a monetary distribution.

VIII. KNOWN CREDITORS OF THE RECEIVERSHIP ESTATE

As explained in the Receiver's Initial Report, the Receiver has identified more than seven hundred (700) Consulting Performance Agreements which resulted in \$141,518,356.00⁹ in up-front payments to TGC from investors, many of whom will likely qualify as creditors of the Receivership Estate. *See* ECF No. 45. Further, the Receiver and her professionals received and responded to correspondences from potential creditors of the Estate, including, but not limited to, the following:

- State of Nevada, Department of Taxation; 1550 College Parkway, Suite 115, Carson City, NV 89706 (amount of alleged claim is undetermined);
- USA Recreational Supply, LLC; PO Box 1796, Memphis, TN 38101 (amount of alleged claim is \$727.59);
- Alaska Department of Labor and Workforce Development Employment Security Tax; 675 Seventh Avenue Station, Fairbanks, AK, 99701 (amount of alleged claim is \$201.01);
- United Parcel Service c/o Receivable Management Services, LLC; PO Box 1954, Southgate, MI 48195 (amount of alleged claim is \$633.41);
- Texas Workforce Commission; 1010 East 15th Street, Austin, TX 78778 (amount of alleged claim is \$1,432.62);
- Adlife Marketing & Communications Co. Inc. c/o Higbee & Associates, 1504 Brookhollow Drive, Suite 112, Santa Ana, CA 92705 (amount of alleged claim is undetermined);
- Trunk Archive. c/o Higbee & Associates; 1504 Brookhollow Drive, Suite 112, Santa Ana, CA 92705 (amount of alleged claim is undetermined).

Finally, the Receiver has been contacted by one company claiming that TGC owes it several million dollars. The Receiver has not completed her investigation of this purported indebtedness.

⁹ TGC's internal records reflect that \$43,569,806 was paid to investors between 2013 and 2019. The Receiver's professionals continue their work to audit and verify TGC's accounting records.

**IX. RECOMMENDATION FOR CONTINUATION RECEIVERSHIP
AND CONCLUSION**

As set forth in the Initial Report, the Receiver recommends the Receivership continue to preserve the assets and to ultimately liquidate and distribute same in any claims administration process and distribution plan this Court may approve.

The Receiver will continue to work with her team of professionals to locate, marshal and preserve all known and potential assets of the Estate. Further, as authorized by the Appointment order, the Receiver will continue to investigate and as appropriate pursue existing and potential claims against third parties, affiliates and insiders on behalf of the Estate. The Receiver will also continue to investigate and gather information regarding all Defendants' assets through subpoenas, depositions, and other inquiries to financial institutions, and other entities and persons with any connection to the Defendants to discover potential claims against third parties, affiliates and insiders and other sources of recovery. The Receiver will continue to perform all other duties as mandated by the Appointment Order and will continue updating the Court on a regular basis as to the status of the Receivership.

Respectfully submitted this 30th day of June 2020.

Respectfully submitted,

/s/Kenneth Dante Murena

Kenneth Dante Murena, Esq.

Florida Bar No.: 147486

DAMIAN & VALORI LLP

1000 Brickell Avenue, Suite 1020

Miami, Florida 33131

Telephone: (305) 371-3960

Facsimile: (305) 371-3965

Email: kmurena@dvllp.com

Counsel for Melanie E. Damian,

Court-Appointed Receiver

Admitted Pro Hac

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via electronic transmission via this Court's CM/ECF filing system on June 30, 2020 on all counsel or parties who have appeared in the above-styled action.

/s/Kenneth Dante Murena

Kenneth Dante Murena,
Counsel for Melanie E. Damian,
Court-Appointed Receiver

Melanie E. Damian, Esq., as Receiver
DAMIAN & VALORI, LLP
1000 Brickell Avenue, Suite 1020
Miami, Florida 33131

STANDARDIZED FUND ACCOUNTING REPORT

CIVIL – RECEIVERSHIP FUND FOR SEC v. TODAY'S GROWTH CONSULTANT, INC, ET AL.

Reporting Period 2/1/2020 to 6/30/2020

		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 2/1/2020):	\$ -	\$ -	\$ 99,358.59
	Increases in Fund Balance:			
Line 2	Business Income	\$ -	\$ -	\$ -
Line 3	Cash and Securities [1]	\$ 910,343.14	\$ 910,343.14	\$ 910,343.14
Line 4	Interest/Dividend Income			
Line 5	Business Asset Liquidation		\$ -	\$ -
Line 6	Personal Asset Liquidation	\$ -	\$ -	\$ -
Line 7	Third-Party Litigation Income	\$ -	\$ -	\$ -
Line 8	Miscellaneous - Other	\$ -	\$ -	\$ -
	Total Funds Available			\$ 1,009,701.73
	(Lines 1-8):			
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Business Operations [2]	\$ 404,472.15	\$ 404,472.15	\$ 404,472.15
Line 10a	Disbursements to Receiver or Other Professionals	\$ -	\$ -	\$ -
Line 10b	Business Asset Expenses		\$ -	
Line 10c	Personal Asset Expenses:	\$ -	\$ -	\$ -
Line 10d	Investment Expenses	\$ -	\$ -	\$ -
Line 10e	Third-Party Litigation	\$ -	\$ -	\$ -
Line 10f	Tax Administrator Fees and Bonds	\$ -	\$ -	\$ -
Line 10g	Federal and State Tax Payments	\$ -	\$ -	\$ -
	Total Disbursements for Receivership Operations			\$ 404,472.15
Line 11	Disbursements for Distribution Expenses Paid by the Fund:	\$ -	\$ -	\$ -
Line 11a	Distribution Plan Development Expenses:	\$ -	\$ -	\$ -
Line 11b	Distribution Plan Implementation Expenses:	\$ -	\$ -	\$ -
Line 12	Disbursements to Court/Other	\$ -	\$ -	\$ -

EXHIBIT A

Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees	\$ -	\$ -	\$ -
Line 12b	Federal Tax Payments	\$ -	\$ -	\$ -
	Total Disbursements to Court/Other			
	Total Funds Disbursed (Lines 9- 11)			\$ 404,472.15
Line 13	Ending Balance (As of June 30, 2020)			\$ 605,229.58
Line 14	Ending Balance of Fund – Net Assets:			
Line 14a	Cash & Cash Equivalents			\$ 605,229.58
Line 14b	Investments			\$ -
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund – Net Assets			\$ 605,229.58

[1] Funds were received into the Receivership accounts for Today's Growth Consultant, Inc at City National Bank. See Receipts attached hereto as Exhibit 1.

[2] Funds were disbursed to administer the receivership estate and its assets. See Expenses attached hereto as Exhibit 2.

Respectfully submitted,

Damian & Valori LLP
1000 Brickell Avenue, Suite 1020
Miami, Florida 33131
Telephone: 305-371-3960
Facsimile: 305-371-3965

/s/ Melanie E. Damian
Melanie E. Damian
Court-Appointed Receiver

Attachment 1 to Exhibit A to Receiver's Report
Sec v. Today's Growth Consultant, et al. - Receipts of Fiduciary Account

Date of Check	Check #	Amount	From	Notes
2/6/2020		\$ 0.10	Google	
2/11/2020		\$ 10,000.00	EMPIRE FLIPPERS, LLC	
2/11/2020		\$ 122.50	CDL Marketing	
2/11/2020		\$ 99.23	Sheet Music Plus	
2/11/2020		\$ 152,994.27	PNC	
3/6/2020		\$ 200,215.62	PNC	
3/12/2020		\$ 10,400.00	Assets sold	
3/18/2020		\$ 224.21	Sheet Music Plus	
3/30/2020		\$ 60.00	CDL Marketing	
4/8/2020		\$ 446.62	Sheet Music Plus	
4/8/2020		\$ 12.40	Amazon Credit	
4/28/2020		\$ 40.00	CDL Marketing	
5/4/2020		\$ 127.48	Sheet Music Plus	
5/20/2020		\$ 26.50	Dynata LLC	
5/20/2020		\$ 65.00	Endurance Interational Group	
5/27/2020		\$ 89.02	Citbank	
5/27/2020		\$ 132.50	CDL Marketing	
5/29/2020		\$ 10,000.00	SMITHAMUNDSEN LLC	
6/2/2020		\$ 392,820.48	PNC	
6/30/2020		\$ 132,467.21	PNC	
Total of Receipts		\$ 910,343.14		

Attachment 2 to Exhibit A to Receiver's Report
Sec v. Today's Growth Consultant, et al. - Expenses of Fiduciary Account

Date	Payable	Amount	Description
2/6/2020	Transperfect Legal solutions	\$ 23,323.09	
2/7/2020	Google	\$ 8,049.89	
2/13/2020	[REDACTED]	\$ 2,898.27	Payroll
2/13/2020	[REDACTED]	\$ 2,070.19	Payroll
2/13/2020	[REDACTED]	\$ 1,485.57	Payroll
2/13/2020	[REDACTED]	\$ 4,347.40	Payroll
2/13/2020	[REDACTED]	\$ 3,602.13	Payroll
2/13/2020	[REDACTED]	\$ 2,484.23	Payroll
2/18/2020	Wedi Payments	\$ 1,393.00	
2/26/2020	Go.Daddy and Webpages	\$ 10,785.09	
2/28/2020	[REDACTED]	\$ 2,898.27	Payroll
2/28/2020	[REDACTED]	\$ 2,070.19	Payroll
2/28/2020	[REDACTED]	\$ 1,485.57	Payroll
2/28/2020	[REDACTED]	\$ 4,347.40	Payroll
2/28/2020	[REDACTED]	\$ 3,602.13	Payroll
2/28/2020	[REDACTED]	\$ 2,484.23	Payroll
3/5/2020	Shopify, Twilio, GoDaddy	\$ 7,293.97	
3/6/2020	Google	\$ 57.64	
3/9/2020	Google	\$ 8,049.38	
3/13/2020	[REDACTED]	\$ 2,898.27	Payroll
3/13/2020	[REDACTED]	\$ 2,070.19	Payroll
3/13/2020	[REDACTED]	\$ 1,485.57	Payroll
3/13/2020	[REDACTED]	\$ 4,347.40	Payroll
3/13/2020	[REDACTED]	\$ 3,602.13	Payroll
3/13/2020	[REDACTED]	\$ 2,484.56	Payroll
3/13/2020	[REDACTED]	\$ 2,135.78	Payroll
3/13/2020	[REDACTED]	\$ 1,722.40	Payroll
3/18/2020	PPL	\$ 1,098.23	93530-98048
3/18/2020	PPL	\$ 184.14	93330-98042
3/18/2020	Prometheum Technologies	\$ 960.00	11019
3/18/2020	Comcast	\$ 105.79	2/9/2020
3/18/2020	Crime Intervention	\$ 207.00	200401
3/18/2020	Shopify, Twilio, GoDaddy	\$ 23,300.00	Citicard
3/27/2020	[REDACTED]	\$ 2,898.27	Payroll
3/27/2020	[REDACTED]	\$ 2,070.19	Payroll
3/27/2020	[REDACTED]	\$ 1,485.57	Payroll
3/27/2020	[REDACTED]	\$ 4,347.40	Payroll
3/27/2020	[REDACTED]	\$ 3,602.13	Payroll
3/27/2020	[REDACTED]	\$ 2,484.56	Payroll
3/27/2020	[REDACTED]	\$ 2,135.78	Payroll
3/27/2020	[REDACTED]	\$ 1,722.40	Payroll
4/2/2020	Liquid Web LLC	\$ 15,721.76	
4/2/2020	Shopify, Twilio, GoDaddy	\$ 7,771.81	
4/2/2020	Shopify, Twilio, GoDaddy	\$ 7,293.97	
4/7/2020	Google	\$ 8,049.38	
4/8/2020	Google	\$ 56.44	
4/10/2020	[REDACTED]	\$ 2,898.27	Payroll
4/10/2020	[REDACTED]	\$ 2,070.19	Payroll

Attachment 2 to Exhibit A to Receiver's Report**Sec v. Today's Growth Consultant, et al. - Expenses of Fiduciary Account**

Date	Payable	Amount	Description
4/10/2020	[REDACTED]	\$ 1,485.57	Payroll
4/10/2020	[REDACTED]	\$ 4,347.40	Payroll
4/10/2020	[REDACTED]	\$ 3,602.13	Payroll
4/10/2020	[REDACTED]	\$ 2,484.56	Payroll
4/10/2020	[REDACTED]	\$ 2,135.78	Payroll
4/10/2020	[REDACTED]	\$ 1,722.40	Payroll
4/10/2020	[REDACTED]	\$ 400.00	Payroll
4/10/2020	[REDACTED]	\$ 300.00	Payroll
4/8/2020	Transperfect Legal solutions	\$ 2,470.61	inv # 166302
4/8/2020	PPL	\$ 335.54	93330-98042
4/8/2020	PPL	\$ 2,002.98	93530-98048
4/22/2020	Shopify, Twilio, GoDaddy	\$ 11,191.16	
4/24/2020	[REDACTED]	\$ 2,898.27	Payroll
4/24/2020	[REDACTED]	\$ 2,070.19	Payroll
4/24/2020	[REDACTED]	\$ 1,485.57	Payroll
4/24/2020	[REDACTED]	\$ 4,347.40	Payroll
4/24/2020	[REDACTED]	\$ 3,602.13	Payroll
4/24/2020	[REDACTED]	\$ 2,484.56	Payroll
4/24/2020	[REDACTED]	\$ 2,135.78	Payroll
4/24/2020	[REDACTED]	\$ 1,722.40	Payroll
4/24/2020	[REDACTED]	\$ 200.00	Payroll
4/24/2020	[REDACTED]	\$ 600.00	Payroll
4/27/2020	Liquid Web LLC	\$ 15,709.47	
4/28/2020	Zoom	\$ 449.70	
5/6/2020	Google	\$ 8,049.38	
5/6/2020	Google	\$ 56.81	
5/8/2020	[REDACTED]	\$ 2,898.27	Payroll
5/8/2020	[REDACTED]	\$ 2,070.19	Payroll
5/8/2020	[REDACTED]	\$ 1,485.57	Payroll
5/8/2020	[REDACTED]	\$ 4,347.40	Payroll
5/8/2020	[REDACTED]	\$ 3,602.13	Payroll
5/8/2020	[REDACTED]	\$ 2,484.56	Payroll
5/8/2020	[REDACTED]	\$ 2,135.78	Payroll
5/8/2020	[REDACTED]	\$ 1,722.40	Payroll
5/8/2020	[REDACTED]	\$ 640.00	Payroll
5/8/2020	[REDACTED]	\$ 600.00	Payroll
5/12/2020	Shopify, Twilio, GoDaddy	\$ 11,530.77	
5/22/2020	[REDACTED]	\$ 2,898.27	Payroll
5/22/2020	[REDACTED]	\$ 2,070.19	Payroll
5/22/2020	[REDACTED]	\$ 1,715.36	Payroll
5/22/2020	[REDACTED]	\$ 4,347.40	Payroll
5/22/2020	[REDACTED]	\$ 3,602.13	Payroll
5/22/2020	[REDACTED]	\$ 2,484.36	Payroll
5/22/2020	[REDACTED]	\$ 2,135.78	Payroll
5/22/2020	[REDACTED]	\$ 1,722.40	Payroll
5/22/2020	[REDACTED]	\$ 800.00	Payroll
5/22/2020	[REDACTED]	\$ 600.00	Payroll
6/1/2020	Shopify, Twilio, GoDaddy	\$ 4,342.86	

Attachment 2 to Exhibit A to Receiver's Report**Sec v. Today's Growth Consultant, et al. - Expenses of Fiduciary Account**

Date	Payable	Amount	Description
6/5/2020	[REDACTED]	\$ 2,898.27	payroll
6/5/2020	[REDACTED]	\$ 2,070.19	payroll
6/5/2020	[REDACTED]	\$ 1,715.36	payroll
6/5/2020	[REDACTED]	\$ 4,347.40	payroll
6/5/2020	[REDACTED]	\$ 3,602.13	payroll
6/5/2020	[REDACTED]	\$ 2,484.56	payroll
6/5/2020	[REDACTED]	\$ 2,135.78	payroll
6/5/2020	[REDACTED]	\$ 1,722.40	payroll
6/5/2020	[REDACTED]	\$ 800.00	payroll
6/5/2020	[REDACTED]	\$ 600.00	payroll
6/2/2020	[REDACTED]	\$ 44.54	payroll
6/4/2020	[REDACTED]	\$ 3,457.00	payroll
6/8/2020	[REDACTED]	\$ 800.00	payroll
6/8/2020	Transperfect Legal solutions	\$ 1,530.00	
6/8/2020	Shopify, Twilio, GoDaddy	\$ 10,625.60	
6/19/2020	[REDACTED]	\$ 2,898.27	payroll
6/19/2020	[REDACTED]	\$ 2,070.19	payroll
6/19/2020	[REDACTED]	\$ 1,715.36	payroll
6/19/2020	[REDACTED]	\$ 4,347.40	payroll
6/19/2020	[REDACTED]	\$ 3,602.13	payroll
6/19/2020	[REDACTED]	\$ 2,484.56	payroll
6/19/2020	[REDACTED]	\$ 2,135.78	payroll
6/19/2020	[REDACTED]	\$ 1,722.40	payroll
6/19/2020	[REDACTED]	\$ 1,600.00	payroll
6/19/2020	[REDACTED]	\$ 600.00	payroll
	Total of expenses	\$ 404,472.15	