

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 0:18-cv-61991-BB

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

1 GLOBAL CAPITAL LLC, and  
CARL RUDERMAN,

Defendants, and

1 WEST CAPITAL LLC,  
BRIGHT SMILE FINANCING, LLC,  
BRR BLOCK INC.,  
DIGI SOUTH LLC,  
GANADOR ENTERPRISES, LLC,  
MEDIA PAY LLC  
PAY NOW DIRECT LLC, and  
RUDERMAN FAMILY TRUST,

Relief Defendants.

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**RECEIVER'S SECOND STATUS REPORT**

Jon A. Sale, not individually, but solely in his capacity as the Court-appointed receiver (the "Receiver") for Bright Smile Financing, LLC ("Bright Smile"); BRR Block Inc. ("BRR Block"); Digi South LLC ("Digi South"); Ganador Enterprises, LLC ("Ganador"); Media Pay LLC ("Media Pay"); Pay Now Direct LLC ("Pay Now"); the Ruderman Family Trust; and the Bright Smile Trust (the "Receivership Entities"), respectfully submits this Second Status Report covering the period of November 13, 2018 through February 28, 2019 (the "Reporting Period").

**I. INTRODUCTION**

The Receiver and his professionals achieved significant results for the benefit of the Receivership Estate during the Reporting Period. First, the Receiver negotiated, obtained approval for, and closed on the sale of certain of Bright Smile’s assets, resulting in an expected payment of approximately \$3 million. Second, the Receiver successfully concluded its litigation with Bridge Bank, and will recover \$3 million in cash collateral held at Bridge Bank. This litigation was necessary to allow Bright Smile to continue processing ACH payments with Bridge Bank up through the closing of the Bright Smile sale, thereby preventing dissipation of Receivership assets. Third, the Receiver negotiated, obtained approval for, and entered into a settlement agreement related to Ganador’s claims against several entities outside the Receivership. Pursuant to the settlement, these entities are required to make \$4 million in payments to the Receiver, for the benefit of the Receivership Estate.

In sum, it is anticipated that the actions of the Receiver and his professionals during the Reporting Period will result in over \$10 million in cash recoveries for the benefit of the Receivership Estate over the next 12-16 months. In addition, the actions of the Receiver and his professionals during the Reporting Period prevented the loss and/or dissipation of significant Receivership assets, namely the value of the Bright Smile loan portfolio.

**II. RECEIVER’S APPOINTMENT AND DUTIES**

On August 23, 2018, the United States Securities & Exchange Commission (“SEC”) initiated this action against Defendants 1 Global Capital, LLC (“1 Global”) and Carl Ruderman, and Relief Defendants 1 West Capital LLC (“1 West”), Bright Smile, BRR Block, Ganador, Media Pay, Pay Now, and the Ruderman Family Trust. [D.E. 1.] The SEC alleges that Defendants engaged in a four-year long unregistered securities fraud totaling more than \$287 million,

victimizing thousands of investors nationwide. *Id.*, ¶ 1. The SEC seeks, among other relief, permanent injunctive relief, civil penalties, and disgorgement. *Id.*, pp. 33-34. The same day, the SEC requested an asset freeze and the appointment of a receiver over Relief Defendants Bright Smile, BRR Block, Digi South, Ganador, Media Pay, and Pay Now. [D.E. 6; D.E. 7.] The Court entered a sealed order appointing Jon A. Sale, Esq. as Receiver for the Receivership Entities (the “Receivership Order”).<sup>1</sup> [D.E. 12.] The Court also entered an order freezing Defendants’ assets (the “Freeze Order”). [D.E. 13.]

Pursuant to the Receivership Order, the Receiver is obligated to, among other things: (i) take immediate possession of the Receivership Entities’ property, assets, and estates of every kind; and (ii) investigate the manner in which the affairs of the Receivership Entities were conducted and institute actions and proceedings for the benefit of investors and other creditors. [D.E. 12, ¶¶ 1-2.]

The Receivership Order requires the Receiver to prepare quarterly status reports. [D.E. 12, ¶ 3.] This Second Report summarizes the Receiver’s and his professionals’ relevant activities during the Reporting Period.

### **III. ACTIVITY DURING REPORTING PERIOD**

On November 30, 2018, the Receiver filed his First Status Report with this Court, which covered the period of August 23, 2018 through November 12, 2018. [D.E. 118.] In the First Status Report, the Receiver explained the extensive work he and his team of retained professionals performed upon his appointment and in the months that followed. At the time of the First Status Report, there were three major issues the Receiver was addressing: (1) the sale of Bright Smile’s

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<sup>1</sup> The Court later expanded the Receivership over the Ruderman Family Trust and the Bright Smile Trust, on November 21, 2018, and the Receivership Order is controlling over them as well. [D.E. 115.]

assets; (2) the conflict with Bridge Bank regarding Bright Smile's ongoing operations and related accounts; and (3) the settlement of claims held by Ganador. These three issues, among other matters, are discussed in depth in this Second Status Report.

A. Sale of Bright Smile's Assets

As previously described in the Receiver's filings in this action, Bright Smile, a Receivership Entity, made loans for consumers to receive various dental and cosmetic procedures. Bright Smile's loans averaged from \$3,000 to \$4,000, but did not exceed \$10,000, and were for terms no longer than 24 months. Most borrowers made monthly payments on the loans through ACH transactions. Bright Smile's loans are generally considered subprime; they were largely made to risky borrowers with below average credit scores.

Bright Smile is the only Receivership Entity that had ongoing, daily business operations at the time of the Receiver's appointment. Until the sale of its assets, Bright Smile, until February 22, 2019, operated out of an office on the tenth floor of the same building where 1 Global operates in Hallandale Beach, Florida.<sup>2</sup> By the time of the Receiver's appointment, Bright Smile's business was limited solely to collecting outstanding loans. Bright Smile discontinued making new loans around the time of 1 Global's bankruptcy.<sup>3</sup>

For several months, the Receiver and his professionals worked toward the potential sale of certain Bright Smile's assets to entities owed by Bright Smile's president, John Snead (the "Buyers"). On September 25, 2018, the Receiver and his professionals had an in-person meeting

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<sup>2</sup> On January 29, 2019, the Court entered an order permitting the Receiver to enter into a lease agreement for the rental of this space on a month-to-month basis. [D.E. 140.]

<sup>3</sup> On July 27, 2018, prior to the SEC's filing this action and the appointment of the Receiver, 1 Global and 1 West filed for bankruptcy in the cases styled *In re 1 Global Capital LLC*, Case No. 18-19121-RBR, and *In re 1 West Capital LLC*, Case No. 18-19122-RBR, both pending and being jointly administered in the U.S. Bankruptcy Court in the Southern District of Florida (the "Bankruptcy Case").

with Mr. Snead, his counsel, and a financial advisor. During the meeting, the parties agreed to the material terms for Buyers' purchase of certain Bright Smile's assets.

Between September 2018 and January 2019, the anticipated transaction teetered on the brink. Countless roadblocks were presented during negotiations, including issues related to the timing of payment and allocation of proceeds, as well as operational obstacles related to the day-to-day running of Bright Smile's business and valuation of its loan portfolio. The transaction came very close to falling apart entirely. Were it not for the diligence and persistence of the Receiver and his professionals as to alternative restructurings of the transaction and issues pertaining to operations, it would have.

Finally, on January 17, 2019, the parties agreed to and finalized the Purchase and Sale Agreement memorializing the terms of sale of certain of Bright Smile's assets to Buyers (the "PSA"), subject to Court approval. On January 21, 2019, the Receiver filed his Motion to Approve Bright Smile Asset Sale and Purchase Agreement (the "Motion for Approval"), [D.E. 132], attaching a copy of the PSA. In the Motion for Approval the Receiver set forth the essential terms of the sale of certain Bright Smile's assets to Buyers, memorialized in the PSA, including among other things:<sup>4</sup>

- Buyers agreed to pay the Receiver a total purchase price of \$3 million, to be paid as follows:
  - \$150,000 deposit upon execution of PSA and filing of the Motion for Approval, to be released at closing;
  - A minimum of \$900,000 on closing paid towards the purchase of the loan portfolio; and

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<sup>4</sup> The following is only a summary of the salient terms of the PSA. Additional terms are described in the Motion for Approval and the PSA itself.

- The remaining \$1,950,000<sup>5</sup> to be paid towards the purchase of the loan portfolio over 14 months.
- If a release from 1 Global is not received within 90 days of January 17, 2019, the purchase price is reduced by \$250,000, accomplished by reducing and eliminating payments owed over the 14 months; and
- Bright Smile's assets were sold "as is/where is" without any representations, warranties, or covenants made by the Receiver or his professionals.<sup>6</sup>

The Receiver explained in detail in the Motion for Approval why the sale of Bright Smile's assets to Buyers was in the best interests of the Receivership Estate, including but not limited to: (1) the Receiver's belief that the transaction maximized the value of the subject assets; (2) the Receiver's belief that the Buyers have the ability to meet their payment obligations, given their familiarity with Bright Smile's business, their intention to restart lending operations, and their extensive experience with lending businesses generally; and (3) the protections for the Receivership Estate that were built into the transaction if Buyers are unable to make the required payments. [D.E. 132, pp. 11-13.]

On January 31, 2019, the Receiver filed Notice of the SEC's Non-Objection to the Receiver's Motion to Approve Bright Smile Asset Sale and Purchase Agreement. [D.E. 148.] On February 4, 2019, 1 Global and 1 West filed a notice stating they had no objection to the Receiver's Motion for Approval. [D.E. 149.]

On February 4, 2019, Bridge Bank<sup>7</sup> filed its Objection to Receiver's Motion to Approve Bright Smile Asset Sale and Purchase Agreement (the "Objection"). [D.E. 151.] Bridge Bank's

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<sup>5</sup> \$1,950,00 is calculated based upon a \$3 million purchase price minus a deposit of \$150,000 and the payment of \$900,000 at closing. Any additional funds over the \$900,000 received by the Receiver at closing reduce the purchase price dollar for dollar.

<sup>6</sup> The Receiver came to no conclusions as to the validity or enforceability of the loan portfolio.

<sup>7</sup> As described below, Bright Smile had bank accounts at Western Alliance Bank ("Bridge Bank") and also used Bridge Bank to process ACH payments.

Objection was not an objection to the proposed sale of Bright Smile's assets to Buyers. Rather, Bridge Bank sought relief it claimed was necessary to protect itself if the Court approved the sale of Bright Smile's assets. On February 6, 2019, the Receiver filed his reply to Bridge Bank's Objection, bringing this and other arguments to the Court's attention. [D.E. 154.]

On February 15, 2019, and also as a result of issues also raised with respect to Bridge Bank seeking a comfort order to terminate its banking relationship with Bright Smile (discussed below), the Court entered an order requiring the Receiver to file proof of an agreement that Buyers would keep sufficient funds in Bright Smile's operating account at Bridge Bank to protect Bridge Bank from exposure to returned payments for 90 days after it stopped processing ACH payments for Bright Smile. [D.E. 160.] On February 19, 2019, the Receiver filed his Notice of Filing First Amendment to Asset Purchase and Sale Agreement. [D.E. 161.] In the First Amendment, Buyers agreed to leave \$75,000 in an operating account at Bridge Bank after the termination of the ACH processing to cover returned payments. *Id.* Buyers further agreed to replenish the operating account by \$25,000 any time the balance dropped below \$25,000 for the entirety of the 90 days. *Id.* This protects Bridge Bank from exposure to returned payments for 90 days post-termination.

Thereafter, on February 20, 2019, the Court entered an order approving the sale of certain Bright Smile's assets to Buyers (the "Approval Order").<sup>8</sup> [D.E. 162.] The Receiver and Buyers closed on the transaction two days later, on February 22, 2019. The Receiver filed a notice alerting the Court to the closing on February 25, 2019. [D.E. 166.]<sup>9</sup>

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<sup>8</sup> As discussed below, the Approval Order also effectively ended the dispute between the Receiver and Bridge Bank.

<sup>9</sup> Although the notice reflected that Bridge Bank stopped processing Bright Smile's ACH payments on February 22, 2019, the last time Bridge Bank processed an ACH transfer for Bridge Bank was February 21, 2019.

On February 26, 2019, \$996,038.97 of the \$3 million purchase price was transferred to Bright Smile's Receivership bank account at BankUnited. The remaining approximately \$2 million (or \$1,750,00 if 1Gloabal fails to deliver the release) will be paid monthly for the next 14 months, in accordance with the terms of the PSA approved by the Court.<sup>10</sup>

**B. Resolution of Conflict with Bridge Bank**

As explained in the Receiver's various filings, Bright Smile's primary banking relationship during the Reporting Period was with Bridge Bank. In connection with that relationship, Bridge Bank provided Bright Smile with ACH processing services. Bright Smile relied on Bridge Bank's ACH processing for most of the payments it received on outstanding loans. The availability of ACH processing was critical to the continued preservation of Bright Smile's multi-million-dollar loan portfolio, which was a significant Receivership asset until it was sold on February 22, 2019.

In his First Status Report, the Receiver described the various conflicts he had with Bridge Bank related to Bright Smile's bank accounts and ACH processing. [D.E. 118, pp. 16-18.]<sup>11</sup>

One conflict described by the Receiver in the First Status Report carried over into this Reporting Period. On September 21, 2018, Bridge Bank requested that the Court bless the termination of its relationship with Bright Smile (after it had already served a notice of termination without the Court's approval), including its request to keep possession and control of Bright Smile's \$3,000,000 in cash collateral for an extended period after the relationship ended (the "Termination Motion"). [D.E. 77.] As explained in the Receiver's motion for extension of time to respond to the Termination Motion, [D.E. 82], the Receiver argued that he should not be required to respond to the Termination Motion until Bridge Bank fully complied with a subpoena the

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<sup>10</sup> As discussed above, this amount will be reduced by \$250,000 if the 1 Global release is not received within 90 days of January 17, 2019.

<sup>11</sup> These conflicts are described in more detail in court filings. [D.E. 27; D.E. 35; D.E. 77.]



Receiver had served upon it before the Termination Motion was filed. The Court agreed, granting the Receiver an extension of time to respond to the Termination Motion until seven days after Bridge Bank certified it produced all documents responsive to the subpoena. [D.E. 84.]

On December 17, 2018, the Court ordered the Receiver and Bridge Bank to file a status report advising as to whether Bridge Bank had completed its production in response to the Receiver's subpoena. [D.E. 122.] The Receiver and Bridge Bank filed a notice with the Court, in which Bridge Bank advised that its production would be completed by January 4, 2019. [D.E. 123.]

Finally, on January 22, 2019, Bridge Bank filed its Notice of Completion of Document Production Pursuant to Receiver's Subpoena. [D.E. 133.] On January 23, 2019, Bridge Bank filed an Amended Notice of Completion of Document Production to Receiver. [D.E. 135.]

In accordance with the deadlines set by the Court, on January 29, 2019, the Receiver filed his Response in Opposition to the Termination Motion. [D.E. 141.] On February 5, 2019, Bridge Bank filed its Reply in Support of the Termination Motion. [D.E. 153.] Because Bridge Bank's reply raised new issues and new requests for relief, the Receiver sought leave to file a sur-reply, [D.E. 156], which the Court granted, [D.E. 157]. The Receiver filed his sur-reply in opposition to the Termination Motion on February 11, 2019. [D.E. 158.]

As referenced above, and because of the overlapping issues raised in Bridge Bank's Objection to the Bright Smile transaction, on February 15, 2019, the Court entered an order requiring the Receiver to file proof of an agreement that Buyers would maintain sufficient funds in Bright Smile's operating account at Bridge Bank to protect Bridge Bank from exposure to returned payments for 90 days. [D.E. 160.] The Receiver complied with the February 15 Order a few days later. [D.E. 161.]

On February 20, 2019, the Court entered its Approval Order, which not only approved the Bright Smile transaction, as discussed above, but also ruled on the issues raised in the Termination Motion. [D.E. 162.] The Approval Order provided as follows with respect to the Receiver's dispute with Bridge Bank: (1) the Termination Motion was granted in part and denied in part; (2) Bright Smile was required to transfer its ACH processing out of Bridge Bank by February 28, 2019; (3) Bridge Bank was required to continue ACH processing for Bright Smile until Bright Smile transferred its ACH processing out of Bridge Bank by February 28, 2019; (4) Bridge Bank was allowed to hold the approximately \$3,000,000 of Bright Smile's collateral for 90 days after Bright Smile transferred its ACH processing to a new entity; (5) Bridge Bank may draw from funds in Bright Smile's operating account for 90 days after Bright Smile transfers its ACH processing, to cover Bright Smile consumer chargebacks; and (6) at the end of the 90-day period following termination of Bridge Bank's ACH processing, if there is any deficiency in reimbursing chargebacks, Bridge Bank may draw from \$500,000 of collateral unfrozen by the Court in the Approval Order to cover the deficiency. [D.E. 162, pp. 7-8.] The Approval Order further provided that Bridge Bank must account to the Receiver with respect to any chargebacks for which it seeks reimbursement from the \$500,000 of unfrozen collateral but need not seek Court approval for such reimbursement. *Id.*

In sum, the Receiver and his professionals successfully negotiated and closed a complex transaction for the sale of certain of Bright Smile's asset while navigating a turbulent relationship with Bridge Bank. The Receiver and his professionals ensured that Bridge Bank provided ACH processing for Bright Smile all the way through the closing of the Bright Smile sale to Buyers on February 22, 2019. Moreover, Bright Smile stopped processing ACH transactions through Bridge Bank on February 21, 2019.

C. Ganador Settlement

As previously described in the Receiver's filings in this action, Ganador, a Receivership Entity, provided approximately \$5.8 million to Unified Analytics, LLC ("Unified") and National Techmark Inc. ("Techmark"), which are owned by Jesus Diaz and Oscar Rodriguez, respectively. These monies were used to fund costs and expenses of Unified and for Techmark to make loans to a Native American tribe to make payday loans. Ganador sent approximately \$2 million to Unified and \$3.8 million to Techmark pursuant to two separate promissory notes.

For several months, the Receiver and his professionals worked toward a potential settlement with Unified and Techmark. On September 25, 2018, the Receiver and the Receiver's professionals had an in-person meeting with Jesus Diaz—one of two beneficial owners of Unified and Techmark—and counsel and financial advisor for Unified and Techmark. During that meeting, the Receiver and Mr. Diaz negotiated the material terms for the settlement of any potential claims the Receiver may have against Unified and Techmark. Among other things, the proposed settlement required the payment of \$4,000,000 to the Receiver over time.

On December 10, 2018, the parties agreed to and finalized a written settlement agreement (the "Ganador Settlement"), subject to Court approval. On December 12, 2018, the Receiver filed his Motion to Approve the Ganador Settlement (the "Ganador Motion"), [D.E. 120], including a copy of the Ganador Settlement. In the Ganador Motion, the Receiver set forth the essential terms of the Ganador Settlement, including among other things:<sup>12</sup>

- Total payment to the Receiver of \$4,000,000;
- \$750,000 paid by Unified and Techmark "up front";

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<sup>12</sup> The following is only a summary of the salient terms of the Ganador Settlement. Additional terms are described in the Ganador Motion and Ganador Settlement itself.

- The remaining \$3,250,000 is to be paid within 13 months, with monthly interest payments of \$20,312.50 paid during the interim;
- The Receiver received a blanket security interest in Unified and Techmark's assets to secure their payment;
- In the event of default, Unified and Techmark receive 5 days' written notice to cure; and
- If Unified and Techmark fail to satisfy any default within 5 days, Unified and Techmark consent to entry of an order expanding the Receivership over them, and the Receiver may seek recourse in the collateral provided by the security interests.

The Receiver explained in detail in the Ganador Motion for Approval why the Ganador Settlement was in the best interests of the Receivership Estate, including but not limited to: (1) the complex issues of law and fact presented by claims against the Native American tribe; (2) the cost of litigation; (3) the \$4 million settlement represents a 70% recovery on total funds loaned by Ganador, and a greater than 100% recovery of total funds the Receiver believes are recoverable in litigation; and (4) the protections for the Receivership Estate that were built into the settlement in the event of default by the settling parties. [D.E. 120, pp. 7-10.]

No party filed any objection or response to the Ganador Motion. Therefore, on December 27, 2018, the Court entered its order approving the Ganador Settlement. [D.E. 124.]

In summary, the Ganador Settlement, upon completion of its terms, provides a substantial cash recovery—over 70% of the funds Ganador transferred to Unified and Techmark—for the benefit of the Receivership Estate and, ultimately, defrauded investors. The Receiver obtained this recovery *without* incurring significant professional fees in an uncertain litigation where collectability may have been limited. The counter-parties made their first interest payment of \$20,312.50 on February 26, 2019.

D. Discovery and Ongoing Litigation

The SEC and Carl Ruderman continue to litigate this action. The Receiver and his professionals have been involved in the discovery process.

On December 10, 2018, Carl Ruderman propounded his First Request for Production to the Receiver, which included 37 separate requests for documents. On February 8, 2019, the Receiver served Ruderman with his Response and Objections to the First Request for Production. To date, the Receiver has produced almost 15,000 pages in response to Ruderman's First Request for Production.

In addition, the SEC and Ruderman have noticed several depositions, including Eric Alexander, Dale Ledbetter, Lyn Sohun, Richard Samuels, Trae Wieniewitz, and Matt Walker. The Receiver and his professionals participated in the depositions, to the extent necessary.

The Receiver himself also continues to request and review documents received from non-parties to analyze potential sources of recovery, including claw-back claims. To date, tens of thousands of documents have been produced in response to the Receiver's requests, all of which the Receiver's professionals are in the process of reviewing and analyzing.

**IV. BANK ACCOUNTS**

In connection with his duty to marshal the Receivership's assets, the Receiver opened Receivership bank accounts at BankUnited. The following is a list of bank accounts and their corresponding balances:<sup>13</sup>

Jon Sale as Receiver for Bright Smile Financing, LLC	\$1,062,652.36 <sup>14</sup>
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<sup>13</sup> The below account balances are as of the afternoon of February 28, 2019.

<sup>14</sup> There is an additional approximately \$3,000,000 in cash belonging to the Receivership Estate that is being held by Bridge Bank as collateral pursuant to the Approval Order. In approximately 90 days, it is anticipated that those funds will be transferred to the Bright Smile Receivership account at BankUnited, bringing the total to approximately \$4 million (in addition to payments made pursuant to the Bright Smile PSA).

Jon Sale as Receiver for Ganador Enterprises LLC	\$20,312.50
Jon Sale as Receiver for BRR Block Inc.	\$300,764.99
Jon Sale as Receiver for Digi South LLC	\$154,122.13

## V. ASSET IDENTIFICATION

### A. Bright Smile

As explained above, the Receiver sold Bright Smile's assets to Buyers, which sale was approved by the Court on February 20, 2019. [D.E. 162.] The Receiver is in the process of investigating whether there are any additional claims or other sources of recovery available as it relates to Bright Smile.

### B. Ganador

As explained above, in December 2018, the Receiver settled claims that Ganador had against Unified and Techmark, two entities to which it transferred a total of approximately \$5.8 million. The Ganador Settlement was approved by the Court on December 27, 2018. [D.E. 124.] The Receiver is in the process of investigating whether there are any additional claims or other sources of recovery available as it relates to Ganador. At present, the Receiver does not anticipate that this will be a time consuming or expensive process.

### C. BRR Block

As described in the First Status Report, corporate records reflect that Blake Ruderman, Defendant Ruderman's son, is BRR Block's sole officer and director. [D.E. 118, pp. 13-14.] Shortly after his appointment, the Receiver's counsel met with Blake Ruderman, who informed the Receiver's counsel that he used the \$1 million received from 1 Global to invest in digital (crypto) currencies. *Id.* At the meeting, Blake Ruderman provided the Receiver with: (i) an LG cellphone, which is programmed to access the cryptocurrency accounts controlled by BRR Block; (ii) spreadsheets and ledgers reflecting the amounts, locations, exchanges, prices, and values of the

digital currencies BRR Block invested in; (iii) passcodes and other information necessary to access the digital currencies; (iv) contact information for individuals with knowledge of the digital currencies; and (v) trade histories for digital currencies that had already been sold. *Id.*

Other than the purchase of digital currencies, BRR Block did not have any business operations. Digital currencies are subject to an extremely volatile market, and their values fluctuate rapidly. In addition to the value of the digital currencies, BRR Block had a bank account at JPMorgan Chase containing approximately \$300,000 in cash. Those funds were transferred into the BRR Block Receivership account at BankUnited.

The Receiver is in the process of: (1) determining how and when to liquidate the digital currencies; and (2) investigating whether there are any additional claims or other sources of recovery available as it relates to BRR Block. The Receiver is still reviewing documents and information received from several sources, and anticipates retaining one or more individuals in connection with the liquidation of the digital currencies. For this reason, the Receiver is not currently in a position to estimate the extent of work remaining with respect to this entity.

#### **D. Digi South**

The Receiver's professionals continue to investigate Digi South to locate other possible avenues of recovery for the benefit of the Receivership Estate. Based on information known to date, the Receiver does not anticipate that this will be a time consuming or expensive process.

#### **E. Media Pay**

Based on the Receiver's investigation to date, there are no remaining assets related to Media Pay. Media Pay's bank account at Bank of America had a zero balance at the time of the entry of the Freeze Order. The Receiver's professionals continue to investigate Media Pay to locate other possible avenues of recovery for the benefit of the Receivership Estate. Based on information

known to date, the Receiver does not anticipate that this will be a time consuming or expensive process.

**F. Pay Now**

As described in the First Status Report, the only person associated with Pay Now in its corporate records is Darice Lang, 1 Global's former operations manager. [D.E. 118, p. 15.] The corporate records also reflect that Ms. Lang used the 1 Global office address for Pay Now's contact information. *Id.*

Based on the Receiver's investigation to date, there are no remaining assets related to Pay Now. Pay Now never had any business operations, and it was used to pay Defendant Ruderman's personal expenses including his mortgage and condominium related fees. Pay Now had a bank account at Bank of America, which was closed in early August 2018 before the Receiver's appointment. The bank account contained approximately \$2,348.00, which funds were transmitted by 1 Global representatives to the Receiver, in cash, after the Receiver's appointment. The cash is currently held in a lockbox by the Receiver's counsel. The Receiver will transfer those funds to a Pay Now Receivership account at Bank United once an account is opened.

The Receiver's professionals continue to investigate Pay Now and review related documents to locate other possible avenues of recovery for the benefit of the Receivership Estate, including records made available to the Receiver by 1 Global. For this reason, the Receiver is not currently in a position to estimate the extent of work remaining with respect to this entity.

**G. The Ruderman Family Trust**

The Receiver's professionals continue to investigate the Ruderman Family Trust and review related documents to locate other possible avenues of recovery for the benefit of the Receivership Estate. The Receiver does not anticipate that this will be a time consuming or



expensive process, and does not believe that his efforts in this regard will be duplicative of the efforts of the SEC and 1 Global. The Receiver will work with them to avoid duplication of claims and efforts wherever possible.

## **VI. MISCELLANEOUS**

### **A. Fees and Costs Incurred by Receiver and Retained Professionals**

The Receiver and his team are especially cognizant of the impact their professional fees have on the return of monies to defrauded investors. The Receiver and his team have worked diligently and through complex issues to maximize recoveries while working at substantially discounted rates. Thus far, the Receiver has utilized his and his team's collective experience to avoid costly litigation while also securing cash recoveries. Any litigation that may become necessary will be described in future reports.

### **B. Future Claims Process**

The Receiver is in the process of determining whether a claims process will be necessary in this case, and if so, its scope. Further information related to the claims process will be detailed in future reports.

## **CONCLUSION**

The foregoing is a summary of the Receiver's and his retained professionals' activities during the Reporting Period. Further information is available upon request. The Receiver continues to encourage investors and other non-parties who may be in possession of relevant information that is helpful to contact the Receiver or his counsel. The Receiver will be filing additional reports with the Court on a quarterly basis, as required by the Receivership Order.

Dated: March 12, 2019

NELSON MULLINS BROAD AND CASSEL  
Attorneys for Receiver  
One Biscayne Tower, 21<sup>st</sup> Floor  
2 S. Biscayne Boulevard  
Miami, FL 33131  
Telephone: 305.373.9400  
Facsimile: 305.995.6449

By: s/Daniel S. Newman  
Daniel S. Newman  
Florida Bar No. 0962767  
Gary Freedman  
Florida Bar No. 727260  
Jonathan Etra  
Florida Bar No. 0686905

**CERTIFICATE OF SERVICE**

I hereby certify that on March 12, 2019, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing is being served this day on all counsel of record identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel who are not authorized to receive electronically Notices of Electronic Filing.

s/Daniel S. Newman  
Daniel Newman

**SERVICE LIST**

<p><b>SECURITIES AND EXCHANGE COMMISSION</b>                  Miami Regional Office                  801 Brickell Avenue, Suite 1800                  Miami, Florida 33131                  Robert K. Levenson                  Chris Martin                  Senior Trial Counsel                  levensonr@sec.gov                  martinc@sec.gov                  Telephone: 305.982.6300                  Facsimile: 305.536.4154</p>	<p><b>MARCUS NEIMAN &amp; RASHBAUM LLP</b>                  2 South Biscayne Boulevard                  Suite 1750                  Miami, Florida 33131                  Jeff Marcus                  jmarcus@mnrllawfirm.com                  Telephone: 305.400.4262  <i>Attorneys for Defendant Carl Ruderman</i></p>
<p><b>GREENBERG TRAUIG, LLP</b>                  333 S.E. 2nd Ave., Suite 4400                  Miami, FL 33131                  Paul J. Keenan Jr.                  keenanp@gtlaw.com                  Telephone: 305.579.0500  <i>Attorneys for Defendant 1 Global Capital, LLC and                  Relief Defendant 1 West Capital, LLC</i></p>	