

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

FEDERAL TRADE COMMISSION, and
OFFICE OF THE ATTORNEY GENERAL,
STATE OF FLORIDA, DEPARTMENT OF
LEGAL AFFAIRS,

Case No.: 3:22-cv-655-MMH-JBT

Plaintiffs,

v.

TREASHONNA P. GRAHAM a/k/a SHONNA
GRAHAM, etc., and C LEE ENTERPRISES LLC,
a Florida limited liability company, also d/b/a
GRANT BAE and GRANT BAE
CONSULTING AND MORE,

Defendants.

RECEIVER'S PRELIMINARY INITIAL REPORT

Mark J. Bernet, as Receiver for C Lee Enterprises LLC, d/b/a Grant Bae (the "Receiver"), as required by Section XIII. Y of the Court's *Ex Parte Temporary Restraining Order with Asset Freeze, Appointment of a Temporary Receiver, and Other Equitable Relief, and Setting a Preliminary Injunction Hearing* (doc. no. 19) (the "TRO"), files his Preliminary Initial Report.

SUMMARY OF REPORT

- The Receiver retrieved paper records and electronic records containing Grant Bae's ESI on June 22, 2022. All records and devices were returned as required by the Court's orders. The Individual Defendant provided false information to the Receiver during her Initial Interview.

- The Individual Defendant's legal name likely is "Treashonna P. Davis." She claims that her name is "Treashonna P. Graham" or "Shonna Williams."

- The Defendants utilized Grant Bae's funds to purchase expensive vehicles. Some of these vehicles were titled in the name of Joey Williams, identified as Grant Bae's CFO. The Defendants and Joey Williams have disposed of the vehicles, at least once possibly in violation of the Court's TRO.

- The Individual Defendant and Joey Williams withdrew a substantial amount of money from a safe deposit box at Greyhound Racing in October 2021. At the time they knew Grant Bae was failing. At least \$115,000 of this money was transferred to Joey Williams or his new company, RFNF Trucking. At least \$50,000 of this money was used to purchase a Jeep Rubicon. The Rubicon, which was given to the Individual Defendant's 17-year old daughter, has since been sold.

- Grant Bae has no money in any of its bank accounts. Its sole

assets appear to be litigation claims.

- The Individual Defendant has no experience relating to obtaining grants for others. She claimed Grant Bae hired people with requisite experience, but her statements, many of which were under oath, are false. Grant Bae has no ability to obtain grant funding for anyone.

- Grant Bae filed no tax returns. It has no accounting software and maintained no accounting records. The Receiver is performing a forensic accounting analysis.

- More than two weeks after being served with the lawsuit, the Individual Defendant has not read significant portions of it.

- Grant Bae cannot be operated legal or profitably.

PRELIMINARY STATEMENT

In its TRO the Court scheduled a preliminary injunction hearing for July 5, 2022, at 2:00 p.m. By its *Order* entered June 30, 2022 (doc. no. 30), the Court rescheduled the preliminary injunction hearing to July 26, 2022. Because the hearing could be contested, the Receiver has prepared this preliminary initial report to assist the Court and the parties. If called as a witness at a contested preliminary injunction hearing, the Receiver's testimony would be as is set forth in this preliminary initial report.

I. BACKGROUND

On Monday, June 13, 2022, the Federal Trade Commission ("FTC") and the State of Florida, Office of the Attorney General ("FLAG") filed a civil lawsuit against (i) Treashonna P. Graham, a/k/a Shonna Graham, a/k/a Treashonna Lee Williams (the "Individual Defendant"),¹ and (ii) C Lee Enterprises LLC, d/b/a Grant Bae and d/b/a Grant Bae Consulting and More ("Grant Bae").

The FTC and FLAG alleged that the defendants operated a business designed to "induce struggling minority-owned small business to use Grant Bae's grant writing and business consulting services." The FTC and FLAG further alleged that Grant Bae's "true purpose [was] to enrich [the Defendants] at the expense of unsuspecting business owners" by taking "large fees, sometimes of more than \$5,000, from minority-owned small business owners in exchange for false promises of guaranteed grant funding" that were never fulfilled.

With their Complaint the Plaintiffs also filed an *ex parte* motion requesting that the Court enter a temporary restraining order, appoint a temporary receiver, and award other prejudgment relief. The Court granted the motion and entered the TRO on June 21, 2022. Among other things, the

¹ The Receiver has chosen to use the term "Individual Defendant" purposely because the Individual Defendant was unable to accurately provide her name at deposition. See Section II.C., beginning on page 21, below.

TRO enjoined the Defendants from operating their grant writing business, froze their assets, and appointed the Receiver as receiver for Grant Bae.

The TRO directs the Receiver to:

A. Assume full control of Grant Bae by removing, as the Receiver deem necessary or advisable, any director, officer, independent contractor, employee, or agent of Grant Bae from control of, management of, or participation in, the affairs of Grant Bae;

B. Take exclusive custody, control and possession of all funds, property, premises, accounts, mail, and other assets and documents of, or in the possession, custody, or under the control of, Grant Bae, wherever situated;

C. Conserve, hold and manage all receivership Assets, and perform all acts necessary or advisable in the Receiver's opinion to preserve the value of those Assets;

D. Take all steps necessary to secure the business premises of Grant Bae; and

E. Prepare and file with the Court a written report that describes (i) the steps taken to implement the TRO; (ii) the value of all assets and sum of all liabilities of Grant Bae; (iii) the steps the Receiver intends to take in the future to protect receivership assets, recover receivership assets from third parties, and adjust receivership liabilities; (iv) the Receiver's opinion on

whether any portion of the business of any of the Receivership Entities can continue to operate legally and profitably; and (v) any other matters which the Receiver believes should be brought to the Court's attention.

This report outlines the Receiver's efforts since his appointment to complete his duties. The Receiver anticipates filing an expanded report as further information becomes available.

II. EVENTS OF RECEIVERSHIP

The Court entered its TRO at 3:00 p.m. on Tuesday, June 21, 2022. Shortly thereafter the Plaintiffs provided a copy of the TRO to the Receiver. The Plaintiffs also provided the Receiver with copies of the Complaint (doc. no. 1) and their motion requesting the entry of a TRO (doc. no. 5). The Receiver reviewed the materials and made plans to travel to Lake City, Florida, to take possession of the Assets and Documents of Grant Bae

The Receiver met with FTC attorneys and investigators on June 22, 2022, at the Columbia County, Florida Sheriff's office. The meeting, which included sheriff's deputies, was to coordinate the service of the TRO and the Receiver's entry into the home of the Defendant, Treashonna P. Graham,² the suspected location of the Assets, books and records of the Grant Bae. The Receiver, his Deputy Receiver,³ and five Columbia County deputy sheriffs

² As discussed below, the legal name of the Individual Defendant is not "Treashonna P. Graham." See Section II.C., page 21, below.

³ The Receiver's son, Daniel Bernet, served as Deputy Receiver.

proceeded to the home of the Individual Defendant, located at 1159 SW Ichetucknee Avenue, Lake City, Florida 32024 (the "Residence Address").

A. THE INITIAL INTERVIEWS

The Receiver and one deputy knocked on the front door of the Residence Address, but there was no answer. However, another deputy noticed an individual, later identified as Joey L. Williams, mowing the lawn. The deputy ascertained from Mr. Williams that the Individual Defendant was present in the house. Mr. Williams entered the house and brought the Individual Defendant into the garage to meet the Receiver and the deputies. The deputies then searched the house for weapons and located several guns that they placed into a single, empty room inside the Residence Address.⁴

After the Receiver explained that the Individual Defendant and her company, Grant Bae, had been sued and that the Court had entered the TRO,⁵ the Individual Defendant stated to the Receiver that her children were inside the house and that she would prefer that they not be witnesses to the anticipated interview and search of the Residence Address. The Receiver agreed and Mr. Williams took the children to the pool, which was out of view of the Individual Defendant's office. The Individual Defendant identified Mr. Williams as her "husband." This was an untrue statement.

⁴ The Receiver subsequently located two additional guns that the deputies placed into the room with the others.

⁵ During the initial discussion the Receiver briefly explained some of the provisions of the TRO. He subsequently had a more detailed discussion with the Individual Defendant.

RECORDS

The Receiver explained that he needed to review and probably remove, at least temporarily, documents and electronic devices containing ESI relating to Grant Bae. The Individual Defendant stated that Grant Bae had ceased operating in January 2022. She said it vacated its office, and that it had sold most of its assets. She surrendered one desktop computer to the Receiver, from her garage, that she said had belonged to Grant Bae.⁶ She also surrendered a number of paper records, which she found at random locations in her office and in her garage.⁷

The Individual Defendant explained that most of the relevant ESI for Grant Bae would be on her laptop computer and on cloud servers. She identified "Dubsado" as the CRM software program⁸ that Grant Bae used (as noted below, this was one of many inaccurate or incomplete statements made by the Individual Defendant). The Individual Defendant provided the login and password information for Dubsado, and the Receiver relayed that information to the Plaintiffs' computer forensics team. The data

⁶ The Receiver reviewed the ESI contained on the desktop computer and concluded it contained no useful information.

⁷ These paper records almost filled one Banker's Box. The documents did not include any financial records and otherwise had little usefulness.

⁸ "CRM," or "customer relationship management" software is computer software that allows a business or other organization to administer its interactions with customers, typically using data analytics to study large amounts of customer and other relevant information. CRM software programs compile data from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials and social media. There are many different CRM software programs on the market.

subsequently was downloaded and is being analyzed. The Individual Defendant also provided the Receiver with the login and password information for Stripe, which had been Grant Bae's primary payment card processor. She did not mention that Grant Bae had used other payment processors.

The Individual Defendant also acknowledged that Grant Bae has a website, located at www.grantbae.com. She provided the login and password for the website. She did not disclose, however, that Grant Bae maintains and operates a second website, www.grants4everyone.com, even though the Receiver specifically asked her if Grant Bae had websites other than www.grantbae.com. The Receiver discovered the second website a few days after June 22, 2022. The second website remained operative until shut down by the Receiver on July 8, 2022.

The Receiver asked the Individual Defendant about two iPads, one green and the other black, that were visible in plain view in the Individual Defendant's office. She responded that they belonged to her daughters (ages 13 and 9). The Receiver asked for the Individual Defendant to turn on the iPads so that he could view them; she claimed that neither were charged, and so could not be turned on:

- The Receiver located a charging cord for the "Green iPad" and plugged it in. The iPad, which supposedly belonged to the Individual's

13 year-old daughter, was identified as "Shonna's iPad"⁹ and obviously contained information related to Grant Bae.¹⁰ The Receiver took possession of the Green iPad so that the ESI contained on it could be imaged.

- The Receiver could not locate a charging cord for the "Black iPad." He determined he would take it until he could turn it on and review it. When he was able to access the device, the Receiver discovered that it was registered with Apple with an e-mail address associated with Joey Williams and that it contained information relevant to Grant Bae.¹¹ The Receiver determined he would image the ESI located on the Black iPad.

The Individual Defendant also acknowledged that she used her cell phone to conduct business related to Grant Bae. The Receiver instructed her that he would take possession of her cell phone so that he could image it to obtain ESI. The Receiver assured the Individual Defendant that he was interested only in information relating to Grant Bae. The Individual Defendant reluctantly surrendered her cell phone.

All of the paper records and electronic devices, save for the Black iPad, were returned to the Individual Defendant on Saturday, June 25, 2022. Due to logistical issues associated with the PIN for the Black iPad, the Court

⁹ The 13-year old's name is not "Shonna."

¹⁰ Among other things visible on the Green iPad's home screen was an icon for "Square," a credit card payment processing company that was utilized by Grant Bae.

¹¹ The Individual Defendant told the Receiver that the Black iPad belonged to her nine-year old daughter, whose name is not "Joey."

authorized the Receiver to retain it for seven days after he obtained the correct PIN. The Receiver obtained the correct PIN on June 27, 2022, and returned the Black iPad to the Individual Defendant on June 30, 2022.

VEHICLES

The Individual Defendant, and Mr. Williams, acknowledged that they had owned several vehicles, including a 2018 Dodge Charger, a 2019 Jeep Wrangler (Rubicon), a 2020 Cadillac CT4, a 2020 Kia Telluride, and a 2021 Dodge Challenger (with a 6.2 liter Hellcat engine). They claimed they sold them all or did not know about them, save for the Telluride, which was the only vehicle located at the Residence Address while the Receiver was there. As to the location or disposition of the vehicles:

- Mr. Williams told the Deputy Receiver that he sold the Challenger, which retails used for at least \$90,000, to an individual who agreed to pay off a \$22,000 car loan. He said they received nothing else from the "sale" of the Challenger. He could not remember the name of the person to whom he sold the Challenger. Mr. Williams repeated this story to the Receiver, as did the Individual Defendant. The Receiver subsequently learned that the story was untrue.

- Mr. Williams told the Deputy Receiver that they traded the Charger in on the Challenger. He did not remember how much they received as the trade-in value. The Individual Defendant subsequently said that they

sold the Charger to an individual; she did not mention trading it on another vehicle.

- Mr. Williams told the Deputy Receiver they sold the Rubicon to a third party. He did not remember the name of the person who bought the Rubicon, nor did he remember how much they received.

- Mr. Williams claimed to know nothing about the Cadillac. The Individual Defendant also denied any knowledge of the Cadillac. The Receiver subsequently discovered that the Individual Defendant used funds from Grant Bae to purchase the Cadillac, and then gave it to Patrice Graham, the mother of the Individual Defendant. The Individual Defendant and Mr. Williams took the Cadillac back in April or May, 2022, and sold it. They told Patrice Graham that they needed the money.

CASINOS

After the Receiver interviewed the Individual Defendant and secured paper and electronic records, he drove to Jacksonville to investigate a safe deposit box in the name of the Individual Defendant with Greyhound Racing, a casino. The Security Manager met the Receiver and advised that the safe deposit box actually was located at Greyhound Racing's Orange Park facility, but that it was empty because the Individual Defendant had accessed it and removed all of its contents in October, 2021. On June 23, 2022, at the Receiver's request, Greyhound Racing drilled the lock on the safe deposit box

to open it and confirmed that it contained nothing. Greyhound provided the Receiver with a video of their actions drilling open the safe deposit box. The Receiver subsequently learned at the Individual Defendant's deposition that from the money in the safe deposit box she transferred \$115,000 to Joey Williams and that she also purchased the Jeep Rubicon, which at the time would have retailed for \$50,000 or more. Joey Williams knew this but stated otherwise to the Receiver and to the Deputy Receiver.

- Mr. Williams told the Deputy Receiver that there they owned no other vehicles other than the Telluride. The Individual Defendant made the same statement to the Receiver. The statements were not true.

The Receiver did not take possession of any vehicles.

OTHER ASSETS

The Receiver did not take possession of any other assets.

B. INVESTIGATIONS AFTER INITIAL INTERVIEWS

After the June 22, 2022 initial interviews the Receiver began reviewing information he had gathered from the Residence Address and from other sources, including bank records.

Grant Bae marketed to minority-owned businesses. It claimed that, in return for a fee, it would "guarantee" that it would obtain grant funding for its customers. On its website it claimed to have relationships with, and to have obtained grant funding for customers from, The Bill and

Melinda Gates Foundation, the United States Small Business Administration, the Federal Communications Commission, and KKR (Kohlberg Kravis Roberts). As it turned out, Grant Bae had and has no relationship with any of these companies and it never obtained grants for its customers from any of them.¹² The Individual Defendant told the Receiver that Grant Bae was not involved with the grant application process; she claimed instead that she outsourced this part of the business to individuals in California. She was not able to name any of them, and the Receiver's subsequent investigation was unable to identify any of them.¹³

The Individual Defendant created Grant Bae as a Florida limited liability company on June 30, 2020, listing its business address as 129 NE Fryer Road, Lake City, Florida 32055. That address, however, is the home address for Patrice Graham, the mother of the Individual Defendant. The Individual Defendant listed herself as Grant Bae's registered agent, at the same address, but she did not live there and only occasionally visited there. Certainly, she did not comply with Fla. Stat. §48.091, which requires

¹² The Individual Defendant admitted this in her deposition.

¹³ As noted below, at her deposition the Individual Defendant testified that she utilized "Fiverr" as her company to write grant applications. This cannot be true. Fiverr functions as a broker; it is an online marketplace that connects freelancers selling their services to clients looking to hire someone for a project. It is possible that the Individual Defendant located grant writers *through* Fiverr, but (i) this is not what the Individual Defendant said, (ii) the Receiver has discovered no documentary evidence to support this possibility.

companies to maintain a registered agent at a registered office on weekdays during the hours of 10:00 a.m. and 12:00 noon.

Grant Bae employed approximately 10 employees. One of the original employees was Joey Williams, who later received the title "CFO" of the company. The Individual Defendant claimed that she simply made up the title for Mr. Williams so that she could pay him with funds from Grant Bae; she claimed that in reality he had only a very limited role with the company. She declined to say how much he was paid, although at her deposition she admitted that she transferred \$115,000 to him to start a new company (RFNF Trucking LLC) in October 2021. As will be shown, by October 2021, Grant Bae was declining severely and almost certainly was insolvent.

The Individual Defendant is charming and presents well but, unfortunately, she does not know how to operate a business, much less one supposedly involved in the complexities of seeking grant funding for others. Grant Bae has no accounting software program or, as best the Receiver can tell, any other method for accounting for its finances. Instead, it appears that the Individual Defendant, along with Mr. Williams, simply used the funds collected through their merchant card payment processing accounts (Stripe, Square, PayPal) to pay their operating and living expenses.

Grant Bae used ADP, Inc. for payroll processing, but it did not keep copies of any of its payroll records and the Receiver so far has not obtained them from ADP. Grant Bae paid its other operating expenses (rent, utilities, etc.) simply through ACH transfers or through paper checks, initiated or written by the Individual Defendant or Mr. Williams. There is no online check register that the Receiver has located, nor was there a company general ledger. The Receiver is in the process of assembling financial records from banks and other financial institutions in which Grant Bae had accounts; with these, the Receiver will be able to perform a forensic analysis. As of the date of this report, however, the Receiver reports that Grant Bae had no money in any of its accounts, and that the Receiver has collected nothing.

In the Complaint the Plaintiffs alleged that Grant Bae applied for and obtained a loan from the United States Small Business Administration under the Payroll Protection Program (PPP), but the Receiver has located no records from Grant Bae related to this loan. The Receiver accepts that there was a PPP loan to Grant Bae, but simply needs to advise the court that Grant Bae did not maintain records relating to that loan.¹⁴

¹⁴ Independently as can be shown on the accompanying links, the Receiver has confirmed that (i) C Lee Enterprises was approved for a PPP Loan of \$8,013 on July 22, 2020 ([C Lee Enterprises LLC Loan](#)); (ii) Treashonna Graham was approved for a PPP Loan of \$22,989 on August 5, 2020 ([Treashonna Graham Loan](#)); and (iii) Joey Williams was approved for a PPP Loan of \$30,000 on July 29, 2020 ([Joey Williams Loan](#)). None of these PPP loans has been repaid or forgiven. None of the records have been provided to the Receiver.

At her initial interview the Individual Defendant told the Receiver that Grant Bae failed because she personally had been "targeted" by an individual who was "out to get" her. She claimed that this was motivated by jealousy, and that she had received death threats. She also claimed that one of Grant Bae's former employees, Kris Holt, facilitated the company's downfall because the Individual Defendant refused Ms. Holt's demand that the Individual Defendant allow Ms. Holt and her fiancé to become part owners of Grant Bae or related companies that were to be formed. The Receiver has not yet spoken with Ms. Holt, but he notes that Ms. Holt's Declaration, which is on file with the Court, contradicts the Individual Defendant's claims.¹⁵

As to the grant application portion of the business, the Receiver notes that Grant Bae employees, working from a two-page script, would speak to customers to obtain information supposedly necessary to apply for grants. The information then was recorded in a CRM software program known as Conveyer Lead, which was implemented for Grant Bae by Kris

¹⁵ The Individual Defendant claimed that Ms. Holt is an "impostor," and that her real name is not "Kris Holt." The Individual Defendant did not know what Ms. Holt's "real name" might be. As of July 6, 2022, the Individual Defendant stated that she had not yet read Ms. Holt's declaration. The Receiver certifies that he personally saw a process server serve a copy of the Plaintiff's Complaint, motion for a TRO and all supporting materials upon the Individual Defendant on June 22, 2022. She has a copy of Ms. Holt's Declaration.

Holt.¹⁶ The information collected, however, appears to the Receiver to be sparse: Grant Bae did not require its customers to provide business plans, balance sheets or income statements, banking or employee payroll records or tax returns. The Receiver does not profess to be an expert in the field of grant writing, but common sense would suggest that such basic information ordinarily would be a part of any grant application.

After information was recorded in the CRM software program, it supposedly would be accessed by the Grant Bae's "California team" (according to the Individual Defendant) so that applications could be prepared. However, the Receiver so far has not discovered any evidence that Grant Bae applied for grants for any of its customers or contracted with any third parties to apply for grants for any of its customers. As best the Receiver can ascertain, Grant Bae did not apply for grants for its customers.

As for the Individual Defendant, the Receiver is satisfied that she has no knowledge whatsoever concerning how to apply for a grant. As the Plaintiffs state in their papers, the Individual Defendant was arrested in 2018, while employed at Krystal Restaurants, and charged with felony

¹⁶ The Individual Defendant did not identify the Conveyer Lead CRM software to the Receiver, but instead she identified only the later-adopted Dubsado CRM software program. It appears that Grant Bae switched to Dubsado shortly after the Individual Defendant's falling out with Kris Holt.

theft.¹⁷ She pleaded guilty, with adjudication withheld pending her completion of probation and restitution. Immediately after pleading guilty, the Individual Defendant started Grant Bae, but the Receiver can find nothing in her background that would support her claim of expertise in obtaining grant funding. The Individual Defendant did not understand what a balance sheet or income statement might be; she did not understand the concept of a business plan; and she could not name a single entity that had provided any grant to any of Grant Bae's customers. In short, the Receiver is satisfied that the Individual Defendant does not have any ability to deliver grant funding to customers, and never did.

Starting in approximately August 2021, the revenues of Grant Bae declined substantially. According to the Individual Defendant, this is the period of time when Kris Holt notified Grant Bae's customers that Grant Bae was a fraud and would not be able to deliver grant funding. The Individual Defendant's response was to attempt to transfer Grant Bae's cash to herself or to Joey Williams, or to other entities they controlled. These included a company known as "A Pot and Two Windows LLC," which listed Joey Williams as its registered agent and Alannah Graham as its CEO.

¹⁷ In her financial disclosure form, which the Individual Defendant was ordered to provide under the Court's TRO, the Individual Defendant omitted her employment with Krystal Restaurants.

Alannah Graham is the Individual Defendant's 17-year old daughter.¹⁸ The transferees of Grant Bae's funds also include RFNF Trucking LLC, a company created by Joey Williams in October 2021. There is no online information as to the nature of RFNF Trucking's business; certainly, it holds no carrier or freight broker's licenses issued by the Federal Motor Carrier Safety Administration. The Receiver has not located any consideration that was given in return for the \$115,000.

In September 2021, Stripe ceased providing card processing services to Grant Bae. However, it continued to process and pay chargeback requests made by Grant Bae's customers. At first, Stripe was able to cause money in Grant Bae's bank accounts to be transferred to Stripe to cover the chargebacks, but soon the Individual Defendant and/or Joey Williams removed the money from the accounts. Stripe has continued to pay valid chargeback claims; as of June 30, 2022, Grant Bae's account with Stripe was overdrawn by approximately \$680,000. The Individual Defendant was aware of this and, in the Receiver's view, was taking steps to hide assets from Stripe and other creditors, with the actual intent to hinder, delay and defraud them.

¹⁸ A Pot and Two Windows lists its company address with the Florida Secretary of State as 129 NE Fryer Road, Lake City, Florida. This is the home address for Patrice Graham, the Individual Defendant's mother. Alannah Graham does not reside there. Patrice Graham has no knowledge of the company.

C. THE INDIVIDUAL DEFENDANT'S DEPOSITION

The Receiver deposed the Individual Defendant on July 6, 2022. She was represented by Robert C. Eckard. The deposition began, as most do, with the Receiver asking the Deponent to state her name. She responded that it was "Treashonna P. Graham." She testified that she also was known as "Shonna Williams," having taken the name of her "husband" Joey Williams. However, she stated that she was married to Mr. Williams "in her mind." She admitted that she filed her 2019 tax return (the last one she ever filed) in the name of "Treashonna P. Davis" because that was the name "they have for me at the DMV." She admitted that she had been married to an individual named "Anthony Davis" who is the father of three of her children, but she claimed she did not know how to reach him and does not consider herself still married to him. However, she did not know if she was divorced from Mr. Davis, and she could not say whether she had filed a divorce case seeking a divorce from Mr. Davis.¹⁹ She insisted that she considered Mr. Williams to be her husband and had so considered him since the time she was 16, even though she was (and likely still is) legally married to Anthony Davis.²⁰

¹⁹ The Receiver's online search discovered no dissolution of marriage cases in Columbia County, Florida, in which the Individual Defendant was a party.

²⁰ By claiming to be married to Mr. Williams, the Receiver suspects that the Individual Defendant may be attempting to shield her assets by claiming they are owned with Mr.

When asked directly, the Individual Defendant admitted that Grant Bae had a second website located at www.grants4everyone.com. She claimed it was a "mirror" of the website at www.grantbae.com, but when shown screenshots she admitted that the websites are different.

The Individual Defendant did not know how a "sole proprietorship" differed from a limited liability company. She did not understand the difference between a "C" corporation, an "S" corporation or a non-profit organization. The Receiver then showed her a screen shot of her websites, in which it was claimed that Grant Bae could obtain grant funding for sole proprietorships, limited liability companies, "C" corporations, "S" corporations, and non-profit organizations. She was not certain if Grant Bae had any of these business entities as customers. She did not know who provided the content for the website although she thought it might have been a company known as "Fiverr."

Regarding Fiverr, the individual Defendant testified that it was a grant writing company with whom Grant Bae contracted. She claimed that Grant Bae referred all of its customers to Fiverr to write grant applications. She said that Grant Bae's role was simply to bring customers in the door and collect 35 percent of the fee, while Fiverr would apply for grants for

Williams in a tenancy by the entireties, and that she also may attempt to assert a spousal privilege.

customers and earn 65 percent of the fee. The Receiver is skeptical of this testimony because (i) he has discovered no evidence to support the statement from Grant Bae's records, and (ii) Fiverr is not in the business of writing grant applications. *See* fn. 13 above. Further, after reviewing Grant Bae's bank records, the Receiver has located payments to Fiverr totaling only approximately \$1,200, some of which pertains to t-shirt designs.

The Individual Defendant testified that Grant Bae offered its customers a money-back guarantee. However, she said that customers were not eligible for refunds for a year because it could take that long to obtain the grants. This is contradicted by statements on Grant Bae's website stating that grants can be awarded within days or months. The Individual Defendant claimed that Grant Bae had operated for only a little over a year, and that as a result there were few "valid" claims for refunds.

The Court's TRO directed the Individual Defendant to provide her last three years federal tax returns, but she provided only her federal tax return for 2019. It was prepared by a tax preparing service located in Lake City, and it showed that she earned a total of \$357 during the 2019 tax year. She did not provide a 2020 or 2021 tax return; she testified she did not remember if she had prepared personal returns for those years. Elsewhere in her financial disclosure forms she claimed that Grant Bae earned a total of exactly \$3,400,000 during 2020 and 2021 from the operations of Grant Bae,

had expenses of exactly \$1,900,000, and had a net profit after taxes of exactly \$1,200,000.²¹ The Receiver suspects that her failure to file tax returns for 2020 and 2021 was an effort on her part to avoid paying income tax.

The Individual Defendant at first testified that she did not know whether Grant Bae filed income tax returns for 2020 or 2021. Later in the deposition she acknowledged that it had not. The Receiver has not located any. This is problematic.

The Individual Defendant testified that Grant Bae continued to generate income through the end of 2021, and even into 2022. However, in order to obtain payment, she testified that she utilized a new merchant account, opened by A Pot and Two Windows LLC, to receive payments. As noted above, Mr. Williams is the registered agent for this company, and the Individual Defendant's 17-year old daughter is listed with the Florida Secretary of State as its CEO. The money was taken from A Pot and Two Windows by the Individual Defendant and Mr. Williams.

The Individual Defendant disclosed that Joey Williams owned a 2021 Nissan Altima that had been used by the Individual Defendant's 17-year old daughter. On June 24, 2022, the Receiver sent Mr. Williams a letter providing him with a copy of the TRO and explaining that the TRO applied to him. A copy of that letter, which was delivered to Mr. Williams on June 25,

²¹ The Individual Defendant could not explain the missing \$300,000.

2022, is attached as Exhibit "A." However, at the deposition the Individual Defendant disclosed that she and Mr. Williams sold the Altima, which was titled in the name of Mr. Williams, on July 1, 2022, to Dozi Okike, for \$11,000.²² This is less than the vehicle was worth. Because the vehicle may have been purchased with funds that derived from Grant Bae, the Receiver suspects the sale may have violated the Court's TRO.

The Individual Defendant testified that she met with her attorney, Robert C. Eckard, during the afternoon of July 5, 2022, but that during the morning on that day she went to the Seminole Hard Rock Casino to gamble. She testified she won \$4,000 which, when combined with the \$11,000 she received for selling the Altima, was just enough to pay Mr. Eckard's \$15,000 retainer. The Receiver doubts the truth of this story.²³

At approximately 5:00 p.m., the Receiver continued the Individual Defendant's deposition to a future date. The Receiver also continued Joey Williams' deposition, which had been scheduled for July 7, 2022, to a future date.

²² Mr. Okike also purchased several other vehicles from Grant Bae, Joey Williams and the Receivership Defendant for less than market value. The Receiver contacted Mr. Okike on July 7, 2022, and explained that the Altima was subject to recovery by the receivership estate, and that he may be liable in fraudulent transfer actions for his acquisition of the other vehicles.

²³ Mr. Eckard said that the Individual Defendant told hm the retainer came from 401K accounts of her friends. The Receiver has known Mr. Eckard for many years and is satisfied that he is ethical and truthful, and he therefore accepts Mr. Eckard's representations. The Receiver agreed at the deposition that he would not seek to recover the \$15,000 retainer from Mr. Eckard, although the Receiver reserved the ability to pursue contempt sanctions against the Defendants and Mr. Williams.

III. RESPONSES TO THE SPECIFIC DIRECTIVES OF THE TRO

The TRO directs the Receiver to address the following points in his initial report: (i) the steps taken to implement the TRO; (ii) the value of all assets and sum of all liabilities of Grant Bae; (iii) the steps the Receiver intends to take in the future to protect receivership assets, recover receivership assets from third parties, and adjust receivership liabilities; (iv) the Receiver's opinion on whether any portion of the business of any of the Receivership Entities can continue to operate legally and profitably; and (v) any other matters which the Receiver believes should be brought to the Court's attention.

A. Steps taken to implement the TRO. The Receiver's efforts to implement the TRO are set forth above.

B. Value of all assets and sum of all liabilities of Grant Bae. The Receiver cannot assemble a complete, accurate balance sheet at this time. The Receiver is aware that Grant Bae's bank accounts have been emptied, and that its primary assets appear to be litigation claims against various persons, including Patrice Graham, RFNF Trucking LLC, Joey Williams, and Dozi Okike. The Receiver also may have a claim against the Individual Defendant to recover her homestead property, which she purchased with the proceeds of Grant Bae's fraudulent scheme. It is not possible at this time to estimate the value of all of these claims. On the

liabilities side of the balance sheet, the Receiver is aware that Stripe paid some chargeback claims and now claims to be owed approximately \$680,000. Many customers did not pursue chargeback claims against their credit card issuers, and as a result they (as opposed to credit card processors) are creditors of Grant Bae. The Receiver estimates the total amount of liabilities exceeds \$3.4 million.

C. Steps the Receiver intends to take. In the near term, the Receiver intends to finish the deposition of the Individual Defendant and conduct the deposition of Joey Williams. More strategically, the Receiver intends to obtain records from various financial institutions and third parties (to include automobile dealerships that sold vehicles to the Defendants and Joey Williams and that purchased vehicles from them) to determine the legal and economic viability of the various litigations claims. The Receiver has made no determination at this time whether the potential claims are viable.

D. Whether the business can operate legally and profitably. The Receiver has served as a federal equity receiver for more than 150 entities in 20 separate lawsuits since 2003. The Receiver has analyzed many different businesses but has rarely been involved with any as poorly conceived or implemented as Grant Bae. The entire operation was a scam from the beginning because the company had no ability to even begin to understand the requirements for obtaining grants for its customers. When

Grant Bae's management learned that customers had realized they had been taken, they looted the company and transferred its cash to themselves. Under no conceivable basis can Grant Bae be operated legally or profitably by existing or any other management.

E. Other matters for the Court's consideration. The Receiver believes that Joey Williams, Grant Bae's CFO, may have been complicit in the fraudulent activities. The Receiver's other thoughts are set forth in this report.

IV. CONCLUSION

The Receiver invites the questions and comments of the Court and the parties.

Dated: July 8, 2022

/s/ Mark J. Bernet
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CERTIFICATE OF SERVICE

I certify that on July 8, 2022, a copy of the foregoing was served by e-mail to Miriam Lederer, Esquire and Daniel Wilkes, Esquire, Attorneys for Plaintiff, Federal Trade Commission, 600 Pennsylvania Avenue, N.W. (Mail Drop CC-9528), Washington, D.C. 20580, e-mail: mlederer@ftc.gov and dwilkes@ftc.gov; Carol E.A. DeGraffenreidt, Esquire, Attorney for Plaintiff, Office of the Attorney General State of Florida Department of Legal Affairs, 1300 Riverside Blvd., Suite 405, Jacksonville, FL 32207, e-mail carol.degraffenreidt@myfloridalegal.com, and Robert D. Eckard, Esquire and Drew K. Patterson, Esquire, The Law Offices of Robert D. Eckard & Associates, P.A., 3110 Palm Harbor Blvd., Pam Harbor, Florida 34683, e-mail robert@roberteckardlaw.com, drew@roberteckardlaw.com.

/s/ Mark J. Bernet

Mark J. Bernet, Receiver