

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, et  
al.,

Defendants.

Case No. 4:16-CV-1556 HEA

**THIRD 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 Third 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 Second Status Report of Receiver on February 22, 2017. This report also relates the Receiver’s activity pursuant to the Court’s June 6, 2017 Order (“the Liquidation Order”).

**I. BACKGROUND OF THE RECEIVERSHIP**

**A. Initial Phase of the Proceeding**

The Receiver’s First and Second Interim Status Reports explained that each of the Receivership Defendants formerly provided remote technical support services. Source Pundit, GATS, and Helios each operated out of the residence of Defendant Rajiv Chhatwal (“Chhatwal”). Chhatwal is the sole member of Helios and GATS and owns a significant

percentage of Source Pundit and Global sMind. Defendants Rupinder Kaur (“Kaur”) and Harinder Singh (“Singh”) own a significant percentage of Global sMind. GATS, d/b/a One Source Tech Support, began as a line of business within Source Pundit but operated separately from Source Pundit. While the Receivership Defendants all provided remote technical support services, Source Pundit focused upon recruiting and staffing.<sup>1</sup> Its major asset was its contracting relationship with a Japanese corporation engaged in a business requiring highly skilled temporary contractors, typically engineers.

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 (“VGlobal”) (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 alleged various unfair or deceptive acts or practices in violation of the FTC Act, 15 U.S.C. § 45(a). *Id.* The Court later granted leave to amend the Complaint to add DigiCare Desk LLC (“DigiCare”) and Singh as defendants. *See* First Amended Complaint at 4, 6 (Dkt. No. 69). As a result, the two additional defendants faced the same two counts of Deceptive Misrepresentations. *Id.* at 12-13.

Also, on October 3, 2016, the FTC moved for the entry of an order freezing the assets of the FTC Defendants, enjoining certain business activities, requiring sworn financial statements, prohibiting the destruction of documents, expediting discovery, and immediately appointing a

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<sup>1</sup> As described below, while Source Pundit began as a Receivership Defendant, the Receiver’s duties as to Source Pundit were terminated with the agreement of the Court and the Receiver.

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 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). 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. *Id.* at 14-15.

As described in the First and Second Interim Receivership Reports, Preliminary Injunctions were entered and the Receivership appointment was made permanent as to Receivership Defendants Global sMind (October 28, 2016) and Receivership Defendants GATS and Helios, Source Pundit (November 15, 2016). *See* Preliminary Injunction as to Global sMind LLC at 13 (Dkt. No. 45); Stipulated Preliminary Injunction as to Defendants Rajiv Chhatwal, et al (Dkt. No. 50). Source Pundit was subsequently removed from the Receivership on December

15, 2016 when Judge Autrey granted the Stipulation to Modify the Preliminary Injunction as to Source Pundit LLC. Stipulation as to Source Pundit (Dkt. No. 66). The Stipulation also discharged the Receiver of her responsibilities relating to the receivership over Source Pundit and lifted the asset freeze, enabling Source Pundit to use assets for “actual, ordinary, and necessary business expenses.” *Id.* at 2-3.

**B. Resolution of the Proceeding**

Since the Second Interim Receivership Report, on June 1, 2017, the FTC filed a *Joint Motion for Settlement – Entry of Stipulated Orders for Permanent Injunction and Final Judgment*. Joint Motion for Settlement (Dkt. No. 98). On June 1 and June 30, the FTC also moved for Entry of Clerk’s Default against Global sMind and Foreign Defendants Dubey and VGlobal (“Default Defendants”), respectively. Motion for Entry of Default (Dkt. Nos. 100, 104). The Clerk entered default as to Global sMind on June 7, 2017 and default as to Dubey and VGlobal on July 6, 2017. Clerk’s Entry of Default (Dkt. Nos. 103, 105). The Court subsequently entered a Permanent Injunction and Default Judgment in the amount of \$5,150,506 as to the Default Defendants. Default Judgment (Dkt. No. 108).

As to Chhatwal, GATS, Source Pundit, Helios, and DigiCare (the “Stipulating Defendants”), on June 6, 2017, the Court entered a Permanent Injunction and Final Judgment (“the Liquidation Order”).<sup>2</sup> Liquidation Order (Dkt. No. 102). As a result, the Stipulating Defendants are permanently restrained and enjoined from various activities involving Tech Support Products and Services and are prohibited from related deceptive misrepresentations. A Judgment in the amount of \$5,150,506 was entered in favor of the FTC and against the

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<sup>2</sup> The Court also entered a Permanent Injunction and Final Judgment as to individual defendants Kaur and Singh in the amount of \$800,375, which will be suspended as well following various obligations of Kaur and Singh. Stipulated Order as to Kaur and Singh (Dkt. No. 101).

Stipulating Defendants. Following various asset transfers to the existing Receivership estate and subject to the obligations and requirements of the Liquidation Order, the remainder of the Judgment (which is not satisfied by the assets to be liquidated by the Receiver) is to be suspended.

More specifically, to suspend the Judgment, the Liquidation Order required the Stipulating Defendants to undertake the following activities: 1) within fourteen days of entry of the Liquidation Order, convey, assign and/or transfer all of “legal and equitable interests and rights” in various specified assets to the Receivership estate; and 2) cooperate with the Receiver to sell and convey title to the real property located at 559 Graeser Road, St. Louis, Missouri 63141 (“the property”). The Receiver has diligently pursued these tasks during the last two months.

## **II. THE RECEIVER’S LIQUIDATION ACTIVITY**

Pursuant to the Liquidation Order, the Receiver completed the following activities as directed by the Court:

### **A. Liquidation of the Personal Property**

Under the Liquidation Order, subject to the direction of the Receiver, Stipulating Defendants were required, within fourteen days of entry of the Liquidation Order, to convey, assign and/or transfer various assets to the Receivership estate. Pursuant to Section IV. F of the Liquidation Order, the Receiver was directed to accomplish the liquidation of the assets specified in Section III. B-F of the Liquidation Order.

A summary of the relevant assets, required to be liquidated under Section III B-F is set out below. The Receiver’s summary ties each asset to the relevant Stipulating Defendant, lists

the total amount of funds recovered to date in connection with each asset, and describes the status of the Receiver's liquidation activity.

<b>Defendant</b>	<b>Asset</b>	<b>Funds Received</b>	<b>Status</b>
DigiCare Desk LLC	Central Bank of St. Louis account ending in 0977	\$11,292.00	Account closed.
DigiCare Desk LLC	Busy Bank account ending in 8963	\$58.00	Account closed.
Rajiv Chhatwal	IndusInd Bank account ending in 2758	\$104,500.00	Awaiting statements; investigating future deposits.
Rajiv Chhatwal	SAP 401k Defined Benefit Plan managed by Vanguard, Plan Number 09061	\$53,452.02	Awaiting statements; investigating future deposits.
Rajiv Chhatwal	Wells Fargo SEP account ending in 7445	\$35,262.07	Awaiting statements; Awaiting future deposit of dividends in September 2017.
Rajiv Chhatwal	Wells Fargo SEP account ending in 9612	\$195,096.60	Awaiting statements; Awaiting future deposit in September 2017.
Rajiv Chhatwal	Wells Fargo Securities account ending in 9595	\$281,531.08	Awaiting statements; Awaiting future deposit in September 2017. Establish and resolve reserve for tax liability by April 17, 2018.
Rajiv Chhatwal	T. Rowe Price Roth IRA account ending in 1900	\$31,011.75	Awaiting statements; investigating future deposits.
Rajiv Chhatwal	Putnam Investments account ending in 4824	\$2,719.02	Account closed.

To expand upon the asset liquidation summary above, the sums transferred to the Receivership estate are generally in line with the account statements made available to the Receiver upon entry of the Liquidation Order. This conclusion also takes into consideration account tax withholdings paid directly to the IRS by T. Rowe Price from the T. Rowe Price IRA

account ending in 1900 and by Vanguard from the SAP 401k Defined Benefit Plan managed by Vanguard. The Receiver followed up with the relevant institutional contacts for each asset to determine whether there may be subsequent deposits into the account, *e.g.*, accrued but not yet paid dividends, and to obtain a final account statement to verify that all funds due to the Receivership estate have been transferred as required under the Liquidation Order.

Pursuant to Section III. F of the Liquidation Order, which pertains to Wells Fargo Securities account ending in 9595, the Receiver is required to set aside a reserve for payment of Chhatwal's estimated personal tax liability on the distribution amounts resulting from the liquidation of this account. Under the Liquidation Order, with the approval of the Receiver, Chhatwal may utilize such funds as are necessary to pay this tax liability so long as he provides the documentation required by the Receiver and files his tax returns no later than April 17, 2018. The Receiver is not currently in a position to establish a reserve since Chhatwal has stated that he is currently unable to estimate his tax liability.

For each asset transfer required by Section III. B–F of the Liquidation Order, the Stipulating Defendants are required to transfer all “legal and equitable interests and rights” in the asset. Additionally, they are required to transfer any interest in DigiCare and the remaining entities in the Receivership estate to the Receiver. Under Section III. C of the Liquidation Order, Stipulating Defendants are to provide any and all such information as may be relevant to convey, assign and/or transfer the assets. In line with this directive of the Court, the Receiver prepared a General Assignment document which was executed by the Stipulating Defendants on June 22, 2017.

**B. Liquidation of the Real Estate**

Beyond the assets described above, Chhatwal was ordered to cooperate with the Receiver to sell and convey title to the real property located at 559 Graeser Road, St. Louis, Missouri 63141 (“the property”). In furtherance of the sale, Chhatwal was required to provide the Receiver with a Power of Attorney within fourteen days of the Liquidation Order, transferring possession of the property to the Receiver. Additionally, Chhatwal must sign all documents as may be required to effectuate a sale of the property. Until the sale is completed, Chhatwal is required to insure, maintain, and avoid taking any actions that might diminish the value of the property. Similar to a provision pertaining to the Wells Fargo account, the Receiver is to set aside a reserve for payment of Chhatwal’s 2017 estimated personal tax liability. The Receiver is required to complete the sale of the property within 180 days after entry of the Liquidation Order.

As required by the Liquidation Order, a Power of Attorney document was executed by Chhatwal. In furtherance of the sale, the Receiver conducted preliminary research regarding the ownership history of the property and obtained the deed. The Receiver requested all relevant documents from Chhatwal pertaining to the real estate, including but not limited to those pertaining to ownership and valuation issues. Chhatwal informed the Receiver that he does not possess any of the requested documentation beyond that which was previously made available to the FTC. The Receiver performed an initial site visit of the property to meet with Chhatwal and more recently visited the property with Edward W. Dinan, MAI, CRE of Dinan Real Estate Advisors (“Dinan”).

Dinan has agreed to perform an appraisal of the property subject to the terms of the attached proposal. A copy of the fully executed Dinan proposal is attached hereto as **Exhibit A**.

A proposal was requested from Dinan because of his extensive experience and qualifications in matters pertaining to the value of real estate in this area. Dinan's credentials are summarized in the resume attached here to as **Exhibit B**. Moreover, Dinan was advised that this matter pertains to the public interest and agreed to perform this work at a discount of fifteen percent from his standard rate. The Receiver decided to pursue the arrangement with Dinan for these reasons and because Dinan agreed to promptly visit the property and complete the appraisal within thirty days. *See **Exhibit A***. Based upon the provisions of the Liquidation Order, which allow a limited time period for the sale of the property and the Receiver's concerns regarding issues pertaining to maintenance and expense associated with the property, the Receiver believes that it is important to move forward in an expeditious manner with an appraisal of the property.

The Receiver was contacted by several individuals interested in purchasing the property and has begun investigating the method by which she will market and ultimately sell the property. However, the Receiver believes that obtaining an appraisal of the property is an important step in the process and will allow the Receiver to negotiate the sale in an informed manner. Moreover, obtaining an appraisal is in line with prior authority in FTC matters. In *FTC v. Neiswonger*, No. 4:96CV02225 SNLJ, (E.D. Mo. June 17, 2011), the Court approved modified sale procedures pursuant to 28 U.S.C. §§ 2001 and 2002 which relied upon the appraisal of the real estate obtained by the Receiver. *Id.* at 2 ("the Court finds the proposed sale to be made under modified sale procedures pursuant to 28 U.S.C. §§2001 and 2002 to be reasonable and in the best interests of the receivership estate"). As in *Neiswonger*, the Receiver plans to file a Motion to approve sale procedures and to seek authorization and confirmation of a sale of the property.

### III. CONTINUED OPERATIONS 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 and Second Interim Status Reports of Receiver (Dkt. Nos. 58, 84). As described in the earlier reports, the Receiver's duties as to Source Pundit are completely concluded while the bulk of the Receiver's work is completed as to GATS, Helios, and Global sMind. As the Receiver has previously detailed, notice has been provided and assets marshalled under the control of the Receiver. Receivership activity since the filing of the Second Interim Status Report on February 22, 2017 is set out below.

#### B. GATS, Helios and Global sMind

As described in the First Interim Report, GATS, Helios, and Global sMind were each engaged in prohibited activity which was not continued by the Receiver. Since the filing of the Receiver's Second Interim Status Report, Receivership activity pertinent to these entities has largely involved oversight of assets and the resolution of matters—in particular reporting, tax, and accounting issues—which must be resolved before the Receivership concludes. Monies obtained by the Receiver as the result of the Receiver's liquidation activity under the Order have been deposited into the existing GATS account at East West Bank.

1. *Financial Accounts*

As of July 31, 2017 the Receivership Defendants' total cash position was \$828,532.14 (GATS, \$804,995.10, Global sMind, LLC, \$10,823.91, and Helios, \$12,713.13). All known bank accounts belonging to the Receivership Defendants have been consolidated into bank accounts at East West Bank. The Receiver anticipates additional deposits into the GATS account following disposition of the property and collection of any dividends payable upon the accounts previously liquidated under the Liquidation Order.

2. *FTC Reporting Requirements*

Pursuant to FTC reporting requirements, the Receiver completed the form entitled "Assets Held by Third Party" which is attached hereto as Exhibit C. As this Exhibit shows, the Receiver preliminarily concluded that she controlled assets with a total cash value of \$1,033,488.53 and that expenses to be paid through closure would approximate \$377,592.40. As a result, the Receiver predicts that monies in the approximate amount of \$655,896.13 will be paid to the FTC as redress for injured consumers. In explaining this approximation, the Receiver notes that the value of the real estate has not yet been determined since an appraisal has not been completed and that the Receiver lacks information upon which to determine the amount of the reserves which she must establish. The reserve figures must be based upon information requested but not yet received from Chhatwal as to his estimated personal tax liability.

3. *Tax Returns*

Following the receipt of information provided by the Receiver, Segue Capital ("Segue") closed the books for GATS, Helios, and Global sMind. Segue prepared income statements for GATS and Helios based upon the information which the Receiver was able to obtain from Chhatwal and the other defendants. These income statements will serve as a de facto Schedule C

for these single member LLCs. As the Receiver has previously reported, Chhatwal is the sole member of GATS and Helios. Segue was unable to perform a full credit card breakdown since Chhatwal did not provide back up to confirm the expenses on the credit card statements. However, all information gathered by the Receiver was returned to Chhatwal and his accountant so that they may complete tax filings, as appropriate. The Receiver was advised by Segue and CLA that this was the appropriate course of action in the case of these sole member LLCs.

In the case of Global sMind, tax preparation work is being handled by Clifton Larson Allen (“CLA”) since there are multiple members of this LLC. The Receiver anticipates that a return will be timely filed for Global sMind. The Receiver will not prepare or file a return for Source Pundit since the receivership was terminated on December 15, 2016.

#### 4. *Website*

The Receiver established and continues to update a website ([www.gatsreceivership.com](http://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.

Consumers contacting the Receiver are advised that when the litigation is concluded, available funds will be distributed to victims by the FTC. 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). For this reason and because the available funds will all be needed to provide redress to the injured consumers, the Receiver does not currently believe that there will be a claims process initiated by the Receiver.

5. *Litigation Matters*

As of this date, the Receiver is unaware of any pending or threatened proceeding against the Receivership Defendants. The Receiver has corresponded with the Office of the Missouri Attorney General to address certain consumer issues.

**IV. CONCLUSION**

The Receiver will update this Report on a periodic basis to summarize her ongoing activities.

Dated: August 7, 2017

Respectfully submitted,

                  /s/ Claire M. Schenk  
Claire M. Schenk, Receiver