

1 **RAINES FELDMAN LITTRELL LLP**  
Kathy Bazoian Phelps (State Bar No. 155564)  
2 *kphelps@raineslaw.com*  
1900 Avenue of the Stars, 19th Floor  
3 Los Angeles, California 90067  
Telephone: (310) 440-4100  
4 Facsimile: (310) 691-1943

5 Attorneys for Receiver  
6 STAPLETON GROUP, INC.

7  
8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA

10  
11 FEDERAL TRADE COMMISSION,  
12 Plaintiff,

13 v.

14 AUTOMATORS LLC, et al.,  
15 Defendants.

16  
17 PEREGRINE WORLDWIDE, LLC, a  
Delaware limited liability company,  
18 Relief Defendant.

Case No.: 3:23-cv-01444-DMS-BGS

Assigned to Hon. Dana M. Sabraw

**RECEIVER’S THIRD STATUS  
REPORT AND PETITION FOR  
INSTRUCTIONS**

Date: September 13, 2024  
Time: 1:30 p.m.  
Dept: Ctrm 13A  
Place: United States District Court  
333 West Broadway  
San Diego, CA 92101

1 Stapleton Group, Inc., the Court-appointed preliminary receiver herein  
2 (the “Receiver”), files this Third Status Report.

3 **I. Statement of Facts**

4 **A. Procedural History**

5 1. On August 8, 2023, the U.S. Federal Trade Commission (“FTC” or  
6 “Plaintiff”) commenced this enforcement action by filing a complaint against  
7 Automators LLC, also d/b/a Automators AI and Ecom Skool, Empire  
8 Ecommerce LLC, Onyx Distribution LLC, Stryder Holdings LLC, Pelenea  
9 Ventures LLC, Roman Cresto, John Cresto, and Andrew Chapman (collectively  
10 the (“Defendants”) and Peregrine Worldwide, LLC (“Relief Defendant”) (the  
11 “Complaint”) (ECF No. 1).

12 2. The FTC alleged Defendants are in violation of Sections 13(b) and  
13 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b), 57(b);  
14 the FTC’s Trade Regulation Rule entitled “Disclosure Requirements and  
15 Prohibitions Concerning Business Opportunities (“Business Opportunity Rule”),  
16 16 C.F.R. Part 437, as amended; and the Consumer Review Fairness Act of 2016  
17 (CRFA”), 15 U.S.C. § 45b. Id.

18 3. The FTC alleged that from approximately early 2020, Defendants  
19 operated an enterprise through the various corporate defendants that illegally sold  
20 business opportunities and coaching programs that caused consumers over \$22  
21 million in harm. Specifically, the FTC alleges that the Defendants falsely  
22 promoted their businesses of starting and managing “automated” packages of  
23 ecommerce stores, related coaching and training materials, with various  
24 representations including about earnings and expectations for customers.

25 4. The FTC concurrently filed an ex parte application for temporary  
26 restraining order with asset freeze, appointment of a receiver, immediate access  
27 to Defendants’ premises and documents, and other equitable relief (the “TRO  
28 App”) (ECF No. 5).

1           5.       On August 8, 2023, the Court entered an Order (1) Granting Ex Parte  
2 Application For Temporary Restraining Order With Asset Freeze, Appointment  
3 of a Temporary Receiver, and other Equitable Relief (ECF No. 5), (2) Directing  
4 Defendants to Show Cause Why Preliminary Injunction Should Not Issue, and  
5 (3) Setting Preliminary Injunction Hearing and Briefing Schedule (the “August 8  
6 Order”) (ECF No. 8).

7           6.       Pursuant to the August 8 Order, the Court set the Preliminary  
8 Injunction Hearing for September 19, 2023 at 10:00 a.m. Order, Section XXVI  
9 and appointed Michael P. Dunn as the temporary receiver of the Receivership  
10 Entities.

11           7.       Michael Dunn in his capacity as the former receiver (“Former  
12 Receiver”) filed a Corrected Notice of Temporary Receiver’s Determination  
13 Regarding Additional Receivership Entity (ECF no. 28), adding Wise Mate LLC  
14 as a receivership entity in this case.

15           9.       On September 8, 2023, the Court entered the Order (1) Granting  
16 Joint Motion to Enter Stipulated Preliminary Injunction, ECF No. 47; and (2)  
17 Vacating Preliminary Injunction Hearing (the "Appointment Order"), ECF No.  
18 48, under which the Receiver was appointed by the District Court as the receiver  
19 for (a) Automators LLC, also dba Automators AI and Ecom Skool, a Nevada  
20 limited liability company; (b) Empire Ecommerce LLC, a California limited  
21 liability company; (c) Onyx Distribution LLC, a California limited liability  
22 company; (d) Stryder Holdings LLC, a California limited liability company; (e)  
23 Pelenea Ventures LLC, a Tennessee limited liability company; each of the  
24 foregoing's subsidiaries, fictitious business names, affiliates, successors, and  
25 assigns; (f) Peregrine Worldwide, LLC; and (g) any other entity that has  
26 conducted any business related to the alleged Amazon business opportunities and  
27 coaching services offered by the defendants in the Receivership Action and that  
28 the Receiver determines is controlled or owned by any such defendant

1 (collectively, the "Receivership Entities"). The assets of these entities constitute  
2 the receivership estate (the "Receivership Estate").

3 10. The Receiver engaged Raines Feldman Littrell LLP as counsel  
4 pursuant to the Appointment Order at Section XVIII. Raines Feldman began  
5 providing services, effective as of September 8, 2023. The Receiver has filed a  
6 motion for Court approval of the employment of general counsel.

7 11. The FTC and the Defendants entered into a Stipulated Order for  
8 Permanent Injunction and Monetary Judgment that was approved by the Court  
9 on February 26, 2024 [ECF No. 98] ("Stipulated Order").

10 12. Pursuant to the Stipulated Order, the Receiver was to file its Final  
11 Report within 180 days of entry of the Stipulated Order, or by August 23, 2024.

12 13. As set forth in more detail below, the Receiver was still in the  
13 process of administering assets of August 23, 2024 and requested additional time  
14 to file the Final Report. The Court entered an order extending that deadline to  
15 December 15, 2024. [ECF No. 122].

16 **B. Florida Assignment for Benefit of Creditors**

17 1. On December 23, 2022, Daniel Cohen, on behalf of Empire  
18 Ecommerce LLC ("Empire") and Onyx Distribution LLC ("Onyx"), commenced  
19 two assignments for the benefit of creditors pursuant to Florida Statute 727.10 et  
20 seq., ("The Florida Assignment for the Benefit of Creditors Statute"), assigned  
21 Case Nos. CACE22018810 and CACE22018813, respectively (the "Florida  
22 ABCs").

23 2. Michael Dunn, the former receiver in this case, has served as the  
24 Assignee for Benefit of Creditors in the Florida ABCs since December 2022.

25 3. The Receiver filed Notices of Stay in the Florida ABCs. The Former  
26 Receiver also acknowledged that the Florida ABCs were stayed due to the  
27 Receivership. (See Dunn Report at p. 9).

28

1           4.     The Receiver engaged in discussions with the Assignee regarding  
2 coordination of the Receivership and the Florida ABCs and the most cost-  
3 effective and efficient means of handling the assets and claims administration  
4 among the proceedings.

5           6.     The parties reached a resolution and entered into an Asset Purchase  
6 Agreement whereby the Receiver was to administer certain assets and the  
7 Assignee is to administer others. The net proceeds of assets that the Assignee will  
8 administer after payment of the Assignee’s fees and costs will be paid to the  
9 Receiver. The agreement was approved by this Court by order entered on June  
10 21, 2024 [ECF No. 115] and was approved in the Florida ABC cases by ordered  
11 entered on July 22, 2024.

12           7.     The Assignee settled a litigation claim for \$675,000 and is  
13 evaluating another potential litigation claim. When the Assignee has concluded  
14 his administration, he will pay all proceeds net of his and his professionals  
15 administrative expenses to the Receiver.

16           **II.     Summary of Receivership Assets**

17           The Receiver is advised that the actual and potential assets of the estate  
18 consist of the following:

- 19           1. Cash on hand: The Receiver took over the bank accounts of the  
20 Receivership Entities from the Former Receiver, with an aggregate  
21 value at the time of the Receiver’s appointment of \$338,728. As of  
22 August 31, 2024, the cash on hand is \$5,364,134.38.
- 23           2. 4560 Via Gaviota, Rancho Santa Fe, California (the “Property”): The  
24 Receiver sold the Property and received net sales proceeds of  
25 \$5,373,916.11.
- 26           3. Personal property. The Receiver sold the personal property left at the  
27 Property and received net proceeds of \$22,654.
- 28

- 1           4. Claim to recover \$132,000 from DLA Piper: The settlement agreement  
2           with DLA Piper was approved by the Court, and the sum of \$132,000  
3           has been paid to the Receiver.
- 4           5. Claim to recover transfers to Danny Baldus Strauss: The Receiver  
5           reached a settlement with Baldus Strauss that was approved by the  
6           Court by Order entered on August 23, 2024. The settlement payment of  
7           \$475,000 is to be paid in two installments as follows: \$237,500 was  
8           paid prior to August 31, 2024, and the balance of \$237,500 is to be paid  
9           no later than October 25, 2024.
- 10          6. Florida Assignee net proceeds: As noted above, the Assignee will  
11          deliver all net proceeds to the Receiver following the conclusion of his  
12          administration of the Florida ABCs.

13           **III. Liabilities**

14           The Receiver has been provided the claims information obtained by the  
15           Assignee in the Florida ABCs and that information has been shared with the FTC  
16           to assist the FTC in preparing to make a distribution.

17           Separately, the Receiver has compiled its own list of potential non-  
18           consumer creditors and the amounts of their claims. The Receiver has continued  
19           to update contact information relating to the consumers and creditors of the  
20           Receivership Entities.

21           The Receiver continues to maintain a website for consumers and others  
22           with posted court documents and additional information. Currently, activity and  
23           communication from consumers and creditors are limited.

24           **IV. Cash Activity of Receivership**

25           The Receiver has prepared a Receipts and Disbursement spreadsheet of the  
26           case activity in the estate from September 8, 2023 through August 31,  
27           2024, a copy of which is attached hereto as Exhibit "1." The primary  
28           disbursements from the estate have been in connection with the

1 maintenance and preservation of the Property.

2 **V. Further Status Conference**

3 The Court has extended the deadline for the Receiver to file a Final Report  
4 until December 15, 2024. If the Court does not feel that a hearing in connection  
5 with this Status Report is necessary, the Receiver suggests that the Court set a  
6 continued Status Conference date in mid-November so that the Receiver can  
7 report whether the Baldus-Strauss settlement has been paid in full and the  
8 Receiver will then be in a position to file its Final Report. Otherwise, the Receiver  
9 is prepared to answer any questions the Court may have at the Status Conference  
10 scheduled for September 13, 2024.

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Dated: September 6, 2024

RAINES FELDMAN LITTRELL LLP

By: s/ Kathy Bazoian Phelps  
Kathy Bazoian Phelps  
Attorneys for Receiver  
STAPLETON GROUP, INC.

# **Exhibit 1**



**Summary of Receipts & Disbursements**

Beginning Cash Balance as of 09//08/2023

**Cash Receipts**

Cash Balance from Flagstar 09/11/2023	\$	338,727.60
Funding from Ascend Capventures Inc	\$	33,000.00
Proceed from sales of 4560 Via Gaviota	\$	5,373,916.11
Proceed from Estate Sake by Treasures	\$	22,654.00
Settlement payment from DLA Piper Law	\$	131,624.70
Interest Income - CN Bank	\$	57,061.62
Interest Income - Flagstar Bank	\$	2,869.91
<b>Total Cash Receipts</b>	\$	<u>5,959,853.94</u>

<b>Total Cash Disbursement</b>	\$	<u>595,718.56</u>
Cash Ending as of 08/31/2024	\$	<u><b>5,364,135.38</b></u>

## Balance Sheet

Cash - City National Bank-Operating	\$	64,201.12
Cash - City National Bank-QSF	\$	5,126,846.25
Cash - Flagstar Bank N.A.	\$	173,088.01
<b>Total Cash</b>	\$	<u><b>5,364,135.38</b></u>

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Consolidated Automators, LLC (.automat)

**Income Statement**

Period = Sep 2023-Aug 2024

Book = Cash

		<b>Period to Date</b>	<b>%</b>	<b>Sales</b>	<b>Operation</b>
<b>40000</b>	<b>INCOME</b>				
55000	SALE OF ASSETS				
55050	Sale of Assets	6,938,357.00	102.94	6,938,357.00	0.00
55150	Exp of Sale - Commissions	-360,103.00	-5.34	-360,103.00	0.00
55250	Exp of Sale - Escrow & Title Charges	-16,074.00	-0.24	-16,074.00	0.00
55320	Exp of Sale - Transfer Taxes	-7,590.00	-0.11	-7,590.00	0.00
55350	Exp of Sale - Loan Costs	-3,510.00	-0.05	-3,510.00	0.00
55450	Exp of Sale - Other Expense	-2,204.00	-0.03	-2,204.00	0.00
55999	TOTAL SALE OF ASSETS	6,548,876.00	97.16	6,548,876.00	0.00
56000	OTHER INCOME				
57200	Interest on Bank Accounts	59,931.53	0.89	0.00	59,931.53
58300	Settlement Income	131,624.70	1.95	0.00	131,624.70
58900	TOTAL OTHER INCOME	191,556.23	2.84	0.00	191,556.23
<b>59900</b>	<b>TOTAL INCOME</b>	<b>6,740,432.23</b>	<b>100.00</b>	<b>6,548,876.00</b>	<b>191,556.23</b>
<b>60000</b>	<b>EXPENSES</b>				
61000	DIRECT EXPENSES				
61050	Business Fees, Licenses & Permits	359.20	0.01	0.00	359.20
61800	Membership Dues & Subscriptions	4,217.99	0.06	0.00	4,217.99
62100	Repairs & Maintenance	44,310.66	0.66	0.00	44,310.66
62600	Landscaping	72,510.77	1.08	0.00	72,510.77
62700	HOA Dues	10,525.73	0.16	-436.27	10,962.00
63200	Insurance Expense	8,295.50	0.12	0.00	8,295.50
63500	Property Tax	76,992.16	1.14	76,992.16	0.00
63750	Security Services	589.50	0.01	0.00	589.50

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Consolidated Automators, LLC (.automat)

**Income Statement**

Period = Sep 2023-Aug 2024

Book = Cash

		<b>Period to Date</b>	<b>%</b>	<b>Sales</b>	<b>Operation</b>
64100	Electric Utilities	162.86	0.00	0.00	162.86
64200	Gas Utilities	7,483.61	0.11	0.00	7,483.61
64300	Water & Sewer Utilities	6,458.20	0.10	0.00	6,458.20
64500	Trash Disposal	360.00	0.01	0.00	360.00
69900	TOTAL DIRECT EXPENSES	232,266.18	3.45	76,555.89	155,710.29
70000	GENERAL & ADMINISTRATIVE				
73000	Receiver Fees	255,313.50	3.79	0.00	255,313.50

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Consolidated Automators, LLC (.automat)

**Income Statement**

Period = Sep 2023-Aug 2024

Book = Cash

		<b>Period to Date</b>	<b>%</b>	<b>Sales</b>	<b>Operation</b>
73050	Receiver Expenses	442.26	0.01	0.00	442.26
75500	Legal Fees	179,641.03	2.67	0.00	179,641.03
76180	Professional Fees	480.00	0.01	0.00	480.00
76190	Federal Income Tax	4,116.48	0.06	0.00	4,116.48
76300	Bank Charges	15.00	0.00	0.00	15.00
79900	TOTAL G & A EXPENSE	440,008.27	6.53	0.00	440,008.27
82000	INTEREST EXPENSE				
82100	Interest Expense	75,750.00	1.12	75,750.00	0.00
86990	TOTAL INTEREST EXPENSE	75,750.00	1.12	75,750.00	0.00
<b>89900</b>	<b>TOTAL EXPENSES</b>	<b>748,024.45</b>	<b>11.10</b>	<b>152,305.89</b>	<b>595,718.56</b>
<b>90900</b>	<b>NET INCOME</b>	<b>5,992,407.78</b>	<b>88.90</b>	<b>6,396,570.11</b>	<b>-404,162.33</b>
	Loan Payoff - Escrow			<u>(1,000,000.00)</u>	
				\$ 5,396,570.11	