

- MOBE Ltd. (Malaysia)
 - MobeProcessing.com, Inc. (US)
 - MobeTraining.com, Inc. (US)
 - Transaction Management USA, Inc. (US)
 - MOBE Pro Ltd. (UK)
 - MOBE Online Ltd. (Mauritius)
 - 9336-0311 Quebec, Inc. (Canada)
 - Matt LloydPublishing.com, Pvt (Australia)
 - MOBE Inc. (Panama)
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Tampa, Florida
November 19, 2020

There has been some activity during the past several months. Following is an update.

Matt Lloyd Settlement. I reported previously that I have entered into a settlement with Matt Lloyd (real name Matthew Lloyd McPhee), under which he agreed to turn over his interests in his Fiji and Costa Rica resorts and in two Kuala Lumpur apartments, subject to his right to purchase them back from me, for cash payments. On December 19, 2019, Judge Dalton entered an order approving my proposed settlement with Matt Lloyd. A copy of that order is posted on my website at www.bernet-receiver.com. Mr. McPhee now has performed fully under the settlement, and I have collected the funds contemplated therein.

Mike & Mike. In the spring of 2020 the FTC filed a lawsuit against Mike Giannulis, Michael Williams, and their various companies. There had been a settlement reached in advance of the suit, under which Messrs. Giannulis and Williams agreed to the entry of a judgment for \$31.6 million, which was suspended on condition they (i) pay the FTC \$760,000, and (ii) turn over to me, as receiver, two Rolex watches, a motorcycle, and various rings they were awarded by MOBE for sales achievements. They also were permanently enjoined from engaging in any Business Coaching Program or any Money-Making Method, terms defined broadly to assure that neither will be selling any business opportunities similar to those sold by MOBE.

I obtained possession of the items in April, 2020, and was able to sell them at auction in June. I netted \$55,800, which will be contributed toward the "pot" of money to pay consumer victims of MOBE.

Russell W. Whitney, Jr. The Defendant Russell Whitney died on November 20, 2018. At the time, he had been negotiating a settlement with the Federal Trade Commission, and after his death his heirs continued the negotiation and reached a tentative settlement. Mr. Whitney's affairs are being addressed by a probate court in Florida state court, and the settlement now has been approved by Judge Dalton. Judge Dalton's December 18, 2019 Order, which is posted at www.bernet-receiver.com, involves the following:

- The Whitney Estate abandoned all of its claims to funds transferred to me by Whitney personally in the summer of 2018, in the amount of approximately USD \$614,000;

- The Whitney Estate abandoned all of its claims to funds transferred to me in June, 2018, by Whitney's companies Shark Speaker LLC, Wealth Building Technologies (f/k/a Expert Media Agency) and Expert Sales Agency, totaling approximately USD \$438,000;
- The Whitney Estate abandoned all claims to credit card reserves held by Esquire Bank, N.A. or Maverick Bankcard, held in the name of Wealth Building Technologies;
- The Whitney Estate assigned to me its claim for payment of a loan made by Whitney and Shark Speaker LLC to Advisors Education LLC in April, 2018, in the amount of USD \$45,000. I have collected the amounts owed;
- Iberia Bank sent me USD \$182,866 held in accounts in the name of Whitney;
- Applied Bank sent me approximately USD \$9,000 from an account in the name of Whitney;
- JPMorgan Chase Bank sent me approximately USD \$13,400 from accounts held in the name of Whitney;
- Coinbase, Inc. sold assets contained in Whitney's Coinbase account, containing the following cryptocurrencies: approximately 0.361595 Bitcoin; approximately 72.278226 Litecoin, and approximately 28.7961 Ethereum. The sale proceeds, totaling USD \$10,452.49, were sent to me.

Qualpay/Synovus. Recall that early in the case, I demanded that Qualpay and Synovus Bank turn over approximately \$6.3 million in credit card reserves. They resisted my demand, arguing that the money was theirs and not subject to turnover. They filed motions with the Court arguing that they "owned" the money, but Judge Dalton denied their motions and ruled that the money was owned by the receivership estates. I subsequently asked Judge Dalton to appoint Burt Wiand as a special receiver in this case, to handle Qualpay/Synovus matters, to avoid the expenses of Synovus's threats to move to disqualify me over my law firm's representation of a small bank that Synovus purchased effective December 31, 2018. After Burt's appointment, Synovus and Qualpay filed motions to intervene, or for permission to assert claims to get the \$6.3 million back. The same order in which Judge Dalton approved my settlement with Matt Lloyd also denied Synovus's motion to intervene

Subsequently, the FTC filed a lawsuit against Qualpay, charging it with aiding and abetting the MOBE fraud. As was the case in the Mike & Mike lawsuit, the FTC and Qualpay reached an agreement before the lawsuit was filed. Judgment was entered against Qualpay for \$46.7 million, although it was suspended due to Qualpay's inability to pay (note that the FTC diligently analyzed Qualpay's financial condition and was satisfied that it in fact could not pay the \$46.7 million, or any portion of it, after I recovered the \$.3 million in credit card reserves). Qualpay was permanently enjoined from processing payments for business coaching companies or other merchants designated as "high-risk" for a number of reasons. The settlement also prohibits Qualpay from making, or assisting merchants in making, deceptive statements to

consumers or working to avoid fraud or risk monitoring programs. Qualpay is required to engage in careful screening and monitoring of card-not-present merchants. Finally, Qualpay gave up all claims to the \$6.3 million in credit card reserves I obtained.

Synovus continued its claims to obtain the return of the \$6.3 million. This past summer, it finally reached a settlement with the FTC and Burt, involving the return of a little over \$2 million to Synovus. The balance of the money remains with me and will be put into the "pot" for injured consumers.

Funds Collected. I have posted on my website (www.bernet-receiver.com) spreadsheets showing activity in the receivership bank accounts through October 30, 2020. This does not include the roughly \$2 million I will have to pay to Synovus. It also does not include the \$5 million or so collected by the FTC from other, MOBE-related persons.

Claims Administration. I have concluded that I have recovered essentially everything I can recover in a cost-effective manner. The FTC also has recovered money (approximately USD \$5 million in total) through other lawsuits. Before the money can be paid to consumers, however, we need to make sure that we have assessed the claims of non-consumer creditors of MOBE so that we fully understand all potential claims.

The motion I filed is posted on my website (www.bernet-receiver.com). **PLEASE NOTE THAT IT APPLIES ONLY TO "NON-CONSUMER CREDITORS," WHICH WOULD NOT INCLUDE VICTIMS OF THE SCAM.** If the Court adopts my proposed procedures, Non-Consumer Creditors will be required to complete a Claim Form under penalty of perjury and present it to me. I would then determine whether I would recognize the claim. If I recognize the claim, and if the FTC does not object, then the claim would be paid. On the other hand, if I disallow the claim, or if the FTC objects to my decision to allow a claim, then the claim would be disallowed unless the Non-Consumer Creditor files an objection to my disallowance and initiates a "Contested Matter." A Contested Matter would be, essentially, a mini-lawsuit where the Court would rule whether the claim should be allowed or disallowed.

After conclusion of the claims administration process, I will deliver the funds in my possession to the FTC. The money will be put into the "pot" with the other money the FTC has collected. During the case I have obtained contact information for consumer victims and records showing how much each paid to MOBE; from this information, the FTC will make distributions to consumer victims.

Again, I want all to know that I am aware of your frustration with the length of time that this process is taking. This, unfortunately, is the nature of litigation. I promise you, I am working as diligently as I possibly can, and I know the FTC is doing so as well.

Be sure to check back for further updates. My very best wishes for a happy holiday season to all of you.

Mark