

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

EMPIRE HOLDINGS GROUP LLC d/b/a
ECOMMERCE EMPIRE BUILDERS d/b/a
STOREFUNNELS.NET and PETER
PRUSINOWSKI,

Defendants.

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: Civil Action
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: No. 2:24-cv-04949-WB
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RECEIVER, KEVIN DOOLEY KENT’S THIRD WRITTEN REPORT AND
MOTION FOR APPROVAL OF THIRD INTERIM FEE APPLICATION WITH
INCORPORATED MEMORANDUM OF LAW FOR THE PERIOD
JANUARY 1, 2025 THROUGH FEBRUARY 28, 2025

CLARK HILL PLC
Robin S. Weiss, Esquire
Vanessa L. Huber, Esquire
Two Commerce Square
2001 Market Street, Suite 2620
Philadelphia, PA 19103
Phone: (215) 640-8500
Fax: (215) 640-8501
rsweiss@clarkhill.com
vhuber@clarkhill.com

Attorneys for Receiver, Kevin Dooley Kent

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I. INTRODUCTION

Following the entry of the September 20, 2024 Temporary Restraining Order with Asset Freeze, Appointment of a Temporary Receiver, and Other Equitable Relief (ECF No. 19) (the “TRO Order”), Kevin Dooley Kent, in his capacity as Temporary Receiver (the “Receiver”), assumed control of Empire Holdings Group LLC d/b/a Ecommerce Empire Builders d/b/a Storefunnels.net (hereinafter “EEB”) and its existing business operations, and thereafter assumed control of/began exercising his duties with respect to nonparty entities Star Active Sports LLC (“Star Active”), Empire Partner Network LLC (“Empire Partner”), Atlas Fund Limited Partnership (“Atlas Fund”), Atlas Fund Trust (“Atlas Trust”), and Atlas Fund Land Trust (“Atlas Land”) (collectively, the “Atlas Entities”) after identifying the nonparty entities as Receivership Entities in October 2024.^{1, 2} The TRO Order was subsequently extended by the Stipulated Preliminary Injunction entered on November 8, 2024 (“Stipulated PI”) (ECF No. 49), which extended the Receiver’s duties set forth in the TRO Order.

The Receiver’s duties are broad and include, *inter alia*, continuing EEB’s business operations until the Receiver determined that “such operations cannot be continued legally and profitably,” TRO Order § XII ¶ T, and “prioritiz[ing] the protection of legitimate business operations, if any,” *id.* § XII ¶ X, while simultaneously “[c]onserv[ing], hold[ing], manag[ing], and prevent[ing] the loss of all Assets of the Receivership Entities, and perform[ing] all acts necessary or advisable to preserve the value of those Assets.” *Id.* § XII ¶ D. Thus, in carrying out

¹ The TRO Order defines “Receivership Entities” to include the “Corporate Defendant as well as any other entity that has conducted any business related to the advertising, marketing, and sale of Defendants’ Products and Services, including receipt of Assets derived from any activity that is the subject of the Complaint in this matter, and that the Receiver determines is controlled or owned by any Defendant.” TRO Order, Definitions ¶ J.

² The TRO Order provides that “[i]f the Receiver identifies a nonparty entity as a Receivership Entity [he is directed and authorized to] promptly notify the entity as well as the parties, and inform the entity that it can challenge the Receiver’s determination by filing a motion with the Court.” TRO Order § XII ¶ U. The Receiver promptly notified the parties and entities of these determinations via letter, pursuant to the terms of the TRO Order.

his duties, the Receiver needed to focus not only on locating and controlling all documents and assets of the Receivership Entities, *see id.* § XII ¶¶ B-E, but also understanding and managing the business operations of EEB and making necessary payments to keep operations running, while simultaneously determining whether those operations could continue both legally and profitably.

Understandably, and as is typical for receiverships such as this, the weeks following the entry of the TRO Order were intense, with the Receiver, his Counsel and support staff at Clark Hill PLC (“Clark Hill,” “Law Firm,” or “Counsel”), and his Accountants at Alvarez & Marsal Disputes and Investigations, LLC (“A&M” or “Accountant”) (collectively, the “Retained Personnel”) devoting a significant amount of time to carrying out the Receiver’s duties. As explained in detail in the Receiver’s First Interim Fee Application (ECF No. 54), the complexities of EEB’s operations resulted in significant time and effort expended by the Receiver and his Retained Personnel during the first six weeks of the Receivership in maintaining the business operations for existing EEB customers, which was exacerbated by the fact that EEB does not have a physical office location, operates entirely by Cloud-based/electronic means through various platforms, and has contractors all over the world. The nature of these international online business operations also made data and fact gathering complex and time-consuming. After the first six weeks of the Receivership—and as explained in the Receiver’s Second Written Report and Second Interim Fee Application (ECF No. 70)—the time and effort expended by the Receiver and his Retained Personnel reduced significantly, as the Receiver and his Retained Personnel devoted the majority of their time focusing on shutting down EEB’s business operations, continued factual and asset preservation and investigation, handling tax-related and accounting issues, and continuing to handle customer outreach and address customer inquiries.

Pursuant to Sections XVIII of the TRO Order and XIX of the Stipulated PI, the Receiver now submits this Third Written Report and Third Interim Fee Application for the period January 1, 2025 through February 28, 2025 (the “Third Reporting Period”), and moves for approval of payment of fees and expenses invoiced by the Receiver, his Law Firm Clark Hill, and his Accountant A&M during the Third Reporting Period. As is apparent from this Report and the bills submitted in connection herewith, the Receiver and his Retained Personnel have continued to devote a majority of their time during the Third Reporting Period to continued factual and asset preservation and investigation, handling customer outreach and addressing customer inquiries, and handling tax-related and accounting issues. Additionally, the Receiver and his Retained Personnel have devoted time during the Third Reporting Period to shutting down Storefunnels, preparing for the creation of a non-consumer creditor claims process, communicating with various individuals and entities regarding the anticipated claims process, and preparing for the winding down of the Receivership upon case resolution.

II. BACKGROUND OF APPOINTMENT

On September 18, 2024, the Federal Trade Commission (“FTC”) filed a Complaint for Permanent Injunction, Monetary Judgment, and Other Relief against Defendants EEB and Peter Prusinowski (“Prusinowski”), alleging that Defendants violated Section 5(a) of the FTC Act, 15 U.S.C. § 45(a); the FTC’s Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning Business Opportunities (“Business Opportunity Rule”), 16 C.F.R. Part 437; and the Consumer Review Fairness Act (“CRFA”), 15 U.S.C. § 45b. *See* ECF No. 1 ¶ 1. The FTC alleges that “Defendants deceptively market and sell ecommerce business opportunities and self-study programs by falsely claiming that consumers will generate substantial income from online stores that are ‘powered by artificial intelligence; and Defendants’ ‘proven’ strategies.” *Id.*

¶ 2. The FTC alleges that Defendants falsely promised consumers significant earnings when, in reality, the promised profits never materialize, thereby leaving clients with failed businesses that generate little, if any, profits, while Defendants enrich themselves. *Id.* The FTC also alleges that Defendants use non-disparagement clauses which violate the Consumer Review Fairness Act, and that Defendants failed to provide statements and disclosure documents required by the Business Opportunity Rule. *Id.* ¶ 3. The FTC alleges that “[s]ince 2021, Defendants have deceived consumers out of at least \$14.3 million. *Id.* ¶ 4.³

Along with its Complaint, the FTC filed an Emergency Motion for Temporary Restraining Order with an Asset Freeze and Other Equitable Relief, and an Order to Show Cause Why a Preliminary Injunction Should Not Issue (“Motion for TRO”). (ECF No. 2). In its Motion for TRO, the FTC sought the appointment of a receiver. The FTC also filed its Recommendation for Temporary Receiver that same day, proposing the appointment of Kevin Dooley Kent as Receiver. (ECF No. 8). The supporting materials submitted therewith set forth the following rates for the Receiver, Law Firm, and Accountant, which provide substantial discounts from their standard 2024 rates:

<u>The Receiver</u>		
Name		Rate
Kevin Dooley Kent		\$722.50
<u>The Law Firm</u>		
Clark Hill PLC		
Name/Position		Rate
Senior Counsel (Megan Guernsey)		\$633.25
Member (Robin Weiss) ⁴		\$562.50

³ The Receiver and his Retained Personnel have determined that EEB reported revenue and purported operating expenses of approximately \$21.8 million and \$17.3 million, respectively, from May 16, 2018 through August 31, 2024, and, based on available accounting records, nearly all funds generated by EEB were transferred to/for the benefit of Prusinowski after payment of purported expenses.

⁴ Robin Weiss was promoted from Senior Attorney to Member at Clark Hill effective January 1, 2025. Nonetheless, her hourly rate remains the same.

Associates	\$292.50–\$436.50
Paraprofessionals	\$270.00

The Accountant

Alvarez & Marsal Disputes and Investigations, LLC

Name/Position	Rate
Michael Shanahan, Managing Director	\$750.00
Managing Directors	\$850.00
Senior Director	\$635.00
Director	\$575.00
Manager	\$490.00
Senior Associate	\$450.00
Associate	\$350.00

See id. Ex. A.

On September 20, 2024, based upon the FTC’s recommendation, the Court entered the TRO Order which appointed Kevin Dooley Kent as Receiver. (ECF No. 19). The TRO Order authorized the Receiver to “[c]hoose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by [the TRO] Order.” TRO Order § XII ¶ F.⁵ The Receiver engaged the Law Firm and Accountant to provide professional services as permitted by the TRO Order, at the rates set forth in Exhibit A to the Recommendation for Temporary Receiver. *See* ECF No. 8 Ex. A.

Both the TRO Order and Stipulated PI provide that “the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the Assets now held by, in the possession or control of, or which may be received by, the Receivership Entities.” TRO Order §

⁵ The Receiver’s appointment and authority to engage his Retained Personnel was extended by the Stipulated PI. *See* Stipulated PI § XIII ¶ F.

XVIII; Stipulated PI § XIX. Both the TRO Order and the Stipulated PI direct the Receiver to file and serve periodic requests for payment of such reasonable compensation, with the first request to be submitted no more than sixty (60) days after the entry of those respective orders. *See ids.*

In light of the foregoing, the Receiver submits this Third Written Report and Third Interim Fee Application seeking reasonable compensation for the fees and out-of-pocket expenses incurred by the Receiver, Law Firm, and Accountant for the period January 1, 2025 through February 28, 2025, for the Court's consideration and approval. As will be apparent from the below and from the corresponding invoices, the Receiver and his Retained Personnel's time devoted to this matter has continued to decline as compared to the First Reporting Period (September 20, 2024–October 31, 2024) and Second Reporting Period (November 1, 2024–December 31, 2024), as the Receiver anticipated in his First and Second Interim Fee Applications (ECF Nos. 54 & 70).

III. INVESTIGATION AND CONTROL OVER ASSETS AND DATA OF RECEIVERSHIP ENTITIES

A. Notice of TRO Order/Stipulated PI and Requests for Information/Documentation and/or Compliance with TRO Order/Stipulated PI

As set forth in detail in the Receiver's First Written Report (ECF No. 38) and First Interim Fee Application (ECF No. 54), the Receiver sent notices of the TRO Order, with document requests and/or asset turnover demands, to all financial institutions, entities, and other third parties that were involved in any way with EEB business operations. The Receiver thereafter sent follow-up notices following the entry of the November 8, 2024 Stipulated PI. (*See* ECF No. 54 at 8-13).

And as explained in the Receiver's Second Written Report & Second Interim Fee Application (ECF No. 70), the Receiver, through his Counsel and/or Paraprofessionals, where appropriate, thereafter conducted interviews, exchanged communications with, and/or received documents from many individuals and/or entities served with the TRO Order and Stipulated PI, directly or through their counsel. (*See* ECF No. 70 at 6).

During the Third Reporting Period, the Receiver and his agents have continued to exchange communications with various individuals and entities, directly or through their counsel, primarily regarding compliance with the TRO Order and Stipulated PI. For example, the Receiver and his counsel: (1) continued to correspond with Stripe, American Express, and PayPal regarding their compliance with the TRO Order/Stipulated PI, specifically in regard to the asset freeze; and (2) corresponded with Authorize.net regarding their request for payment of an outstanding account balance and notification that unpaid amounts would be referred to a collection agency, informing them that such a request for payment/referral to a collection agency would be in violation of the TRO Order/Stipulated PI and thus requesting compliance with the asset freeze. Additionally, during the Third Reporting Period, the Receiver and his agents: (1) analyzed Charles Schwab's claimed secured interest in the funds Schwab has held back in the Atlas account, in relation to a purported margin loan; (2) received, either directly or forwarded from Defendant Peter Prusinowski, correspondence from ECommerce 4 LLC, American Coradius International LLC, and Cedars Business Services on behalf of NMI, PayPal, and Paya Services, Inc. respectively, requesting payment of outstanding balances due to them; (3) notified ECommerce 4, American Coradius, Cedars Business Services, and Paya of the Receivership, TRO Order, and Stipulated PI, sent them a copy of the Stipulated PI, informed them that the Stipulated PI prohibits them from attempting to collect outstanding debts owed, and thus requested that they cease such collection attempts; (4) demanded that Paya immediate send proof of all alleged debt EEB allegedly owes to it; and (5) notified NMI of its obligations pursuant to the Stipulated PI.

B. Receivership Bank Account

Pursuant to Section XII, Paragraph O of the TRO Order and Section XIII, Paragraph O of the Stipulated PI, the Receiver has continued to maintain a centralized Receivership Account with WSFS Bank (the "Receivership Account"), through which he has continued to receive the transfer

of funds and has made payments and disbursements as necessary for the administration of the Receivership Estate. As of February 28, 2025, the balance in the Receivership Account was \$584,739.34.

The Receiver secured the transfer of funds from Stripe (\$1,908.73) to the Receivership Account, that Stripe had previously improperly withdrawn from the EEB TD Bank account.⁶ Additionally, Charles Schwab transferred a residual balance in EEB's Schwab account (\$341.76) to the Receivership Account on January 21, 2025.

The wire and transfer activity for the Receivership Account is set forth in greater detail in Section V, *infra*.

C. Additional Receivership Assets

Certain Receivership Assets remain elsewhere, subject to the TRO Order and Stipulated PI, but have not been deposited and/or transferred into the Receivership Account as of the date of this filing.

1. Empire Partner TD Bank Account

The Empire Partner TD Bank Account (x8811) has continued to receive funds since the transfer of the balance of that account to the Receivership Account. As of February 28, 2025, the balance in the account was \$4,190.78. The Receiver intends to arrange for the transfer of these funds to the Receivership Account. And due to the account's continued receipt of funds, the Receiver does not anticipate seeking the closure of the Empire Partner TD Bank account at this time.

⁶ As noted in the Second Written Report & Second Interim Fee Application, upon observing that Stripe had withdrawn \$1,908.73 from the EEB TD Bank account (which caused an overdraft and was done in violation of the TRO Order), the Receiver issued notice of non-compliance letters to Stripe and Receiver's counsel subsequently communicated directly with Stripe's counsel, during which Receiver's counsel requested that Stripe wire the improperly withdrawn funds directly to the Receivership Account. (*See* ECF No. 70 at 13). On January 17, 2025, Stripe notified Receiver's counsel that it had initiated the wire transfer and, on or about January 21, 2025, the funds were received into the Receivership Account. (*See id.*)

2. Empire Partner PayPal Account

As of February 28, 2025, the balance in Empire Partner's PayPal account was \$213.89. The Receiver is exploring options for the transfer of these funds to the Receivership Account.

3. EEB Charles Schwab Account

As noted in the Second Written Report & Second Interim Fee Application, Charles Schwab produced a statement for the EEB account for the period November 1, 2024 through December 31, 2024, indicating an ending account value of \$341.74 as of December 31, 2024. (*See* ECF No. 70 at 8). The Receiver submitted a request for the transfer of this balance to the Receivership Account, which was initiated on January 21, 2025 and, by the time the transfer was initiated, the balance had increased two cents to \$341.76. (*See id.*) As noted in Section III.B, *supra*, Schwab ultimately transferred the increased account balance (\$341.76) to the Receivership Account. Schwab thereafter produced a statement for the EEB account for the period January 1, 2025 through January 31, 2025, indicating an account balance of \$0.00 as of January 31, 2025.

4. Storefunnels Stripe Account

As previously reported, the Storefunnels Stripe account continued to collect Storefunnels subscription payments for individuals who had active websites on Storefunnels. Stripe paused payouts on the account pursuant to the TRO Order and Stipulated PI, but in accordance with discussions between Stripe's counsel and the Receiver's counsel, Stripe allowed the Storefunnels subscription payments to continue to process and accrue in the Storefunnels Stripe account.

In accordance with plans discussed in the Second Written Report & Second Interim Fee Application, after Storefunnels was shut down on January 31, 2025, the Receiver's counsel contacted Stripe's counsel requesting that Stripe transfer the accrued funds in the Storefunnels

Stripe account to the Receivership Account.⁷ During (and after) the Third Reporting Period, Receiver's counsel has sent numerous follow-up requests to Stripe's counsel on the status of the transfer request, as well as other matters set forth in Section III.D.2.a, *infra*. Stripe's counsel indicated in its last two email responses on March 12 and March 31, 2025 that they were looking into the matter and would respond thereafter. To date, Stripe has not yet confirmed that it will transfer the accrued funds or that it has initiated the transfer.

5. Empire Realty Holdings LLC

Empire Realty Holdings LLC ("Empire Realty") owns a townhome located at 6 Constitution Avenue, Doylestown, PA 18901 (the "Constitution Ave Property"). According to Defendants' financial disclosures, the Constitution Ave Property was acquired on July 1, 2016 for \$196,000.00, and the current value is estimated at \$345,000.00. The mortgage balance, held by Mr. Cooper, is \$112,000.00. According to the financial disclosures, the monthly mortgage is \$1,141.64, and the monthly rent received for the property is \$2,350.00.

Mr. Prusinowski conveyed the Constitution Ave Property to Empire Realty in early 2024. Although Mr. Prusinowski claimed in his initial financial disclosures that he was the sole owner and manager of Empire Realty, the Receiver learned through documents produced by Lodmell in response to the Receiver's subpoena that Atlas Fund has been Empire Realty's sole 100% member since December 4, 2023. Thus, Atlas Fund is the beneficial owner of all of Empire Realty's assets, including the Constitution Ave Property.

After the Receiver's counsel notified defense counsel of this discrepancy on November 25, 2024, Defendants issued updated disclosures which properly reflected Atlas Fund as the sole member of Empire Realty, but Mr. Prusinowski failed to respond to the Receiver's other requests

⁷ As of January 31, 2025, the balance in the Storefunnels Stripe account was \$39,720.25.

regarding the Constitution Ave Property. Specifically, the Receiver's counsel requested that nothing further be done with the assets of Empire Realty without the Receiver's express consent, and requested clarity regarding what has been done with the rental income and approximately \$1,200.00 in profits earned each month. Counsel also requested a copy of the lease agreement, information regarding the account through which rental payments are being collected and the mortgage paid, all mortgage documents and deeds for the property, insurance policies for the property, property tax and insurance bills for the property, and proof that all mortgage, property tax, and insurance payments are up-to-date and not in arrears.

As indicated in the Second Written Report & Second Interim Fee Application, the Receiver's counsel sent follow-up requests to defense counsel on December 11, 2024, December 13, 2024, December 19, 2024, January 8, 2025, and January 20, 2025. (*See* ECF No. 70 at 10). On January 22, 2025, defense counsel sent Receiver's counsel (1) the original deed for the property, (2) the landlord insurance policy, (3) the residential lease agreement entered into with the then-tenant of the property,⁸ and (4) the current mortgage statement from Mr. Cooper. (*See id.*). Defendants further advised that the tenant terminated the lease and moved out of the property before the end of the renewal term.

After the Third Reporting Period, on March 21, 2025, Mr. Prusinowski advised Receiver's counsel that the tenant was requesting his security deposit back, and that Mr. Prusinowski did not have sufficient funds to pay the mortgage, HOA fee, and water and sewer bills. In order to protect and preserve Receivership Assets and avoid the risk of mortgage foreclosure and/or liens being placed on the Constitution Ave Property, the Receiver promptly began making payments for these obligations, which will be discussed in further detail in the next status report. Additionally, on

⁸ The residential lease is currently in its second six (6) month renewal term, which is set to end on April 30, 2025.

March 27, 2025, the Receiver's counsel visited the Constitution Avenue Property to assess the condition of the Property and had the locks changed to secure the Property.⁹ On March 31, 2025, the Receiver's counsel sent a letter to the tenant disputing the return of the full security deposit amount because the tenant had breached the Lease Agreement by terminating it early. After further communications with the tenant, and in consideration of the potential costs incurred by the Receivership Estate if the dispute regarding the security deposit were to continue, the Receiver has agreed to return half of the security deposit (\$1,175.00) to the tenant, which the tenant has agreed to accept. The Receiver will provide a further update regarding the return of half of the security deposit to the tenant in the next status report.

In addition to the Constitution Ave Property, Empire Realty holds a bank account with TD Bank. As of February 28, 2025, there was a balance of \$5,937.79 in Empire Realty's TD Bank Account (x8762).

6. Safe Deposit Box

As previously reported, the Receiver has taken possession of the keys to access the Safe Deposit Box at TD Bank in Jamison, Pennsylvania, and has inventoried the contents thereof, which include assets such as Rolex watches, gold and silver bullion, and gold and silver coins. The Receiver understands that discussions are ongoing between Defendants and the FTC regarding certain items in the Safe Deposit Box which Mr. Prusinowski claims were inherited and/or are otherwise of significant personal and/or sentimental value. Thus, the Receiver has not yet taken any action to sell and/or liquidate the items in the Safe Deposit Box.

⁹ Given that the Constitution Ave Property is owned by Empire Realty, which is not currently a Receivership Entity at this time, the Receiver has not cut off Mr. Prusinowski's access to the Property and has thus allowed Mr. Prusinowski to keep a copy of the new key. The Receiver possesses the only other copies of the new key.

D. Status of Disputes with Payment Processors, Credit Cards, and Financial Institutions

The Receiver has had varying degrees of difficulty securing compliance with the TRO Order and Stipulated PI from American Express, PayPal, Stripe, Wave, and Charles Schwab. The Receiver has provided information regarding some of these difficulties in previous filings. The latest developments with respect to these disputes are as follows.

1. American Express

As previously reported, the Receiver discovered that additional charges were still being incurred on multiple EEB American Express (“AMEX”) accounts after September 20, 2024, most of which appeared to have been through automatic recurring payments to sites like Google, Facebook, and Amazon. AMEX also continued to charge late fees and interest on the accounts, and sent repeated automated calls to the Receiver’s agents attempting to secure payment on the outstanding balances, all in violation of the TRO Order and Stipulated PI.

The Receiver sent three (3) Notices of Non-Compliance to AMEX on October 11, 2024, October 23, 2024, and November 21, 2024. Finally, the Receiver’s counsel received a response from AMEX’s General Counsel’s office on November 21, 2024, and had a call with AMEX’s counsel on November 26, 2024. AMEX’s counsel confirmed that the accounts are frozen and that all collection efforts would cease, and further advised that they were looking into the late fee and interest issue. The EEB AMEX accounts have all been successfully frozen, and no further charges have been incurred from third party vendors and/or service providers. Additionally, the collection calls have largely stopped. However, AMEX’s imposition of interest and late fees continues.

On January 20, 2025, the Receiver’s counsel sent a follow-up communication to AMEX’s counsel regarding the continued imposition of interest and late charges. AMEX’s counsel responded by inquiring into whether there will be a claims process through which AMEX can

submit a claim, at which point the claims for late fees and interest can be addressed. Receiver's counsel informed AMEX's counsel that a claims process is not currently in place, but that it would be informed if/when a claims process is established.

As of April 7, 2025, the balances on the EEB AMEX accounts totaled \$192,979.37, broken down as follows:¹⁰

- EEB Business Gold Card x24001: \$31,126.06;
- EEB Business Platinum Card x22007: \$75,924.31;
- EEB Business Gold Card x94002: \$375.00;
- EEB Business Gold Card x93004: \$0.00;
- EEB Business Gold Card x92003: \$29,041.76;
- EEB Business Gold Card x82002: \$17,075.15;
- EEB Business Gold Card x42008: \$14,949.57;
- EEB Business Gold Card x42005: \$1,240.17;
- Business Gold Card x32000: \$28,761.76.

This represents an \$11,862.91 increase in the total balances of the EEB AMEX accounts since January 20, 2025, attributable to late fees and interest charges.

2. Payment Processors

The Receiver determined that PayPal, Stripe, and Wave were all violating the TRO Order and Stipulated PI by continuing to process customer chargebacks despite receiving notice of the asset freeze. As previously reported, the Receiver sent non-compliance letters to Stripe and PayPal on October 14 and 16, 2024, respectively, sent a second notice to Stripe on October 24, 2024, and

¹⁰ The Receiver has excluded from this list Defendant Prusinowski's personal Charles Schwab Platinum Card (x91000) and High Yield Savings Account ("HYSA") (x8569). The TRO Order and Stipulated PI do not forbid Mr. Prusinowski from incurring charges on personal credit cards. See TRO Order § III ¶ C & § IV ¶ A; Stipulated PI § III ¶ C & V ¶ A.

sent non-compliance letters to Wave on November 21, 2024 and December 17, 2024. In these letters, the Receiver requested, *inter alia*, that these payment processors reverse any customer chargebacks and prevent further customer chargebacks from continuing.¹¹

a. Stripe

After receiving the Receiver's second notice of non-compliance, counsel for Stripe contacted Receiver's counsel to work through the issues asserted in the non-compliance letters. In working through Stripe's noncompliance with Stripe's counsel, Receiver's counsel confirmed that (1) Stripe would make efforts to reverse the withdrawal processed through the EEB Stripe account, (2) there was no positive balance in the Stripe EEB account that would warrant the hold back of any funds upon account closure, and that (3) Stripe's closure of the EEB account would not in any way impact the Storefunnels Stripe account.¹² On January 17, 2025, Stripe emailed the Receiver's counsel advising that it had initiated the transfer of the \$1,908.73 refund to the Receivership Account. The funds were received in the Receivership Account on or about January 21, 2025.

On February 11, 2025, Mr. Prusinowski received an email from Stripe which he immediately forwarded to Receiver's counsel. The Stripe email stated (1) that it was the "final notice to resolve the negative balance of USD -64694.46 owed on [the EEB] Stripe account"; (2) that "[t]he negative balance is due to losses [] incurred as a result of chargebacks and refunds, which Stripe has already paid"; and (3) that Stripe was requesting the negative balance be repaid to Stripe by February 18, 2025. Because Stripe had previously indicated that it was closing the EEB Stripe account on October 31, 2024¹³—and because the Receiver and his agents had been

¹¹ The Receiver also demanded that Stripe reverse its withdrawal of \$1,908.73 from one of EEB's TD Bank accounts on October 10 (which caused an overdraft) and return those funds to the Receiver. (*See* ECF No. 70 at 13).

¹² As of January 31, 2025, the balance in the Storefunnels Stripe account was \$39,720.25.

¹³ *See* ECF No. 54 at 21 (detailed discussion of Stripe's indication that it would close the EEB Stripe account on October 31, 2024). Although Stripe advised that it was unilaterally closing the EEB Stripe account on October 31,

under the impression that the EEB Stripe account has been closed since October 31, 2024— Receiver’s counsel emailed Stripe’s counsel, forwarding a copy of the February 11, 2025 Stripe email, and requesting clarification on whether the email was merely an automated email that was sent notwithstanding the current litigation, asset freeze, and prior discussions between counsel. If it was not an automated email, Receiver’s counsel requested an explanation for why Stripe sent the email. On February 17, 2025, Receiver’s counsel sent Stripe’s counsel a separate email indicating that Storefunnels had officially been shut down and therefore, in accordance with prior discussions between counsel, requested that Stripe transfer the balance of the Storefunnels Stripe account to the Receivership Account.

After not having received any response, Receiver’s counsel sent follow-up emails to Stripe’s counsel on February 25 and March 11, 2025.¹⁴ On March 12, 2025, Stripe’s counsel responded to Receiver’s counsel, stating that the “matter is being investigated” and that they are working on addressing all of Receiver’s counsel’s questions. Receiver’s counsel emailed Stripe’s counsel on March 31, 2025 inquiring on the status of their investigation/responding to Receiver’s counsel’s prior inquiries. Stripe’s counsel responded shortly thereafter, acknowledging receipt of the email and stating that they would “inquire about updates[.]” To date, Stripe’s counsel has not yet responded to Receiver’s counsel’s questions about activity in the EEB Stripe account or the request to transfer the balance of the Storefunnels Stripe account to the Receivership Account.

2024, as of February 28, 2025, the EEB Stripe account reflects a balance of -\$64,694.46, presumably due to the continued internal processing of chargebacks and refunds.

¹⁴ On March 11, 2025, Receiver’s counsel also sent a separate email to Stripe’s counsel, informing them of two new emails from Stripe in which Stripe indicated that two payment dispute amounts (both for \$5,999.75) had been debited from the EEB Stripe account. As with the February 11, 2025 email from Stripe, Receiver’s counsel asked Stripe’s counsel for clarity on how/why activity is still being allowed on the EEB Stripe account even though Stripe had purportedly closed the account on October 31, 2024. Receiver’s counsel also reminded Stripe’s counsel that the Stipulated PI prohibited Stripe from processing payment disputes and, therefore, likewise prohibited Stripe from debiting disputed amounts from the EEB Stripe account.

b. PayPal

Receiver's counsel had numerous e-mail communications with PayPal's outside counsel, followed by a phone call on November 11, 2024. During the call, PayPal's counsel advised that PayPal sent the Receiver a check for the balance in the PayPal account totaling \$2,711.91 (which was received and deposited into the Receivership Account on December 4, 2024), that they are required to allow customer chargebacks to go through when customer disputes are timely submitted, and that this happens through an automated process. However, PayPal has covered the cost for the previous chargeback submitted after the entry of the TRO Order, and it will continue to do so in the event additional chargebacks are initiated.

On February 20, 2025, Mr. Prusinowski forwarded to Receiver's counsel a letter he received in the mail from American Coradius International LLC ("American Coradius"), in which American Coradius stated that it was a debt collector that was attempting to collect a debt owed to PayPal in the amount of \$7,453.50, and requesting that the debt be paid to it by March 14, 2025. Because Mr. Prusinowski's PayPal account was used in connection with EEB's business activities, Receiver's counsel sent a letter to American Coradius on February 21, 2025 (1) notifying them of this lawsuit, the Receivership, the TRO Order, and the Stipulated PI, (2) attaching a copy of the Stipulated PI and debt collection letter sent to Mr. Prusinowski, (3) notifying them that the Stipulated PI prohibits them from making collection attempts on behalf of PayPal, and (4) requesting that they immediately cease and/or terminate their collection attempts. Receiver's counsel also emailed PayPal's outside counsel on February 25, 2025, attaching a copy of the February 21 letter to American Coradius and advising that PayPal's collection attempts were in violation of the Stipulated PI. To date, neither American Coradius nor PayPal's counsel have responded to Receiver's counsel; however, the Receiver assumes that American Coradius has

ceased its collection efforts given that the March 14, 2025 debt repayment deadline has since passed, and neither Mr. Prusinowski nor Receiver's counsel has received any further correspondence from American Coradius.

Given the losses PayPal has seemingly incurred in connection with the chargeback process in order to comply with the TRO Order and Stipulated PI, PayPal may submit a claim in the future through the Receivership Estate for those losses. PayPal has also indicated that it is banning EEB and its principals from using its services in the future. As of February 28, 2025, there was a balance of -\$6,456.50 in the EEB PayPal account, due to PayPal's issuance of customer chargebacks.

c. Wave

As previously reported, Wave initially did not respond to the Receiver's notice letter, but the Receiver received copies of email notifications sent by Wave's dispute resolutions team to Mr. Prusinowski on November 14 and 19, 2024, in which it advised of disputed transactions for which chargebacks would be and/or had been automatically accepted. The Receiver thereafter sent Wave notice of non-compliance letters on November 21, 2024 and December 17, 2024,¹⁵ advising that Wave must immediately cease all chargebacks and cease all efforts to collect chargeback amounts as such actions are in violation of the TRO Order and Stipulated PI. To date, Wave has not responded, and the account is now suspended and inaccessible. However, the balance on the account was previously \$0.00 as of October 20, 2024.

¹⁵ As explained in the Second Written Report & Second Interim Fee Application, this second notice of non-compliance letter was prompted by a December 12, 2024 email in which a Wave Loss Mitigation Team analyst advised that Wave had been attempting to debit \$86,070.00 from the EEB account for customer disputes, and that the account would be suspended until at least 10% of the balance had been paid. Notwithstanding the Receiver's paralegal's forwarding of the November 21 non-compliance letter to the analyst, the analyst responded that the account would be sent to Wave's external collections agency if the outstanding balance was not paid. (See ECF No. 70 at 14-15).

3. Charles Schwab

As previously reported, Charles Schwab did not transfer the full balance of the Atlas account to the Receivership Account, instead retaining over \$300,000.00, which the Receiver presumed was held back due to a margin loan Schwab claimed it was owed. On October 22, 2024, the Receiver sent a follow-up letter to Schwab indicating as such, informing Schwab that such acts of self-help were not authorized under the TRO Order, and demanding copies of all records and documents pertaining to the Atlas account pursuant to Section IV, Paragraph D of the TRO Order, in order for the Receiver to better understand the basis for Schwab's asserted secured interest in the held-back funds. On October 23, 2024, in response to the Receiver's letter, Schwab sent Receiver's counsel a copy of the Application completed by Defendant Prusinowski regarding the margin loan taken out on Atlas's Schwab account and, on November 18, 2024, the Receiver received a document production from Schwab regarding, *inter alia*, the Atlas account.

The Atlas Schwab account records confirmed that the account balance as of September 1, 2024 was \$984,165.39. By September 30, 2024, the balance had been reduced to \$609,145.17. This was due, in large part, to \$400,000.00 in withdrawals initiated by Mr. Prusinowski on September 19, 2024 which, upon information and belief, were utilized to pay the retainer for the engagement of his former counsel, Gordon Rees. Schwab had indicated that this was done through a margin loan. By the time the Receiver initiated the transfer request from the Atlas Schwab account, the balance in the account was \$614,174.54, all of which was eventually transferred to the Receiver.

While it is difficult to understand precisely what occurred by reviewing the account records, it appears that Schwab may have technically violated the TRO Order and engaged in self-help by repaying itself on the margin loan rather than remitting those funds to the Receiver and/or

seeking relief from the TRO Order to protect its interests. Schwab's counsel has taken the position that it had a secured interest in the funds pursuant to the margin loan agreement and applicable federal statutes and regulations, and that the money truly was no longer in the account at the time the TRO Order was entered. In other words, Schwab's counsel's position was that even if Schwab engaged in self-help in violation of the TRO Order, the outcome would ultimately be the same, with Schwab entitled to retain the funds if the dispute was brought before this Court.

During the Third Reporting Period, Receiver's counsel conducted legal research and analysis of Schwab's position and subsequently conferred with the Receiver. The Receiver and his counsel ultimately concluded that, in the interest of preserving time and assets of the Receivership Estate, they would not seek this Court's intervention with respect to Schwab's actions at this time based on weighing the likely costs of such action against the potential for success.

E. Control Over and Preservation of Documents and EEB Social Media

In his First Interim Fee Application, the Receiver described the efforts he and his agents had taken/were continuing to take to gain control over, and preserve, the Documents of EEB pursuant to Section XII, Paragraphs B, C, and E of the TRO Order, and EEB's social media accounts pursuant to Section XII, Paragraphs B, E, and I of the TRO Order. (*See* ECF No. 54 at 22-26). Those discussions are incorporated herein by reference. The Receiver has continued to receive document productions from certain financial institutions and third parties in response to notice letters and/or subpoenas, which he and his Retained Personnel continue to review.

On January 17, 2025, the Receiver and his agents received notice from GoDaddy about the impending expiration of the domain name peterpru.com. Because peterpru.com was one of the websites that the Receiver and his agents had posted a notice regarding the TRO Order and Receivership Website (*see* ECF No. 54 at 36), the Receiver and his agents reviewed the website

to determine whether to renew the domain name and, upon review, discovered that the website had embedded EEB YouTube videos that appeared to still be accessible even though the Receiver's agents had "unlisted"¹⁶ the EEB YouTube videos to prevent the public from accessing them. Upon this discovery, the Receiver's agents preserved the contents of the peterpru.com website and took down the EEB YouTube videos embedded on the website.

During the Third Reporting Period, the Receiver's agents received a handful of emails from former EEB customers regarding EEB training videos that they had been given access to (as part of their EEB product purchase) through the website Members Pro.¹⁷ The initial customer inquiries prompted the Receiver's agents to preserve all content in Members Pro, to ensure that such content remained accessible in the event that such content could not be accessed via the website for some reason. The Receiver's agents preserved a total of 1,456 videos (208 total gigabytes) from Members Pro. A few weeks after the Members Pro content was preserved, the Receiver and his agents received an email from a former EEB customer stating that he could not log into Members Pro to view the training videos. Coincidentally, the Receiver and his agents discovered that the EEB subscription to Members Pro had expired at some point shortly after all of the Members Pro content had been preserved, and that neither the Receiver's agents, nor any former EEB customers, could log into Members Pro anymore.

Given the handful of customer inquiries about the training videos that were on Members Pro, the Receiver's counsel and agents began the process of compiling a copy of all of the preserved content shortly after the Third Reporting Period. The Receiver's agents are presently in

¹⁶ See ECF No. 38 at 40.

¹⁷ The Receiver and his agents have historically referred to this website as "App Members Pro," both in prior filings (*see, e.g.*, ECF No. 54 at 24) and in billing narratives. Receiver's counsel very recently learned that the website is only called Members Pro, not "App" Members Pro, and will thus refer to it as Members Pro moving forward. Receiver's counsel makes note of this as a number of billing narratives in the invoices submitted in connection herewith refer to the website as App Members Pro.

the process of preparing the copy of the preserved content to share via secure link with those customers who purchased access to the videos and have inquired about the training videos, as well as any customers who inquire about access to the videos in the future.

F. Investigation of Potential Assets

During the Third Reporting Period, the Receiver and his Retained Personnel continued to investigate the assets and liabilities of the Receivership Entities, including through a review of materials preserved from various e-mail accounts and drives, as well as materials produced by various entities and individuals. Based on his investigation thus far, the Receiver is currently of the belief that all meaningful and recoverable assets of the Receivership Entities have been identified by the Receiver and described herein. This conclusion is consistent with the financial records and transactional history of the Receivership Entities.

The Receiver remains mindful of the parties' assertions that they are attempting to work towards a settlement in this matter; therefore, as with the Second Reporting Period, the Receiver and his Retained Personnel have continued to slow down investigatory efforts in the interest of preserving costs and expenses and preventing the dissipation of assets of the Receivership Estate. If the matter does not resolve, the Receiver's next step would likely be to depose counsel from Lodmell in order to definitively determine whether the Atlas Entities may be holding any additional assets, *e.g.*, whether Atlas Land owns any property and whether certain Atlas funds may be held in Belize.¹⁸

¹⁸ This seems unlikely given the limited evidence and information reviewed to date.

IV. MANAGEMENT, ANALYSIS, AND SHUTDOWN OF EEB BUSINESS OPERATIONS

A. Consumer Outreach

As reported in prior filings, after conducting individualized outreach to a number of EEB customers in order to gain further insight on EEB’s business operations, the Receiver collected information from as many current and former EEB customers as possible in a streamlined manner. After placing a Notice of Receivership on the EEB website and creating a Receivership Website,¹⁹ the Receiver’s agents reviewed all signed contracts between EEB and the customers who purchased EEB’s services,²⁰ compiled customer emails from the contracts, created an email address specifically for the Receivership (empireholdingsrcvr@clarkhill.com) (The “Receivership Email”), and sent a mass bcc email²¹ from the Receivership Email to those EEB customers informing them of the Receivership and inviting them to complete a Consumer Questionnaire²² regarding their experience with EEB.

As of February 28, 2025, approximately 140 individuals have submitted Consumer Questionnaires to the Receiver, with responses continuing to be submitted. The overall reported customer experience continues to be overwhelmingly negative—customers have reported that their experience did not align with their expectations, that they have had very few sales, if any, and that they have suffered significant financial losses. Some notable customer responses in Consumer Questionnaires that have been submitted during the Third Reporting Period include the following:

- “They did not do anything that [t]hey promised. I feel like I was robbed.”

¹⁹ <https://empireholdingsgroupreceivership.com/>.

²⁰ Receiver’s agents extracted all signed Service Agreements found in EEB’s HelloSign and DocuSign platforms.

²¹ The Receiver compiled and sent the mass bcc email to 481 EEB customer emails. Of the 481, 25 emails were returned as undeliverable, and 1 was returned as the recipient’s inbox is full.

²² The Consumer Questionnaire was attached as Exhibit C to the Receiver’s First Written Report (ECF No. 38-3).

- “It was about a 20k investment all said and done and the level of knowledge and execution with end result was a complete loss. . . . Nothing was true about them having an in-demand product with a buying market ready to purchase. That was the promise in sales presentation. . . . They basically completely mis-represented what they could accomplish and strung me along until my funds dried up.”
- “I have not earned any income, my facebook ads account was suspended/blocked forever; and the ‘professionals’ who were FB ad experts did not provide me with any ‘Expert’ advice.”
- “They are total frauds/liars and truly do not care about any of their clients. They were very helpful until they got paid. Once they were paid it became hands off an[d] all on me and could care less if I was successful or not. . . . If I had known this, I could have invested my \$13,500 into something else.”
- “The services were incomplete. Misleading, and failed to deliver promised results. Misrepresentations made during the sales process, such as guarantees of profitability or success timelines that were not met.”
- “This experience was nothing like I expected. I can say that this was a HUGE investment of time, resources and significant financial investment. . . . I did not find a way to execute without paying them more money. . . . I feel foolish for falling for the opportunity.”
- “I was promised one thing, but my experience did not reflect what was promised to me. I feel once I paid, things changed & I continued to be bombarded with additional requests for services ‘needed’ in order to be successful when these things weren’t mentioned prior to me paying. . . . I think its disheartening for these types of businesses to mislead unknowing hopefuls just to make money off of them.”
- “I was told it was a completely automated ecommerce business but that was a lie”

In addition to receiving and reviewing Consumer Questionnaires, the Receiver’s agents continue to review and respond to customer inquiries that are sent to the Receivership Email. During the Third Reporting Period, the customer emails primarily consisted of requests for information/updates and refund requests. The Receivership Email continued to receive a few customer emails regarding Storefunnels technical issues (which the Receiver directed the customers to send to Simvolly through the customer support chat function on the Storefunnels website), but such customer emails ceased upon the shutdown of Storefunnels on January 31, 2025.²³ Additionally, as noted in Section

²³ The Storefunnels shutdown is discussed in detail in Section IV.D, *infra*.

III.E, *supra*, the Receivership Email also received a handful of customer emails regarding EEB training videos that they had been given access to (as part of their EEB product purchase) through the website Members Pro. In light of these email inquiries, the Receiver’s agents have preserved all content on Members Pro (1,456 videos) and are now presently in the process of preparing a copy of the preserved content to share via secure link to customers who have inquired about the training videos, as well as any customers who inquire about access to the videos in the future.

B. EEB Website and Receivership Website

Pursuant to Section XII, Paragraph V of the TRO Order (and consistent with Section XIII, Paragraph V of the Stipulated PI), and as indicated in the Receiver’s October 8, 2024 letter to the Court, the Receiver’s agents placed a notice on the EEB website, <https://ecommerceempirebuilders.com/>. That notice remains on EEB’s website:²⁴



The Receiver’s agents also posted similar notices on two additional websites associated with Defendants, <https://peterpru.com> and <https://empireplr.com>.

Additionally, the Receiver continues to update the Receivership Website to provide updates regarding important developments to consumers and members of the public. EEB customers also still have the opportunity to complete and submit their Consumer Questionnaires through the Receivership Website.

²⁴ The Court Orders listed in the notice are hyperlinks to the filed copies of the Orders, and “Empire Holdings Group Receivership” is hyperlinked to the Receivership Website.

C. Management of EEB Business Operations and Storefunnels

Pursuant to Section XII, Paragraph X of the TRO Order—and as discussed between the Court and counsel for the parties during the September 20, 2024 TRO Hearing²⁵—the Receiver allowed business operations to continue for existing EEB customers through October 31, 2024. The Receiver’s management of EEB business operations through October 31, 2024, and the significant difficulties and costs associated therewith, were discussed at length in the Receiver’s First Interim Fee Application. (*See* ECF No. 54 at 36-39).

As explained in the Second Written Report & Second Interim Fee Application, the Receiver allowed Storefunnels to remain fully operational during the Second Reporting Period notwithstanding the October 31, 2024 shutdown of EEB business operations. In order to continue those operations, pursuant to Section XII, Paragraph O of the TRO Order and Section XIII, Paragraph O of the Stipulated PI, the Receiver and his agents continued to make weekly payments to Simvoly (the company that manages the day-to-day operations and customer support for Storefunnels) via wire transfer from the Receivership Account upon receiving weekly invoices from Simvoly’s CTO, Ivan Nikolchov, which stated the amount due to Simvoly dependent on the number of active Storefunnels websites for that week. As explained in further detail below, the Receiver shut down Storefunnels and transitioned all active Storefunnels accounts to Simvoly on January 31, 2025.

D. Shutdown and Transition of Storefunnels to Simvoly

As discussed at length in the Receiver’s First Written Report and First Interim Fee Application, following the Receiver’s initial appointment, the Receiver and his agents took steps to (1) shut down all aspects of EEB’s business operations related to the advertising, marketing,

²⁵ *See* Sept. 20, 2024 TRO Hearing Trx. at 68:9–69:11.

promoting, or offering for sale of EEB's products and services to prospective purchasers; and (2) preserve and remove public access to and/or deactivate EEB's social media sites, after determining that EEB's social media marketing and advertising had not been conducted legally, that a substantial amount of the social media posts included deceptive "Earnings Claims", and that EEB's social media activity violated Section 5(a) of the FTC Act and the Business Opportunity Rule. (See ECF No. 38 at 36-44; ECF No. 54 at 43-54). And as noted in the Receiver's Accounting (ECF No. 53), A&M's accounting analysis of the available information from the Connected Accounts and information provided by Defendant Prusinowski led the Receiver to conclude that EEB could not be profitable without its social media marketing and advertising—which was the primary, if not sole, method through which EEB acquired new customers.²⁶ Accordingly, the Receiver and his agents made the decision to suspend *all* EEB business operations pursuant to Section XII, Paragraph T of the TRO Order (now Section XIII, Paragraph T of the Stipulated PI) and formally shut down EEB business operations effective October 31, 2024. (See ECF No. 38 at 40-44; ECF No. 54 at 48-54). As previously reported, however, the October 31, 2024 shutdown did *not* include Storefunnels. (See ECF No. 54 at 4 n.4, 36, 53-54; ECF No. 70 at 24).

Through discussions with Simvoly's CTO Mr. Nikolchov during the Second Reporting Period, the Receiver learned that numerous Storefunnels customers had been reaching out to Simvoly about transferring their accounts. Mr. Nikolchov advised the Receiver and his counsel that Simvoly could transfer all active Storefunnels customer accounts over to the Simvoly platform, where they would receive the exact same services and customer support as they have already been receiving through Storefunnels. The accounts would be transferred with no downtime, and the customers' website domains would continue to work; the only difference would

²⁶ The Receiver explained the factors which led to this conclusion in his First Interim Fee Application. (See ECF No. 54 at 43-54).

be that the customers' "admin area" and log-in URL would change from "<unique-customer-subdomain>.storefunnels.net" to "<unique-customer-subdomain>.storefunnels.simvoly.com." Given that the Receiver had simply been serving as a middleman—collecting money from subscribers through the Storefunnels' Stripe account and making wire payments to Simvoly for its services—and that customer websites could continue to operate undisturbed if hosted by Simvoly directly, the Receiver determined that it was appropriate to shut down Storefunnels effective January 31, 2025, and have Simvoly transfer all remaining, active Storefunnels accounts over to the Simvoly platform on January 31.

After notifying all counsel of his plans and receiving no objections, the Receiver sent a letter to all active Storefunnels customers on December 24, 2024 advising of his plans, and also posted a copy of the letter to the Receivership Website. The letter advised those with active Storefunnels accounts about the ability to transfer over to the Simvoly platform upon the Storefunnels shutdown on January 31, and that the websites of any transferred accounts would continue to operate uninterrupted so long as the customers arranged for continued subscription payments directly to Simvoly. Specifically, the customers would need to re-enter their billing information on the Simvoly platform once their current Storefunnels subscription lapsed, because Simvoly could not charge them without direct payment authorization. Thus, customers' existing Storefunnels websites would continue to exist on Simvoly until their subscription renewal dates. If customers did not re-enter their billing details on the Simvoly platform, their websites would expire at the end of their subscription; thus, the Receiver recommended that those who wished to keep their websites active should enter their billing information on the Simvoly platform before their renewal date.

This December 24, 2024 letter left customers with five (5) weeks to make a decision about their Storefunnels account/websites: if they wished to transition their Storefunnels accounts to Simvoly, they could contact Simvoly to transfer their account before January 31, or they could wait for the account to be automatically transferred to Simvoly on January 31. Alternatively, if customers did not wish to transfer their accounts to Simvoly, they needed to take action before January 31 to either cancel their Storefunnels accounts or transfer their Storefunnels website to a different platform. This gave customers the ability to decide how they wanted to proceed with their individual storefronts, and provided them with the opportunity to continue receiving the same customer support they have been receiving since the Receiver shut down EEB's back-office operations on October 31, 2024.

During the Third Reporting Period—specifically in the weeks leading up to the January 31 shutdown/transition to Simvoly—Mr. Nikolchov worked with the Receiver and his counsel to ensure that the shutdown/transition would occur seamlessly, and that customers had all information necessary to understand and prepare for their accounts to be transferred to Simvoly. For example, Mr. Nikolchov prepared—and the Receiver's counsel reviewed and approved—an introductory email that Simvoly sent to Storefunnels customers one week before the shutdown/transition, which explained when the transition would happen, how it would happen, and that customers would need to update their billing information after their accounts were transferred to Simvoly. Mr. Nikolchov also informed the Receiver that Simvoly could redirect the homepage for storefunnels.net to storefunnels.simvoly.com (the login page for existing Storefunnels customers) so that any customers who attempt to access Storefunnels after January 31 would be automatically redirected to the new, Simvoly-run login page. Additionally, Mr. Nikolchov advised that Simvoly would be

able to assist the Receiver with accessing any prior invoices after Storefunnels was shut down, to the extent the Receiver needed to access any prior invoices for accounting or other purposes.

On January 31, Mr. Nikolchov informed the Receiver that all active Storefunnels accounts were successfully transferred over to Simvolly with no interruptions or issues.

E. Accounting and Tax-Related Matters

Pursuant to Section XII, Paragraph F of the TRO Order and Section XIII, Paragraph F of the Stipulated PI, the Receiver engaged A&M to provide accounting support to the Receiver and assist him in carrying out his duties under the TRO Order and Stipulated PI. In connection with this engagement, the Receiver and his counsel provided A&M access to the available accounting records of EEB and Empire Partner, as well as access to financial accounts available to the Receiver, among other documents. The procedures performed by A&M in preparing its accounting involved: (1) reviewing available transaction data to verify completeness and accuracy of EEB's accounting general ledger, which A&M relied on in preparing the accounting for the Receivership Entities; (2) analyzing the cash and expense accounting records of EEB's general ledger to understand how cash was being used by EEB, including the quantification of transactions that benefited Defendant Prusinowski; (3) analyzing EEB's revenue to determine if revenue could be quantified at the product or service offering level; and (4) reviewing additional assets held at various financial institutions, such as Charles Schwab, Coinbase, and Gemini, to ensure all assets related to EEB were included in the accounting. A&M's accounting procedures and findings were discussed in depth in the Receiver's First Interim Fee Application (ECF No. 54) and in the Notice of Receiver's Accounting filed on November 15, 2024 (ECF No. 53), which are incorporated herein by reference.

A&M is continuing to provide tax-related services for the Receivership Entities on a going-forward basis. During the Third Reporting Period, A&M's Tax Team (1) reviewed the tax

structure of the Receivership Entities to best understand the tax filing requirements for the entities; (2) filed the necessary document(s) to obtain a tax filing extension for EEB and Atlas Fund; and (3) determined that there were no tax filing requirements for Atlas Trust or Atlas Land. The Tax Team is now presently preparing EEB and Atlas Fund's tax returns.

Additionally, the Receiver has made a payment to Empire Tax Advisors totaling \$1,250.00, so that Empire Tax can prepare the September 2024 accounting for the Receivership Entities (which was never completed due to the entry of the TRO Order) in a cost-effective manner. The Receiver and his accountants have provided Empire Tax with access to the materials necessary for them to complete these services for September 2024.

F. Corporate Transparency Act

During the Second Reporting Period, and with the assistance of his Law Firm's Corporate Transparency Act ("CTA") Task Force, the Receiver and his counsel investigated whether the Receiver needed to file Beneficial Ownership Information ("BOI") Reports with the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") for the Receivership Entities, pursuant to the CTA and its implementing regulations. The initial filing deadline for the CTA was December 31, 2024, and the Receiver and his team began preparations for making such filings prior to that initial deadline.

On December 3, 2024, however, the United States District Court for the Eastern District of Texas issued a nationwide preliminary injunction halting enforcement of the CTA and its reporting requirements in *Texas Top Cop Shop, Inc. v. Garland*, 2024 WL 4953814 (E.D. Tex. Dec. 3, 2024).²⁷ The government appealed the decision, and on December 23, 2024, the United States Court of Appeals for the Fifth Circuit issued an order initially staying the preliminary injunction

²⁷ The district court subsequently issued a superseding Amended Memorandum Opinion and Order on December 5, 2024. See *Texas Top Cop Shop, Inc. v. Garland*, --- F. Supp. 3d ---, 2024 WL 5049220 (E.D. Tex. Dec. 5, 2024).

pending appeal, *see Texas Top Cop Shop, Inc. v. Garland*, 2024 WL 5203138 (5th Cir. Dec. 23, 2024), and then subsequently vacating the stay, *see Texas Top Cop Shop, Inc. v. Garland*, 2024 WL 5224138 (5th Cir. Dec. 26, 2024), while the court considers the parties' substantive arguments regarding the constitutionality of the CTA. Briefs are expected to be submitted to the Fifth Circuit in February 2025.

On December 31, 2024, the government submitted an application for a stay of injunction pending its Fifth Circuit appeal to the United States Supreme Court. *See Garland v. Texas Top Cop Shop*, No. 24A653 (Dec. 31, 2024). On January 23, 2025, the Supreme Court granted a temporary stay, pending the disposition of the appeal in the Fifth Circuit and the disposition of any petition for writ of certiorari filed with the Supreme Court. *See McHenry v. Texas Top Cop Shop, Inc.*, 2025 WL 272062 (U.S. Jan. 23, 2025). But on January 24, 2025, FinCEN issued an alert advising that although the Supreme Court granted the stay, a separate nationwide injunction issued in *Smith v. U.S. Dept. of the Treasury*, No. 6:24-cv-336-JDK (E.D. Tex. Jan. 7, 2025) remained in place, meaning that reporting companies were not required to file BOI Reports with FinCEN. Additionally, FinCEN indicated that reporting companies were not subject to liability if they failed to file the BOI Report while the *Smith* order remained in effect, though they could continue to voluntarily do so if they chose. *See* FinCEN, *Alert: Ongoing Litigation – Texas Top Cop Shop, Inc., et al. v. McHenry, et al., No. 4:24-cv-00478 (E.D. Tex.) & Voluntary Submissions [Updated January 24, 2025]*, available at <https://www.fincen.gov/boi>. On February 5, 2025, the U.S. Department of Justice, on behalf of the Treasury, appealed the nationwide injunction issued in *Smith* and requested a stay of the injunction pending appeal.

On February 18, 2025, the district court in *Smith* granted DOJ's request to stay the nationwide injunction pending appeal. Immediately after the *Smith* court stayed the nationwide

injunction, FinCEN announced that BOI reporting requirements were back in effect, and that the reporting deadline would now be March 21, 2025. *See* FinCEN, *FinCEN Extends Beneficial Ownership Information Reporting Deadline by 30 Days; Announces Intention to Revise Reporting Rule* (Feb. 18, 2025), available at <https://www.fincen.gov/sites/default/files/shared/FinCEN-BOI-Notice-Deadline-Extension-508FINAL.pdf>. FinCEN further announced that it would be initiating a process to revise the BOI reporting rule “to reduce burden for lower-risk entities, including many U.S. small businesses.” *Id.*

On February 27, 2025, FinCEN issued a news release in which it announced that it would not be issuing any fines or penalties, and would not take any enforcement actions, against companies that failed to file the BOI Report by the March 21 deadline, and that it would not take any such action against companies “until a forthcoming interim final rule becomes effective and the new relevant due dates in the interim final rule have passed.” FinCEN, *FinCEN Not Issuing Fines or Penalties in Connection with Beneficial Ownership Information Reporting Deadlines* (Feb. 27, 2025), available at <https://www.fincen.gov/news/news-releases/fincen-not-issuing-fines-or-penalties-connection-beneficial-ownership>. FinCEN also announced that it intended to issue an interim final rule regarding BOI reporting requirements and deadlines no later than March 21, 2025. *See id.* On March 2, 2025, the U.S. Department of the Treasury issued a press release in which it announced an indefinite suspension of reporting requirements under the CTA and its intention to propose that the rule be narrowed “to foreign reporting companies only.” *See* U.S. Department of the Treasury, *Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies* (Mar. 2, 2025), available at <https://home.treasury.gov/news/press-releases/sb0038>.

On March 21, 2025, FinCEN issued a new interim final rule in line with the Treasury's proposal—the new rule is drastically narrowed in that it only subjects foreign-based entities that are registered to do business in the United States to the CTA reporting requirements; entities that are formed in the U.S. are no longer subject to the CTA reporting requirements and thus do not need to file a BOI Report with FinCEN. See FinCEN, *FinCEN Removes Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, Sets New Deadlines for Foreign Companies* (Mar. 21, 2025), available at <https://www.fincen.gov/news/news-releases/fincen-removes-beneficial-ownership-reporting-requirements-us-companies-and-us>.

The Receiver's Law Firm's CTA Task Force kept the Receiver and his counsel apprised of these developments as they were occurring during the Third Reporting Period. The Receiver and his Retained Personnel ceased work regarding BOI Reports and CTA compliance upon learning of the interim final rule and its application only to foreign-based entities.

V. ASSETS, EXPENSES, AND LIABILITIES OF THE RECEIVERSHIP ESTATE

A. Assets

As of February 28, 2025, the balance in the Receivership Account was \$584,739.34. This balance is the result of the wire and transfer activity set forth below.

Since the opening of the Receivership Account through February 28, 2025, the Receivership Account has received: (a) \$610,672.41 in funds from Schwab from the EEB account on 10/1/24; (b) \$0.07 cents in Preauthorized ACH Credit from PayPal in connection with the Receiver's set up of a PayPal account in an attempt to pay back-office staff through that platform; (c) \$77,000.00 from Gordon Rees on 10/7/24; (d) \$51,945.01 from TD Bank from the EEB accounts on 10/10/24; (e) \$613,202.79 in funds from Schwab from the Atlas Fund account 10/18/24; (f) \$10,211.26 in funds from TD Bank from the Empire Partner account on 11/12/24; (g) \$18,642.00 from Gordon Rees on 11/12/24; (h) \$2,711.91 from PayPal on 12/4/24; (i) an

additional \$971.75 in remaining funds from the Schwab Atlas Fund account on 12/9/24;²⁸ (j) \$1,908.73 from Stripe on 1/21/25; (k) \$341.76 in funds from Schwab from the EEB account on 1/21/25; and (l) \$181.96 from Audible on 1/23/25.^{29, 30}

As set forth above, additional assets/potential assets include: (a) the balance in the Empire Partner TD Bank Account (\$4,205.59 as of 4/7/25); (b) the balance in the Storefunnels Stripe account (\$39,720.25 as of 2/28/25); (c) the balance in Empire Partner's PayPal account (\$213.89 as of 2/28/25); (d) the assets of Empire Realty (of which Atlas Fund is the beneficial owner), including the balance in Empire Realty's TD Bank Account (\$5,937.79 as of 4/7/25) and the Constitution Ave Property, less what is owed on the mortgage; (e) the value of Receivership Assets or property held in the Safe Deposit Box; and (f) a potential shareholder loan in the amount of \$95,000.00, as reported in the Receiver's Accounting (ECF No. 53).

B. Expenses

The Receiver paid the following in professional fees and expense reimbursements on February 24, 2025, in connection with the Court's approval of the Receiver's Second Interim Fee Application: (a) \$21,169.25 to Clark Hill PLC for professional fees incurred by the Receiver; (b) \$92,451.80 to Clark Hill PLC for professional fees incurred by the Receiver's counsel; (c) \$5,094.72 to Clark Hill PLC for expenses incurred by the Receiver's counsel; (d) \$54,285.00 to A&M for professional fees incurred by them in their role as the Receiver's accountants; and (e) \$31.76 to A&M for expenses incurred by the Receiver's accountants.

²⁸ This is from a trade that was requested when the Receiver submitted his initial request for liquidation and transfer of the account, but which did not go through until later.

²⁹ This excludes transactions that cancelled one another out—*e.g.*, withdrawals and deposits totaling 19 cents each to verify the Receiver's PayPal account on December 17, 2024 and refunds for failed wire transfers to back-office staff that were re-initiated after the funds were returned.

³⁰ The Receiver and his agents do not definitively know what the \$181.96 from Audible is specifically for but believe that it relates to the sale of an EEB book.

The Receiver paid a total of \$16,104.30 to Simvoly through January 31, 2025 (*i.e.*, the Storefunnels shutdown date) through weekly payments made on 10/3/24 (\$856.19), 10/8/24 (\$2,288.65), 10/15/24 (\$1,163.35), 10/22/24 (\$779.16), 10/29/24 (\$1,426.00), 11/7/24 (\$1,197.00), 11/13/24 (\$1,116.50), 11/19/24 (\$950.10), 11/26/24 (\$838.16), 12/3/24 (\$1,114.02), 12/11/24 (\$691.35), 12/18/24 (\$583.41), 12/24/24 (\$525.65), 1/2/25 (\$586.85), 1/10/25 (\$781.55), 1/17/25 (\$656.91), and 1/22/25 (\$549.45). The Receiver has paid a total of \$213.31 to GoDaddy through the following payments: 10/23/24 (\$48.88), 10/29/24 (\$9.71), 11/7/24 (\$9.71), 11/18/24 (\$9.71), 12/5/24 (\$9.71), 12/10/24 (\$9.71), 12/26/24 (\$9.71), 1/6/25 (\$9.71), 1/21/25 (\$22.17), 1/22/25 (\$9.71), 2/5/25 (\$9.71), 2/19/25 (\$9.71), and 2/24/25 (\$45.16). These payments were made to ensure that Storefunnels and certain e-mail addresses/domains remained operational through the Storefunnels shutdown/transition, as well as for preservation purposes.

With the exception of a re-initiated wire transfer payment to one of the former EEB back-office personnel, after the initial wire transfer payment to him was rejected and the funds returned, no additional payments have been made to EEB personnel beyond the \$53,986.10 previously reported as of November 19, 2024. These payments represented a combination of reduced payments of flat rates for October 2024 and/or based on past work performed upon receipt of sufficient proof. Since all EEB back-office personnel were let go effective October 31, 2024, the Receiver has not made any further payments to EEB back-office personnel.³¹

Additional administrative expenses through the close of the Third Reporting Period include the following payments in connection with the Receivership Account: (a) \$141.50 in WSFS

³¹ As noted in the Second Written Report & Second Interim Fee Application, the Receiver's Retained Personnel did continue to address payment difficulties relating to returned/failed prior payments to back-office personnel through early December 2024. (*See* ECF No. 70 at 33 n.32). During the Third Reporting Period, the Receiver's counsel also responded to inquires made by two former EEB contractors requesting payment for services performed prior to the entry of the TRO and appointment of the Receiver, and explained to the contractors that under the terms of the TRO Order and Stipulated PI, the Receiver did not have the authority to issue any payments for work performed prior to the entry of the TRO Order.

Analysis Activity/Maintenance Fees paid on 10/22/24; (b) \$1,647.45 in WSFS Analysis Activity/Maintenance Fees paid on 11/26/24; (c) \$302.32 in check ordering fees for the Receivership Account paid on 12/16/24; (d) \$338.00 in WSFS Analysis Activity/Maintenance Fees paid on 12/24/24; (e) \$296.30 in WSFS Analysis Activity/Maintenance Fees paid on 1/27/25; and (f) \$254.00 in WSFS Analysis Activity/ Maintenance Fees paid on 2/24/25.³²

The Receiver also made a \$1,250.00 payment to Empire Tax Advisors via check on December 23, 2024, which Empire Tax did not deposit until January 15, 2025.

C. Potential Liabilities

Potential liabilities largely relate to potential claims that may be submitted to the Receivership Estate in connection with losses incurred by, *inter alia*, payment processors through the processing of customer chargebacks, AMEX through the non-payment of credit card bills, former service providers with outstanding balances, and former EEB contractors seeking payment for work performed prior to the entry of the TRO Order and appointment of the Receiver.

As of February 28, 2025, there was a balance of -\$64,694.46 in the EEB Stripe account, which suggests that Stripe may have processed chargebacks totaling that amount even after they informed Mr. Prusinowski and Receiver's counsel of their intent to shut down the account in October 2024. As of February 28, 2025, there was a balance of -\$6,456.50 in the EEB PayPal account, likewise likely due to PayPal issuing customer chargebacks.³³ It appears that Wave may have potential claims totaling \$86,070.00 in connection with the processing of customer

³² Since February 28, 2025, one additional payment of \$134.00 for WSFS Analysis Activity/Maintenance Fees was made on 3/24/25. Additionally, after the close of the Third Reporting Period, the Receiver began making various payments for the 6 Constitution Avenue Property, including the mortgage (\$3,630.86 through 4/1/25), HOA fees (\$471.90 through 4/1/25), water bills (\$64.66 through 3/21/25), and sewer bills (\$141.31 through 4/7/25). The Receiver will provide further detail regarding these payments in his next status report.

³³ But as noted in Section III.D.2.b, *supra*, PayPal, through America Coradius International LLC, was claiming that it is owed \$7,453.50 as of January 28, 2025.

chargebacks as of December 12, 2024, which may have increased since then. Through Cedars Business Services, Paya Services Inc. is claiming to have a past due amount of \$7,200.00 as of February 11, 2025, though it is not clear what services Paya provided to EEB. Meanwhile, through Ecommerce 4 LLC, NMI Payment Gateway is claiming to have an outstanding balance of \$162.50 as of February 6, 2025, and Authorize.net is claiming to have a past due balance of \$35.00 as of February 16, 2025. Finally, the total balance on the EEB AMEX accounts as of April 7, 2025 was \$198,493.78. Although these accounts have all been cancelled, they have incurred approximately \$25,626.75 in late fees, interest charges, and membership renewal fees since the entry of the TRO Order, with interest and late charges continuing to accrue.

Several of these entities have inquired into whether there will be a claims process through which they can submit claims. Because of these inquiries, the Receiver and his counsel, after conferring with counsel for the FTC, plan to establish a non-consumer³⁴ claims process in which entities and individuals who claim they are owed payments by the Receivership Entities may submit a claim for repayment. After that non-consumer claims process is initiated and the claims bar date passes, the Receiver will be in a position to quantify the Receivership Estate's liabilities with more certainty.

VI. CURRENT AND PREVIOUS BILLINGS

The total fees incurred by the Receiver for the Third Reporting Period are \$5,274.25. The total fees incurred by the Law Firm for the Third Reporting Period are \$45,068.85, while the Law Firm's expenses total \$786.25. The total fees incurred by the Accountant for the Third Reporting Period are \$37,846.50, while the Accountant's expenses total \$27.48.

³⁴ Because the Receiver understands that the FTC historically handles consumer redress, the claims process that the Receiver and his counsel plan to establish would be exclusively for any entity/individual that was *not* an EEB customer and that claims it is owed payment by any of the Receivership Entities.

This is the third interim fee application for approval of fees and expenses of the Receiver, Law Firm, and Accountant. A summary of the prior interim fee applications in this matter are as follows:

	Fees	Expenses	Status
First Interim Fee Application for the Period September 20, 2024 through October 31, 2024, filed November 19, 2024 (ECF No. 54)			
Receiver	\$112,782.25	\$0.00	Approved 12/18/24 (ECF No. 64)
Law Firm	\$283,322.69	\$6,176.56	
Accountant	\$153,203.00	\$0.00	
Second Interim Fee Application for the Period November 1, 2024 through December 31, 2024, filed February 4, 2025 (ECF No. 70)			
Receiver	\$21,169.25	\$0.00	Approved 2/20/25 (ECF No. 71)
Law Firm	\$92,451.80	\$5,094.72	
Accountant	\$54,285.00	\$31.76	

As evidence of the time and effort the Receivership has required, and in support of the fee compensation and expense reimbursement sought herein, the Receiver is submitting herewith the following exhibits for the Court's review and consideration:³⁵

- Exhibit "A"—Summary of Legal Professional Time of the Receiver;
- Exhibit "B"—Summary of Legal Professional & Paraprofessional Time and Expenses of the Receiver's Counsel; and
- Exhibit "C"—Summary of Accounting Professional & Paraprofessional Time and Expenses.

These exhibits, as well as the narrative descriptions in this Application, evidence the time and labor employed in this matter.

³⁵ Consistent with the Court's November 21, 2024 Order (ECF No. 58) regarding the Receiver's Motion to Seal billing records submitted in connection with the Receiver's First Interim Fee Application (ECF No. 56), the Receiver is attaching redacted billing records in support of this Third Interim Fee Application, in which billing narratives describing privileged strategy and work product have been redacted. The Receiver can provide fully unredacted versions of the billing records under seal and/or submit them for *in camera* review, should the Court so request.

The following is a breakdown of the Receiver's hours and fees for the Third Reporting Period:

Name/Position	Hourly Rate	Hours	Fee Amount
Kevin Dooley Kent, Receiver	\$722.50	7.3	\$5,274.25

The following is a breakdown of the Law Firms' hours and fees for the Third Reporting Period, broken down by biller:

Name/Position	Hourly Rate	Hours	Fee Amount
Robin Weiss, Member	\$562.50	26.50	\$14,906.25
Vanessa Huber, Associate	\$436.50	40.40	\$17,634.60
Madison Mull, Associate	\$300.00	6.30	\$1,890.00
Justin Russell, Paralegal	\$270.00	35.50	\$9,585.00
Ching Chew, Litigation Project Manager	\$270.00	3.90	\$1,053.00
Totals		112.60	\$45,068.85

The following is a breakdown of the Accountant's hours and fees for the Third Reporting Period, broken down by biller:

Name/Position	Hourly Rate	Hours	Fee Amount
Michael Shanahan, Managing Director (Forensic Analysis Team)	\$750.00	3.50	\$2,625.00
Tracy Gosau, Director (Forensic Analysis Team)	\$575.00	18.50	\$10,637.50
Amee Mehta, Senior Associate (Forensic Analysis Team)	\$450.00	3.60	\$1,620.00
Madeline Alderfer, Senior Associate (Forensic Analysis Team)	\$450.00	25.00	\$11,250.00

Sean Menendez, Managing Director (Tax Team)	\$850.00	2.20	\$1,870.00
Jennifer Palacios, Senior Director (Tax Team)	\$635.00	12.90	\$8,191.50
Adalys Alvarez, Senior Associate (Tax Team)	\$450.00	2.70	\$1,215.00
Bernie De la Torre, Associate (Tax Team)	\$350.00	1.25	\$437.50
Totals		69.65	\$37,846.50

VII. REQUEST FOR COMPENSATION FOR FEES AND EXPENSES

This Court has the power to award fees to the Receiver for his services and for expenses he incurred in the performance of his duties. *See Donovan v. Robbins*, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”); *see also Securities & Exch. Comm’n v. Elliot*, 953 F. Supp. 1560 (11th Cir. 1992) (noting that the receiver is entitled to compensation for faithful performance of his duties). This Court has discretion to determine compensation to be awarded to a court-appointed receiver and his counsel and “may consider all of the factors involved in a particular receivership in determining the appropriate fee.” *Gaskill v. Gordon*, 27 F.3d 248, 253 (7th Cir. 1994). The Third Circuit has stated that relevant considerations include “the time and labor required . . . in the proper performance of the duties imposed by the court upon the receivers, the fair value of such time, labor and skill measured by conservative business standards, the degree of activity, integrity and dispatch with which the work is conducted and the result obtained.” *United States v. Larchwood Gardens, Inc.*, 404 F.2d 1108, 1110 (3d Cir. 1968) (citing *United States v. Code Products Corp.*, 362 F.2d 669, 673 (3d Cir. 1966)); *see also Securities & Exch. Comm’n v. W.L. Moody & Co.*, 374 F. Supp. 465, 483, 485

(S.D. Tex. 1974), *aff'd*, 519 F. 2d 1087 (5th Cir. 1975) (explaining that a “basic consideration is the nature and complexity of the legal problems confronted and the skill necessary to resolve them” and that “[t]ime spent cannot be ignored.”); *Fed. Trade Comm’n v. AI Janitorial Supply Corp.*, 2020 WL 887386, at *4 (N.D. Ill. Feb. 24, 2020) (quoting *U.S. S.E.C. v. Wealth Mgmt. LLC*, 2011 WL 4479518, at *1 (E.D. Wis. Sept. 26, 2011)) (“[C]ourts evaluate fee awards by considering (1) ‘the time records presented,’ (2) ‘the benefits to the receivership estate,’ and (3) ‘the quality of the work performed.’”). Moreover, courts have recognized that the fees and expenses incurred in the beginning of a receivership will not necessarily be typical of future fee applications, due to the extent of initial start-up work required to secure and liquidate the assets and to wind up the business entities. *See Gordon v. Dadante*, 2008 WL 1805787, at *11 (N.D. Ohio Apr. 18, 2008) (recognizing that, with receivership, as is “common in cases of this nature, the bulk of the effort—and expense—is frontloaded.”).

Under these standards—and given the time and effort the Receiver and his Retained Personnel have devoted to this matter, as shown in detail above—the Receiver has adequately demonstrated that the amount of fees requested is appropriate. The Receiver has attempted to maximize cost savings as much as possible by, for example, assigning professionals and paraprofessionals with the lowest billable rate appropriate for the task at issue. The Receiver and his counsel have utilized non-billing administrative personnel where appropriate—*e.g.*, utilizing non-billing staff to assist with change of address procedures and preparation/handling of all mailed-out formal correspondence.

Moreover, as reflected in the Summary of Time and Expenses submitted by the Receiver, Law Firm, and Accountant set forth in Section VI, *supra*, the time and effort expended by the Receiver and his Retained Personnel has continued to reduce as compared to the First Reporting

Period and Second Reporting Period. Indeed, as courts have recognized, *see Gordon*, 2008 WL 1805787, at *11, the Receiver and his Retained Personnel had to perform various time-consuming tasks immediately following the Receiver's appointment to, *inter alia*, secure Receivership Assets and Documents and investigate, take control of, and manage EEB's business operations, in accordance with the TRO Order. After the Receiver shut down EEB's business operations, A&M completed its initial accounting analysis, and Storefunnels was shut down/transferred to Simvolvy, the Receiver and his Retained Personnel have been able to—and continue to—expend less time and effort on this matter generally.

The Receiver and his Law Firm have never sought compensation for any pre-appointment time, and the Receiver has continued to write off certain fees incurred since his appointment, as indicated by the “No Charge” entries and/or time entries showing 0.0 hour totals on the Receiver and Law Firm's bills submitted with this Application. Additionally, the Receiver and his Retained Personnel are handling this matter at substantially discounted billing rates, with the Receiver and the Law Firm operating at a 10-15% discount from their standard 2024 rates (now a 15.5-38% discount from their standard 2025 rates), and the Accountant operating at a 26-38% discount from their standard 2024 rates (now a 29-41% discount from their standard 2025 rates).

Based on the foregoing, the Receiver respectfully submits that the compensation sought by the Receiver and his Retained Personnel is reasonable and warranted.

VIII. CONCLUSION

WHEREFORE, the Receiver respectfully requests that the Court grant his Motion for Approval of the Third Interim Fee Application for the Time Period January 1, 2025 through February 28, 2025, and thereby authorize the following:

1. Payment to Clark Hill PLC in the amount of \$5,274.25, representing fees incurred for the Receiver's services performed between January 1, 2025 through February 28, 2025;
2. Payment to Clark Hill PLC in the amount of \$45,068.85, representing fees incurred for the Receiver's counsel's services performed between January 1, 2025 through February 28, 2025;
3. Payment to Clark Hill PLC in the amount of \$786.25, representing expenses incurred by Clark Hill PLC between January 1, 2025 through February 28, 2025;
4. Payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of in the amount of \$37,846.50, representing fees incurred for the Receiver's accountant's services performed between January 1, 2025 through February 28, 2025; and
5. Payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$27.48, representing expenses incurred by the Receiver's accountant's between January 1, 2025 through February 28, 2025.

Respectfully Submitted,

Dated: April 10, 2025

s/ Robin S. Weiss
Robin S. Weiss, Esquire
Vanessa L. Huber, Esquire
CLARK HILL PLC
Two Commerce Square
2001 Market Street, Suite 2620
Philadelphia, PA 19103
Phone: (215) 640-8500
Fax: (215) 640-8501
rsweiss@clarkhill.com
vhuber@clarkhill.com

*Attorneys for Receiver,
Kevin Dooley Kent*

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**EMPIRE HOLDING GROUP LLC d/b/a
ECOMMERCE EMPIRE BUILDERS d/b/a
STOREFUNNELS.NET and PETER
PRUSINOWSKI,**

Defendants.

Civil Action

No. 2:24-cv-04949-WB

CERTIFICATION OF RECEIVER, KEVIN DOOLEY KENT

Pursuant to 28 U.S.C. § 1746, I hereby certify as follows:


1. I, Kevin Dooley Kent, (the “Receiver” or “Applicant”), in support of the Receiver Kevin Dooley Kent’s Third Written Report and Motion for Approval of Third Interim Fee Application for the Period January 1, 2025 through February 28, 2025 (“the Application”), hereby certify as follows:

- (a) I have read the Application;
- (b) To the best of my knowledge, information, and belief formed after reasonable inquiry, the Application and all fees and expenses therein are true and accurate;
- (c) All fees contained in the Application are based on the rates listed in the Applicant’s fee schedule and such fees are reasonable, necessary, and commensurate with the skill and experience for the activity performed; and
- (d) In seeking reimbursement for a service which the Applicant justifiably purchased or contracted for from a third party (such as copying, imaging, bulk

mail, messenger service, overnight courier, computerized research, or title and lien searches), the Applicant requests reimbursement only for the amount billed to the Applicant by the third party vendor and paid by the Applicant to such vendor. With regard to any like services performed by the Receiver or his staff, the Receiver certifies that he is not making a profit on such reimbursable service.

2. I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: 4/10/25



Kevin Dooley Kent, Receiver

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**EMPIRE HOLDINGS GROUP LLC d/b/a
ECOMMERCE EMPIRE BUILDERS d/b/a
STOREFUNNELS.NET and PETER
PRUSINOWSKI,**

Defendants.

:
:
: **Civil Action**
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: **No. 2:24-cv-04949-WB**
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ORDER

AND NOW, this _____ day of _____ 2025, upon consideration of Receiver Kevin Dooley Kent’s Third Written Report and Motion for Approval of Third Interim Fee Application for the Period January 1, 2025 through February 28, 2025, it is hereby **ORDERED** and **DECREED** that the Motion is **GRANTED**. It is **FURTHER ORDERED** as follows:

1. The Receiver’s Third Interim Fee Application is **APPROVED**.
2. Payment to Clark Hill PLC in the amount of \$5,274.25, representing fees incurred for the Receiver’s services performed between January 1, 2025 through February 28, 2025 is **APPROVED** and may be paid by the Receiver at this time.
3. Payment to Clark Hill PLC in the amount of \$45,068.85, representing fees incurred for the Receiver’s counsel’s services performed between January 1, 2025 through February 28, 2025 is **APPROVED** and may be paid by the Receiver at the time.
4. Payment to Clark Hill PLC in the amount of \$786.25, representing expenses incurred by Clark Hill PLC between January 1, 2025 through February 28, 2025 is **APPROVED** and may be paid by the Receiver at this time.

5. Payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$37,846.50, representing fees incurred for the Receiver's accountant's services performed between January 1, 2025 through February 28, 2025 is **APPROVED** and may be paid by the Receiver at this time.

6. Payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$27.48, representing expenses incurred by the Receiver's accountant between January 1, 2025 through February 28, 2025, is **APPROVED** and may be paid by the Receiver at this time.

BY THE COURT:

, U.S.D.J.

Exhibit A



Kevin Dooley Kent
Two Commerce Square
2001 Market Street
Suite 2620
Philadelphia, PA 19103
kkent@clarkhill.com

Invoice: 1549047
Date: 03/12/2025
Client: L5848
Matter: 501765

Matter Name: Empire Holdings Group LLC, et al.

LEGAL SERVICES RENDERED AND COSTS ADVANCED THROUGH FEBRUARY 28, 2025

Total Fees:	\$	5,274.25
Total Due This Invoice:	\$	5,274.25



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FOR LEGAL SERVICES RENDERED in connection with the above matter.

TIME AND FEE SUMMARY

Name	Initials	Rate	Hours	Amount
Kevin Kent	KK	\$722.50	7.30	5,274.25
			Total	7.30 \$ 5,274.25

DETAIL OF LEGAL SERVICES

Date	Initials	Description	Hours
01/03/25	KK	Review multiple updates re financial accounts (.2 no charge)	0.00
01/04/25	KK	Revise letter to Court and email to R. Weiss re same.	0.00
01/04/25	KK	Emails with R. Weiss re next steps re Storefunnels shut down.	0.10
01/06/25	KK	Review email to accountant re return preparation. Emails with J. Russell and R. Weiss re corporate filings.	0.20
01/07/25	KK	Emails with R. Weiss re tax issues.	0.10
01/07/25	KK	Phone call with R. Weiss [REDACTED]	0.30
01/09/25	KK	Review mail re accounts at TD, Empire Realty, and Empire Holdings. Email to R. Weiss re same.	0.20
01/12/25	KK	Email from customer. Email to R. Weiss re follow-up given customer's circumstances.	0.00
01/13/25	KK	Follow-up emails from consumer and emails with V. Huber re response.	0.20
01/14/25	KK	Review Schwab statement.	0.00
01/17/25	KK	Email from V. Huber re discussions with contractor claiming payment for work before Empire shutdown.	0.10
01/17/25	KK	Phone call and correspondences with R. Weiss re [REDACTED]	0.30



Kevin Dooley Kent, Receiver
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01/20/25	KK	Emails with R. Weiss and V. Huber [REDACTED] [REDACTED]	0.00
01/20/25	KK	Emails with R. Weiss and V. Huber re Stripe payments.	0.00
01/21/25	KK	Phone calls from and correspondences with consumer. Email to M. Mull summarizing same for follow-up. Emails from additional consumer. Emails with M. Mull re same.	0.50
01/21/25	KK	Emails with V. Huber re Storefunnels transition and emails from Simvolv re same.	0.20
01/21/25	KK	Phone call and correspondence with R. Weiss re creditor / payment processor issues.	0.30
01/22/25	KK	Review and approve proposed correspondence re Storefunnels.	0.10
01/22/25	KK	Correspondences and meeting with R. Weiss [REDACTED] [REDACTED]	0.40
01/24/25	KK	Correspondences with American Express' counsel.	0.00
01/24/25	KK	Review list of potential creditors for notice in claims process. Emails with R. Weiss and V. Huber re same.	0.30
01/27/25	KK	Multiple correspondences re year end financials and reports, and materials due to defendants.	0.20
01/28/25	KK	Correspondences with A&M and Empire Tax re returns/financials.	0.20
01/29/25	KK	Review [REDACTED]. Review correspondence from FTC re same, emails with R. Weiss re same.	1.00
01/30/25	KK	Review memo from R. Weiss [REDACTED] [REDACTED]	0.20
02/02/25	KK	Review and revise draft status report (.9 NO CHARGE).	0.00
02/02/25	KK	Review [REDACTED] and respond to same.	0.40



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02/03/25	KK	Review V. Huber memo re research [REDACTED]	0.20
02/03/25	KK	Meeting with R. Weiss and V. Huber [REDACTED]	1.40
02/04/25	KK	Emails with R. Weiss and J. Russell re Storefunnels operations.	0.10
02/14/25	KK	Emails from claimant and with R. Weiss re inquiry re claims process.	0.00
02/17/25	KK	Review customer inquiry and emails with V. Huber re her proposed response to same.	0.10
02/17/25	KK	Review materials from WY Secretary of State.	0.00
02/18/25	KK	Update from R. Weiss [REDACTED]	0.00
02/21/25	KK	Review update from R. Weiss [REDACTED]	0.20
02/26/25	KK	Emails with V. Huber re WY corporate status and whether additional action is necessary re same.	0.00
Total			7.30

TASK SUMMARY

	Hours	Amount
L120 - Analysis/Strategy	7.3	5,274.25
A104 - Review/analyze	2.9	2,095.25
A105 - Communicate (in firm)	4.2	3,034.50
A107 - Communicate (outside counsel)	0.0	0.00
A108 - Communicate (other external)	0.2	144.50
	7.3	\$5,274.25

Exhibit B



Kevin Dooley Kent
Two Commerce Square
2001 Market Street
Suite 2620
Philadelphia, PA 19103
kkent@clarkhill.com

Invoice: 1546428
Date: 03/12/2025
Client: L5848
Matter: 501765

Matter Name: Empire Holdings Group LLC, et al.

LEGAL SERVICES RENDERED AND COSTS ADVANCED THROUGH FEBRUARY 28, 2025

Total Fees:	\$	45,068.85
Total Expenses:		786.25
Total Due This Invoice:	\$	45,855.10



Kevin Dooley Kent, Receiver
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FOR LEGAL SERVICES RENDERED in connection with the above matter.

TIME AND FEE SUMMARY

Name	Initials	Rate	Hours	Amount
Robin Weiss	RW	\$562.50	26.50	14,906.25
Vanessa Huber	VH	\$436.50	40.40	17,634.60
Madison Mull	MM	\$300.00	6.30	1,890.00
Justin Russell	JR	\$270.00	35.50	9,585.00
Ching Chew	CC	\$270.00	3.90	1,053.00
			Total	112.60 \$ 45,068.85

DETAIL OF LEGAL SERVICES

Date	Initials	Description	Hours
01/02/25	JR	Initiate re-freeze of Amex cards.	0.20
01/02/25	JR	Setup wire payment to Simvoly.	0.30
01/02/25	JR	Review Amex account, download and forward statements to P. Prusinowski and G. Christiansen.	0.30
01/02/25	RW	Communicate with V. Huber regarding plan for status conference.	0.10
01/02/25	VH	Review joint discovery plan submitted by the parties in advance of the Rule 16 conference.	0.20
01/02/25	VH	Email correspondence with J. Russell regarding wire transfer payment to Simvoly.	0.10
01/02/25	VH	Email correspondence with Simvoly regarding wire transfer payment.	0.10
01/02/25	VH	Confer with R. Weiss regarding general case status and updates.	0.10
01/03/25	JR	Update consumer questionnaire summary.	0.60
01/03/25	JR	Update transaction ledger.	0.10



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01/03/25	JR	Receivership inbox regarding inquires.	0.90
01/03/25	MM	Correspondence with V. Huber regarding customer outreach and potential refunds.	0.10
01/03/25	MM	Correspondence with 2 former customers regarding shutdown of business and potential refunds.	0.30
01/03/25	VH	Email correspondence with C. Chew regarding adding recent court filings to the Receivership website.	0.00
01/03/25	VH	Email correspondence with M. Mull regarding response email to send to Empire customer regarding refund inquiry.	0.10
01/03/25	VH	Confer with R. Weiss regarding second interim fee application to the court.	0.00
01/04/25	RW	Prepare proposed letter to court regarding pretrial conference and email K. Kent and V. Huber regarding same.	0.10
01/04/25	RW	Prepare website update regarding intended shutdown of Storefunnels.	0.10
01/06/25	CC	Preservation of the App Members Pro. As each Vimeo video required manually opening the course page, copying the embedded link, and saving the video. There are a total of 1,456 videos (208 GB).	3.30
01/06/25	JR	Review GoDaddy account and submit payment regarding email domain.	0.30
01/06/25	JR	Review WSFS account regarding payment to Empire Tax and email to A. Smith and A. Perez regarding payment status.	0.20
01/06/25	JR	Continue review of receivership inbox and draft responses to inquiries and send to V. Huber for review.	2.00
01/06/25	JR	Review WSFS Account regarding statement and forward statement to A. Grier, R. McAuliffe, G. Christiansen, S. McBrearty, R. Weiss, V. Huber, M. Mull, and K. Kent.	0.30
01/06/25	RW	Review updates to, and finalize, letter to court regarding Rule 16 conference and arrange for submission of same.	0.20
01/06/25	RW	Communicate with counsel for FTC regarding available account numbers and search for same.	0.20



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01/06/25	RW	Review email from Angela at Empire Tax confirming receipt of payment and email M. Shanahan and T. Gosau regarding same.	0.10
01/06/25	VH	Review and revise letter to court regarding forthcoming status conference and send updated draft to R. Weiss and K. Kent for review.	0.20
01/06/25	VH	Email correspondence with counsel for Stripe regarding status of reversal of withdrawn funds to be transferred to the Receivership account.	0.10
01/07/25	JR	Review of receivership inbox and draft responses to inquiries and send to V. Huber for review.	0.20
01/07/25	RW	Communicate with M. Shanahan regarding Alvarez and Marsal's provision of tax services.	0.10
01/07/25	RW	Meet with A. Grier and R. McAuliffe to discuss assets and status.	0.60
01/07/25	RW	Call with K. Kent regarding update call with FTC and next steps.	0.30
01/07/25	VH	Review and revise proposed email responses to Empire customers and send updated email responses to J. Russell.	0.80
01/08/25	JR	Review of receivership inbox and issue responses to customer inquiries.	0.90
01/08/25	RW	Follow-up with G. Christiansen regarding requests pertaining to Empire Realty.	0.10
01/08/25	RW	Communicate with V. Huber regarding research [REDACTED]	0.10
01/08/25	RW	Review case management order.	0.10
01/08/25	VH	Confer with R. Weiss regarding legal research [REDACTED]	0.10
01/08/25	VH	Draft analysis of legal research [REDACTED] and send same to R. Weiss and K. Kent.	2.90
01/08/25	VH	Review legal research [REDACTED] and discuss same with R. Weiss.	0.30
01/09/25	JR	Initiate re-freeze of Amex cards.	0.30



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01/09/25	MM	Correspondence with former customer regarding potential refunds.	0.20
01/10/25	JR	Phone call with R. Weiss regarding PayPal account.	0.10
01/10/25	JR	Update transaction ledger.	0.20
01/10/25	JR	Phone call with T. Gosau and review and forward statements to T. Gosau	0.50
01/10/25	JR	Generate and submit wire payment to Simvoly.	0.30
01/10/25	JR	Review of receivership inbox and draft responses to inquiries and send to V. Huber for review.	0.70
01/10/25	RW	Communications with T. Gosau, J. Russell, and P. Prusinowski regarding requests from Empire Tax for completion of September 2024 accounting work.	0.20
01/10/25	VH	Facilitate wire transfer payment to Simvoly with J. Russell.	0.00
01/10/25	VH	Confer with J. Russell regarding unknown Empire Partner Network PayPal account.	0.20
01/12/25	RW	Email J. Russell regarding investigation into additional Empire Partner PayPal account.	0.10
01/13/25	JR	Phone call with V. Huber regarding inquiry responses.	0.30
01/13/25	JR	Review PayPal account and email to R. Weiss regarding PayPal account.	0.70
01/13/25	JR	Review AMEX statement emails and download and forward statement to P. Prusinowski and G. Christiansen.	0.40
01/13/25	MM	Correspondence with V. Huber regarding customer outreach.	0.00
01/13/25	MM	Review Basecamp, Monday, and Storefunnels to locate customer information for correspondence relating to potential refund.	0.80
01/13/25	RW	Review transaction history and balance information for Empire Partner PayPal account.	0.10



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01/13/25	VH	Confer with J. Russell regarding compiling all prior communications sent out by Receivership email address to send in response to new Empire customer inquiry.	0.30
01/13/25	VH	Email correspondence with M. Mull, J. Russell, and K. Kent regarding response to Empire customer inquiry.	0.20
01/14/25	JR	Emails to/from R. Weiss regarding paypal account.	0.10
01/14/25	JR	Review Amex account, download and forward statements to P. Prusinowski and G. Christiansen.	0.20
01/14/25	JR	Emails to/from T. Gosau, R. Weiss and P. Prusinowski regarding PayPal account and review and download statements and forward to T. Gosau	0.90
01/14/25	RW	Emails with T. Gosau and J. Russell regarding Paypal information and access for Empire Tax accounting for September 2024.	0.10
01/14/25	VH	Draft, review, and revise proposed email responses to Empire customers and send updated email responses to J. Russell.	0.80
01/15/25	JR	Email to K. Kent regarding Schwab account.	0.10
01/15/25	JR	Review account regarding positive pay.	0.10
01/15/25	JR	Update customer response spreadsheet.	0.40
01/15/25	JR	Review of receivership inbox and draft responses to inquiries and send to V. Huber for review.	1.10
01/15/25	JR	Confer with M.Mull and V. Huber regarding inquiry response.	0.40
01/15/25	MM	Correspondence with V. Huber regarding a former customer and potential refunds.	0.10
01/15/25	VH	Confer with R. Weiss regarding work performed for inclusion in forthcoming status report.	0.00
01/15/25	VH	Draft, review, and revise proposed email responses to Empire customers and send updated email responses to J. Russell and M. Mull.	0.50
01/16/25	JR	Send inquiry response to consumer.	0.20



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01/17/25	JR	Initiate re-freeze of Amex cards.	0.10
01/17/25	JR	Generate and submit wire transfer payment to Simvoly	0.30
01/17/25	JR	Download and forward account statement to P. Prusinowski and G. Christiansen.	0.20
01/17/25	JR	Review of receivership inbox and draft responses to inquiries and send to V. Huber for review.	1.30
01/17/25	JR	Emails to/from R. Weiss regarding Receiver's Account Statement	0.20
01/17/25	JR	Emails to/from R. Weiss and V. Huber regarding Customer Inquiries to Receivership Mailbox.	0.20
01/17/25	JR	Emails to/from V. Huber regarding Stripe Reversal of Withdrawal.	0.10
01/17/25	JR	Emails to/from R. Weiss regarding GoDaddy account and submit renewal payment regarding GoDaddy account domain.	0.50
01/17/25	MM	Correspondence with former customer regarding inquiry re potential refunds.	0.20
01/17/25	MM	Correspondence with V. Huber regarding response to former customer about potential refunds.	0.10
01/17/25	RW	Communicate with V. Huber regarding transition to Simvoly.	0.10
01/17/25	RW	Call with K. Kent regarding websites.	0.10
01/17/25	RW	Prepare fee application portion of status report and motion to approve second interim fee application (1.7 - NO CHARGE); Prepare status report portion of filing (1.3).	1.30
01/17/25	VH	Email correspondence with J. Russell and R. Weiss regarding wire transfer payment to Simvoly.	0.10
01/17/25	VH	Email correspondence with Simvoly regarding wire transfer payment and potential tasks to perform for forthcoming shutdown of Storefunnels.	0.10
01/17/25	VH	Confer with R. Weiss regarding overview of work performed for inclusion in status report.	0.10



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01/17/25	VH	Email correspondence with R. Weiss regarding overview of Empire customer inquiries received for reference in status report.	0.10
01/17/25	VH	Email correspondence with R. Weiss regarding analysis of P. Prusinowski website.	0.30
01/17/25	VH	Draft, review, and revise proposed email responses to Empire customers, send updated email responses to J. Russell, and email K. Kent and R. Weiss regarding former Empire contractor requesting payment of final outstanding invoice.	1.20
01/17/25	VH	Email correspondence with J. Russell regarding Stripe transfer of funds to the Receivership bank account.	0.10
01/20/25	MM	Review Defendant's website to analyze [REDACTED]	2.40
01/20/25	MM	Correspondence with R. Weiss regarding findings on defendant's website.	0.20
01/20/25	RW	Review invoice from marketing provider and communicate with K. Kent, V. Huber and J. Russell regarding thoughts on same.	0.20
01/20/25	RW	Continue to prepare second status report.	4.80
01/20/25	VH	Email correspondence with R. Weiss regarding wire transfer from Stripe to the Receivership bank account.	0.20
01/20/25	VH	Review email correspondence from R. Weiss and K. Kent regarding email inquiry from former Empire contractor.	0.10
01/21/25	JR	Review GoDaddy account regarding domain renewal.	0.30
01/21/25	JR	Update transaction ledger.	0.20
01/21/25	JR	Download and forward fidelity tax form to P. Prusinowski and G. Christiansen.	0.20
01/21/25	JR	Download and forward statements to P. Prusinowski and G. Christiansen.	0.20
01/21/25	JR	Review of receivership inbox and draft responses to inquiries and send to V. Huber for review.	0.70
01/21/25	JR	Email to V. Huber regarding Stripe Reversal of Withdrawal confirmation.	0.10



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01/21/25	JR	Emails to/from R. Weiss regarding Amex balances.	0.10
01/21/25	MM	Correspondence with K. Kent and V. Huber regarding consumer redress and reporting fraud.	0.40
01/21/25	MM	Correspondence with former customer regarding consumer redress and reports of fraud.	0.10
01/21/25	MM	Telephone conference with former customer regarding shutdown of the business and inquiry re potential refunds.	0.30
01/21/25	RW	Call with V. Huber regarding Simvolvy issues and response to contractor invoice.	0.20
01/21/25	RW	Continue to prepare status report.	3.10
01/21/25	RW	Call with K. Kent regarding [REDACTED]	0.30
01/21/25	VH	Confer with R. Weiss regarding responding to former Empire contractor request for final payment for services performed prior to entry of TRO Order and potential Simvolvy introductory email to active Storefunnels customers to be transferred over to Simvolvy.	0.20
01/21/25	VH	Email correspondence with J. Russell regarding Stripe transfer to Receivership bank account.	0.10
01/21/25	VH	Confer with R. Weiss regarding overview of correspondence with payment processors for inclusion in forthcoming status report.	0.10
01/21/25	VH	Email correspondence with R. Weiss and K. Kent regarding revisions to proposed response email to former Empire contractor requesting payment on final outstanding invoice.	0.20
01/21/25	VH	Review terms of TRO Order and Stipulated Preliminary Injunction regarding Receiver's authority to issue payments and claims against the Receivership Entities, draft response email to former Empire contractor requesting payment on final outstanding invoice, and send draft response email to R. Weiss and K. Kent for review.	0.60
01/21/25	VH	Email correspondence with Stripe confirming receipt of wire transfer payment to Receivership bank account.	0.10



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01/21/25	VH	Email correspondence with J. Russell regarding response email to be sent out from Receivership email address to former Empire contractor requesting payment on final outstanding invoice.	0.10
01/21/25	VH	Email correspondence with K. Kent and Simvoly regarding potential Simvoly introductory email to active Storefunnels customers to be transferred over to Simvoly.	0.20
01/21/25	VH	Email correspondence with M. Mull regarding follow up email to former Empire customer.	0.10
01/21/25	VH	Email correspondence with R. Weiss regarding inquiry to Simvoly regarding invoices for services performed after Storefunnels shutdown on January 31.	0.10
01/22/25	CC	Website and videos preservation per M. Mull.	0.30
01/22/25	JR	Generate and submit wire payment to Simvoly	0.30
01/22/25	JR	Assemble and save Amex Statements to J-Drive.	0.60
01/22/25	MM	Correspondence with C. Chew regarding preservation of website and removal of videos.	0.20
01/22/25	RW	Conduct research [REDACTED] (0.7); Email K. Kent and V. Huber [REDACTED] (0.1); Email A. Grier and R. McAuliffe regarding same (0.1); Email counsel for AMEX regarding same (0.1).	1.00
01/22/25	RW	Review email from T. Gosau to Empire Tax regarding status of completion of September 2024 accounting (0.1); Communicate with M. Mull and team regarding updates to Peterpru website to remove linked Youtube videos (0.1); Review proposed welcome letter from Simvoly to Storefunnels customers and email K. Kent and V. Huber regarding same (0.1).	0.30
01/22/25	RW	Call with Empire Holdings customer regarding receivership.	0.20
01/22/25	RW	Review information from G. Christiansen regarding Constitution Ave lease and property; Review Homestead/Farmstead exclusion notice and email G. Christiansen regarding same.	0.30
01/22/25	RW	Review FTC's initial disclosures (0.2); Review defendants' initial disclosures (0.1).	0.30



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01/22/25	RW	Review V. Huber revisions to status report (0.4) and fee application (0.1 - NO CHARGE).	0.40
01/22/25	VH	Review letter from USAA Bank regarding no accounts identified as belonging to Empire or P. Prusinowski.	0.20
01/22/25	VH	Confer with R. Weiss regarding defendants' initial disclosures and revisions to status report.	0.20
01/22/25	VH	Email correspondence with Simvoly regarding wire transfer payment, revisions to draft introductory email to active Storefunnels accounts, and inquiry regarding future Simvoly invoices.	0.30
01/22/25	VH	Review Simvoly draft introductory email to send to all active Storefunnels accounts and email R. Weiss and K. Kent regarding same.	0.20
01/22/25	VH	Facilitate wire transfer payment to Simvoly with J. Russell.	0.10
01/22/25	VH	Review and revise Receiver's status report (3.7) and second interim fee application (0.3 - NO CHARGE) and send updated draft to R. Weiss for review.	3.70
01/22/25	VH	Review and identify document transferring Constitution Ave property to Empire Realty and email R. Weiss regarding same.	0.30
01/22/25	VH	Email correspondence with R. Weiss regarding TD Bank notices of attempted payments to the Empire TD Bank account.	0.10
01/23/25	JR	Review WSFS Account and update transaction ledger.	0.20
01/23/25	JR	Assemble check deposit materials and email to W. Myers regarding deposit.	0.40
01/23/25	JR	Issue email inquiry response to customer.	0.10
01/23/25	JR	Update consumer questionnaire summary.	0.30
01/23/25	JR	Download and forward statements to P. Prusinowski and G. Christiansen.	0.20
01/23/25	VH	Review and revise Receiver's status report (0.7) and second interim fee application (0.1 - NO CHARGE) and send updated draft to K. Kent and A&M for review.	0.70



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01/23/25	VH	Review proposed email responses to Empire customer inquiries and email J. Russell regarding same.	0.10
01/24/25	JR	Initiate re-freeze of Amex cards.	0.20
01/24/25	JR	Begin update of spreadsheet regarding Potential Creditors and email to V. Huber regarding information.	0.90
01/24/25	JR	Phone call with T. Gosau regarding WSFS statements and TD Bank Statements, and assemble and forward statements to T. Gosau.	0.40
01/24/25	MM	Correspondence with V. Huber regarding former customer and potential refund.	0.10
01/24/25	MM	Telephone conference with former customer regarding status of case.	0.10
01/24/25	RW	Respond to email from counsel for American Express (0.1); Prepare list of potential creditors (0.3); Review accounting from Empire Tax for Empire Holdings (0.1).	0.50
01/24/25	RW	Meet with A. Grier and R. McAuliffe to discuss creditor claim issues and assets.	0.90
01/24/25	RW	Communicate with Alvarez and Marsal team and P. Prusinowski regarding W-9s need for issuance of 1099's.	0.30
01/24/25	VH	Email correspondence with J. Russell regarding contact information for Empire back-office staff for inclusion on list of potential creditors.	0.20
01/24/25	VH	Review list of potential creditors for future claims process, locate and input additional information for same, and email K. Kent and R. Weiss regarding same.	0.70
01/25/25	RW	Address tax related issues for W-9s and 1099's and communicate with T. Gosau, P. Prusinowski and team regarding same.	1.00
01/27/25	JR	Phone call with V. Huber regarding WSFS account and email to V. Huber regarding WSFS transaction	0.20
01/27/25	JR	Emails to/from R. Weiss, V. Huber, M. Mull, and K. Kent regarding Amex tax form issue; and download and forward statements to P. Prusinowski and G. Christiansen.	0.40



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01/27/25	RW	Review account closure notice from American Express (0.1); Communicate with P. Prusinowski and team regarding payments to contractors and W-9's (0.1); Communicate with J. Russell regarding 1099 from American Express (0.1).	0.30
01/27/25	VH	Confer with J. Russell regarding proof of wire transfer payments to send to former Empire contractor.	0.20
01/27/25	VH	Review wire transfer payment information details for payments to former Empire back office contractors and email R. Weiss, M. Shanahan, and T. Gosau regarding same.	0.40
01/27/25	VH	Email correspondence with U.S.-based former Empire contractors requesting completed W-9s for accountants to issue 1099s for Empire for tax year 2024.	0.30
01/28/25	JR	Emails to/from R. Weiss regarding Amex 1099 Tax Form email and forward Amex 1099 Tax Form email to P. Prusinowski and G. Christiansen.	0.20
01/28/25	JR	Download and forward statements to P. Prusinowski and G. Christiansen.	0.20
01/28/25	MM	Correspondence with former customer regarding status of case and potential refunds.	0.20
01/28/25	RW	Review email from G. Christiansen regarding Closer Secrets W-9.	0.10
01/28/25	RW	Continued handling of W-9 issues for issuance of 1099's and communicate with T. Gosau, V. Huber, M. Shanahan, and R. Poteet regarding same.	0.30
01/28/25	VH	Review Acorn response to Notice of Receivership and related request for information.	0.10
01/28/25	VH	Confer with R. Weiss regarding review of documents in Relativity database for information on recipients of Empire funds for potential issuance of 1099s.	0.20
01/28/25	VH	Search for and review documents in Relativity database regarding information on recipients of Empire funds for potential issuance of 1099s.	0.40
01/28/25	VH	Email correspondence with T. Gosau and R. Weiss regarding various tax documents needed for Empire's accounting and tax purposes.	0.30



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01/29/25	JR	Review inbox and update consumer questionnaire	0.70
01/29/25	JR	Download and forward statements to P. Prusinowski and G. Christiansen.	0.20
01/29/25	JR	Review records and continue to update spreadsheet regarding Potential Creditors.	1.10
01/29/25	RW	Meet with A. Grier and R. McAuliffe regarding potential for creditor claims process and latest developments in case.	0.80
01/29/25	RW	Call with T. Gosau regarding plan for 1099's.	0.20
01/29/25	RW	Review further updates regarding Corporate Transparency Act and revise status report with regard to same.	0.50
01/29/25	VH	Confer with J. Russell regarding response to Empire customer inquiry.	0.10
01/29/25	VH	Send follow-up emails to former Empire contractors regarding request for completed W-9s.	0.20
01/29/25	VH	Confer with R. Weiss regarding outreach to international former Empire contractors regarding request to complete W-8BEN tax form.	0.10
01/29/25	VH	Confer with T. Gosau regarding wire transfer records for payment for one international former Empire contractor to determine whether to request that contractor complete Form W-8BEN.	0.40
01/29/25	VH	Send emails to international former Empire contractors requesting completion of Form W-8BEN.	0.60
01/29/25	VH	Review and revise additions to the draft second status report regarding CTA recent updates and send updated draft to R. Weiss for review.	0.10
01/29/25	VH	Email correspondence with R. Weiss and T. Gosau regarding Tax Form 56s for Receivership entities.	0.10
01/30/25	JR	Review WSFS account and update transaction ledger.	0.10
01/30/25	JR	Review preserved video regarding training regarding Storefunnels Inquiry.	0.80



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01/30/25	RW	Review additional emails regarding tax documents for issuance of 1099's (0.1); Emails with P. Prusinowski, J. Russell, and V. Huber regarding training videos in App Members Pro (0.1).	0.20
01/30/25	RW	Email K. Kent and V. Huber regarding [REDACTED]	0.20
01/30/25	RW	Review [REDACTED]; Email K. Kent and V. Huber regarding same.	0.60
01/30/25	VH	Review [REDACTED]	1.00
01/30/25	VH	Email correspondence with T. Gosau regarding executed tax forms from Empire wire transfer recipients and confirming wire amounts transferred.	0.20
01/30/25	VH	Review and revise draft email responses to Empire customer inquiries and send updated email responses to J. Russell.	0.30
01/30/25	VH	Email correspondence with R. Weiss regarding clarification of videos preserved from App Members Pro for response to Empire customer inquiry.	0.20
01/30/25	VH	Confer with R. Weiss regarding [REDACTED]	0.60
01/30/25	VH	Review mail received from Charles Schwab regarding transfer of funds to the Receivership account and mail from the IRS regarding Empire inquiry made in June 2024 and email R. Weiss regarding same.	0.10
01/30/25	VH	Email correspondence with former Empire contractors regarding Form W-9.	0.10
01/31/25	JR	Initiate re-freeze of Amex cards.	0.20
01/31/25	JR	Forward Amex email to P. Prusinowski and G. Christiansen.	0.10
01/31/25	JR	Issue responses to costumers regarding receivership inbox emails.	0.20
01/31/25	RW	Communicate with T. Gosau and V. Huber regarding issuance of 1099s.	0.10



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02/03/25	RW	Meet with K. Kent and V. Huber [REDACTED] and action items.	1.40
02/03/25	RW	Review email from Jijo regarding status of payments and email with V. Huber regarding same (0.1); Review email from I. Nikolchov regarding Simvoly transition (0.1); Review research from V. Huber [REDACTED] [REDACTED] (0.2).	0.40
02/03/25	VH	Draft proposed email response to former Empire contractor inquiry for payment for services performed prior to the receiver's appointment and send draft response to R. Weiss for review.	0.20
02/03/25	VH	Email correspondence with T. Gosau regarding accounting in draft second status report to the court.	0.10
02/03/25	VH	Review wire transfer payment history to former Empire contractor and email R. Weiss regarding same.	0.30
02/03/25	VH	Review K. Kent revisions to draft second status report, further revise draft, and send updated draft to R. Weiss for review.	0.60
02/03/25	VH	Email correspondence with former Empire contractor regarding receiving completed W-9.	0.10
02/03/25	VH	Conduct legal research [REDACTED] [REDACTED] and send summary of research findings to K. Kent and R. Weiss for review.	3.00
02/03/25	VH	Email correspondence with Simvoly regarding successful transfer of accounts from Storefunnels to Simvoly platform.	0.10
02/03/25	VH	Email correspondence with T. Gosau regarding executed tax forms received from former Empire contractors.	0.10
02/03/25	VH	Email correspondence with R. Weiss and K. Kent regarding research [REDACTED]	0.10
02/03/25	VH	Attend Zoom call with K. Kent and R. Weiss [REDACTED] [REDACTED]	1.40



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02/04/25	CC	Maintained and updated the Empire Holdings Group Receivership website with relevant case documents, add new contents, and ensuring all updates were properly linked and accessible to the public.	0.20
02/04/25	JR	Review GoDaddy account regarding domain renewal.	0.20
02/04/25	JR	Review fidelity account and emails to/from R. Weiss regarding account.	0.40
02/04/25	MM	Correspondence with V. Huber regarding a former customer and potential refund.	0.10
02/04/25	RW	Review and revise status report and fee application and bills in support of same; Communicate with K. Kent and V. Huber regarding same (NO CHARGE - 1.2).	0.00
02/04/25	RW	Review check and 1099 from Paya EFT Inc and email team and T. Gosau regarding same (0.1); Review notice regarding Fidelity shareholder report and email J. Russell regarding same (0.1); Communicate with T. Gosau regarding tax obligations (0.1); Emails with P. Prusinowski regarding status of personal tax returns (0.1); Emails regarding GoDaddy Storefunnels renewal (0.1).	0.50
02/04/25	VH	Revise and finalize second status report and second interim fee application and send certification in support thereof to K. Kent for review and signature (NO CHARGE 1.1).	0.00
02/04/25	VH	Review and redact privileged billing narratives from bills submitted in connection with second interim fee application and send all finalized documents to R. Weiss (NO CHARGE .7).	0.00
02/04/25	VH	Email correspondence with R. Weiss and K. Kent regarding bills submitted in connection with second interim fee application (NO CHARGE .1).	0.00
02/04/25	VH	Review mail received from Charles Schwab regarding check for Atlas Fund and tax form from Paya EFT.	0.10
02/04/25	VH	Email correspondence with C. Chew regarding posting second interim fee application on Receivership website.	0.10
02/04/25	VH	Review email from GoDaddy regarding payment method to renew Storefunnels email domain and emails from R. Weiss and K. Kent regarding same.	0.10



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02/04/25	VH	Finalize all documents for second written report and second interim fee application and send same to L. Doyle for filing (NO CHARGE .2).	0.00
02/04/25	VH	Confer with R. Weiss regarding proposed redactions to privileged billing narratives in bills submitted in connection with second interim fee application (NO CHARGE .3).	0.00
02/05/25	JR	Download and forward fidelity documents to P. Prusinowski and G. Christiansen.	0.10
02/05/25	MM	Correspondence with former customer regarding potential refunds.	0.20
02/05/25	MM	Correspondence with V. Huber regarding former customer and status of case.	0.10
02/05/25	VH	Email correspondence with M. Mull regarding responses to Empire customer inquiries regarding refunds.	0.20
02/06/25	JR	Receivership inbox regarding inquires.	0.20
02/07/25	JR	Review WSFS account and update transaction ledger.	0.10
02/07/25	JR	Initiate re-freezes regarding Amex accounts.	0.20
02/07/25	JR	Issue email responses to customer inquiries re Empire Receiver Inbox.	0.20
02/07/25	VH	Review and revise email responses to Empire customer inquiries sent to Receivership email address and send revise email responses to J. Russell.	0.30
02/10/25	JR	Emails to/from V. Huber, R. Weiss, M. Mull, and K. Kent regarding NMI account access.	0.30
02/10/25	JR	Emails to/from R. Weiss regarding Amex account and download and forward statement to P. Prusinowski and G. Christiansen.	0.30
02/10/25	RW	Review invoices from NMI and email team regarding same.	0.10
02/10/25	RW	Review email from Angela at Empire Tax regarding Empire Partner accounting.	0.10
02/10/25	VH	Review email correspondence from NMI and billing statements and email R. Weiss and J. Russell regarding same.	0.20



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02/11/25	JR	Download and forward statement to P. Prusinowski and G. Christiansen.	0.10
02/11/25	RW	Communicate with V. Huber regarding proposed response regarding NMI invoices; Review notice letter and email regarding same.	0.20
02/11/25	VH	Email correspondence with counsel for Stripe regarding email from Stripe requesting resolution of negative balance in Empire Stripe account.	0.30
02/11/25	VH	Confer with R. Weiss regarding responding to email from Stripe regarding negative balance in Empire Stripe account and responding to email from NMI regarding outstanding invoices.	0.30
02/11/25	VH	Email correspondence with R. Weiss regarding response to email regarding outstanding NMI invoices.	0.10
02/11/25	VH	Revise and finalize notice letter to Ecommerce 4 LLC and send same to Ecommerce 4 LLC with response regarding outstanding NMI invoices.	0.40
02/11/25	VH	Review file for documents and information regarding NMI, investigate Ecommerce 4 LLC business purpose, prepare notice letter to Ecommerce 4 LLC with email response regarding outstanding NMI invoices, and send draft notice letter and email response to R. Weiss for review.	0.70
02/12/25	JR	Emails to/from R. Weiss regarding Amex statement and email to P. Prusinowski and G. Christiansen regarding Amex statement access.	0.20
02/12/25	RW	Review V. Huber email to Stripe regarding continued chargebacks.	0.00
02/12/25	VH	Confer with R. Weiss regarding contacting counsel for Stripe and email Stripe legal notice email address regarding same.	0.20
02/12/25	VH	Confer with counsel from Stripe regarding email received from Stripe requesting payment of outstanding balance on Empire Stripe account.	0.20
02/12/25	VH	Email correspondence with R. Weiss regarding request for Stripe to transfer balance of Storefunnels account to Receivership bank account.	0.10
02/13/25	JR	Review receivership inbox and draft responses.	0.30
02/13/25	JR	Review box folder and update questionnaire summary.	0.40



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02/13/25	VH	Review and revise email responses to Empire customer inquiries sent to Receivership email address and send revise email responses to J. Russell.	0.10
02/14/25	JR	Download and forward statement to P. Prusinowski and G. Christiansen.	0.20
02/14/25	RW	Communicate with counsel for American Express regarding claims process.	0.10
02/17/25	JR	Issue email responses to customer inquiries re Empire Receiver Inbox.	0.50
02/17/25	RW	Communicate with V. Huber and K. Kent regarding access issues for App Members Pro.	0.10
02/17/25	RW	Meet with V. Huber to discuss issues with Authorize.net relating to past due account balance; Review and approve proposed response to same.	0.20
02/17/25	RW	Review notice regarding involuntary dissolution from State of Wyoming and email K. Kent, V. Huber, and J. Russell regarding same.	0.10
02/17/25	VH	Confer with R. Weiss regarding responding to Authorize.net's email regarding overdue account balance with reminder that collection attempts would violate Stipulated PI.	0.10
02/17/25	VH	Email correspondence with counsel for Stripe requesting transfer of balance in Storefunnels Stripe account to the Receivership bank account.	0.30
02/17/25	VH	Review authorize.net email regarding overdue account balance, review file regarding notices sent to Authorize.net, draft proposed response to Authorize.net email regarding Stipulated PI prohibition on collection attempts, and send draft response email to R. Weiss for review.	0.80
02/17/25	VH	Revise proposed responses to Empire customer emails sent to Receivership email address, investigate Members Pro login and subscription renewal, and email J. Russell, R. Weiss, and K. Kent regarding same.	0.50
02/17/25	VH	Email correspondence with R. Weiss and K. Kent regarding Empire's incorporation entity status in Wyoming.	0.10
02/18/25	JR	Download and forward statements to P. Prusinowski and G. Christiansen.	0.20
02/18/25	JR	Review and submit payment regarding GoDaddy domain renewal.	0.20



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02/18/25	RW	Communicate with A. Grier and R. McAuliffe regarding status of potential resolution and lease on Constitute Ave Property; Email K. Kent and V. Huber regarding same.	0.10
02/19/25	RW	Review monthly account statements from Charles Schwab.	0.10
02/19/25	VH	Review mail from Charles Schwab regarding account balances and same same to file.	0.10
02/20/25	JR	Download and forward statement to P. Prusinowski and G. Christiansen.	0.10
02/20/25	JR	Review receivership inbox regarding inquiries.	0.30
02/20/25	RW	Call with A. Grier and R. McAuliffe regarding proposed final order (0.7); Email K. Kent and V. Huber regarding same (0.1).	0.80
02/20/25	VH	Review email correspondence from R. Weiss [REDACTED]	0.10
02/20/25	VH	Review mail forwarded from P. Prusinowski regarding collection agency notice of PayPal outstanding debt and email R. Weiss and K. Kent regarding same.	0.20
02/21/25	CC	Maintained and updated the Receivership website with relevant case documents, add new contents, and ensuring all updates were properly linked and accessible to the public.	0.10
02/21/25	JR	Draft responses to inquiries from customers and forward to V. Huber for review.	0.80
02/21/25	RW	Communicate with K. Kent [REDACTED]	0.10
02/21/25	RW	Review proposed letter to collection agency and propose revisiosn to same.	0.10
02/21/25	VH	Draft letter to collection agency regarding notice of receivership and prohibition on attempts to collect on outstanding PayPal debt and send draft letter to R. Weiss and K. Kent for review.	0.90
02/21/25	VH	Revise and finalize letter to collection agency regarding notice of receivership and prohibition on attempts to collect on outstanding PayPal debt and coordinate mailing of same with mailroom.	0.90



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02/21/25	VH	Email correspondence with R. Weiss regarding revisions to letter to collection agency regarding notice of receivership and prohibition on attempts to collect on outstanding PayPal debt.	0.20
02/24/25	JR	Emails to/from R. Weiss and V. Huber regarding domain renewal and Review GoDaddy account regarding domain renewal.	0.40
02/24/25	JR	Download and forward statement to P. Prusinowski and G. Christiansen.	0.20
02/24/25	JR	Review WSFS account, download and forward statement to R. Weiss, K. Kent, V. Huber, M. Mull, A. Grier, R. McAuliffe, G. Christiansen, and S. McBrearty.	0.30
02/24/25	JR	Download and forward invoice to V. Huber, R. Weiss, and T. Gosau regarding Empire WSFS Dec Transactions.	0.10
02/24/25	RW	Communicate with team regarding Storefunnels renewal.	0.10
02/24/25	RW	Communications with T. Gosau and team regarding transaction history and accounting.	0.10
02/24/25	VH	Attend Teams call with T. Gosau regarding discussion of American Express transactions and late fees for Empire accounting and taxes.	0.30
02/24/25	VH	Review and revise email responses to Empire customer inquiries sent to Receivership email address and send revised email responses to J. Russell.	0.50
02/24/25	VH	Email correspondence with T. Gosau regarding December transactions from Receivership bank account for updated accounting.	0.20
02/24/25	VH	Email correspondence with R. Weiss and J. Russell regarding renewal of Storefunnels domain.	0.20
02/24/25	VH	Email correspondence with R. Weiss regarding responding to former Empire contractor requesting pre- Receivership payments.	0.10
02/25/25	JR	Review check payments, issue checks, and update transaction ledger.	0.60
02/25/25	JR	Review Stripe and Paypal accounts regarding transaction histories and forward transaction histories to T. Gosau.	0.70
02/25/25	JR	Download and forward statements to P. Prusinowski and G. Christiansen.	0.30



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02/25/25	JR	Emails to/from V. Huber regarding response to customer inquiry and issue response to customer inquiry.	0.20
02/25/25	RW	Email L. Peters regarding PayPal's collection efforts in violation of the stipulated PI.	0.10
02/25/25	RW	Review V. Huber follow-up email to counsel for Stripe regarding balance transfer.	0.10
02/25/25	VH	Email correspondence with former Empire contractor denying his request for pre-Receivership payments.	0.20
02/25/25	VH	Email counsel for Stripe regarding follow up on inquiry regarding automated Stripe email and request to transfer balance of Storefunnels Stripe account to the Receivership bank account.	0.10
02/25/25	VH	Email correspondence with J. Russell regarding Empire customer submitted consumer questionnaire and responding to customer inquiries from Receivership email address.	0.20
02/25/25	VH	Email correspondence with T. Gosau regarding clarification of transactions in Empire Holdings TD bank account for updated accounting.	0.20
02/25/25	VH	Email correspondence with R. Weiss regarding responding to former Empire contractor requesting pre-Receivership payments.	0.10
02/26/25	MM	Correspondence with one former customer regarding potential refund.	0.10
02/26/25	RW	Emails with V. Huber and T. Gosau regarding tax and accounting documents.	0.10
02/26/25	RW	Communicate with V. Huber and T. Gosau regarding Schwab account details and access.	0.10
02/26/25	RW	Communicate with T. Gosau, K. Kent and V. Huber regarding corporate registration for Empire and potential implications for wind-up.	0.10
02/26/25	VH	Email correspondence with K. Kent and R. Weiss regarding notice of annual report filing due for Empire Holdings.	0.10
02/27/25	JR	Download and forward statement to P. Prusinowski and G. Christiansen.	0.10



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02/27/25	JR	Review box shared folder and receivership inbox and update consumer questionnaire summary.	0.60
02/27/25	RW	Confer with V. Huber regarding payment issues for former Empire contractor requesting pre- Receivership payments.	0.20
02/27/25	VH	Confer with R. Weiss regarding responding to former Empire contractor requesting pre- Receivership payments, send draft response email to R. Weiss for review, and send final draft of response email to former Empire contractor.	0.40
02/27/25	VH	Telephone call with former Empire customer regarding status of case and overview of updates that have been sent out to customers from the Receivership email address.	0.30
02/28/25	JR	Review receivership inbox, respond to inquiries and draft new responses and forward to V. Huber for review.	0.70

Total 112.60

TASK SUMMARY

	Hours	Amount
L110 - Fact Investigation/Development	40.3	17,490.15
A103 - Draft/revise	11.7	5,119.65
A104 - Review/analyze	8.6	3,493.50
A105 - Communicate (in firm)	9.3	4,010.10
A107 - Communicate (outside counsel)	2.4	1,224.00
A108 - Communicate (other external)	8.3	3,642.90
L120 - Analysis/Strategy	49.5	16,738.65
A102 - Research	4.0	1,872.00
A103 - Draft/revise	0.2	83.25
A104 - Review/analyze	35.6	9,670.50
A105 - Communicate (in firm)	5.6	2,806.65
A106 - Communicate (with client)	0.2	112.50
A107 - Communicate (outside counsel)	1.6	900.00
A108 - Communicate (other external)	2.3	1,293.75
L140 - Document/File Management	0.6	162.00



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A110 - Manage data/files	0.1	27.00
A111 - Other	0.5	135.00
L160 - Settlement/Non-Binding ADR	1.1	480.15
A103 - Draft/revise	1.0	436.50
A104 - Review/analyze	0.1	43.65
L210 - Pleadings	11.9	6,668.55
A103 - Draft/revise	9.9	5,568.75
A104 - Review/analyze	1.2	649.80
A105 - Communicate (in firm)	0.0	0.00
A107 - Communicate (outside counsel)	0.8	450.00
L230 - Court Mandated Conferences	0.2	112.50
A103 - Draft/revise	0.1	56.25
A104 - Review/analyze	0.1	56.25
L250 - Other Written Motions/Submission	5.4	2,357.10
A103 - Draft/revise	5.3	2,313.45
A105 - Communicate (in firm)	0.1	43.65
L310 - Written Discovery	0.3	168.75
A104 - Review/analyze	0.3	168.75
L390 - Other Discovery	3.3	891.00
A110 - Manage data/files	3.3	891.00
	112.6	\$45,068.85

EXPENSE SUMMARY

Description	Amount
Filing Fees	(260.00)
Federal Express	34.05
Court Reporting/Transcript Fee	783.90
EDiscovery Hosting Services - per GB	228.30
Total	\$ 786.25



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EXPENSE DETAIL

Date	Description	Amount
09/30/24	Reversal from Void Check Number: 10000848 Bank ID: off Voucher ID: 888480 Vendor: U.S. District Court Clerk's Office	(52.00)
09/30/24	Reversal from Void Check Number: 10000811 Bank ID: off Voucher ID: 888443 Vendor: U.S. District Court Clerk's Office	(52.00)
09/30/24	Reversal from Void Check Number: 10000817 Bank ID: off Voucher ID: 888449 Vendor: U.S. District Court Clerk's Office	(52.00)
09/30/24	Reversal from Void Check Number: 10000833 Bank ID: off Voucher ID: 888465 Vendor: U.S. District Court Clerk's Office	(52.00)
09/30/24	Reversal from Void Check Number: 10000846 Bank ID: off Voucher ID: 888478 Vendor: U.S. District Court Clerk's Office	(52.00)
01/21/25	Federal Express Tracking # 284601182037 Ship Dt: 01/21/25 Ship To: Lynn Gligor	18.75
01/30/25	EDiscovery Hosting Services - per GB EDiscovery Hosting Services - per GB	114.15
01/31/25	Court Reporting/Transcript Fee	783.90
02/21/25	Federal Express Tracking # 285688924310 Ship Dt: 02/21/25 Ship To: American Coradius	15.30
02/28/25	EDiscovery Hosting Services - per GB EDiscovery Hosting Services - per GB	114.15
Total		\$ 786.25

Exhibit C



Alvarez & Marsal
Disputes and Investigations, LLC

February 21, 2025

Kevin Dooley Kent, Receiver
Clark Hill PLC
Two Commerce Square
2001 Market Street, Suite 2640
Philadelphia, PA 19103

INVOICE FOR SERVICES RENDERED
through January 31, 2025 not previously invoiced

Empire Holdings: 859382-250211451

<u>Name</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Forensic Analysis Team:				
Michael Shanahan	Managing Director	2.20	\$750	\$1,650.00
Tracy Gosau	Director	11.70	\$575	\$6,727.50
Amees Mehta	Senior Associate	1.50	\$450	\$675.00
Madeline Alderfer	Senior Associate	22.90	\$450	\$10,305.00
Tax Team:				
Sean Menendez	Managing Director	2.00	\$850	\$1,700.00
Jennifer Palacios	Senior Director	12.60	\$635	\$8,001.00
Adalys Alvarez	Senior Associate	2.30	\$450	\$1,035.00
Bernie De la Torre	Associate	1.25	\$350	\$437.50
Total Hours & Fees:		56.45		\$30,531.00
Out-of-pocket Expenses:				\$27.48
Total this Invoice:				\$30,558.48
Payment Amount Due:				\$ 30,558.48

Wire Instructions:

Bank: Wells Fargo
ABA: 121000248
Account Name: Alvarez & Marsal Disputes and Investigations, LLC
Account Number: [REDACTED]
Reference #: 859382-250211451

Mail Instructions:

Alvarez & Marsal
Attn: Liz Carrington
600 Madison Avenue, 8th Floor
New York, NY 10022
Reference #: 859382-250211451

February 21, 2025

859382-250211451

Kevin Dooley Kent, Receiver
 Clark Hill PLC
 Two Commerce Square
 2001 Market Street, Suite 2640
 Philadelphia, PA 19103

Re: Federal Trade Commission v. Empire Holdings Group, LLC, also d/b/a Ecommerce Empire Builders and Storefunnels.net, et al (the "Action")

SERVICES RENDERED

By Alvarez & Marsal Disputes and Investigations, LLC
 through January 31, 2025 not previously invoiced

Name	Date	Description	Hours
Shanahan, Michael	1/13/2025	Call with M. Shanahan, J. Palacios, and T. Gosau (A&M) to discuss tax requirements for Receivership entities.	0.20
Shanahan, Michael	1/13/2025	Call with S. Menendez, M. Shanahan, J. Palacios, and T. Gosau (A&M) to discuss tax requirements for Receivership entities.	0.30
Shanahan, Michael	1/13/2025	Review tax return summary in preparation for call with tax team.	0.20
Shanahan, Michael	1/21/2025	Communications to/from team regarding 1099s.	0.20
Shanahan, Michael	1/24/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss tax requirements for Empire contractors (re: Form 1099).	0.40
Shanahan, Michael	1/27/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss Form 1099 considerations for payment card companies and international contractors.	0.20
Shanahan, Michael	1/28/2025	Communications to/from team regarding 1099s.	0.20
Shanahan, Michael	1/31/2025	Review Receivers' status report.	0.50
Shanahan, Michael Total			2.20
Gosau, Tracy	1/10/2025	Review requested information from Empire Tax for Empire Holdings Accounting (Sep-24).	0.70
Gosau, Tracy	1/13/2025	Call with M. Shanahan, J. Palacios, and T. Gosau (A&M) to discuss tax requirements for Receivership entities.	0.20
Gosau, Tracy	1/13/2025	Call with S. Menendez, M. Shanahan, J. Palacios, and T. Gosau (A&M) to discuss tax requirements for Receivership entities.	0.30
Gosau, Tracy	1/16/2025	Review general ledger cash transactions used to pay contractors re: Identify 1099 recipients.	0.70
Gosau, Tracy	1/17/2025	Review general ledger cash transactions used to pay contractors re: Identify 1099 recipients.	0.60
Gosau, Tracy	1/21/2025	Review ACH transactions used to pay contractors re: Identify 1099 recipients.	0.50
Gosau, Tracy	1/22/2025	Call with T. Gosau, J. Palacios and M. Alderfer (A&M) to discuss Form 1099 process and considerations.	0.40
Gosau, Tracy	1/22/2025	Review Receivers January 2025 Status Report and 2nd Interim Fee app memo.	0.90
Gosau, Tracy	1/22/2025	Review tax guidance on relating to independent contractors (1099 requirements).	0.20
Gosau, Tracy	1/24/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss tax requirements for Empire contractors (re: Form 1099).	0.40
Gosau, Tracy	1/24/2025	Call with T. Gosau, J. Palacios and M. Alderfer (A&M) to discuss Form 1099 considerations for payment card companies and international contractors.	0.30
Gosau, Tracy	1/24/2025	Review cash transactions made during Receivership period for payments to contractors (1099 analysis).	1.90

Name	Date	Description	Hours
Gosau, Tracy	1/25/2025	Review cash transactions made during Receivership period for payments to contractors (1099 analysis).	1.20
Gosau, Tracy	1/27/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss Form 1099 considerations for payment card companies and international contractors.	0.20
Gosau, Tracy	1/27/2025	Review summary of contractors for Form 1099 considerations.	1.40
Gosau, Tracy	1/28/2025	Review Schwab statements for payments to G. Rees.	1.10
Gosau, Tracy	1/30/2025	Call with T. Gosau (A&M) and Receiver to discuss international tax requirements.	0.40
Gosau, Tracy	1/31/2025	Review Receiver 1099s prepared by A&M tax.	0.30
Gosau, Tracy Total			11.70
Mehta, Ameer	1/10/2025	Review and organize Empire Holdings American Express transaction activity for Tax Accountant.	0.70
Mehta, Ameer	1/22/2025	Extract and review Empire Holdings QuickBooks general ledger, balance sheet, and profit and loss statement reports.	0.40
Mehta, Ameer	1/22/2025	Revise comparison of Empire Holdings balance sheets for the period ended September 2024.	0.20
Mehta, Ameer	1/22/2025	Revise comparison of Empire Holdings profit and loss statements for the period ended September 2024.	0.20
Mehta, Ameer Total			1.50
Alderfer, Madeline	1/8/2025	Prepare tax matrix for receivership entities and organize tax documents for years 2017-2023.	2.30
Alderfer, Madeline	1/8/2025	Update tax matrix to include Empire Holdings 1099s and state tax returns.	1.20
Alderfer, Madeline	1/10/2025	Access and compile Empire Holdings Group September 2024 bank statements.	1.80
Alderfer, Madeline	1/13/2025	Compile organizational documents and financial statements for tax.	0.80
Alderfer, Madeline	1/16/2025	Prepare 1099 contractor analysis for 2024 tax year.	2.10
Alderfer, Madeline	1/17/2025	Prepare 1099 contractor analysis for 2024 tax year.	2.60
Alderfer, Madeline	1/17/2025	Prepare Star Active Sports 2024 ACH summary.	0.60
Alderfer, Madeline	1/17/2025	Review contractors listed in 2024 general ledger.	0.40
Alderfer, Madeline	1/21/2025	Review and update 1099 analysis re: Payoneer payments.	0.70
Alderfer, Madeline	1/22/2025	Call with T. Gosau, J. Palacios and M. Alderfer (A&M) to discuss Form 1099 process and considerations.	0.40
Alderfer, Madeline	1/22/2025	Review 2023 contractors paid with American Express.	0.60
Alderfer, Madeline	1/22/2025	Review and update 1099 analysis re: priority flags.	0.90
Alderfer, Madeline	1/22/2025	Review and update 1099 analysis re: TIN and addresses.	2.10
Alderfer, Madeline	1/22/2025	Review data requirements to issue 1099.	0.30
Alderfer, Madeline	1/24/2025	Call with T. Gosau, J. Palacios and M. Alderfer (A&M) to discuss Form 1099 considerations for payment card companies and international contractors.	0.30
Alderfer, Madeline	1/24/2025	Prepare WSFS transaction detail from October 1, 2024 through December 31, 2024.	1.30
Alderfer, Madeline	1/24/2025	Review and update 1099 analysis with September 2024 accounting records.	1.60
Alderfer, Madeline	1/24/2025	Review PayPal account for potential merchant vendor set up.	0.50
Alderfer, Madeline	1/27/2025	Prepare subset analysis for 2024 contractors to receive a 1099.	1.60
Alderfer, Madeline	1/27/2025	Review 2024 general ledger split entries for Advertising, Professional Fees, and Contractors.	0.50
Alderfer, Madeline	1/28/2025	Update 1099 analysis with Gordon Rees W-9.	0.10
Alderfer, Madeline	1/31/2025	Review drafts of Empire Holdings and Atlas Fund Form 1099s.	0.20
Alderfer, Madeline Total			22.90
Menendez, Sean	1/22/2025	1099 Reporting with Palacios.	1.00

Name	Date	Description	Hours
Menendez, Sean	1/23/2025	1099 Reporting with Palacios.	0.50
Menendez, Sean	1/29/2025	1099 matters.	0.50
Menendez, Sean Total			2.00
Palacios, Jennifer	1/13/2025	Call with M. Shanahan, J. Palacios, and T. Gosau (A&M) to discuss tax requirements for Receivership entities.	0.20
Palacios, Jennifer	1/13/2025	Call with S. Menendez, M. Shanahan, J. Palacios, and T. Gosau (A&M) to discuss tax requirements for Receivership entities.	0.30
Palacios, Jennifer	1/22/2025	Call with T. Gosau, J. Palacios and M. Alderfer (A&M) to discuss Form 1099 process and considerations.	0.40
Palacios, Jennifer	1/22/2025	Research and Review [REDACTED]	0.80
Palacios, Jennifer	1/22/2025	Research and review [REDACTED]	0.60
Palacios, Jennifer	1/23/2025	Research and Review [REDACTED]	0.90
Palacios, Jennifer	1/23/2025	Research and review [REDACTED]	1.20
Palacios, Jennifer	1/24/2025	Call with T. Gosau, J. Palacios and M. Alderfer (A&M) to discuss Form 1099 considerations for payment card companies and international contractors.	0.30
Palacios, Jennifer	1/24/2025	Research and review [REDACTED]	0.90
Palacios, Jennifer	1/25/2025	Research and Review [REDACTED]	0.10
Palacios, Jennifer	1/25/2025	Research and review [REDACTED]	0.10
Palacios, Jennifer	1/27/2025	Research and Review [REDACTED]	0.40
Palacios, Jennifer	1/27/2025	Review Form 1099 and 1042 filing requirements.	0.60
Palacios, Jennifer	1/28/2025	Research and Review [REDACTED]	0.90
Palacios, Jennifer	1/28/2025	Review Form 1099 and 1042 filing requirements.	0.80
Palacios, Jennifer	1/29/2025	Review Disbursements, Determine 1099 filing requirements and Review 1099s.	1.40
Palacios, Jennifer	1/30/2025	Review Disbursements, Determine 1099 filing requirements and Review 1099s.	1.30
Palacios, Jennifer	1/31/2025	Review Disbursements, Determine 1099 filing requirements and Review 1099s.	1.40
Palacios, Jennifer Total			12.60
Alvarez, Adalys	1/30/2025	Reviewing and filing 1099s for Empire.	1.10
Alvarez, Adalys	1/31/2025	Reviewing and filing 1099s for Empire.	1.20
Alvarez, Adalys Total			2.30
De la Torre, Bernie	1/29/2025	Empire Holdings 1099-NEC Prep.	0.50
De la Torre, Bernie	1/30/2025	Correspond with team for Empire 1099s.	0.50
De la Torre, Bernie	1/30/2025	Empire Holdings 1099-NEC Prep.	0.25
De la Torre, Bernie Total			1.25
Grand Total			56.45

Expenses

Date	Employee	Category	Amount
1/31/2025	TLO	Database Research	27.48



Alvarez & Marsal
Disputes and Investigations, LLC

March 11, 2025

Kevin Dooley Kent, Receiver
Clark Hill PLC
Two Commerce Square
2001 Market Street, Suite 2640
Philadelphia, PA 19103

INVOICE FOR SERVICES RENDERED
through February 28, 2025 not previously invoiced

Empire Holdings: 859382-250311175

<u>Name</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Forensic Analysis Team:				
Michael Shanahan	Managing Director	1.30	\$750	\$975.00
Tracy Gosau	Director	6.80	\$575	\$3,910.00
Ameeta Mehta	Senior Associate	2.10	\$450	\$945.00
Madeline Alderfer	Senior Associate	2.10	\$450	\$945.00
Tax Team:				
Sean Menendez	Managing Director	0.20	\$850	\$170.00
Jennifer Palacios	Senior Director	0.30	\$635	\$190.50
Adalys Alvarez	Senior Associate	0.40	\$450	\$180.00
Total Hours & Fees:		13.20		\$7,315.50
Out-of-pocket Expenses:				\$0.00
Total this Invoice:				\$7,315.50
Payment Amount Due:				\$ 7,315.50

Wire Instructions:

Bank: Wells Fargo
ABA: 121000248
Account Name: Alvarez & Marsal Disputes and Investigations, LLC
Account Number: [REDACTED]
Reference #: 859382-250311175

Mail Instructions:

Alvarez & Marsal
Attn: Liz Carrington
600 Madison Avenue, 8th Floor
New York, NY 10022
Reference #: 859382-250311175

March 11, 2025

859382-250311175

Kevin Dooley Kent, Receiver
 Clark Hill PLC
 Two Commerce Square
 2001 Market Street, Suite 2640
 Philadelphia, PA 19103

Re: Federal Trade Commission v. Empire Holdings Group, LLC, also d/b/a Ecommerce Empire Builders and Storefunnels.net, et al (the "Action")

SERVICES RENDERED

By Alvarez & Marsal Disputes and Investigations, LLC
 through February 28, 2025 not previously invoiced

Name	Date	Description	Hours
Shanahan, Michael	2/7/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss taxes for Receivership Entities.	0.50
Shanahan, Michael	2/27/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss 2024 taxes for Receiver entities.	0.80
Shanahan, Michael Total			1.30
Gosau, Tracy	2/7/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss taxes for Receivership Entities.	0.50
Gosau, Tracy	2/24/2025	Call with Counsel regarding WSFS transactions in Dec-24.	0.30
Gosau, Tracy	2/24/2025	Continue review accounting transactions for Receiver entities post Sep-24.	1.20
Gosau, Tracy	2/24/2025	Review accounting transactions for Receiver entities post Sep-24.	2.90
Gosau, Tracy	2/25/2025	Review Stripe and PayPal transaction data for Receiver entities post Sep-24.	1.10
Gosau, Tracy	2/27/2025	Call with M. Shanahan and T. Gosau (A&M) to discuss 2024 taxes for Receiver entities.	0.80
Gosau, Tracy Total			6.80
Mehta, Ameer	2/24/2025	Extract and review Empire Partner Network QuickBooks general ledger, balance sheet, and profit and loss statement reports.	1.70
Mehta, Ameer	2/24/2025	Working session with team to discuss extracting Empire Partners financial statements and transaction detail reports from QuickBooks.	0.40
Mehta, Ameer Total			2.10
Alderfer, Madeline	2/25/2025	Compile American Express bank transaction activity for October 1, 2024 - December 31, 2024.	0.70
Alderfer, Madeline	2/25/2025	Perform general ledger mapping of American Express bank activity from October 1, 2024 - December 31, 2024.	0.50
Alderfer, Madeline	2/26/2025	Prepare ask the client reclass adjustment for December 31, 2024 Empire Holdings accounting.	0.90
Alderfer, Madeline Total			2.10
Menendez, Sean	2/28/2025	State extensions.	0.20
Menendez, Sean Total			0.20
Palacios, Jennifer	2/3/2025	Review Form 1099.	0.30
Palacios, Jennifer Total			0.30

Name	Date	Description	Hours
Alvarez, Adalys	2/4/2025	Ruben Hernandez - 1099.	0.30
Alvarez, Adalys	2/5/2025	Ruben Hernandez - 1099.	0.10
Alvarez, Adalys Total			0.40
Grand Total			13.20

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**EMPIRE HOLDING GROUP LLC d/b/a
ECOMMERCE EMPIRE BUILDERS d/b/a
STOREFUNNELS.NET and PETER
PRUSINOWSKI,**

Defendants.

Civil Action

No. 2:24-cv-04949-WB

CERTIFICATE OF SERVICE

I hereby certify that on the date set forth below, a true and correct copy of the Receiver Kevin Dooley Kent's Third Written Report and Motion for Approval of Third Interim Fee Application for the Period January 1, 2025 through February 28, 2025 was filed and served on all counsel of record via the Court's Electronic Filing System pursuant to Fed. R. Civ. P. 5(b).

Dated: April 10, 2025

s/ Robin S. Weiss

Robin S. Weiss, Esq.

Attorney for Receiver, Kevin Dooley Kent