

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

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|-------------------------------------|---|--------------------------------|
| 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 THIRD STATUS REPORT

Melanie E. Damian, the court-appointed receiver (“Receiver”) in the above-captioned enforcement action (“SEC Enforcement Action”), submits her third 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 Orders (“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 for the period from July 1, 2020 through September 30, 2020 (the “Reporting Period”).

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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 and records of the Receivership Estate (“Receivership Estate” or “Estate”). In particular, the Receiver took control of all known assets of Defendant Today’s Growth Consultant d/b/a The Income Store (“TGC”), including but not limited to the many websites and domains owned by TGC, its business operations, and all other known assets. And the Receiver worked on identifying and marshaling all other assets of TGC not previously identified, including without limitation funds held in bank accounts, funds transferred to or in the possession of third parties, and other personal property of TGC. Further, the Receiver secured all of the Defendants’ records, including without limitation corporate books and records, email accounts, and bank records. The Receiver and her counsel also continued to communicate with investors and answer inquiries regarding, among other things, the status of the SEC Enforcement Action, the Receiver’s proposed claims process and partial distribution plan, the status and condition of TGC’s websites, as well as the investors’ interests, requests, and expectations with respect to TGC’s websites.

The Receiver continues to collect revenues generated by TGC’s websites and to liquidate certain Estate assets through online auctions and direct sales in order to offset the costs associated with preserving the value of the digital assets of the Receivership Estate consisting largely of the websites and domains. Further, the Receiver has begun the process of identifying and formulating claims against third parties, affiliates and insiders of the Defendants who improperly received significant unwarranted and recoverable transfers from TGC.

In order to maximize the value of the Estate, 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, asset preservation, reducing expenses and preventing third parties from collecting purported debts for services no longer utilized by TGC, pursuant to the authority granted to the Receiver by the Appointment Order.

As detailed in the Receiver's prior status reports, 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 Nos. 45, 81. As such, on February 28, 2020, the Receiver filed her Motion to Approve Claims Process and Partial Distribution Plan (the "Claims Process Motion"). *See* ECF No. 53. In the Claims Process Motion, the Receiver proposed a claims process designed to maximize assets available for distribution to investors and creditors through an accelerated claims process and distribution to investors opting to receive websites rather than monetary recovery which would provide such investors the benefit of their bargain while eliminating the significant monetary claims they would otherwise assert against the Estate. *See id.* The Claims Process Motion remains pending and ripe for this Court's determination. Numerous investors believe that any further delay in transferring the websites to them, pursuant to the Receiver's proposed plan, will significantly diminish the value of the websites. Nevertheless, while the Court considers the Motion, the Receiver is making diligent efforts to operate and optimize the websites to preserve their value with the limited resources of the Estate until they can be transferred to the investors or sold, in accordance with the

Court's directions. The Receiver authorized additional content writers to update websites during the fourth quarter as content was becoming outdated. If and when the Court approves the proposed claims process, the Receiver will immediately implement such process by notifying the investors and creditors of the procedures and deadline for submitting a claim and otherwise participating in the process.

II. PROCEDURAL BACKGROUND

A. *The Receiver's Appointment and Prior Status Reports 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. 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.

On January 30, 2020, as required under the Appointment Order, the Receiver filed her Initial Report, which described, among other things, the Receiver's activities and efforts to fulfill her obligations under the Appointment Order during the first thirty (30) days of the receivership, identified known assets of the Defendants, and detailed the receipts and disbursements of the Estate since the Receiver's appointment. *See* ECF No. 45. Importantly, in her Initial Report, the Receiver

concluded that TGC's business records confirm the allegations as set forth in the SEC's Complaint [ECF No. 1]. *See* EFC No. 45. As such, because 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, 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. *See id.* Based on this conclusion and the Receiver's analysis of the equities of all interested parties, including the investors, the receipts and expenses of TGC's operations and of the Receivership Estate, and likely recoveries of the Estate in the future, the Receiver outlined her proposal to promptly seek Court approval for a claims process and partial distribution plan.¹ *See id.*

On March 2, 2020, this Court entered two separate stipulated preliminary injunction orders (collectively, the "Preliminary Injunctions") against each of the Defendants, TGC and Courtright, which, among other things, made preliminary findings on the SEC's claims and granted preliminary injunctive relief. *See* ECF Nos. 55, 56.

On June 30, 2020, the Receiver filed her second status report which covered the reporting period from January 31, 2020 through June 30, 2020.² *See* ECF No. 81. The Receiver's second status report detailed the Receiver's continued efforts to carry out her duties and obligations as set

¹ The 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 Claims Process Motion. *See* ECF No. 53.

² Pursuant to the extensions granted as a result of the COVID-19 pandemic, the deadline to file the Receiver's second 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 March 2020 and a separate second quarter status report for April through June 2020, the Receiver combined both reports in the second status report for the sake of efficiency.

forth in the Appointment Order including, without limitation, her efforts to preserve and maintain the assets of the Estate and operate TGC's business. *See id.* The Receiver's second status report further detailed the efforts of the Receiver and her professionals to locate and marshal assets for the Estate while minimizing liabilities and continuously communicating with investors via email and the Receivership website to, among other things, provide status updates on the Receivership and the SEC Enforcement Action. *See id.* The Receiver also detailed the claims process and its benefits that the Receiver had proposed in the Claims Process Motion [ECF No. 53]. *See id.* The Receiver recommended that the Receivership continue for the purpose of preserving the Estate's assets, including the continued operation of the websites, and, to the extent the Court approves the proposed claims process and partial distribution plan, facilitating the transfer of the websites to the investors who opt to receive them in lieu of monetary distributions and the ultimate liquidation and distribution of the remaining assets of the Estate. *See id.*

This third status report describes the Receiver's efforts and accomplishments, pursuant to the Appointment Order, during the current Reporting Period.

B. Joint Status Reports and Rule 26 Initial Disclosures

On July 1, 2020, this Court entered an Order granting the parties' joint motion for extension of initial discovery deadlines requiring the parties to exchange their initial discovery responses under the Mandatory Initial Discovery Pilot Program by July 18, 2020. *See* ECF No. 82. The Court's Order also required the parties to file a joint status report by August 1, 2020 detailing, among other things, a proposed discovery schedule and the parties' view regarding prospects for settlement, and further set a status hearing to take place on August 7, 2020. *See id.* On July 20,

2020³, pursuant to this Court's Order [ECF No. 82], the parties exchanged their initial discovery responses pursuant to Fed. R. Civ. P. 26. *See* ECF Nos. 84, 85, 86. On July 28, 2020, the United States Government, as part of a related criminal proceeding against Defendant Courtright, filed a motion to intervene in the SEC Enforcement Action and to stay depositions. *See* ECF No. 88. On August 3, 2020, pursuant to this Court's July 1, 2020 Order, the parties filed a joint status report detailing the parties' exchange of initial discovery responses, production of documents, and proposed discovery schedule. *See* ECF No. 93. On August 7, 2020, during the Court-ordered status hearing, the Court granted the United States Government's motion to intervene and to stay depositions subject to certain exceptions discussed on the record during the hearing, granted Courtright's counsel's motion to withdraw as counsel, and ordered the parties to file an additional status report by August 31, 2020. *See* ECF No. 94. On August 31, 2020, the parties filed the Court-ordered joint status report detailing Defendant Courtright's attempts to secure new counsel, highlighting all outstanding and unresolved motions and proposed orders (including, among others, the Receiver's Claims Process Motion), and the return of Courtright's personal belongings from TGC's offices in Lancaster, Pennsylvania. *See* ECF No. 98.

**III. STATUS OF THE RECEIVERSHIP AND SUMMARY OF OPERATIONS
(JULY 1, 2020, THROUGH SEPTEMBER 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 (A) working with TGC's IT team to assist her to maintain and preserve the assets of the Receivership Estate, including the operating websites and associated domains, (B) communicating with investors to address their questions and concerns regarding the

³ As July 18, 2020 fell on a Saturday, the parties served their initial discovery responses on the following Monday, July 20, 2020.

SEC Enforcement Action and the Receivership and to obtain information necessary to effectively manage TGC's websites, (C) continuing to identify, locate, and marshal all websites and domains of TGC and other assets of the Receivership Estate, (D) working with an auctioneer to liquidate the assets of TGC at its Lancaster, Pennsylvania office and continue working on determining the value of TGC's domain and website portfolio; (E) 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 transferred from TGC to third parties, affiliates, and insiders, and (G) formulating claims against such third parties, affiliates and insiders to recover improper transfers, and damages based on their involvement with TGC, for the benefit of the Estate.

A. Maintaining TGC's Operations and Websites and Otherwise Preserving Assets of the Estate

During the current Reporting Period, the Receiver continued to work with her professionals and TGC's IT staff on a day-to-day basis to preserve, maintain and improve TGC's many actively-operating websites to maximize the value of the Receivership Estate. In particular, the Receiver and her professionals closely monitored the functionality and performance of the websites, identifying and resolving a number of issues necessary to maintain and increase their traffic and revenue and ultimate value. These issues included, but were not limited to, broken website links, malfunctioning/crashing domains, expiring hosting agreements/costs, varying website traffic, and unauthorized access to websites and backend access. The TGC IT staff continued to be critically important in addressing these and other day-to-day issues that arise and require continual 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 with the websites or other aspects of TGC's business operations

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 provide information to, and address the questions and concerns of, investors. 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, provided website revenue figures to investors to assist them to make informed decisions regarding their potential claims against the Estate, and further referred investors to the Receivership website for additional and updated information.

Further, the Receiver continued to receive information from investors regarding website functionality that facilitated the Receiver's maintenance and operation of the websites.

C. Recovery of TGC's Domains and Websites

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. During the prior reporting period, the Receiver discovered that prior to the commencement of the Receivership TGC had purchased a number of domain names for a significant sum but those domains were not being used in conjunction with revenue-generating websites or otherwise being monetized. Therefore, the Receiver and her professionals and TGC's IT staff worked on locating and confirming that TGC had control over those domain names. Further, during the prior reporting period, the Receiver's counsel discovered that numerous websites and domains owned by TGC were under the control of a third party purporting to maintain

them and otherwise provide services to TGC, and accordingly, demanded turnover of control of those websites and domains. The third party, located in Romania, refused to comply with such demand, sent invoices to the Receiver's counsel, and demanded payment in full before he would turn over the websites and domains. During the Reporting Period, the Receiver's counsel exchanged multiple correspondence with such third party in an effort to obtain control of the websites and domain, which represent assets of significant value to the Estate.

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

D. Liquidation of Estate Property

During a prior reporting period, the Receiver retained the services of Lancaster-based auctioneer H.K. Keller to catalogue and photograph TGC's various office assets, including but not limited to office furnishings, computers, and electronics, for the purpose of liquidating them through a series of online auctions. H.K. Keller agreed to advance all costs of setting up, marketing and orchestrating the auctions and be reimbursed with the proceeds of the auctions 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).

During this Reporting Period, in July 2020, H.K. Keller hosted the first online⁴ auction to liquidate certain of TGC's assets. The first auction sold 559 items and generated net proceeds in the amount of \$46,889.24⁵ for the Estate. In August, H.K. Keller held a second online auction of

⁴ 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.

⁵ The sales from the auction totaled \$58,016.24 with expenses totaling \$11,117.00.

the assets of the Estate that included, among other things, additional office furnishings, computers, and electronics. The second auction sold 355 items and generated net proceeds in the amount of \$23,144.76⁶ for the Estate. The net proceeds of these two auctions are reflected in the detailed statement of the Estate's Receipts and Disbursements, attached hereto as **Exhibit A**.

The Receiver had originally intended to include in the first auction the 2016 Chrysler Town and Country minivan, owned by TGC, previously identified in the Receiver's prior status reports, but given the delay in scheduling the auctions due to the COVID-19 pandemic and the depreciating nature of the minivan, the Receiver explored a private sale in order to maximize the sale proceeds and ultimate recovery for the Estate. As such, the Receiver with the assistance of TGC employees was able to sell the vehicle for \$10,000, which approximated its fair market value and was deposited into the Receiver's operating account for TGC. *See* Exhibit A.

Finally, during the Reporting Period, the Receiver continued to work with certain third parties with experience purchasing and selling domain names and websites to determine the value of TGC's sizable domain and website portfolio. In the event the Court approves the Receiver's proposed claims process and partial distribution plan and the Receiver transfers a number of websites and domain names to investors who opt to receive them in lieu of a monetary distribution, the Receiver anticipates that a number of domain names and websites will not be transferred and, thus, will need to be sold as part of the going concern or individually to maximize the recovery for the Estate and the ultimate monetary distributions that are made to the defrauded investors who suffered losses. Therefore, knowing the value of the domains and websites will assist the Receiver to determine appropriate sale prices.

⁶ The sales from the second auction totaled \$28,211.76 with expenses totaling \$3,617. The second auction invoice also detailed a \$1,450 adjust for lot refund from the first auction.

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 the current Reporting Period, Kapila continued to investigate TGC's accounting and banking records to quantify the amount of funds obtained from investors, the amount of funds obtained from other sources including the operation of TGC's websites and to determine the use of those funds. Kapila has identified twenty-six bank accounts and nine credit card accounts titled in the name of TGC. Kapila is analyzing and 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 against third parties, affiliates and insiders. Further, Kapila identified and is analyzing and reconstructing ten bank accounts and seven credit cards titled in the name of Courtright or other entities or people with whom he is associated. Finally, Kapila also assisted the Receiver to gather and produce financial documents, reports and data requested by the parties to the SEC Enforcement Action.

The Receiver will continue to utilize the services of Kapila to the extent necessary and cost effective to carry out the foregoing tasks and to address any additional issues that may arise in fulfilling her duties and obligations under the Appointment Order.

F. Liquidated and Unliquidated Claims Against Third Parties, Affiliates and Insiders

During the Reporting Period, utilizing the account reconstructions prepared by Kapila and various books and records related to TGC and Courtright, the Receiver identified numerous third parties and affiliates and insiders of TGC that had received significant transfers from TGC and

investigated the purpose and propriety of those transfers. Upon determining that several of those transfers were improper and recoverable under applicable law, the Receiver and her counsel worked on formulating the Estate's claims, gathered evidence to support those claims, prepared demand letters, and drafted Complaints against such third parties, affiliates and insiders to recover those transfers for the benefit of the Estate.

Further, the Receiver and her professionals investigated the involvement of certain professionals and institutions that may have facilitated, benefited from TGC's and Courtright's alleged fraudulent activities, and/or otherwise contributed to the damages alleged to have been sustained by the Defendants' investors. Upon uncovering evidence to support such claims, the Receiver's counsel began formulating the claims and prepared a Complaint.

Because the Estate lacks the funds necessary to cover legal fees and expenses associated with bringing any actions against third parties, affiliates and insiders, the Receiver and her counsel have not billed the Estate for the formulation of the foregoing claims or the preparation of the demand letters and Complaints, with the intention of proposing to the Court that the Receiver and her counsel pursue such claims on a contingency fee basis. Accordingly, on September 16, 2020, the Receiver filed her Motion for Approval of Contingency Fee Arrangement [ECF No. 99] (the "Contingency Fee Motion") seeking Court authority to compensate her counsel on a contingency fee basis in connection with pursuing these claims. After discussions with the SEC wherein the SEC advised that it does not oppose the relief sought in the Contingency Fee Motion, the Receiver agreed to request as compensation for her counsel the following percentages of recovery (which percentages are reduced from the standard contingency fee percentages charged by her counsel):⁷

⁷ Any capitalized term used in this section of the status report but not defined herein shall have the meaning ascribed to it in the Contingency Fee Motion.

1. Thirty percent (30%) of all gross Recoveries received by the Receivership Estate at any time before the Commencement of Action; or
2. Thirty-three percent (33%) of all gross Recoveries received by the Receivership Estate at any time after the Commencement of Action.

The Receiver further represented to the Court in the Contingency Fee Motion that she will not seek hourly fees for any legal services already or to be provided, which fall under the contingency fee arrangement. Finally, the Receiver states in her Contingency Fee Motion that before she and her counsel are paid the above-proposed contingency fee from any gross Recovery resulting from a Contingent Litigation Claim or other asset recovery effort related to TGC, the Receiver shall file a motion with this Court seeking final allowance and payment of the contingency fee and any Expenses incurred or advanced by the Receiver and/or her counsel in connection with such asset recovery efforts. The Receiver believes that the arrangement proposed in the Contingency Fee Motion is in the best interests of the Estate and will allow her to pursue claims that the Estate could not otherwise afford to pursue. No party has filed an objection to the Receiver's Contingency Fee Motion, which is ripe for this Court's determination.

IV. RECEIVER'S PENDING CLAIMS PROCESS MOTION

As outlined in the Initial Status 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, 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.

As of the filing of this status report, the Court has not yet ruled on the Receiver's Claims Process Motion. During the status conference held on August 7, 2020, the parties highlighted the pending motion and this Court stated that it was still considering the motion and the objections filed by certain investors and Courtright and would enter an order ruling on the motion and those objections. In the Court-ordered status report filed on August 31, 2020, the parties listed the Claims Process Motion as unresolved. *See* ECF No. 98. The Receiver believes it would be in the best interest of the Estate to transfer the websites and associated domains to the investors who opt to receive them in lieu of a monetary distribution, as proposed in the Claims Process Motion, because it will reduce the significant costs associated with operating and preserving those digital assets, require any such investors to return to the Estate any net gains they may have received prior to receiving control of the websites and domains, provide those investors with the benefit of their bargain with TGC, and reduce the total amount of monetary claims against the Estate for which distributions would be made from the proceeds of the Receiver's liquidation of the remaining assets of the Estate.

V. CASH ON HAND AND ACCRUED EXPENSES OF ESTATE

As of the end of the Reporting Period (September 30, 2020), the Estate presently held a total of \$351,673.57 in cash on hand, which it had recovered from TGC's business operations (including website revenue deposited in TGC's operating accounts). *See* Exhibit A. 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.

VI. RECEIPTS AND DISBURSEMENTS OF RECEIVERSHIP ESTATE

During the Reporting Period, the Receiver has made disbursements (totaling \$659,706.96) from the Receiver's fiduciary account and TGC's operating accounts for expenses necessary to preserve and administer the Receivership Estate⁸ as well as to operate TGC's websites and preserve the assets and their value until such time that the Court rules on the Receiver's Claims Process Motion or further order of the Court. Such expenses included payroll to TGC's IT contractors and content writers 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. *See Exhibit A.*

VII. KNOWN PROPERTY OF THE RECEIVERSHIP ESTATE

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

- \$351,673.57 in cash on hand in the Receiver's fiduciary account and TGC's operating accounts.
- Approximately 3,130 domain names and revenues generated by operational

⁸ The disbursements made during the Reporting Period include payments to the Receiver's professionals pursuant to the Receiver's first and second fee applications, which this Court granted. *See ECF Nos. 96, 97.* Specifically, \$379,998.96 was dispersed to the Receiver's professionals during the Reporting Period. *See Exhibit A.*

websites (value currently unknown), as detailed in Exhibit C to the Receiver's Initial Status Report. *See* ECF No. 45-3.

- Additional personal property located in TGC's office, including computers and related equipment, office equipment, and inventory for fulfillment of certain e-commerce websites not liquidated by auction sale facilitated by H.K. Keller as detailed *supra* (value currently unknown). The Receiver will seek to liquidate these remaining assets with the assistance of H.K. Keller.⁹
- Claims against third parties (value currently unknown)

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 \$141,518,356.00¹⁰ 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 (non-investor) 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);
- Entercom Communications Corp., c/o Szabo Associates, 3355 Lenox Road, NE, Suite 945, Atlanta, GA 30326 (amount of alleged claim is \$235,220.07);
- Digital Web Properties, Scarlatescu Street, No. 21, Area 1, Bucharest, Romania (amount of alleged claim is \$533,604.20);

As previously reported, 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

⁹ Defendant Courtright's personal assets are frozen but are not property of the Receivership Estate. If made part of the Estate, the Receiver would propose that they also be liquidated to increase the amount that would be distributed to investors who elect to receive a monetary distribution.

¹⁰ 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.

purported indebtedness.

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

The Receiver recommends the Receivership continue to preserve and maximize the value of the Estate's assets for the benefit of the investors and creditors of the Estate. Until further order of the Court, the Receiver will continue to work with her team of professionals to locate, marshal and preserve all known and potential assets of the Estate in accordance with the Appointment Order. Further, as authorized by the Appointment order, the Receiver will continue to investigate and 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 October, 2020.

Respectfully submitted,

/s/Kenneth Dante Murena

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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 October 29, 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 7/1/2020 to 9/30/2020

| | | Detail | Subtotal | Grand Total |
|----------------|---|---------------|---------------|------------------------|
| Line 1 | Beginning Balance (As of 7/1/2020): | \$ - | \$ - | \$ 605,229.58 |
| | Increases in Fund Balance: | | | |
| Line 2 | Business Income | \$ - | \$ - | \$ - |
| Line 3 | Cash and Securities [1] | \$ 406,150.79 | \$ 406,150.79 | \$ 406,150.79 |
| 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 | | | \$ 1,011,380.37 |
| | (Lines 1-8): | | | |
| | Decreases in Fund Balance: | | | |
| Line 9 | Disbursements to Investors | | | |
| Line 10 | Disbursements for Business Operations [2] | \$ 279,707.84 | \$ 279,707.84 | \$ 279,707.84 |
| Line 10a | Disbursements to Receiver or Other Professionals | \$ 379,998.96 | \$ 379,998.96 | \$ 379,998.96 |
| 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 | | | \$ 659,706.80 |
| 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) | | | \$ 659,706.80 |
| Line 13 | Ending Balance (As of September 30, 2020) | | | \$ 351,673.57 |
| Line 14 | Ending Balance of Fund – Net Assets: | | | |
| Line 14a | Cash & Cash Equivalents | | | \$ 351,673.57 |
| Line 14b | Investments | | | \$ - |
| Line 14c | Other Assets or Uncleared Funds | | | |
| | Total Ending Balance of Fund – Net Assets | | | \$ 351,673.57 |

[1] Funds were received into the Receivership accounts for Today's Growth Consultant, Inc at City National Bank and PNC 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 |
|--------------------------------|----------------|---------------|-------------------------------|
| 6/30/2020 | | \$ 117.63 | Sheet Music |
| 7/1/2020 | | \$ 67.73 | Amazon |
| 7/1/2020 | | \$ 381.96 | Amazon |
| 7/1/2020 | | \$ 414.34 | Amazon |
| 7/1/2020 | | \$ 2,090.59 | Amazon |
| 7/1/2020 | | \$ 40.00 | CDL Marketing |
| 7/23/2020 | 1161 | \$ 46,889.24 | Keller Auctioneers LLC |
| 6/29/2020 | 10470 | \$ 151.19 | Ezoic Inc |
| 5/29/2020 | 10450 | \$ 45,977.66 | Ezoic Inc |
| 7/1/2020 | 574365 | \$ 91.20 | Sheet Music Plus |
| 7/28/2020 | | \$ 523.60 | Defend Heal |
| 7/30/2020 | 2534 | \$ 10,000.00 | James Huffman |
| 7/28/2020 | 574913 | \$ 95.44 | Sheet Music Plus |
| 7/28/2020 | 10622 | \$ 861.17 | Ezoic Inc |
| 7/28/2020 | 10640 | \$ 195.15 | Ezoic Inc |
| 8/11/2020 | | \$ 219,709.87 | PNC |
| 8/11/2020 | | \$ 33,775.33 | PNC |
| 8/24/2020 | 681700194 | \$ 20.00 | CDL Marketing |
| 9/1/2020 | 1166 | \$ 23,144.76 | Keller Auctioneers LLC |
| 9/1/2020 | 6683 | \$ 600.00 | Maria & Alfredo Perez |
| 9/4/2020 | | \$ 230.55 | Ezoic Inc |
| 9/4/2020 | | \$ 745.38 | Ezoic Inc |
| 9/17/2020 | 631045 | \$ 130.00 | Endurance International Group |
| 9/30/2020 | | \$ 19,898.00 | PNC |
| Total of Receivership Receipts | | \$ 406,150.79 | |

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 |
|-------------|--------------------------|---------------|---------------------|
| 7/1/2020 | The Ground Guys | \$ 590.42 | |
| 7/1/2020 | Shopify, Twilio, GoDaddy | \$ 18,163.43 | |
| 6/8/2020 | Google | \$ 8,049.38 | |
| 6/8/2020 | Google | \$ 56.95 | |
| 7/3/2020 | Employee | \$ 2,898.27 | payroll |
| 7/3/2020 | Employee | \$ 2,070.19 | payroll |
| 7/3/2020 | Employee | \$ 1,715.36 | payroll |
| 7/3/2020 | Employee | \$ 4,347.60 | payroll |
| 7/3/2020 | Employee | \$ 3,602.13 | payroll |
| 7/3/2020 | Employee | \$ 2,484.56 | payroll |
| 7/3/2020 | Employee | \$ 2,135.78 | payroll |
| 7/3/2020 | Employee | \$ 1,722.40 | payroll |
| 7/3/2020 | Employee | \$ 1,600.00 | payroll |
| 7/3/2020 | Employee | \$ 600.00 | payroll |
| 7/1/2020 | PPL | \$ 232.90 | 93530-98048 |
| 7/1/2020 | PPL | \$ 141.58 | 93330-98042 |
| 7/1/2020 | Crime Intervention Alarm | \$ 207.00 | July-September 2020 |
| 7/6/2020 | Liquid Web LLC | \$ 16,632.76 | |
| 7/6/2020 | Shopify, Twilio, GoDaddy | \$ 1,900.00 | |
| 7/6/2020 | Google | \$ 59.56 | |
| 7/6/2020 | Google | \$ 8,049.38 | |
| 7/17/2020 | Employee | \$ 2,898.27 | payroll |
| 7/17/2020 | Employee | \$ 2,070.19 | payroll |
| 7/17/2020 | Employee | \$ 1,715.36 | payroll |
| 7/17/2020 | Employee | \$ 4,347.40 | payroll |
| 7/17/2020 | Employee | \$ 3,602.13 | payroll |
| 7/17/2020 | Employee | \$ 2,484.56 | payroll |
| 7/17/2020 | Employee | \$ 2,135.78 | payroll |
| 7/17/2020 | Employee | \$ 1,722.40 | payroll |
| 7/17/2020 | Employee | \$ 1,600.00 | payroll |
| 7/17/2020 | Employee | \$ 600.00 | payroll |
| 7/27/2020 | The Ground Guys | \$ 261.82 | 6/16/20-7/15/20 |
| 7/31/2020 | Employee | \$ 2,898.27 | payroll |
| 7/31/2020 | Employee | \$ 2,070.19 | payroll |
| 7/31/2020 | Employee | \$ 1,715.36 | payroll |
| 7/31/2020 | Employee | \$ 4,347.90 | payroll |
| 7/31/2020 | Employee | \$ 3,602.13 | payroll |
| 7/31/2020 | Employee | \$ 2,484.56 | payroll |
| 7/31/2020 | Employee | \$ 2,135.78 | payroll |
| 7/31/2020 | Employee | \$ 1,722.40 | payroll |
| 7/31/2020 | Employee | \$ 1,600.00 | 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 |
|-------------|--------------------------|---------------|--------------------|
| 7/31/2020 | Employee | \$ 600.00 | payroll |
| 7/31/2020 | Shopify, Twilio, GoDaddy | \$ 23,860.06 | |
| 8/3/2020 | PPL | \$ 429.64 | 93530-98048 |
| 8/3/2020 | PPL | \$ 157.84 | 93330-98042 |
| 8/6/2020 | Google | \$ 8,049.38 | |
| 8/6/2020 | Google | \$ 56.48 | |
| 8/13/2020 | Shopify, Twilio, GoDaddy | \$ 5,000.00 | |
| 8/14/2020 | Employee | \$ 2,898.27 | payroll |
| 8/14/2020 | Employee | \$ 2,070.19 | payroll |
| 8/14/2020 | Employee | \$ 1,715.36 | payroll |
| 8/14/2020 | Employee | \$ 4,347.90 | payroll |
| 8/14/2020 | Employee | \$ 3,602.13 | payroll |
| 8/14/2020 | Employee | \$ 2,484.56 | payroll |
| 8/14/2020 | Employee | \$ 2,135.78 | payroll |
| 8/14/2020 | Employee | \$ 1,722.40 | payroll |
| 8/14/2020 | Employee | \$ 1,600.00 | payroll |
| 8/14/2020 | Employee | \$ 600.00 | payroll |
| 8/24/2020 | The Ground Guys | \$ 261.82 | 7/16/20-8/15/20 |
| 8/28/2020 | Employee | \$ 2,898.27 | payroll |
| 8/28/2020 | Employee | \$ 2,070.19 | payroll |
| 8/28/2020 | Employee | \$ 1,715.36 | payroll |
| 8/28/2020 | Employee | \$ 4,347.40 | payroll |
| 8/28/2020 | Employee | \$ 3,602.13 | payroll |
| 8/28/2020 | Employee | \$ 2,484.56 | payroll |
| 8/28/2020 | Employee | \$ 2,135.78 | payroll |
| 8/28/2020 | Employee | \$ 1,722.40 | payroll |
| 8/28/2020 | Employee | \$ 1,600.00 | payroll |
| 8/28/2020 | Employee | \$ 600.00 | payroll |
| 8/25/2020 | Lancaster Area Sewer | \$ 478.74 | 5/1/20-7/31/20 |
| 8/31/2020 | Shopify, Twilio, GoDaddy | \$ 16,364.64 | |
| 9/3/2020 | Google | \$ 8,049.38 | |
| 9/3/2020 | Google | \$ 57.12 | |
| 9/11/2020 | Employee | \$ 2,898.27 | payroll |
| 9/11/2020 | Employee | \$ 2,070.19 | payroll |
| 9/11/2020 | Employee | \$ 1,715.36 | payroll |
| 9/11/2020 | Employee | \$ 4,347.40 | payroll |
| 9/11/2020 | Employee | \$ 3,602.13 | payroll |
| 9/11/2020 | Employee | \$ 2,484.56 | payroll |
| 9/11/2020 | Employee | \$ 2,135.78 | payroll |
| 9/11/2020 | Employee | \$ 922.01 | payroll |
| 9/11/2020 | Employee | \$ 1,600.00 | 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 |
|-------------------|----------------------|---------------|-----------------------|
| 9/11/2020 | Employee | \$ 1,400.00 | payroll |
| 9/17/2020 | The Ground Guys | \$ 261.82 | 8/21/20-9/4/20 |
| 9/17/2020 | Renewal of Enitivity | \$ 102.69 | Corp Registration TGC |
| 9/25/2020 | Employee | \$ 2,898.27 | payroll |
| 9/25/2020 | Employee | \$ 2,070.19 | payroll |
| 9/25/2020 | Employee | \$ 1,715.36 | payroll |
| 9/25/2020 | Employee | \$ 4,347.40 | payroll |
| 9/25/2020 | Employee | \$ 3,602.13 | payroll |
| 9/25/2020 | Employee | \$ 2,484.56 | payroll |
| 9/25/2020 | Employee | \$ 2,135.78 | payroll |
| 9/25/2020 | Employee | \$ 922.01 | payroll |
| 9/25/2020 | Employee | \$ 1,600.00 | payroll |
| 9/25/2020 | Employee | \$ 1,400.00 | payroll |
| Total of Expenses | | \$ 279,707.84 | |

Professional Fee DE 98 8/27/20

| | | | |
|-----------|---------------------------|---------------|-----------|
| 8/28/2020 | Damian & Valori | \$ 67,501.45 | 1/31/2020 |
| 8/28/2020 | Rachlis Duff & Peel | \$ 18,257.60 | 1/31/2020 |
| 9/3/2020 | Rachlis Duff & Peel | \$ 467.36 | 1/31/2020 |
| 8/28/2020 | Semanoff Ormsby Greenberg | \$ 29,560.68 | 1/31/2020 |
| 8/28/2020 | Kapila Mukamal | \$ 22,658.12 | 1/31/2020 |
| | | \$ 138,445.21 | |

Professional Fee DE 97 8/27/20

| | | | |
|-----------|---------------------------|---------------|-----------|
| 8/28/2020 | Damian & Valori | \$ 150,455.20 | 6/30/2020 |
| 8/28/2020 | Rachlis Duff & Peel | \$ 10,241.67 | 6/30/2020 |
| 8/28/2020 | Semanoff Ormsby Greenberg | \$ 2,175.75 | 6/30/2020 |
| 8/28/2020 | Kapila Mukamal | \$ 78,681.13 | 6/30/2020 |
| | | \$ 241,553.75 | |

Total of Professional Fees \$ 379,998.96

GRAND TOTAL OF EXPENSES \$ 659,706.80