

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

GLOBAL ACCESS TECHNICAL SUPPORT LLC,
also d/b/a Global S Connect, Yubdata Tech, and
Technolive, a Missouri limited liability company;

GLOBAL SMIND LLC, also d/b/a Global S
Connect, a Missouri limited liability company;

SOURCE PUNDIT LLC, also d/b/a OneSource Tech
Support, a Missouri limited liability company;

HELIOS DIGITAL MEDIA LLC, a Missouri
limited liability company;

VGLOBAL ITES PRIVATE LIMITED, an Indian
corporation;

DIGICARE DESK LLC, a Missouri limited liability
company;

RAJIV CHHATWAL, individually and as an owner or
officer of Global Access Technical Support LLC,
Helios Digital Media LLC, and Source Pundit LLC;

RUPINDER KAUR, individually and as an owner
or officer of Global sMind LLC, and

NEERAJ DUBEY, individually and as an owner or
officer of Helios Digital Media LLC and VGlobal
ITES Private Limited;

HARINDER SINGH, individually and as an owner or
officer of Global sMind LLC.

Defendants.

Case No. 4:16-CV-1556 HEA

SECOND INTERIM STATUS REPORT OF RECEIVER

Claire M. Schenk, the Receiver for Defendants Global Access Technical Support LLC (“GATS”), Global sMind LLC (“Global sMind”), and Helios Digital Media LLC (“Helios”) (collectively the “Receivership Defendants”), submits her Second Interim Status Report relative to acts and transactions authorized pursuant to her appointment as Receiver on October 4, 2016 and which occurred since the filing of the First Interim Status Report of Receiver on December 1, 2016. This report also relates activity pertaining to the Receiver’s activity involving Source Pundit, LLC for the period between December 1, and December 15, 2016. As described hereinbelow, the Receiver’s appointment concluded on December 15, 2016 as to Source Pundit.

I. BACKGROUND OF THE RECEIVERSHIP

GATS is a Missouri limited liability company formed in January 2014, with its principal place of business in St. Louis, Missouri. The business was operated out of the residence of Defendant Rajiv Chhatwal (“Chhatwal”). GATS was established as a remote technical support services company. Chhatwal is the company’s sole member.

Global sMind is a Missouri limited liability company formed in August 2014, with its principal place of business at 7927 Forsyth Blvd, Clayton, Missouri 63105. Global sMind was established as a remote technical support services company. Global sMind has four members: Rupinder Kaur (“Kaur”) (21% share), Harinder Singh (“Singh”) (15% share), Michael Meinzen (“Meinzen”) (15% share) and Chhatwal (49% share).

Source Pundit is a Missouri limited liability company formed in February 2007, with its principal place of business in St. Louis, Missouri. The business was operated out of the residence of Chhatwal. Chhatwal was the sole member of Source Pundit LLC until 2014 when Vivek Jain became a 49% partner and Chhatwal dropped to 51% partner. Source Pundit’s

business operations are focused upon recruiting and staffing. Its major asset is its contracting relationship with a Japanese corporation engaged in a business requiring highly skilled temporary contractors, typically engineers. What is currently known as GATS began as a line of business within Source Pundit, d/b/a One Source Tech Support, but those operations were separated from Source Pundit when GATS was formed.

Helios is a Missouri limited liability company formed in January 2016, with its principal place of business at 15450 South Outer 40 Road, Suite 135, Chesterfield, Missouri 63017. Helios was established as a remote technical support services company. Chhatwal is the sole member of Helios.

On October 3, 2016, the United States Federal Trade Commission (the “FTC”) filed its Complaint against Chhatwal, Kaur, Neeraj Dubey (“Dubey”), the Receivership Defendants, Source Pundit and VGlobal ITES Private Limited (collectively, the “FTC Defendants”) in the United States District Court for the Eastern District of Missouri (the “Missouri District Court”), Case No. 4:16-CV-1556-HEA (the “FTC Case”). Complaint (Dkt. No. 1). In the Complaint and other papers filed by the FTC on October 3, 2016, the FTC alleges various unfair or deceptive acts or practices in violation of the FTC Act, 15 U.S.C. § 45(a). *Id.*

Also, on October 3, 2016, the FTC moved for the entry of an order freezing the assets of the FTC Defendants, an order enjoining certain business activities of the FTC Defendants, an order requiring sworn financial statements from the FTC Defendants, an order prohibiting the destruction of documents, and an order expediting discovery. Memorandum in Support of Motion re Motion for Temporary Restraining Order filed by FTC (“Memorandum”) (Dkt. No. 6). The Court entered the requested relief by order entitled *Temporary Restraining Order with Asset Freeze, Appointment of a Receiver, Other Equitable Relief, and Order to Show Cause Why a*

Preliminary Injunction Should Not Issue (the “Order”) dated October 4, 2016. *See* Order (Dkt. No. 10).

Additionally, on October 3, the FTC moved for the immediate appointment of a receiver over the Receivership Defendants to avert the likelihood of consumer injury during the pendency of the action and to preserve the possibility of effective final relief. Memorandum (Dkt. No. 6). The Order directed the Receiver to (i) assume full control of the Receivership defendants; (ii) take exclusive custody, control, and possession of all assets and documents of, or in the possession custody, or under the control of, the Receivership Defendants, wherever situated; (iii) take possession of and secure all areas of the business premises of the Receivership Defendants; (iv) conserve, hold, and manage all receivership assets, and perform all acts necessary or advisable to preserve the value of those assets, in order to prevent any irreparable loss, damage, or injury to consumers or to creditors of the Receivership Defendants; (v) enter into contracts and purchase insurance; (vi) prevent inequitable distribution of assets and determine, adjust, and protect the interests of consumers and creditors; and (vii) manage and administer the business of the Receivership Defendants, among other duties. Order at 14-15 (Dkt. No. 10).

On October 28, 2016, a Preliminary Injunction was entered as to Global sMind and the Receivership appointment was made permanent. *See* Preliminary Injunction as to Global sMind LLC at 13 (Dkt. No. 45). On October 28, 2016, a Preliminary Injunction was also entered into as to the Foreign Defendants, Neeraj Dubey and Vglobal ITES Private Limited. *See* Preliminary Injunction as to Neeraj Dubey and VGlobal ITES Private Limited (Dkt. No. 44). Pursuant to Section VII, the Foreign Defendants were ordered to “fully cooperate with and assist the Receiver.” *Id.* at 13 .

On November 15, 2016, a Stipulated Preliminary Injunction was entered as to Receivership Defendants GATS, and Helios, Source Pundit, and Defendant Chhatwal. *See* Stipulated Preliminary Injunction as to Defendants Rajiv Chhatwal, et al (Dkt. No. 50). Section V of the Preliminary Injunction also made Claire Schenk the Permanent Receiver for the Stipulating Receivership Defendants. *Id.* at 12. The Receiver was directed to accomplish the tasks directed by the October 4 Order. *Id.* at 13-14. On that same day, a Stipulated Preliminary Injunction was also entered into as to Defendant Kaur. *See* Stipulated Preliminary Injunction as to Rupinder Kaur (Dkt. No. 49). Under Section VI, Defendant Kaur was also ordered to “fully cooperate with and assist the Receiver.” *Id.* at 14.

On December 15, 2016, Judge Autrey granted the Stipulation to Modify the Preliminary Injunction as to Source Pundit LLC. Stipulation as to SP (Dkt. No. 66). The Stipulation removed Source Pundit from the Receivership and lifted the asset freeze, enabling Source Pundit to use assets for “actual, ordinary, and necessary business expenses.” *Id.* at 2-3. The Stipulation also discharged the Receiver of her responsibilities relating to the receivership over Source Pundit. *Id.* at 3. The final day to day business operations and the process of lifting the Receivership are detailed below.

The Court also granted leave to amend the Complaint to add DigiCare Desk LLC (“DigiCare”) and Harinder Singh as defendants in the Complaint. *See* First Amended Complaint at 4, 6 (Dkt. No. 69). The two additional defendants face the same two counts of Deceptive Misrepresentations as stated in the original Complaint. *Id.* at 12-13.

II. OPERATION OF THE RECEIVERSHIP

A. General Operations

The overall function of the Receiver as set out in the Receivership Order is to administer and manage the business affairs and assets of the Receivership Defendants, act as the managing member or partner of the Receivership Defendants, marshal and safeguard all of the assets of the Receivership Entities and take such actions as are necessary to protect consumers and creditors. In furtherance of these objectives and following her appointment, the Receiver acted promptly to secure known assets, business records obtainable from the known business locations of the Receivership Defendants and other Receivership property. See First Interim Status Report of Receiver (Dkt. No. 58).

B. Conducting and Transitioning Source Pundit Operations

Source Pundit recruits, hires, dispatches and manages highly skilled agency workers (“contractors”) for a Japanese corporation (“JC”). Pursuant to the Receiver’s appointment as Receiver of Source Pundit and until the termination of the Source Pundit Receivership on December 15, 2016, the Receiver conducted business activity pertaining to Source Pundit’s staffing operations involving JC. Those activities included:

- Reconciling timesheets of contractors and invoicing JC
- Preparing and providing JC with salary data for monthly tax calculation for contractors
- Reconciling timesheets of offsite contractor and invoicing JC
- Reconciling expenses of contractors and invoicing JC
- Reconciling SP India expenses and invoices for payment
- Reconciling SP Japan expenses and invoices for payment

- Preparing monthly wire transfers to all contractors, SP India, SP Japan, and any third parties providing travel assistance to contractors (as reimbursed by JC)

Additional detail regarding these duties is provided in the Receiver's First Interim Report (Dkt. No. 58). Following the entry of the Court's Order, the Receiver took only such action as was necessary to return control of business operations to Source Pundit member, Rajiv Chhatwal. For example, the Receiver provided notice of the Court Ordered termination of the Receivership to Source Pundit's business contacts to provide assurances that the transition of activity from the Receiver to Mr. Chhatwal was lawful and sanctioned by the Court. The Receiver also facilitated discussions with East West Bank so that Mr. Chhatwal could gain user credentials and access to the Source Pundit bank account. The Receiver assisted in the transfer of funds to Source Pundit and its contractors during the period of transition. The Receiver also turned over information compiled during the term of the Source Pundit receivership to Mr. Chhatwal so that the information would be available for tax filings and other purposes. Since the transition has been completed and the Receivership terminated, Receivership activity involving Source Pundit is concluded.

C. GATS, Helios and Global sMind

As described in the First Interim Report, Receivership Defendants GATS, Helios and Global sMind were each engaged in prohibited activity which was not continued by the Receiver. Receivership activity pertinent to these entities, as described below, involved the continuing process of providing appropriate notice to consumers, creditors and other relevant parties, the closing of bank and credit card accounts and relevant tax filings.

D. Notice of Receivership

i. **Supplemental Notice to Consumers:** On February 1, 2017, the Receiver filed a supplemental Notice to Consumers. The purpose of this Notice was to warn consumers of the possibility that they may be targeted in a follow on scam. The Receiver advised consumers to be wary of any caller informing them that they were entitled to a refund for the purchase of a servicing contract. Consumers were advised to be cautious and to avoid allowing a caller access to a computer through Team Viewer. They were advised that using Team Viewer in this fashion might allow the caller access to personal account information. Consumers informed of an overpayment requiring the immediate wire transfer of funds due to an accidental overpayment were advised to be wary. Consumers encountering this type of activity were advised to contact the FTC to relate their complaint.

ii. **Actual notice:** The process of providing notice to account and property holders, including banks, merchant processing accounts, creditors, and former officers, directors, employees, attorneys, accountants, and others was described in the Receiver's First Interim Status Report. During this subsequent reporting period, the Receiver provided notice of the termination of the Source Pundit receivership and updated her notices to the IRS regarding Source Pundit and the other Receivership Defendants. The Receiver continued to have contact with consumers and creditors seeking relief.

Consumers contacting the Receiver are advised that when the litigation is concluded, if there is money available, it will be distributed to victims. At this point in time it appears that the likelihood of a full refund to all victims is minimal, given the available assets and the anticipated level of consumer injury. The FTC oversees both the process of recording consumer complaints and the distribution of funds to the victims of fraud. In similar situations, Courts have found that

a constructive trust was created over the funds held in the receivership estate for the benefit of the injured consumers. Subject to the approval of the Court, the Receiver anticipates that funds remaining at the conclusion of the receivership will be transferred to the control of the FTC and administered by the FTC for distribution to defrauded consumers. See *e.g.*, FTC v. Crittenden, 823 F. Supp. 699, 702–04 (C.D. Cal. 1993), aff'd, 19 F.3d 26 (9th Cir. 1994); FTC v. Rainbow Enzymes, Inc., No. CIV-87-1522 PHX WPC, 1989 WL 53928, at *1–2 (D. Ariz. Feb. 2, 1989).

E. Miscellaneous Operational Matters

1. Financial Accounts

As of January 31, 2017 the Receivership Defendants' cash position is \$156,815.13 (GATS, \$130,755.47, Global sMind, LLC, \$13,346.53 and Helios, \$12,713.13). All known bank accounts belonging to the Receivership Defendants have been consolidated into bank accounts at East West Bank. Given the termination of the Source Pundit Receivership, this sum does not include any monies transferred to the control of Rajiv Chhatwal on behalf of Source Pundit. The Receiver is currently unaware of any other Receivership assets possessing value.

During this reporting period, the Receiver continued to obtain and examine bank statements and other financial records to verify that funds were transferred into Receivership accounts. Following the transfer of the funds, in order to avoid the exposure and risk of unauthorized activity, accounts were closed by the Receiver. A list of the closed accounts is set out below:

Bank	Account #	Company	Status
Central Bank	x1540	Global Access Technical Support LLC	Closed
Central Bank	x5774	Global sMind LLC	Closed
Central Bank	x2983	Global sMind LLC	Closed
Central Bank	x7306	Global sMind LLC	Closed
Commerce Bank	x6677	Global Access Technical Support LLC	Closed
Commerce Bank	x1005	Global Access Technical Support LLC	Closed

Commerce Bank	x9953	Global Access Technical Support LLC GATS Reserves	Closed
Commerce Bank	x3368	Global Access Technical Support LLC GATS - VGBL	Closed
Commerce Bank	x0472	Global Access Technical Support LLC dba Wizard Squad	Closed
Commerce Bank	x7880	Global Access Technical Support LLC Reserves	Closed
Commerce Bank	x3716	Global Access Technical Support LLC	Closed
Commerce Bank	x0626	Global sMind LLC	Closed
Commerce Bank	x7909	Global sMind LLC	Closed
Commerce Bank	x8554	Helios Digital Media	Closed
Carrollton Bank	x4003	Global sMind LLC Operating Account	Closed
Carrollton Bank	x4135	Global sMind LLC Merchant Account	Closed
Carrollton Bank	x4127	Global sMind LLC Reserve Account	Closed
PNC Bank	x3086	Helios Digital Media	Closed
Bank of America Credit Card	x9812	Global Access Technical Support LLC	Closed
Bank of America Credit Card	x1717	Global Access Technical Support LLC	Closed

2. Tax Returns

During this reporting period, the Receiver provided all relevant and available financial information pertaining to the Receivership defendants to her accountants with Segue Capital (“Segue”) to close the books for GATS, Helios and Global sMind. Segue also prepared and filed Form 1099s to the extent that the available information indicated that a 1099 was required. Tax preparation work for Global sMind is being handled by Clifton Larson Allen (“CLA”). The Receiver anticipates that a return will be timely filed for Global sMind and financial information relevant to Schedule Cs provided to the sole member of Helios and GATS, Rajiv Chhatwal, in anticipation of a tax return filing by Mr. Chhatwal. The Receiver will not prepare or file a return for Source Pundit since the receivership was terminated on December 15, 2016.

As noted in the First Interim Status Report, the members of Global sMind requested an amended filing for the 2015 tax return at the outset of the Receivership. The Receiver’s

accountants requested documentation to support the proposed amendment. However, the requested documentation was not made available to the Receiver. Given that approximately four months have now passed without receipt of the documentation, the Receiver does not anticipate an amendment to the Global sMind 2015 tax filing.

F. Website

The Receiver established and continues to update a website (www.gatsreceivership.com) to provide relevant information to consumers, creditors and other interested individuals. As of the date of this Report, access to such information is being provided through a weblink on the website of Thompson Coburn LLP. To minimize the operating costs of the Receivership and conserve the Receivership estate, interested parties are encouraged to access this publicly available source of information.

As described in the Receiver's First Interim Status Report, the Receiver has taken control of websites administratively managed by Chhatwal. Since the filing of the First Interim Report, counsel for Global sMind provided administrative access to the Receiver to other accounts which allowed her to take control of additional websites and to redirect them to the www.gatsreceivership.com website. These websites include:

- globalsconnect.com
- globalsconnect.in
- globalsmind.com
- smindconnect.com
- smindloyalty.com

Since the websites were redirected, consumers who visit the sites are able to contact the Receiver to learn about the status of the proceeding and the potential for redress from the FTC.

