

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

Case no. 6:23-cv-1041-WWB-DCI

VISION ONLINE, INC., GANADORES
IBR, INC., VISION ONLINE DIGITAL, LLC,
VISION ONLINE ENGLISH, LLC, VISION
ONLINE LATINO, LLC, RICHARD ALVAREZ,
SARA ALVAREZ, ROBERT SHEMIN,
and BRYCE CHAMBERLAIN,

Defendants.

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MONITOR'S/RECEIVER'S INITIAL REPORT

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TABLE OF CONTENTS

	<u>Page</u>
I. GENERAL CASE BACKGROUND	2
II. EVENTS OF THE MONITORSHIP	5
A. Service of the Complaint and TRO	6
B. Initial Interviews	7
C. Company Records	8
III. DESCRIPTIONS OF MONITORED ENTITIES' BUSINESS	9
A. Vision Online.....	9
B. Ganadores IBR.....	19
C. Digital, English and Latino.....	20
D. The Additional Monitored Entities	20
IV. MONITOR'S ANALYSIS	23
A. The Business Opportunity Rule.....	25
B. The Cooling Off Rule.	27
C. The Consumer Review Fairness Act.....	28
D. Section 5 of the FTC Act.....	28
V. TEXAS LAWSUIT	31
VI. MONITOR'S/RECEIVER'S TIME RECORDS	32
VII. CONCLUSION.....	33

MONITOR'S/RECEIVER'S INITIAL REPORT

Mark J. Bernet, the court-appointed monitor and, now, receiver ("Monitor" or "Receiver") for the Defendants Vision Online, Inc., Ganadores IBR, Inc., Vision Online Digital, LLC, Vision Online English, LLC, and Vision Online Latino, LLC, as well as for the non-parties Key In Homes, LLC, Key In Properties, LLC, Oak Homes, LLC, Xebec Group, LLC and XPI Investments, LLC, files his initial report. As discussed in further detail below, the Receiver believes that the parties' agreement to convert the Court's temporary restraining order to a preliminary injunction, and to convert the monitorship into a receivership, is appropriate.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

- The Parties' agreement to convert the Court's TRO to a Preliminary Injunction is appropriate.
- Vision Online generated revenues by selling real estate coaching advice. It then loaned the money it earned to related entities, which used the money to invest in real estate. These loans were poorly documented.
- Vision Online speakers and closers used unsubstantiated earnings claims that enabled them to convince students to purchase real estate coaching advice.
- Vision Online's business is modeled after two other businesses that were sued by the FTC and ultimately shut down under court orders.
- Vision Online operated "profitably," but not "lawfully."
- It is not realistic to expect that the Defendants could be trusted to change their business practices to operate Vision Online "lawfully."

- If Vision Online were to be operated "lawfully," it would not be operated "profitably."

I. GENERAL CASE BACKGROUND.

The plaintiff FTC commenced this lawsuit by filing a Complaint (doc. no. 1) on June 5, 2023, alleging that the organizational Defendants Vision Online, Inc. ("Vision Online"), Ganadores IBR, Inc. ("Ganadores IBR"), Vision Online Digital, LLC ("Digital"), Vision Online English, LLC ("English"), and Vision Online Latino, LLC ("Latino"), were operated as a "common enterprise" by the individual Defendants Richard Alvarez ("R. Alvarez"), Sara Alvarez ("S. Alvarez"), Robert Shemin ("Shemin") and Bryce Chamberlain ("Chamberlain"), to engage in a business or business venture in violation of various provisions of federal law, including:

- Section 5 of the FTC Act, 15 U.S.C. §45(a) (prohibiting unfair or deceptive acts or practices in or affecting commerce);
- The Business Opportunity Rule, 16 C.F.R. Part 437 (prohibiting business opportunity sellers from seeking to influence consumers to pay money by making false or unsubstantiated earnings claims);
- The Cooling Off Rule, 16 C.F.R. Part 429 (requiring sellers of certain goods or services at places other than the seller's place of business to notify buyers of their right to cancel a transaction

within three business days and prohibiting sellers from misrepresenting the cancellation rights); and

- The Consumer Review Fairness Act of 2016, 15 U.S.C. §45b (prohibiting restrictions on an individual's ability to communicate reviews or performance assessments about a seller's products or services).

On June 7, 2023, the Court entered an *Order* (doc. no. 11) constituting a temporary restraining order, which was extended by the Court's June 16, 2023 *Order* (doc. no. 19) (together the two orders shall be referred to as the "TRO"). Among other things, the TRO enjoined the Defendants from engaging in, or directing, specifically-identified conduct or business activities that would mount to violations of the federal laws and rules mentioned above. The TRO also appointed Mark J. Bernet as a temporary monitor to take control of the Organizational Defendants to examine their business practices and make recommendations as to whether the Organizational Defendants could be operated "lawfully and profitably."

By his June 15, 2023 *Notice of Expansion of Monitorship* (doc. no. 18), and as authorized by Section XIII.J of the TRO,¹ the Monitor expanded the monitorship to include Key In Homes, LLC, Key In Properties, LLC, Oak

¹ The provision is contained in the June 7, 2023 *Order*, beginning on page 22.

Homes, LLC, Xebec Group, LLC, and XPI Investments, LLC, (the "Additional Monitored Entities" or the "Additional Receivership Entities"). Throughout this report, the Monitor shall refer to the Organizational Defendants and the Additional Monitored Entities collectively as the "Monitored Entities" or as the "Receivership Entities."

On July 6, 2023, the FTC and the Defendant Chamberlain filed a *Joint Stipulation to Entry of Stipulated Preliminary Injunction Order as to Defendant Bryce Chamberlain* (doc. no. 31), by which they requested that the Court enter an agreed preliminary injunction pertaining to Chamberlain. The stipulation has been approved by the Court.

On July 12, 2023, the FTC and the Defendant Shemin filed a stipulation (doc. no. 38) requesting that the Court enter an order (i) further extending the TRO as to Shemin, through August 4, 2023, and (ii) extending various deadlines for Shemin to respond to the Complaint and other motions. The stipulation was approved by the Court's order dated July 18, 2023 (doc. no. 52).

On July 14, 2023, the FTC, Organizational Defendants, and the Individual Defendants R. Alvarez and S. Alvarez filed a stipulation (doc. no. 47) requesting that the Court enter an agreed preliminary injunction pertaining to the Organizational Defendants and the Individual Defendants R. Alvarez and S. Alvarez. That stipulation was approved by the Court by its

order dated July 18, 2023 (doc. no. 52). This order hereafter will be referred to as the "Preliminary Injunction."

II. EVENTS OF THE MONITORSHIP

The Court appointed the Monitor as monitor for the Organizational Defendants on June 7, 2023. Shortly thereafter the FTC provided a copy of the Court's TRO to the Monitor, along with copies of the Complaint (doc. no. 1) and the FTC's motion requesting the entry of the TRO (doc. no. 3). The Monitor reviewed the materials and made plans to travel to Orlando the following day to serve the TRO and begin performing his duties thereunder.

The Monitor met with FTC attorneys and investigators on June 7, 2023 (by telephone) and early on June 8, 2023, at the Orlando Police Department. The meeting, which included Orlando police officers, was to coordinate the service of the TRO and the Monitor's entry into the office premises of the Organizational Defendants at 733 W. Colonial Boulevard, Orlando, Florida 32804 (the "Colonial Drive Offices"), the suspected location of the assets, books and records of the Organizational Defendants. The Monitor, his Deputy Monitor,² the FTC attorneys and investigators, and the FTC's forensic information technology specialists, along with four officers from the Orlando

² The Monitor's son, Daniel Bernet, served as Deputy Monitor.

police department, arrived at the Colonial Drive Offices at approximately 10 a.m.

The Monitor knocked on the door and was granted access by the employees of the Organizational Defendants.

A. Service of the Complaint and TRO

Upon entering the Colonial Drive Offices the Monitor determined that the Organizational Defendants' registered agent, Ivan Reybel, was present. On behalf of all of the Organizational Defendants, the original summonses and copies of the Complaint, the FTC's motion requesting a TRO, and the Court's TRO were served upon Mr. Reybel. Mr. Reybel, who also is the Organizational Defendants' Chief Financial Officer, accepted service for all of the Organizational Defendants. Within 45 minutes Mr. Reybel scanned the TRO and e-mailed a copy to R. Alvarez, who was in Puerto Rico. This was at the Monitor's request.

As authorized by the Court's TRO the Monitor invited the FTC personnel into the Colonial Drive Offices, where they began the process of securing/copying electronically stored information and paper records.³ The Monitor explained to Mr. Reybel and the other employees the nature of the

³ By prior agreement between the FTC and the Monitor any paper materials obtained by the FTC that potentially could have been subject to a privilege were not reviewed, but instead were brought to the Monitor's attention.

lawsuit and the effect of the TRO. All employees, including in particular Mr. Reybel, cooperated.

B. Initial Interviews

The Monitor and the Deputy Monitor reviewed various records and also interviewed Mr. Reybel, the companies' Chief Financial Officer, Von Marie Cardoso, the companies' Operations Manager, Annabell Martinez, the companies' office manager, and various other employees.

1. Ivan Reybel, CFO. Mr. Reybel, the companies' CFO, was helpful and forthcoming. Mr. Reybel is a native of Mexico. He holds a bachelor's degree in International Commerce and an MBA from Hult International Business School, located in Cambridge, Massachusetts. He has been working with the Organizational Defendants, and various related entities,⁴ since 2019 as their CFO. He explained the nature of the Organizational Defendants' businesses, noting that three – Digital, English and Latino – had ceased operations. He provided information concerning the employees of the Organizational Defendants, their management structure, their revenues and the nature of their businesses. He also provided information concerning the Additional Monitored Entities.

⁴ See the discussion concerning "Additional Monitored Entities" beginning on page 19 *infra*.

2. Von Marie Cardoso, Operations Manager. Ms. Cardoso, the companies' Operations Manager, was reasonably helpful. She resides in Riverview, Florida (near Tampa) and frequently works remotely, although she also commutes to the Colonial Drive Offices as needed. She is responsible for onboarding new students, processing refund requests, helping to schedule company events and assists with the companies' IT needs. She provided information concerning the operations of the Organizational Defendants.

3. Annabell Martinez, Office Manager. Ms. Martinez is the companies' office manager. She had limited knowledge concerning their business operations, but willingly shared what information she knew. She also advised the Receiver that Vision Online's HR Director, Ms. Carmen Gonzalez, had not come to the office that day due to an illness.

C. Company Records

The Monitor asked all of the employees to assemble in a conference room, where he announced the fact of the lawsuit, the effect of the TRO, his role as monitor, and other relevant information. Meanwhile, the Deputy Receiver and the FTC personnel continued reviewing records and collecting electronically stored information. On the latter point, the Receiver obtained login-in information for the companies' various online accounts and software programs and provided them to the FTC's forensic information technology specialists.

After logging in to the various programs, the IT specialists were able to make "mirror image" copies of the stored data. The FTC's attorneys and non-IT investigators reviewed paper records and ultimately determined to take four boxes off site for photocopying. Those paper records were promptly returned.⁵

III. DESCRIPTIONS OF MONITORED ENTITIES' BUSINESS

The Monitor spent a considerable amount of time, much of it physically at the Colonial Drive Offices,⁶ reviewing the Organizational Defendants' business operations. Based on his observations and discussions with the Monitored Entities' employees, as well as with R. Alvarez and his attorneys, the Monitor developed an understanding of the Monitored Entities.

A. Vision Online

The operating company is the Monitored Entity Vision Online, Inc. Vision Online, curiously, is a "C" corporation. Closely held corporations like Vision Online typically make an "S" election for federal income tax purposes, because income passes through an "S" corporation untaxed, and instead is taxed only at the individual shareholder level. A "C" corporation, on the other hand, is a taxable entity that must pay federal taxes on its income. Subsequent

⁵ Additionally, the FTC identified a file cabinet full of documents that it also wanted photocopied. The particular documents included personally identifiable information of many of the customers of Vision Online, such as credit card numbers, telephone numbers, etc. The Monitor retained those records and personally delivered them to his law firm for photocopying, and then personally returned them to the Colonial Drive Offices.

⁶ Through July 30, 2023, the Receiver travelled to the Colonial Drive Offices on 13 occasions. The monitor/Receiver does not bill for travel time.

distributions to shareholders from a "C" corporation during the same fiscal year also are taxed, resulting in "double taxation" on the income earned. R. Alvarez purposely chose to have Vision Online pay taxes as a "C" corporation because the maximum corporate tax rate is lower than R. Alvarez's personal income tax rate. R. Alvarez's thinking was that he would not necessarily distribute all of Vision Online's taxable income, but instead would retain it to invest in real estate projects; in this way, the immediate tax obligation would be reduced. While this may be so, the decision results in Vision Online's income being subject to a "double tax" when distributed to shareholders.⁷ The strategy is questionable.⁸

The following chart shows that despite the Covid-19 pandemic Vision Online was growing its revenues:⁹

⁷ As an example, if Vision Online were taxed as a "C" corporation and its taxable income were \$1 million, it would pay the federal corporate tax rate of 21 percent, or \$210,000, in federal corporate income tax. If the remaining \$790,000 then was distributed to R. Alvarez, and assuming he is in the 39 percent tax bracket, he would owe an additional \$308,000 in federal income taxes. The net to R. Alvarez thus would be \$482,000. Conversely, if Vision Online were an "S" corporation, it would pay no taxes and its \$1 million worth of income would be taxed at 39 percent to R. Alvarez. He would owe taxes of \$390,000, leaving a net of \$610,000.

⁸ The Monitor is reminded of a television commercial produced by Fram Oil Filters in the 1970s, in which a mechanic encourages car owners to regularly change their oil and oil filters to avoid costly repairs. His tag line is "You can pay me now, or pay me later." The commercial can be viewed at this link: <https://www.youtube.com/watch?v=OHug0AIhVoQ>

⁹ In 2021 Vision Online converted from an "S" corporation to a "C" corporation. For that reason it filed two tax returns—an IRS form 1120-S for while it was an "S" corporation and an IRS form 1120 for after it converted to a "C" corporation.

YEAR	GROSS INCOME	NET INCOME	FEDERAL TAXES
2019	\$4,969,660	(\$90,558)	-0-
2020	2,261,934	(561,790)	-0-
2021	2,764,449	1,078,186	-0-
2021	3,583,458	1,214,954	255,140
2022	13,920,988	3,699,368	776,867
2023 ¹⁰	8,906,869	3,462,532	

As an "S" corporation for 2019, 2020 and part of 2021, Vision Online owed no federal income tax. As a "C" corporation, it paid \$255,140 in 2022 for income generated in 2021. Vision Online's federal tax obligation, as a "C" corporation, for 2022 was \$776,867.00. The Monitor directed that these taxes be paid, although now that the company is in receivership the Receiver may seek a refund under tax regulations established for Qualified Settlement Funds.¹¹

Vision Online engaged in three primary categories of business: real estate investment coaching, real estate investing, and real estate lending. Each segment is discussed:

1. Real Estate Investment Coaching. As of the Monitor's appointment Vision Online was controlled by R. Alvarez.¹² It engaged in the

¹⁰ January 1 through June 8, 2023.

¹¹ Under 26 CFR Part 1.468B-1, a "Qualified Settlement Fund," or QSF, is a fund, account, or trust that (as relevant here) is established pursuant to a court order to resolve or satisfy claims arising out of a tort, breach of contract or violation of law. Receiverships such as this generally qualify as a QSF. A QSF has special tax advantages that can allow more money to remain available for injured victims.

¹² The Defendant Shemin also controlled Vision Online, although he left the company's employment in August 2022 as a result of a rift with R. Alvarez. Shemin disputes that he controlled Vision Online.

sale of real estate investment advice/coaching, which was its primary business and revenue generator. In its coaching business it catered to Latinos.¹³ Employees confirmed that many of Vision Online's customers are not fluent in English, and that many have little to no proficiency in reading or understanding English.

Vision Online employed a marketing department in which most of the employees are in Mexico. Vision Online's marketing department would promote a free seminar in various cities in the United States, including Puerto Rico, promising to reveal to attendees the secret to generating "substantial income" in real estate. The preferred medium was social media – Instagram, Facebook, Twitter and YouTube. At the seminar, which lasted approximately two hours, charismatic speakers would encourage the participants to sign up for a three-day Ganadores ("Winners") workshop that, supposedly, would teach participants everything they needed to know to create and operate a profitable real estate business. Participants who signed up for the three-day workshop were asked to sign a contract, which was in English. The cost of the three-day seminar was generally \$600.

Three-day workshops were held in the same geographic area as the free seminars, usually within a week or two. Attendees were asked to complete a

¹³ Vision Online also engaged in selling e-commerce advice/coaching. However, this aspect of Vision Online's business ceased operating at least a year prior to the Monitor's appointment; for that reason, the Monitor had nothing to "monitor" in this area.

financial disclosure form, purportedly so that Vision Online could determine the "suitability" of the program for each attendee but more likely for the purpose of determining whether attendees would be able to pay for a "mentoring package." Charismatic speakers, including R. Alvarez and Shemin, would make presentations extolling the virtues of the program but providing little practical information on how to invest in and sell or lease real estate. After the speakers concluded their presentations, matters were turned over to "mentors," or "closers," who would meet personally with individual attendees and attempt to persuade them to sign up, and pay, for a "mentoring package." The price of mentoring packages ranged from nearly \$11,000 to nearly \$30,000.

The speakers and the closers worked on commission. Speakers split a 10 percent commission, computed on total sales of the event, while most closers earned one percent of their sales. Frequently R. Alvarez was the only speaker, which allowed him to retain the entire speaker's commission. In 2021 R. Alvarez earn over \$354,000 in speaker commissions, and in 2022 he earned more than \$450,000. The Defendant Chamberlain, who worked as a seminar director and a closer, earned more than \$135,000 in 2021 and more than \$280,000 in 2022 (Chamberlain earned a two percent commission on his sales).

The FTC alleges that the closers aggressively pushed the program, to the point of making false statements concerning their own real estate investment

successes and otherwise. Certainly, by working solely on commission, it was in their economic interest to finalize sales. Vision Online had a written policy prohibiting employees from making false statements about the successes of the program, but there is little information to show whether closers were monitored for compliance, or that steps would be taken if there was a violation of the policy.

There were three levels of mentoring packages:

- The Plus level, priced at \$10,997, included (i) six months of weekly training webinars hosted by Shemin, and later by R. Alvarez after Shemin left Vision Online, (ii) video recordings of "boot camps" (discussed below), and (iii) access to the "Ganadores Resource Library."¹⁴
- The Premium level, priced between \$16,997 and \$18,997, included (i) nine months of mentoring from Shemin, and later from R. Alvarez, (ii) creating one limited liability company, (iii) weekly webinar training, (iv) financing assistance on real estate deals (limited to assisting students in finding financing for projects), (v) review of offers and contracts, (vi) an invitation to a live "boot camp" (discussed below), and (vii) access to Ganadores' "Spectacular" and "Special proprietary real estate software. The

¹⁴ The Ganadores Resource Library includes a manual titled "Real Estate Basic Principles," sample contracts forms and worksheets, lease documents including leasing checklists, property analysis checklists, FAQs on container homes, and lender contact information. Much of the information, particularly concerning lenders is out of date.

only real estate software that was available, however, was "PropStream," which is commercially available and not proprietary to Vision Online.¹⁵

- The VIP Level, priced between \$26,997 and \$28,997, included the same things as were included in the Premium level, except that it lasted for 12 months instead of nine, and included the creation of two limited liability companies instead of one.

One of the lenders recommended by Vision Online was called Latin Loan Capital, with offices located in Ft. Lauderdale. It never registered to transact business in Florida, although it made "hard money" loans to many of Vision Online's students.¹⁶ It was controlled by Robert Ferra and Daniel Segovia, both of whom were associated with Shemin. Latin Loan paid a referral fee to Vision Online when any of Vision Online's students secured financing from Latin Loan, a fact that was never disclosed to the students. While it was one of Vision Online's referral lenders, it had access to Vision Online's customer list.

¹⁵ On its website, located at www.propstream.com, the software is described as a "real estate lead generation software that uses big data, advanced filtering capabilities, intuitive marketing tools, and more to help real estate professionals find leads and convert them into new clients or deals."

¹⁶ A hard money loan is a type of loan that is secured by real property. Hard money loans are considered loans of "last resort" and they typically charge very high rates of interest. They primarily are used in real estate transactions, with the lender generally being individuals or companies, not financial institutions. They sometimes are referred to as "knee cap" loans.

In approximately August 2022 Ferra and Segovia opened a new business doing the same thing but called People First Investment. People First appears to be an Illinois limited liability company that is not registered to transact business in Florida. People First, at least in Florida, is controlled by Ferra and Segovia. Vision Online's customer lists, containing the identities and contact information for its students, is in the possession of People First and Ferra, who are actively soliciting the students to participate in real estate workshops. The unauthorized use of Vision Online's trade secrets is problematic and likely will result in further action.

Vision Online also offered "boot camps" to consumers who had purchased mentoring packages. There were two categories of boot camps: those included in the Premium and VIP packages, and special boot camps. Boot camps involved speakers (frequently R. Alvarez) who would discuss various aspects of real estate investing, such as container homes, new construction financing, locating properties to purchase, rehabilitating properties, etc. The boot camps to which Premium and VIP members were invited were held at a facility that was reasonably near the three-day workshop where members originally signed up. These were included with the Premium and VIP packages, and so did not cost extra. Special boot camps, on the other hand, were in addition to the "included" boot camps and were held, generally, in the Orlando area. Members were charged \$3,497 to attend the special boot camps. Meals and hotel

accommodations (two days/one night) were included in the price, but members were responsible for their transportation costs.

Vision Online also assigned "mentors" to each student. The function of the mentors was to provide real estate investment advice. Few had any legitimate real estate investing experience, although it is clear that most said they did. Employees told the Monitors that mentors for the most part were former students who demonstrated good communication skills; it was not a requirement that they had successfully invested in real estate.

2. Real Estate Investing. In addition to coaching, Vision Online invested in various real estate ventures. It purchased the Colonial Drive Offices in 2022 for \$925,000. It also owns two Section 8 properties in Detroit.¹⁷ A more complete discussion of the properties will be contained in the Receiver's next report. What is important is that essentially all of its real estate investments were funded from revenues generated through the real estate coaching business.

3. Real Estate Lending. Vision Online's third major line of business is real estate lending. Vision Online generated substantial

¹⁷ Section 8 is an affordable housing program established by the federal government in the 1970s. It is administered by the federal Department of Housing and Urban Development. It is designed to help make decent housing more affordable and accessible to households with low incomes, including families with children and people who are elderly or have disabilities. For those who qualify, HUD will cover a portion of rent expenses.

revenues through its coaching business, and then loaned those funds to the Defendant Ganadores IBR, LLC and the five Additional Monitored Entities. Unfortunately, the loans were not documented properly. As of the date of this report, the principal sums owed by the various entities is as follows:

Entity	Total Owed to Vision Online	Total Interest Owed to Vision Online	Total
Xebec Group	\$2,006,574.52	\$204,657.45	\$2,211,231.97
XPI Investments	2,012,505.28	228,918.48	2,241,423.76
Ganadores IBR	267,413.09	4,668	\$272,081
Key In Homes	1,256,749.73	\$0	\$1,256,750
Key In Properties	265,500.00	\$0	\$265,500
TOTAL	\$5,808,742.62	\$438,243.87	\$6,246,986.49

In addition to the foregoing, Vision Online loaned money to Oak Homes, LLC, another affiliate. Oak Homes is a 50/50 joint venture partner with Smile Collection Rental, LLC, a non-affiliate, in an entity known as LGL Investments, Inc. LGL Investments owns 16 Section 8 housing units, all in Detroit. Oak Homes and LGL Investments have borrowed \$913,613.42 from Vision Online. The repayment terms are unclear. The Monitor/Receiver will continue to attempt to document this transaction.

While there was no documentation, the loans had no fixed maturity date. Instead, the loan proceeds were used by the various borrowers to acquire, construct and/or rehabilitate properties that were intended to be sold or

leased.¹⁸ When the properties sold, the principal balances were to be repaid, plus an additional ten percent as "interest." There was no periodic interest payment obligations. The terms for repayment of loans used to purchase rental properties are even more unclear. With no fixed maturity date the "interest" component of the transaction cannot be recognized as "interest," but rather made the "loan transactions" a pseudo joint venture agreement.

The Monitor was concerned with the lack of documentation for the real estate "loans." He therefore hired a law firm and directed them to prepare loan documentation, consisting of lines of credit promissory notes and mortgages to secure their repayment, pertaining to the loans from Vision Online to XPI and Xebec Group. Some of the documentation is complete and mortgages have been recorded. The Receiver and his transactional attorneys are continuing to work on documenting the "loans." Further information will be included in the Receiver's next report.

B. Ganadores IBR

"Ganadores" (Spanish for "Winners") is the trade name for Vision Online. Ganadores IBR is a Florida limited liability company that was created by R.

¹⁸ Other parties and non-parties also contributed money to the various properties owned by the Additional Monitored Entities. These contributions also were not documented, but instead there was in some cases a loose "understanding" of how these contributions would be treated. R. Alvarez, for example, claims to have contributed \$126,0316.06 to Key In Properties (discussed below), but the terms of the investment are unclear. The Receiver's next report will provide further information on these various investments.

Alvarez for the purpose of investing in real estate. Ganadores IBR had no seed capital of its own; instead, it obtained funds from Vision Online that it used to purchase properties, consisting of two Section 8 housing units in Detroit and an undeveloped lot located in Lake County, Florida. The two Section 8 housing units are rented and generating net rental income of approximately \$2,260 per month. Further information will be provided in the Receiver's next report.

C. Digital, English and Latino

Vision Online Digital, Vision Online English and Vision Online Latino all were engaged in the coaching business. They used similar methods as Vision Online, but instead of coaching students how to sell real estate, they attempted to show students how to purchase and sell items of personal property on Amazon. None of these businesses were successful, and all had been dissolved prior to the Monitor's appointment. As a consequence, there was nothing to "monitor."

D. The Additional Monitored Entities

Based primarily on the loan activity described in Section III.A.3 (beginning on page 17) above, the Receiver concluded that the non-party affiliates Key In Homes, Key In Properties, Oak Homes, Xebec Properties, and XPI Investments should be included as "Monitored Entities" and "Receivership Entities" as set forth in the Court's TRO and Preliminary Injunction.

- Key In Homes is a Florida limited liability company created and owned by R. Alvarez. It owns two rental properties in Puerto Rico, one of which is operated by AirBNB. As set forth in the chart above, it has "borrowed" over \$1,250,000 from Vision Online, and owes that amount in principal. It had no starting capital and generates income solely from renting its two properties.

- Key In Properties is a Florida limited liability company created and owned by R. Alvarez. It owns a rental property in Puerto Rico, which is operated by AirBNB. As set forth in the chart above, it has "borrowed" over \$265,000 from Vision Online, and owes that amount in principal. It had no starting capital and generates income solely from renting its property.

- Oak Homes is a Florida limited liability company created and owned by R. Alvarez. It is a 50/50 joint venture partner with a non-affiliate, Smile Collection Rental, LLC, who together own a company known as LGL Investments. LGL Investments owns 16 Section 8 housing units in Detroit. Oak Homes/LGL has borrowed in excess of \$913,000 from Vision Online, and there is no apparent agreement for those funds to be repaid. Vision Online projects that the 16 properties will generate gross annual rents of just under \$183,000.

- Xebec Group is a Florida limited liability company created and owned by R. Alvarez. It owns a property located in Palm Beach, Florida. The property was purchased subject to an existing mortgage in favor of Planet Home Lending, with a principal balance of slightly more than \$1,060,000. Interest on that mortgage accrues at 11 percent per annum. Vision Online is paying the mortgage interest. Vision Online also loaned Xebec Group in excess of \$2 million to construct a new home on the property. Vision Online expects to have a certificate of occupancy issued for the property in the near term; at that time, R. Alvarez intended to list the property for \$5 million. The Receiver is continuing to evaluate this property, and more information will be included in the Receiver's next report.

- XPI Properties is a Florida limited liability company that owns a total of five properties. One of the properties, located in Delray Beach, was purchased subject to a mortgage in favor of Planet Home Lending for approximately \$650,000. Vision Online is making monthly interest payments on that mortgage loan of approximately \$6,000. Vision Online also loaned XPI approximately \$500,000 to acquire the property and rehabilitating it. The property is located in an historic district, which was not known until after it was purchased; the significance of this is that it is exceedingly difficult to obtain building permits to rehabilitate buildings located in historic districts. This property likely will be liquidated at a loss. XPI also owns a property

located in Lake Mary. Vision Online loaned XPI almost \$1.7 million to rehabilitate the Lake Mary property, and others have loaned \$170,000 for the same purpose. The property will require an additional \$225,000 to finish remodeling. R. Alvarez believes the property will be worth \$2.2 million, which means he will be fortunate if he can break even. Finally, XPI owns two undeveloped parcels located in Lehigh Acres, Florida. Again, XPI borrowed the purchase price of these lots from Vision Online, totaling slightly more than \$53,000. The Receiver is continuing to evaluate all of these properties, and more information will be included in the Receiver's next report.

IV. MONITOR'S ANALYSIS

The Court's TRO charged the Monitor with evaluating the Monitored Entities and determining whether they could be operated "lawfully and profitably." The FTC, the Monitored Entities (including the Additional Monitored Entities), R. Alvarez and S. Alvarez agreed that the Court's TRO should be converted to a preliminary injunction, which the Monitor interpreted as an agreement that the entities could not necessarily be operated "lawfully and profitably." The Monitor agrees with this conclusion.

As an initial matter, the Monitor acknowledges that Vision Online was operated "profitably." For 2022, it generated gross revenues of almost \$14 million and taxable income of \$3.7 million, and it paid federal income taxes totaling more than \$776,000. In fact, it was sufficiently profitable that R.

Alvarez resorted to novel tax avoidance strategies (which, as noted in Section III.A above, the Receiver does not believe were necessarily optimal strategies). The issue, then, is whether Vision Online was operated "lawfully," and if not, whether modifications to its policies and practices could be made to allow it to operate "lawfully and profitably."

The primary real estate investment method pitched to Vision Online's students was a traditional "Find it, Fix it, Flip it" strategy: Students were told they needed to locate a suitable property for sale and purchase it, then rehabilitate the property to make it marketable and increase its value, then sell it for a profit. Alternatively, participants were told that they should purchase and rehabilitate properties and then lease them on AirBNB or otherwise. However, speakers at the seminars and three-day workshops offered little practical advice on any aspect of the strategy. While lip service was paid, the reality was that Vision Online's speakers encouraged participants to purchase mentoring packages from Vision Online for prices ranging from \$11,000 to \$30,000 because this was Vision Online's method of generating income.

As noted above, after motivational presentations by charismatic speakers in Spanish, the participants were turned over to Vision Online closers who attempt to close the deal by encouraging participants to sign up – and pay up. Many, if not most, did not have the \$11,000 to \$30,000 purchase price in

available cash. Vision Online's closers, however, encouraged participants to contact family members to raise cash. They also worked with consumers to take cash advances on their existing credit cards, or even take out new credit cards and immediately take cash advances; such credit card advances usually carry interest rates of 18 percent per annum, or more.

The Monitor now address some of the particular allegations made by the FTC:

A. The Business Opportunity Rule.

The FTC alleges violations of the Business Opportunity Rule, 16 C.F.R. Part 437. Specifically, the FTC alleges that closers made misrepresentations concerning their own experiences investing in real estate, and that they made unsubstantiated "earnings claims" to encourage consumers to sign and pay. This is not surprising; closers worked solely on commission and thus had every incentive to employ any means necessary to sign up their customers. While Vision Online had a policy prohibiting closers from making misrepresentations, the policy did not appear to be enforced. For example, one of the more successful closers, Alma Dubon, earned over \$200,000 in sales commissions in 2022. Ms. Dubon, however, was documented as impersonating two customers, on separate occasions, on telephone calls in which she applied for, and obtained, credit cards in the names of the customers. The Monitor strongly recommended that Ms. Dubon's employment be terminated as soon as

he learned this information, but R. Alvarez had not done so.¹⁹ While he claimed he was unaware of the incident, as CEO it was his responsibility to know. There was an insufficient (read "essentially no") emphasis placed on monitoring closers, and as a results efforts to reform this part of the business operations, with R. Alvarez in charge, would be problematic.²⁰

The FTC also alleged violations of the Business Opportunity Rule by the speakers, in particular R. Alvarez and Shemin. The FTC's evidence on this is compelling, and as noted it is in the speakers' economic interests for sales to close. Given R. Alvarez's apparent indifference to the methods employed by Vision Online's closers, and further considering that sales resulted in money for Vision Online (and R. Alvarez), incentives were in place that would encourage unsubstantiated earnings claims, and it is difficult to accept that R. Alvarez would cease.²¹

In making this conclusion, the Monitor/Receiver notes that R. Alvarez, Shemin, and Chamberlain all were involved in one or two separate enforcement actions brought by the FTC: *FTC v. AWS, LLC*, case no. 18-cv-442-JCM (D. Nev. Filed March 2018) and *FTC v. Zurixx LLC*, case no. 2:19-cv-

¹⁹ There were other incidents factoring into the decision.

²⁰ The Monitor notes that speakers, like R. Alvarez, also earned a commission on all sales. As such, they also were incentivized for sales to close.

²¹ The Monitor notes that Vision Online was not able to provide records to substantiate earning claims alleged in the Complaint. Shemin also did not supply records to substantiate earnings claims.

713 (D. Utah, filed September 2019). Both of those cases involved companies engaging in essentially the same businesses as Vision Online, and in fact in both instances R. Alvarez sold real estate coaching advice to Spanish speakers just as he has done for Vision Online. In both of the earlier cases the district courts entered TROs, preliminary injunctions and permanent injunctions prohibiting the same sales practices that Vision Online employed. While R. Alvarez, Shemin and Chamberlain were not parties in either of those two lawsuits, they clearly knew that the injunctions prohibited the type of conduct in which they engaged for Vision Online. The Monitor therefore has little confidence that R. Alvarez, Shemin or Chamberlain could be trusted to cease making false or unsubstantiated earnings claims.

B. The Cooling Off Rule.

The FTC also alleges that Vision Online violated the Cooling Off Rule, 16 C.F.R. Part 429, by not notifying its students of their right to cancel a transaction within three business days or by making misrepresentations concerning the cancellation rights. A significant issue on this subject is that contracts signed by students were almost always in English, even though many (likely more than half) of the students did not speak or understand English at all, and many more did so incompletely. The Monitor was unable to determine that Vision Online's closers, or anyone else, told students of the cancellation rights, and the Monitor therefore is concerned that many students signed

contracts in a language they did not understand without knowing what the contracts permitted or required.²²

C. The Consumer Review Fairness Act.

The FTC further alleged that Vision Online violated the Consumer Review Fairness Act, 15 U.S.C. §45b, by contractually prohibiting consumers from providing negative reviews concerning Vision Online. Vision Online's employees admitted that Vision Online routinely would advise students that they were prohibited from posting negative reviews. It actually went further: Vision Online employees would submit positive reviews about the company without disclosing their affiliation with the company, or even by submitting positive reviews under phony names. The Monitor also discovered evidence that unhappy customers were bullied by Vision Online employees as a means of discouraging negative reviews.

D. Section 5 of the FTC Act.

Each of the alleged violations discussed in the three preceding subparagraphs – the Business Opportunity Rule, the Cooling Off Rule and CRFA – are problematic, and some are sufficiently systemic that it would be

²² The Monitor also notes that Vision Online's refund policy was inconsistent. Ms. Cardoso administered the refunds and was authorized, without any further authority, to deny refund requests. She was not authorized to issue refunds, but instead if she determined that a refund or partial refund might be appropriate, she would seek permission for R. Alvarez. R. Alvarez sometimes would authorize partial refunds, while other times he would not. The Monitor could not determine any principled pattern to the refund decisions.

difficult to cure them. The Monitor's larger concern, however, pertains to the FTC's allegations, essentially, that the marketing of the business renders the entire business operation a continuing violation of Section 5 of the FTC Act, 15 U.S.C. §45(a). Section 5 prohibits "unfair or deceptive acts or practices in or affecting commerce." The Monitor therefore considered whether Vision Online made material statements that were likely to mislead consumers acting reasonably under the circumstances. *See FTC v. Tashman*, 318 F.3d 1273, 1277 (11th Cir. 2003). The Monitor's conclusion is that such representations were made and were the sole reason that Vision Online was operated "profitably."

That Vision Online made material statements likely to mislead consumers is not disputable. The FTC's carefully-crafted motion requesting a TRO contains innumerable examples of unsubstantiated earnings claims, abusive practices and even fraudulent statements by Vision Online, all with evidentiary support. The primary speakers, R. Alvarez and Shemin, are extremely charismatic. Their presentations, which include loud music, extoll the ease by which students can make a "substantial income" by investing in real estate. These presentations are designed to impress attendees and to cause them to believe that they too easily can live like the speakers simply by purchasing the real estate advice offered for sale. Closers are almost entirely unsupervised and incentivized to sign up students and take their money, and

they do so by perpetuating the message that real estate investing is an easy way to make a lot of money. But, the Monitor has not located any evidence to support that R. Alvarez, Shemin or the closers, despite their numerous representations, personally generated any substantial revenues by investing in real estate.²³ The fact is, the Defendants (including in particular R. Alvarez and Shemin) made their money by selling real estate coaching advice, and they did so by falsely stating that they made money by investing in real estate.

For Vision Online to be operated "lawfully," its entire mode of business would need to change. Unsubstantiated earnings claim, which permeate the business operations, would need to cease. Speakers and closers would need to disclose that the revenues they used to invest in real estate derived almost entirely from selling coaching advice, and that their real estate investments did not always result in profits. There also would need to be disclosures to the effect that purchasing real estate requires capital that can be difficult and expensive to obtain, particularly for the customer base that Vision Online targets, which includes customers with limited means, education or English proficiency. The new, lawful message would need to be to the following effect:

²³ In fact, R. Alvarez is likely to lose money in two of his properties owned by his company XPI Properties.

We want you to purchase our coaching program that will teach you to invest in real estate. We invest in real estate, but you could not do so in the same fashion we do because we use money we raise from students, like you, who purchase our coaching advice. You would not have access to those funds, but instead you would need to find capital from other sources, which can be difficult. This kind of capital also can be very expensive. It is possible that you will lose money even if you utilize our program; in fact, many, if not most, of our customers do not turn any profit even if they follow our advice. We also need to tell you that in two other instances programs that were almost identical to ours were found to be deceptive and were shut down by federal courts.

Changes to the business model of this sort would, in the Monitor's view, negatively affect Vision Online's ability to generate revenues, to the point that the Monitor doubts that could be operated "profitably." Thus, even assuming that Vision Online could be trusted to change its business practices (the Monitor does not accept this premise), the Monitor's conclusion is that Vision Online's real estate coaching business cannot be operated "lawfully and profitably."

V. TEXAS LAWSUIT

During the Monitor's appointment he became aware that a new lawsuit against vision Online, Ganadores, R. Alvarez and S. Alvarez had been filed in a Texas state court styled *E & M Estates and Property Management, LLC v. Padilla*, cause no. 2023-17218, District Court for Harris County, Texas. The Plaintiffs in the Padilla lawsuit alleged that the Defendants had made false and misleading statements at a three-day workshop that plaintiffs'

representatives attended in Texas. The Plaintiffs sought actual and punitive damages. The Complaint contains hyperbolic language but is sufficiently serious that the Monitor, after being converted into a Receiver, hired attorneys in his law firm's Houston office to file appropriate defensive papers, including a notice that under the Court's Preliminary Injunction all actions against Vision Online and Ganadores are stayed.

VI. MONITOR'S/RECEIVER'S TIME RECORDS

Attached as Exhibit "A" are records prepared by the Receiver showing the time he has recorded to this matter, both as Monitor and as Receiver. Through July 30, 2023, the Monitor/Receiver has recorded a total of 209.8 hours to this matter. At his agreed, discounted hourly rate of \$395, this would result in fees totaling \$82,871.00. The Receiver intends to file a fee application promptly. The Receiver notes that Exhibit "A" contains "raw data" that may be adjusted downward after a thorough review and discussions with the parties.

VII. CONCLUSION

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

Dated: August 4, 2023

/s/ Mark J. Bernet

Mark J. Bernet, Receiver
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served by CM/ECF and via e-mail to J. Ronald Brooke, Esquire, e-mail jbrooke@ftc.gov; Virginia Rosa, Esquire, e-mail vrosa@ftc.gov; Arielle S. Eisenberg, email: aeisenberg@cozen.com; Nicole H. Sprinzen, email: nsprinzen@cozen.com; Meghan E. Stoppel, email: mstoppel@cozen.com; Craig M. Hansen, email: hansen@mvmlegal.com; Jason A. McNeill, email: mcneill@mvmlegal.com; Erick K. Schnibbe, email: schnibbe@mvmlegal.com; Sara L. Kallop, email: skallop@rumberger.com; Lan B. Kennedy-Davis, email: lkennedy@rumberger.com; this 4th day of August, 2023.

/s/ Mark J. Bernet

Mark J. Bernet, Receiver

Mark J. Bernet, Receiver**Exhibit "A"****INVOICE**INVOICE #23-1021-1
DATE: AUGUST 4, 2023

TO:	FOR:				
		DESCRIPTION	HOURS	RATE	AMOUNT
		06/01/2023 -- Internet research re Ganadores IBR, including review online videos from website and translate to English (2.5); preparations for possible Monitor appointment (2.5)	4.5	395.00	\$1,777.50
		06/02/2023 -- Internet research re Ganadores IBR in preparation for possible appointment	2.2	395.00	869.00
		06/05/2023 – Further internet research re Ganadores IBR and prepare outline of plan for service of immediate access order	4.5	395.00	1,777.50
		06/07/2023 – Prepare for service of immediate access order: Review Complaint, Motion for TRO, & TRO (2.4); assemble team for immediate access, including coordinate with FTC team (0.7); discussions with IT forensics specialists (0.3); prepare "First Day" packages for Monitor & Deputy Monitor (1.3)	4.2	395.00	1,659.00
		06/08/2023 – TRAVEL TO ORLANDO Prepare for and take possession of Ganadores IBR etc.: Coordinate with law enforcement and FTC (1.1); serve Immediate Access Order, direct forensics teams in connection with data preservation/collection (1.5); discussions with various employees of Vision One (interviews) (2.1); analysis of business operations, facilities, etc. (1.5); discussions (telephone) with R. Alvarez re lawsuit (0.4); review documents from Defendants re operations (0.7); analysis of various real estate holdings, company structure, tax issues (2.1); preliminary review of materials in state court lawsuit against former business partner (0.4); (TRAVEL TIME IS NOT BILLED)	8.8	395.00	3,476.00
		06/09/2023 – TRAVEL TO ORLANDO Arrange for scan/delivery of numerous documents from Defendants (0.8); Meetings with Ganadores staff re various tasks (0.8) arrange for termination of employment of certain employees, including revising termination letters (0.6); continued analysis of real estate holdings (2.4); analysis of company structure, possible "tax dodge" activities (1.3); discussions with accounting firm re company structure, possible tax dodge scheme (0.4); prepare for and conduct Zoom Meeting with Ganadores' mentors (1.2) prepare for and conduct Zoom Meeting with other Ganadores' employees (0.7); review TRO re Monitor's powers/limitations on same (0.7); (TRAVEL TIME IS NOT BILLED)	8.0	395.00	3,160.00

06/12/2023 – TRAVEL TO ORLANDO Analysis of various operational issues on-site, including discussions with staff, provide assignments to staff, review financial records/transactions of non-defendant companies (5.0); telephone call to Marco Alfaro at Modern Solutions Group re his relationship to companies (0.5); research re Modern Solutions Group (0.8); prepare e-mail to Modern Solutions Group transmitting TRO, summarizing telephone conversation, etc. (0.8); further review/analysis of company structure, real estate holdings and structure, etc. (1.6); begin outline of report (0.5); discussions with FTC computer forensics team re ESI (0.4); (TRAVEL TIME IS NOT BILLED)	8.6	395.00	3,397.00
06/13/2023 – Analysis of Fifth Third Bank's decision to freeze Vision One bank accounts and efforts to resolve the error (0.7); cash management issues (i.e. transfer money to MM account, etc.) (0.3); internal research re Modern Solutions Group, recipient of over \$700,000 from Vision Online (0.4); review materials concerning employees, job descriptions, interactions with customers, Earnings Claim concerns when interacting (2.4); outline of Monitor's Initial Report (2.7)	5.9	395.00	2,330.50
06/14/2023 – TRAVEL TO ORLANDO Review upcoming Boot Camp agenda and discussions with staff concerning same (0.8); analysis of R. Alvarez's participation in upcoming boot camp, propriety of same (0.8); review FTC press release concerning lawsuit (order sealing file is lifted), analyze effect on Vision One et al., and prepare statement for Vision One to place on website (1.6); manage refund distributions to newest customers (0.5); outline of Monitor's report (3.8); discussions with attys for Defendants re various issues (0.5); review spreadsheets concerning Modern Solutions, employees' compensation, etc. (0.8); deal with reporters/press (0.5) (TRAVEL TIME IS NOT BILLED)	8.4	395.00	3,318.00
06/15/2023 – TRAVEL TO ORLANDO Analysis of XPI, XEBEC, Key in Homes and Key in Properties and review TRO re expansion of monitorship to include same (2.2); prepare notice letter to all parties that XPI, Xebec, Key in Homes and Key in Properties are subject to monitorship (0.6); analysis Oak Homes and review TRO re expansion of monitorship in include same (1.1); prepare letter to all properties re expansion of monitorship (0.5); Discovery of over one terabyte of data on cloud server and arrange for parties to download (0.5); outline of Monitor's Initial Report and begin preparing sections of same (3.5); prepare talking points script for telephone employees to respond to customers (0.8); meeting with Channel 9 reporter re status, TRO, lawsuit, etc. (designed to protect staff) (0.5); (TRAVEL TIME IS NOT BILLED)	8.7	395.00	3,436.50
06/16/2023 – Analysis of various issues, including role of mentors, finances of Defendant companies/corporations and of new entities subject to monitorship, etc. (1.5); discussions with TV reporters (0.2); discussions with Sr. Alvarez and his counsel re various issues (0.8); further work on monitor's report (3.4); telephone call with R. Shemin re lawsuit, separate lawsuit by Ganadores against him (0.5); discussions with attys for Ganadores in connection with Shemin lawsuit (0.3); discussions with staff re status of various projects (0.5); review/analyze materials re customers' successful real estate ventures (0.8); research re Olivia Gonzalez/non-disclosures concerning her bank account and employment status (0.4); discussions with FTC attys re various issues (0.4)	7.8	395.00	3,081.00
06/19/2023 – TRAVEL TO ORLANDO Review various company records in continuing investigation concerning business operations (TRAVEL TIME IS NOT BILLED)	5.0	395.00	1,975.00

06/20/2023 – Analysis of company records (4.2); analysis of refunds to students from WPB event (0.4); prepare/review notices to students concerning litigation (0.5); review Ganadores company structures, intercompany loans receivable, tax structure, etc. (1.1);	4.5	395.00	1,777.50
06/21/2023 – Continued review/analysis of company records in anticipation of preparing Monitor's Report (4.2); review and authorize payroll disbursements (0.3); review [proposed accounts payable disbursements and analysis of same (0.6); review "New Construction Bootcamp" agenda (live presentation to be given) (0.5); review draft 2022 tax return (0.8); telephone call to ADP re technical issues with payroll (0.4);	6.1	395.00	2,409.50
06/22/2023 – TRIP TO ORLANDO E-mails to/from Marco Olfaro re Modern Solutions Group (0.4); analysis of Modern Solutions Group, money paid, services rendered, etc. (1.3); review/analyze materials from CliftonLarsenAllen re company structure/restructure issues (1.4); prepare letter to CliftonLarsenAllen transmitting TRO (0.7); outline documentation deficiencies/needs for intercompany loans (0.9); analysis of various properties owned by affiliates, directly or in joint ventures (0.8); outline Monitor's Report (2.1) (TRAVEL TIME IS NOT BILLED)	6.8	395.00	2,686.00
06/23/2023 -- TRIP TO ORLANDO Analysis of new Texas lawsuit, including review demand letter and prior response to same (2.1); interview staff re Texas lawsuit (0.5); interview new attorney re Texas lawsuit (0.5); analysis of new Puerto Rico properties operating as AirBNBs, including operational problems/issues (frozen bank accounts, horse ticks, etc.) (0.5); analysis of request to operate one workshop per week, parameters re same (0.7); analysis of cash needs OF properties owned by affiliates (1.1); discussions with attorneys re need for credit line/mortgage documentation (0.8); discussions with FTC attys re Texas lawsuit (0.4); meeting with R. Alvarez re various matters (0.6); review/analyze chargeback claims/responses (0.5); analysis of "WhatsApp Hack" and devise plan of response (0.8) (TRAVEL TIME IS NOT BILLED);	7.6	395.00	3,002.00
06/26/2023 – E-mails and telephone calls to/from Fifth Third Bank re frozen account (0.5); prepare and revise notice to students re Wednesday workshops (0.5); work on Monitor's Report (1.7); telephone call to Texas attorneys re Texas securities fraud lawsuit against Vision Online (0.6);	3.0	395.00	1,185.00
06/27/2023 – Review chargeback data, efforts to develop strategy for same; further analysis of expenditures in effort to conserve cash (1.4); review XPI, Oak Homes, Xebec, Key In Homes & Key In Properties' real estate holdings, funds advanced by Vision Online and funds needed (2.5); review e-mails and other materials re Earnings Claims, other allegations from FTC Complaint (1.6)	4.9	395.00	1,935.50
06/28/2023 – TRIP TO ORLANDO – Review/analyze/approve payroll requests; discussions with ADP re payroll issues (0.7); analysis of Puerto Rico bank accounts with Banco Popular (0.4); review Telegram app/content and arrange for FTC to obtain access (1.1); work further on Monitor's Initial Report (2.2); discussions with staff, R. Alvarez re investment properties, means of funding, desirability of liquidating some, etc. (0.6); (TRAVEL TIME IS NOT BILLED)	4.5	395.00	1,777.50
06/29/2023 – TRIP TO ORLANDO Review new Texas lawsuit, arrange for counsel (0.7); discussions with attorneys re credit lines/mortgages for Vision Online's investments in property owned by affiliates (0.7); discussions with attys for Defendants re various matters, including new Texas lawsuit, monitor's role, etc. (0.9); review various e-mails re business operations (0.9); analysis of Key In Homes/Key In Properties' Puerto Rico AirBNB properties, issues with bank accounts, etc. (0.5); continue outline/preparation of Monitor's Initial Report (3.3); (TRAVEL TIME IS NOT BILLED)	6.3	395.00	2,488.50

06/30/2023 – Brief discussions with staff re Puerto Rico bank accounts, expenditures, etc.	0.3	395.00	118.50
07/03/2023 – TRIP TO ORLANDO – Review and analysis of company operations in connection with preparing Monitor's Report (1.5); prepare Monitor's Report (2.5); handle various operational issues (payroll, Telegram social media site, notices to consumers, etc.) (1.5); discussions with attys for Ganadores/Alvarez Defendants re strategy for defense of Texas lawsuit (0.8); TRAVEL TIME IS NOT BILLED	5.6	395.00	2,212.00
07/05/2023 – Analysis of Xebec property in WPB and discussions with FTC attys re same (0.8); review comments from Defendants' attys re limits of monitorship, money for lawyers, etc. (0.7); work on Monitor's initial report (2.1)	3.2	395.00	1,264.00
07/06/2023 – Review and approve payroll requests (0.2); review lines of credit/mortgage agreements (0.8); Work on Monitor's Initial Report (0.5)	1.3	395.00	513.50
07/07/2023 – Discussions with FTC attys re business operations, status of PI discussions, etc. (0.4); review materials re "Ganadores Loop" (0.9); analysis of issues associated with customers/consumers, inability to proceed with program, etc. (1.1);	2.2	395.00	869.00
07/12/2023 – Discussions with attys for FTC and Ganadores/Alvarez Defendants regarding stipulated preliminary injunction, means of implementing receivership, etc.	1.1	395.00	434.50
07/13/2023 – Discussions with attys for Ganadores/Alvarez Defendants re legal representation in Padilla (Texas state court lawsuit) (0.4); analysis of ability of Monitorship/Receivership Entities to have same counsel as Alvarez Defendants in Padilla matter (conflict analysis) (0.5); discussions with FTC attorneys re stipulated preliminary injunction, conflict issues vis a vis Padilla case, etc. (0.4); continued preparation of Monitor's Report (6.5)	7.0	395.00	2,765.00
07/14/2023 – Continued preparation of Monitor's Initial Report (includes review of numerous materials) (6.6); review motion for stipulated preliminary injunction and proposed preliminary injunction (0.6); analysis of upcoming receivership tasks (create "To-Do" list) (0.8);	7.2	395.00	2,844.00
07/17/2023 – E-mails to/from atty for A. Alfaro and Modern Solutions Group re money, subpoenas, etc. (0.3); analysis of suspension of PayPal account for Key In Properties (0.2); review proposed preliminary injunction, begin preparations for receivership (1.4); efforts to contact Chambers re pending stipulation for preliminary injunction (0.2); discussions with FTC attys re preliminary injunction, various other issues (0.5)	2.3	395.00	908.50
07/18/2023 – Telephone call to Chambers re Preliminary Injunction (0.2); review issued preliminary injunction and begin implementation of same (0.5); prepare e-mail list of tasks to office staff re receivership (0.9); e-mails to/from FT C re Defendants' attys request for payment of fees (0.3); participate in telephone call to Defendants' attys re fee request (0.5); discussions with Texas counsel re issued preliminary injunction, responding to complaint, etc. (Padilla lawsuit) (0.6); prepare letter to all counsel re expansion of receivership to include Key In Homes, Key In Properties, Xebec and XPI Properties, and Oak Homes (1.1); discussions with company CFO re structure of joint ventures (0.5); review materials re properties, cash needs, etc. (0.6); analysis of means of cost-cutting (1.8); discussions with FTC re status (0.5);	6.2	395.00	2,449.00

07/19/2023 – TRIP TO ORLANDO – Meeting with CFO and HR Director re layoffs, other cost-cutting measures, managing properties, effect of receivership order, layoffs, etc. (1.3); analysis of properties' "cash-burn," means of limiting same (0.8); analysis of ability to cancel marketing department in toto (0.8); discussions with Deputy Receiver re websites, social media, etc. (0.6); discussion with Banks re receivership issues (0.5); analysis of chargeback activity, structure of payment processor accounts, means of cutting off chargebacks (1.3); prepare letter to banks re receivership issues (0.7); further discussions with TX counsel for Padilla case re status and strategy (0.5); discussions with Defendants' counsel re request for fee payment (0.5); telephone calls and e-mails to/from real estate broker re Florida properties (0.6); review payroll spreadsheet and approve same (0.2); (TRAVEL TIME IS NOT BILLED)	6.5	395.00	2,567.50
07/20/2023 – Analysis of properties, means of liquidation (including conversations with real estate broker) (1.1); discussions with office staff re cost-cutting measures, properties, HR issues, etc. (0.5); prepare and revise script for Webinar announcing closing of Ganadores, revise same (1.2); discussions with staff and separately with FTC re webinar script (0.4); supervise/arrange for website postings (0.4); review/analyze materials to file in Padilla lawsuit in Texas state court (0.8)	3.9	395.00	1,540.50
07/21/2023 – Further discussions with real estate broker, plus online research re Delray Beach properties (0.8); review cash flow projections, expenditures, etc. (0.7); revise and finalize script for webinar for announcement of shutdown; (0.5); revise and finalize announcement on website of shutdown (0.5); review, revise and finalize Answer for filing in Padilla and also review, revise and finalize Notice of Filing Preliminary Injunction in Texas lawsuit (Padilla) (0.7); discussions with FTC attys re various issues, including Padilla lawsuit (0.3)	2.7	395.00	1,066.50
07/24/2023 – TRIP TO ORLANDO – Discussions with staff re implementing Preliminary Injunction, including employee layoffs, banking issues, chargeback issues, et. (0.9); prepare correspondence to payment processors re Preliminary Injunction, receivership, etc. (0.8); discussions with Plaintiff's attys re various issues (0.4); continue working on Monitor's Initial Report (5.5); responses to student inquiries (0.5); investigate Daniel Segovia (0.5); analysis of properties, cash needs, etc. (0.5); telephone call to Harris Real Estate/Auctions re properties (0.4); TRAVEL TIME IS NOT BILLED	8.5	395.00	3,357.50
07/25/2023 – Review and revise correspondence to payment processors and arrange for all to receive notice of Preliminary Injunction (0.8); e-mails to/from student borrower who refuses to repay loan (0.3); continue work on Monitor's Initial Report (5.4); e-mails to/from Ganadores staff re various issues to be included in Monitor's report (0.7); analysis of Propstream service (0.3); analysis of properties. Cash needs, possible sale prices, etc. (1.5);	8.1	395.00	3,199.50
07/26/2023 – Telephone calls and e-mails to/from CPA re new receivership, accounting/tax issues, QSFs, ability to convert Vision Online from C corporation to S corporation, retention, etc. (1.1); further work on Monitor's Initial Report, including review of documentation and discussions with staff (4.6); Discussions with Valley Bank re new receivership accounts (0.5); telephone calls and e-mails to/from atty for Shemin re his request for videos and documentation to assist with his defense (0.5); e-mails to/from staff re Shemin's attorney's request (0.5); review/approve weekly payroll report (0.2)	6.7	395.00	2,646.50

07/27/2023 – Continued work on Monitor's Initial Report, including document review, discussions with staff, etc. (4.8); further analysis of properties, including in particular third part mortgage financing, means of investigating same (0.8); discussions with staff re Robert Ferra, Interval Lending, and strategize with Deputy Receiver re subpoena for his records (0.7); review listing agreements for properties and proposed listing agreements and discussions with Harris Real Estate re listings (1.1);	6.7	395.00	2,646.50
07/28/2023 – Continue on Monitor's Initial Report (5.5); discussions with broker for WPB property terminating listing agmt and discussions with Harris Real Estate re new listing, need to sell (1.1); revise and finalize Form 56 for IRS for all ten receivership entities (0.5); prepare Notice of Expansion of Receivership and arrange for filing/service of same (0.4); discussions with FTC attys re properties (0.8);	7.5	395.00	2,962.50
07/30/2023 – Continue work on Monitor's Initial Report	<u>2.5</u>	395.00	<u>987.50</u>
TOTAL FEES	209.8	395.00	\$82,871.00
TOTAL EXPENSES			\$15,803.81

TOTAL DUE THIS INVOICE: **\$98,674.81**

EXPENSES

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
06/08/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	\$113.97
06/09/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/12/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/14/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/15/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/19/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/22/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/23/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/28/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
06/29/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
07/03/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
07/19/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
07/24/2023	Mileage – Tampa-Orlando (174 miles @ \$0.655/mile)	113.97
07/25/2023	Documentary Stamp Taxes/Mortgage Recording Fee	11,274.25
07/27/2023	Documentary Stamp Taxes/Mortgage Recording Fee	<u>3,047.95</u>
	TOTAL EXPENSES	\$15,803.81