

- MOBE Ltd. (Malaysia)
  - MobeProcessing.com, Inc. (US)
  - MobeTraining.com, Inc. (US)
  - Transaction Management USA, Inc. (US)
  - MOBE Pro Ltd. (UK)
  - MOBE Online Ltd. (Mauritius)
  - 9336-0311 Quebec, Inc. (Canada)
  - Matt LloydPublishing.com, Pvt (Australia) □ MOBE Inc. (Panama)
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Tampa, Florida  
September 6, 2019

I mentioned in my August 29, 2019 update that I was working on a settlement with Matt Lloyd under which we would agree to liquidate various real estate holdings. Today, I filed a motion with the Court requesting an order approving the settlement and directing Matt Lloyd to comply with its terms. You can read the motion [here](#); I encourage you to read it because it explains the proposed settlement and my reasons for asking for court approval for it. Broadly, the proposed settlement would be as follows:

- Matt Lloyd would sell one of his two apartments in Kuala Lumpur to a third party. This particular apartment is already under contract to be sold. The purchase price would be at least \$148,000, all of which would be paid to me. If the purchase price is more than \$148,000, then I would get 40 percent of the excess, and the remaining 60 percent would be paid to cover MOBE's Malaysian tax liabilities, or to pay MOBE's Malaysian accountants. From the money I receive I would pay \$35,000 to Matt Lloyd's U.S. attorney. The sale must close within 45 days.

Under the settlement, Matt Lloyd immediately would sign the papers necessary to convey ownership of the apartment to me. I would hold the papers in escrow, and enforce them if Matt Lloyd defaults under the settlement. If Matt Lloyd defaults and I enforce the documents, I would be free to sell the apartment to anyone. If Matt Lloyd completes the sale, then I would either destroy the transfer documents, or send them to Matt Lloyd.

- Matt Lloyd also owns a second apartment in Kuala Lumpur. Under the settlement, Matt Lloyd immediately would sign the papers necessary to convey ownership of the second apartment to me. I would hold the papers in escrow and enforce them if Matt Lloyd defaults under the settlement. If Matt Lloyd defaults and I enforce the documents, I would be free to sell the apartment to anyone.

Under the settlement, Matt Lloyd would have the exclusive right to purchase this second apartment from me for a period of 270 days from the date the Court approves the settlement. The purchase price would be approximately \$137,000 if Matt Lloyd purchases the apartment within 121 and 165 days. The purchase price then would increase approximately \$10,000 every 45 days. Matt Lloyd's exclusive right to purchase the second apartment would terminate after 270 days.

- Matt Lloyd owns a minority interest in a company that owns the Serenity Island resort hotel in Fiji. The ownership structure of the resort hotel is described in the motion (it is very complicated). Under the settlement, Matt Lloyd immediately would sign the papers necessary to convey ownership of his interest in the Serenity Island resort hotel to me. I would hold the papers in escrow and enforce them if Matt Lloyd defaults under the settlement. If Matt Lloyd defaults and I enforce the transfer documents, I would be free to sell his interest in Serenity Island to anyone.

Under the settlement, Matt Lloyd would have the exclusive right to purchase the minority interest in the Serenity Island resort hotel from me for a period of 270 days from the date the Court approves the settlement. The purchase price would be \$400,000, if Matt Lloyd purchases it within 150 days, but \$450,000 if he purchases it between 151 and 270 days.

- Matt Lloyd, through one of his companies, owns a minority interest in a company that owns the

Sunset del Mar resort hotel in Costa Rica. The ownership structure of the resort hotel is described in the motion (again, it is complicated). Under the settlement, Matt Lloyd immediately would sign the papers necessary to convey ownership of his interest in the Sunset del Mar resort hotel to me. I would hold the papers in escrow and enforce them if Matt Lloyd defaults under the settlement. If Matt Lloyd defaults and I enforce the transfer documents, I would be free to sell his interest in the Sunset del Mar resort hotel to anyone.

Under the settlement, Matt Lloyd would have the exclusive right to purchase the minority interest in the Sunset del Mar resort hotel from me for a period of 270 days from the date the Court approves the settlement. The purchase price would be \$225,000, if McPhee purchases it within 180 days, but \$250,000 if he purchases it between 181 and 270 days.

Why do I want to do this? In the motion I have presented my thinking as to why I think this is the best arrangement that can be made with respect to these properties.

Both of the resort hotels were intended to serve the MOBE empire. Both were used to host seminars, at which MOBE presenters furthered the MOBE scheme by trying to "upsell" the various memberships, plus other add-ons, to consumers. For that reason, the market for customers for the resorts was MOBE affiliates, and the resorts never seriously tried to attract other customers who were not MOBE affiliates. When I shut MOBE down, the resort hotels' source of customers dried up entirely. This is evident from the financial records I have reviewed, which show that both of the resort hotels are losing money. Attracting new customers would require a new marketing program.

Moreover, to make the resort hotels profitable would require capital infusions. Serenity Island, for example, is obligated to construct 205 villas on the beach by 2023, or else it could lose its lease of the land on which the resort sits. Presently, Serenity Island has 23 operational villas. If the additional villas are not completed timely, the underlying lease of the property could be terminated, which means that the entire resort would be lost. While the receivership estate has approximately \$17 million, I am not prepared to use it to construct hotel rooms in Fiji.

Additionally, the Court has *authorized* me to take control of assets purchased with money that derived from MOBE, but that does not address the practical problem of *how* I may take control of them. The apartments and resort hotels are owned by companies that are owned by Matt Lloyd; those companies are not parties in the lawsuit, and I am not, technically, appointed as receiver over them. To assert the authority that the U.S. court has given me I would need to file lawsuits in Fiji,

Costa Rica and Malaysia and ask the courts in those countries to recognize the U.S. court orders. This would be expensive and could take 9 months or more, and even if I did so it is not clear that I would get favorable rulings.

Also, it is not clear to me that the resort hotels have any significant value. Both are losing money and, in my opinion, will continue to lose money until significant money is invested in them to improve them and market them properly. The Sunset del Mar had insufficient cash to purchase property insurance – I had to advance about \$3,000 for this purpose. The Serenity Island resort is subject to a \$3 million mortgage in favor of a bank; as matters stand, it is not clear to me that the hotel will generate sufficient revenues to pay this mortgage loan.

Cutting a deal with Matt Lloyd is beneficial in that, under the deal, he would voluntarily sign documents necessary to transfer ownership of his interests in the real estate assets to me. Save for one of the apartments, he would have the right to purchase them back from me, but if he defaults I would have the ability to sell his interests without the need for initiating litigation in Fiji, Costa Rica and Malaysia. On balance, I think this is the best result possible under the circumstances.

**Steven Bransfield.** Some of you have received communications from the United States Trustee, asking if you would consider serving on the Creditors' Committee in Mr. Bransfield's bankruptcy case. The Office of the United States Trustee is a division of the United States Department of Justice charged with overseeing the administration of bankruptcy cases. Typically, a Creditors' Committee will:

- investigate the debtor's conduct and operation of the business;
- consult with the debtor on the administration of the case; and
- participate in formulating a plan of reorganization.

A Creditors' Committee may, with the bankruptcy court's approval, hire attorneys or other professionals to assist in the performance of the Committee's duties. Committees have legal standing to be heard on any issue concerning the case and are entitled to information from the debtor about any transactions outside the normal course of business.

The Creditors' Committee also may investigate the debtor and, depending on its findings, recommend to the bankruptcy court that a trustee or examiner be appointed, or that the case be dismissed or converted to Chapter 7. Furthermore, the committee must provide information to class members and solicit and receive input from class members who are not on the committee.

The Committee serves as a fiduciary to the creditors who are not on the committee, and individual members must remove themselves from the committee if there is a conflict of interest in their role as representatives of the other creditors. In other words, persons who sit on the committee must consider the interests of all creditors, not just themselves. This can create tensions, because sometimes an individual member of the Committee may have interests that are different than the interests of all creditors considered together.

If you want to serve on the Creditor's Committee, you should respond to the United States Trustee and say so.

Also, while the Office of the United States Trustee is a division of the United States Department of Justice, its involvement with Mr. Bransfield's bankruptcy case is standard and does not necessarily mean that Mr. Bransfield is under investigation by DOJ. The United States Trustee has no authority to institute criminal proceedings; however, it can refer matters for criminal prosecution if it believes that it has discovered criminal conduct. There is no way to determine at present if there are criminal proceedings underway, and I will tell you that I am not aware of any involving Mr. Bransfield.

Mr. Bransfield has disclosed in his bankruptcy papers that he owes the FTC over \$9.4 million in a "pending lawsuit." Actually, according to his attorney there is no "pending lawsuit," but instead the FTC has initiated an administrative proceeding against Mr. Bransfield; the administrative proceeding has not been finalized. Mr. Bransfield also discloses in his schedules that he is owed approximately \$80,000 as a tax refund.

Mr. Bransfield also claims that he is owed \$450,000 as a "portion of the funds frozen by FTC." This pertains to funds that were in the possession of a company called Wealth Building Technologies, LLC, which was created and operated by Russell Whitney, Jr. (Mr. Bransfield claims to be a one-third owner of Wealth Building Technologies). The \$450,000 he references was money in a bank account that Russell Whitney agreed was related to the MOBE scam, and that therefore was properly part of the receivership estate. I have those funds. It is not clear whether Mr. Bransfield intends to try to cause me to pay anything to him; what is certain is that I will not do so voluntarily.

Be sure to check back for further updates.

*Mark*