UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 17-60907-CIV-MORENO

FEDERAL TRADE COMMISSION, and

STATE OF FLORIDA,

Plaintiffs,

v.

JEREMY LEE MARCUS, *et al.*,

Defendants and Relief Defendants.

Plaintiffs' Motion for Entries of Default Against Certain Corporate and Relief Defendants and an Order on Default Final Judgment Procedure

Plaintiffs, the Federal Trade Commission and the Office of the Attorney General, State of Florida, Department of Legal Affairs ("Plaintiffs"), respectfully move the Court to direct the Clerk of Court to enter defaults against certain corporate and relief defendants pursuant to Rule 55(a) of the Federal Rules of Civil Procedure, and issue an Order on Default Final Judgment Procedure, for the reasons set forth below:

Entries of Default

1. The following corporate and relief defendants were each served through their registered agent with a Summons and Complaint on May 10, 2017. Docs. 32, 36-45, 47-54:

(a) Financial Freedom National, Inc., f/k/a Institute for Financial Freedom, Inc. and Marine Career Institute Sea Frontiers, Inc., also d/b/a 321 Loans, Instahelp America, Inc., Helping America Group, United Financial Support, Breeze Financial Solutions, 321Financial Education, Credit Health Plan, Credit Specialists of America, American Advocacy Alliance, and Associated Administrative Services;

(b) 321Loans, Inc., f/k/a 321 Loans, Inc., also d/b/a 321Financial, Inc.;

(c) Instahelp America, Inc., f/k/a Helping America Team, Inc., also d/b/a Helping America Group;

(d) Helping America Group, LLC, f/k/a Helping America Group, Inc.;

(e) Breeze Financial Solutions, Inc., also d/b/a Credit Health Plan and Credit Maximizing Program;

(f) US Legal Club, LLC;

(g) Active Debt Solutions, LLC, f/k/a Active Debt Solutions, Inc., also d/b/a Guardian Legal Center;

(h) Guardian LG, LLC, also d/b/a Guardian Legal Group;

(i) American Credit Security, LLC, f/k/a American Credit Shield, LLC;

(j) Paralegal Support Group LLC, f/k/a Paralegal Staff Support LLC;

(k) Associated Administrative Services, LLC, also d/b/a Jobfax (together, the "Corporate Defendants"); as well as

(l) 1609 Belmont Place LLC;

(m) 16 S H Street Lake Worth, LLC;

(n) 17866 Lake Azure Way Boca, LLC;

(o) 114 Southwest 2nd Street DBF, LLC;

(p) 110 Glouchester St., LLC;

(q) 72 SE 6th Ave., LLC;

(r) Fast Pace 69 LLC; and

(s) Strategic Acquisitions Two, LLC (together, the "Relief Defendants").

2. Pursuant to Rule 12(a) of the Federal Rules of Civil Procedure, the Corporate Defendants and Relief Defendants should have answered or otherwise responded to the Complaint no later than May 31, 2017.

3. The Corporate Defendants and Relief Defendants have failed to answer or otherwise respond to the Complaint.

4. In addition, the Corporate Defendants were ordered to retain counsel or show cause in writing why defaults should not be entered "no later than **June 9, 2017**." Order at Doc. 25, emphasis in original. The Corporate Defendants have not retained counsel or shown cause in writing why defaults should not be entered against them.[1]

6. For the foregoing reasons, Plaintiffs request that the Court direct the Clerk of Court to enter a default against each of the Corporate Defendants and Relief Defendants.

Order on Default Final Judgment Procedure

7. Plaintiffs also respectfully request that the Court enter the proposed Order Directing Clerk to Enter Defaults and Specifying Default Final Judgment Procedure, attached as Exhibit "A," authorizing Plaintiffs to move for a subsequent entry of default judgment as to the Corporate Defendants and Relief Defendants within a reasonable time after liability is resolved as to all remaining defendants.

8. Plaintiffs provide notice that there are multiple defendants and allegations of joint and several liability. Plaintiffs' complaint alleges that since at least late 2013, Jeremy Lee Marcus, Craig Davis Smith, and Yisbet Segrea (the "Individual Defendants"), through a maze of eleven interrelated companies, the Corporate Defendants, have engaged in a massive scheme to offer consumers phony debt relief services, including fake loans. Doc. 1 ¶3. Plaintiffs allege that

[1] The Corporate Defendants initially retained counsel, who were retained for eight (8) days before they were directed by all defendants to cease working on the matter. Doc 24.

the eleven Corporate Defendants are jointly and severally liable for their deceptive and unlawful acts and practices. Doc. 1, ¶33. Plaintiffs further allege that the three Individual Defendants are personally liable for the Corporate Defendants' unlawful acts and practices. Doc 1, ¶80. In addition, the Plaintiffs allege that twelve relief defendants, including the eight defaulting Relief Defendants, have received assets that are traceable to those deceptive acts and practices and that they have no legitimate claim to those assets. Doc. 1, ¶ 82-83.

9. Plaintiffs further inform the Court that they are diligently working toward providing the Court with a sum certain for liability of the Corporate Defendants and Relief Defendants. However, Plaintiffs also inform the Court that there are extraordinary financial entanglements between the Corporate Defendants, the Relief Defendants, the Individual Defendants, the remaining relief defendants, and additional related parties, which make submitting a sum certain as to liability a present impossibility. *See* Declaration of Jonathan E. Perlman, Esq. Regarding Status of Forensic Analysis attached at Exhibit "B;" Receiver's Amended First Interim Report at Doc. 70; Receiver's Agree First Verified Motion to Expand Receivership at Doc. 89; and Declaration of Soneet R. Kapila at Doc. 91.

For the foregoing reasons, Plaintiffs respectfully request that this Court issue an Order directing the Clerk of Court to enter defaults as to the Corporate Defendants and Relief Defendants, and an Order on Default Final Judgment procedure permitting Plaintiffs to move for a default judgment against the defaulted parties within a reasonable time after liability is resolved as to all remaining defendants.

Pursuant to Local Rule 7(1)(A)(3) counsel for the movant has made reasonable efforts to confer with all parties or non-parties who may be affected by the relief sought in the motion, by notifying counsel for all answering defendants, including counsel for Jeremy Marcus, the

putative owner of the defaulting defendants, that Plaintiffs' intended to file this motion. No counsel objected.

Dated: July 13, 2017.

Respectfully submitted,

DAVID SHONKA
Acting General Counsel

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 13th day of July, 2017, I electronically filed the foregoing document with the Clerk of the Court by using the CM/ECF system. I also certify that the foregoing document is being served this date on all counsel of record on the attached Service List via transmission of Notices of Electronic Filing generated by the CM/ECF system, or for those counsel or parties who are not authorized to receive CM/ECF Notices of Electronic Filing, is being served in the manner specified. I further certify that the foregoing document is being served this date on the Corporate and Relief Defendants' registered agent for service of process by postage prepaid, first class mail.

/s/ Valerie M. Verduce

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Relief Defendants Halfpay International, LLC; Halfpay NV LLC;
JLMJP Pompano, LLC; and Nantucket Cove of Illinois, LLC

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Via U.S. Mail
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Health Plan, Credit Specialists of America, American Advocacy Alliance, and Associated Administrative Services, 321Loans, Inc., f/k/a 321 Loans, Inc. also d/b/a 321Financial, Inc., Instahelp America, Inc., f/k/a Helping America Team, Inc., also d/b/a Helping America Group, Helping America Group, LLC, f/k/a Helping America Group, Inc., Breeze Financial Solutions, Inc., d/b/a Credit Health Plan and Credit Maximizing Program, US Legal Club, LLC, Active Debt Solutions, LLC, f/k/a Active Debt Solutions, Inc., also d/b/a Guardian Legal Center, Guardian LG, LLC, also d/b/a Guardian Legal Group, American Credit Security, LLC, f/k/a American Credit Shield, LLC, Paralegal Support Group, LLC, f/k/a/ Paralegal Staff Support LLC and Associated Administrative Services, LLC also d/b/a JobFax
Seth E. Ellis, Esq., Registered Agent
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and
300 Royal Plaza Drive
Fort Lauderdale, FL 33301
Corporate Defendants

Via U.S. Mail
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Seth E. Ellis, Esq., Registered Agent
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Fort Lauderdale, FL 33301
Relief Defendants

Attachment "A"

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 17-60907-CIV-MORENO

FEDERAL TRADE COMMISSION, and

STATE OF FLORIDA,

Plaintiffs,

v.

JEREMY LEE MARCUS, *et al.*,

Defendants and Relief Defendants.

[proposed] ORDER DIRECTING CLERK TO ENTER DEFAULTS AND SPECIFYING DEFAULT JUDGMENT PROCEDURE

THIS CAUSE came before the Court upon Plaintiffs' Motion for Entries of Default Against Certain Corporate and Relief Defendants and an Order on Default Final Judgment Procedure [ECF Doc. ___].

It appearing that the following defendants and relief defendants have failed to answer or otherwise defend against the Complaint, it is hereby ORDERED AND ADJUDGED that Plaintiffs' motion is GRANTED, and the Clerk of Court shall enter defaults against:

(1) Defendant Financial Freedom National, Inc., f/k/a Institute for Financial Freedom, Inc. and Marine Career Institute Sea Frontiers, Inc., also d/b/a 321 Loans, Instahelp America, Inc., Helping America Group, United Financial Support, Breeze Financial Solutions, 321Financial Education, Credit Health Plan, Credit Specialists of America, American Advocacy Alliance, and Associated Administrative Services;

(2) Defendant 321Loans, Inc., f/k/a 321 Loans, Inc., also d/b/a 321Financial, Inc.;

(3) Defendant Instahelp America, Inc., f/k/a Helping America Team, Inc., also d/b/a Helping America Group;

(4) Defendant Helping America Group, LLC, f/k/a Helping America Group, Inc.;

(5) Defendant Breeze Financial Solutions, Inc., also d/b/a Credit Health Plan and Credit Maximizing Program;

(6) Defendant US Legal Club, LLC;

(7) Defendant Active Debt Solutions, LLC, f/k/a Active Debt Solutions, Inc., also d/b/a Guardian Legal Center;

(8) Defendant Guardian LG, LLC, also d/b/a Guardian Legal Group;

(9) Defendant American Credit Security, LLC, f/k/a American Credit Shield, LLC;

(10) Defendant Paralegal Support Group LLC, f/k/a Paralegal Staff Support LLC;

(11) Defendant Associated Administrative Services, LLC, also d/b/a Jobfax;

(12) Relief Defendant 1609 Belmont Place LLC;

(13) Relief Defendant 16 S H Street Lake Worth, LLC;

(14) Relief Defendant 17866 Lake Azure Way Boca, LLC;

(15) Relief Defendant 114 Southwest 2nd Street DBF, LLC;

(16) Relief Defendant 110 Glouchester St., LLC;

(17) Relief Defendant 72 SE 6th Ave., LLC;

(18) Relief Defendant Fast Pace 69 LLC; and

(19) Relief Defendant Strategic Acquisitions Two, LLC.

In addition, Plaintiffs have provided notice that there are multiple defendants and allegations of joint and several liability, and further inform the Court that there are extraordinary

financial entanglements between all defaulting defendants, the remaining defendants, and additional related parties, which make submitting a sum certain as to liability a present impossibility. Accordingly, it is further ORDERED AND ADJUDGED that Plaintiffs may move for the entry of default judgment against the defaulting defendants within twenty-one (21) days after liability is resolved as to all defendants. Plaintiffs' motion for default judgment shall include affidavits of any sum certain due by defendants and any other documentation necessary to determine Plaintiffs' requested relief. The motion shall also be accompanied by a proposed order and proposed final judgment. *See* L.R. 7.1(a)(2).

DONE AND ORDERED this ____ day of _____, 2017.

_____
The Honorable Federico A. Moreno
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 17-60907-CIV-MORENO

FEDERAL TRADE COMMISSION, *et al.*,

Plaintiffs,

v.

JEREMY LEE MARCUS, *et al.*,

Defendants.
_____/

DECLARATION OF JONATHAN E. PERLMAN, ESQ.
REGARDING STATUS OF FORENSIC ANALYSIS

I, Jonathan E. Perlman, Esq., Receiver in the case of *FTC, et al., v. Marcus, et al.,* Case No. 017-CV-60907-MORENO, declare as follows regarding the current status of my forensic analysis and investigation.

1. On May 8, 2017, the Federal Trade Commission and Office of the Attorney General, State of Florida, Department of Legal Affairs ("State of Florida") filed a *Complaint for Permanent Injunction and Other Equitable Relief* against the Defendants ("FTC Complaint"). [ECF No. 1]. On May 9, 2017, the Court granted Plaintiffs' Motion for Temporary Restraining Order and appointed me as Temporary Receiver over the Receivership Defendants.[1]

[1] The Court's TRO and subsequent Preliminary Injunction define "Receivership Defendants" as meaning "Financial Freedom National, Inc. f/k/a Institute for Financial Freedom, Inc. and Marine Career Institute Sea Frontiers, Inc. also d/b/a 321 Loans, Instahelp America, Inc., Helping America Group, United Financial Support, Breeze Financial Solutions, 321Financial Education, Credit Health Plan, Credit Specialists of America, American Advocacy Alliance, and Associated Administrative Services; 321Loans, Inc., f/k/a 321 Loans, Inc. also d/b/a 321Financial, Inc.; Instahelp America, Inc. f/k/a Helping America Team, Inc. also d/b/a Helping America Group; Breeze Financial Solutions, Inc. also d/b/a Credit Health Plan and Credit Maximizing Program; US Legal Club, LLC; Active Debt Solutions, LLC f/k/a Active Debt Solutions, Inc. also d/b/a Guardian Legal Center; Guardian LG, LLC also d/b/a Guardian Legal

2. The FTC's and State of Florida's Complaint alleges that the 11 named Receivership Defendants, who are owned or controlled by the 3 Individual Defendants, operated out of the same principal place of business in Pompano Beach, FL ("Pompano Headquarters") and engaged in a massive scheme defrauding consumers of millions of dollars by offering phony debt relief services and fake loans. [ECF No. 1].

3. On May 17, 2017, I filed my first interim report, which identified numerous additional entities that the Defendants also owned and operated out of the Pompano Complex as part of the same business enterprise (the "Common Enterprise").[2] I plan to file a motion to expand the Receivership over twelve of these entities shortly.

Group; American Credit Security, LLC f/k/a America Credit Shield, LLC; Paralegal Support Group LLC f/k/a Paralegal Support LLC; and Associated Administrative Services, LLC also d/b/a Jobfax, and their divisions, subsidiaries, affiliates, predecessors, successors, assigns, and any fictitious business entities or business names created or used by these entities, or any of them." [ECF No. 21 p. 5].

[2] The additional entities include: JLMJP Pompano, LLC, 1609 Belmont Place LLC, 16 S H Street Lake Worth, LLC, 17866 Lake Azure Way Boca, LLC, 114 Southwest 2nd Street DBF, LLC, 110 Glouchester St., LLC, 72 SE 6th Ave., LLC, Fast Pace 69 LLC, Strategic Acquisitions Two, LLC, Halfpay International, LLC also d/b/a 16 H.S. Street 12Plex LLC, 311 SE 3rd St., LLC, 412 Bayfront Drive, LLC, 110 Glouchester St., LLC, 72 SE 6th Ave., LLC, 114 SW 2nd Street JM, LLC, 8209 Desmond Drive, LLC, and HLFP, LLC, Halfpay NV LLC also d/b/a Halfpay International LLC, and Nantucket Cove of Illinois, LLC; Halfpay International, LLC; Halfpay NV, LLC; White Light Media, LLC; HP Properties Group, Inc.; HP Media, Inc.; Blue42, LLC; Cockburn & Associate, LLC; Discount Marketing USA S.A.; JLMJP Pompano, LLC; Nantucket Cove of Illinois, LLC; Pro Star, LLC; Timing is Everything, Inc.; Viking Management Services, LLC; JLM85 Management, LLC; NOTT8PB, LLC; Omni Financial Management Inc.; Omni Management Partners LLC; Shielded Network LLC; 111 SW 2nd St., LLC; 116 SW 2nd St., LLC; 211 SE 4th Ave, LLC; 311 SE 3rd Ave., LLC; 412 Bayfront Drive, LLC; 422 Bayfront Drive, LLC; 8209 Desmond Drive, LLC; 211 SE 4th Ave., LLC; Nott 8PB, LLC; Helping America Borrow, Inc.; FFN Business Trust; 321Loans Business Trust; Instahelp America Business Trust; BFS Business Trust; Helping America Borrow Business Trust; Associated Administrative Service Business Trust; ACS Business Trust; Active Debt Solutions Business Trust; First Rate Holdings Business Trust; HLFP Business Trust; 17866 Lake Azure Way Boca Business Trust; US Legal Club Business Trust; Guardian LG Business Trust; Halfpay International Business Trust; JLMLP Pompano Business Trust; Paralegal Support Group Trust; Omni Management Partners Trust; JLM85 Management Business Trust; HP Property Group

4. Also on May 17, the Court entered its Preliminary Injunction and appointed me Permanent Receiver. [ECF No. 21].

5. Since my appointment as Receiver, my professionals and I have served demands for the turnover of financial records upon no less than 185 entities and persons, including 32 banks, 4 non-bank financial institutions, 104 related non-defendant entities, 22 non-defendant individuals, as well as the 11 initially named Receivership Defendants and the 12 Relief Defendants.

6. In particular with respect to banks and financial institutions, I have received few complete sets of account statements and financial records. Many of the document demand recipients have produced documents, however, and, they continue to do so on a rolling basis.

7. To assist me in unwinding and analyzing this complicated and intertwined financial web, I retained the forensic and financial investigatory advisory firm of KapilaMukamal, LLP ("KM").

8. Given the incomplete status of document production, KM is currently only in the preliminary stage of its forensic analysis and financial investigation.

9. As a result, I am unable at this time to report the total amounts consumers paid Defendants and related entities. However, based upon my investigation to date, as well as my review of the declaration of the FTC's forensic accountant, Roshni C. Agarwal, [ECF 6, ex. 2], I can provide some additional information regarding consumer payments to Defendants and related entities.

Business Trust; HP Media Business Trust; 111 SW 2nd St. Business Trust; 211 SE 4th Avenue Business Trust; 311 SE 3rd Street Business Trust; 603 Renaissance Lane Business Trust; Brick 7190, LLC; 80 Nottingham Place Business Trust; and 630 SE 25th Avenue Business Trust.

10. Forensic accountant Agarwal identified $50,276,034.76 in "credits" that Defendants and Relief Defendants received from June 1, 2014 to May 31, 2016, excluding known transfers between accounts. Of that, Agarwal identified $16,507,029.18 as having come to Defendants' accounts from Reliant Account Management ("RAM"), one of the companies Defendants used for ACH processing of payments consumers made via ACH withdrawal.

11. Agarwal's declaration indicates that she did not review Defendants' accounts at City National Bank ("City National"). Based on my review of City National's production of bank statements for Receivership Defendant Associated Administrative Services, LLC, this Receivership Defendant received $3,951,955.69 from RAM during that two-year period (June 1, 2014-May 31, 2016), thereby increasing the known total amount of consumer monies Defendants received through RAM during that period to $20,458,984.87. Further, that increases the total reported credits for that period to $54,227,990.06.

12. Additionally, for the subsequent period June 1, 2016 to May 11, 2017, I have identified $16,047,455.24 of consumer ACH withdrawals that RAM transferred to Receivership Defendant Associated Administrative Services, LLC and White Light Media, LLC, a Common Enterprise entity that is the subject of a pending agreed motion to expand the receivership. This increases reported credits for the combined almost three-year period (June 1, 2014 - May 11, 2017) to $70,275,445.30.

13. Additionally, Cockburn & Associate LLC, another Common Enterprise entity that is the subject of a pending agreed motion to expand the receivership, received $2,128,548.51(CAD) of consumer monies through EFT Canada, Inc., further increasing total reported credits.

14. Additionally, because Defendants began operating the Common Enterprise sometime prior to June 1, 2014, consumer monies received during that period must still be analyzed, which will further increase total reported credits.

15. Additionally, Defendants also received monies from consumers via other ACH processors, as well as by e-check, check and money order, all of which are currently being analyzed. These consumer payments will further increase the total reported credits.

DECLARATION

I, Jonathan E. Perlman, do hereby declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 12th day of July, 2017

Jonathan E. Perlman, Esq.
Receiver

[10675-006/ 2742189/ 3]