

ROBB EVANS & ASSOCIATES LLC
Receiver of
The Assets of Kevin Trudeau, the Trudeau Entities, et al.

FORENSIC ANALYSIS AND ACCOUNTING REPORT
June 30, 2015

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This report details the forensic analysis of the financial information of Kevin Trudeau (Trudeau) and his related entities. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court.

Overview

In this report, the Receiver describes the results of the extensive forensic analysis of the assets of Trudeau and the entities that were affiliated with Trudeau, collectively referred to as the Trudeau Enterprise or the Trudeau Entities. The Receiver discovered at least \$515 million in revenue (page 7) was generated by the Trudeau Entities since 1999 through 2013, including from the sale of infomercial products prior to 2009 and the sale of multi-level marketing memberships since 2009. Out of the \$515 million, the Trudeau Entities' books show nearly \$24 million was paid to Trudeau (page 40), and more than \$6 million was paid from the Trudeau Entities for Trudeau's credit card bills¹ and for his benefit (page 40). In addition, the Receiver has identified various offshore entities that held or generated assets of more than \$13.6 million (page 34).

However, the Receiver cannot state with certainty that it has located all of Trudeau's assets and revenue generated by Trudeau and the Trudeau Entities because of numerous obstacles that the Receiver faced:

¹ Approximately \$4 million of Trudeau's credit card charges were paid by the Trudeau Entities from 2009 through January 2013. The Receiver has reviewed hundreds of pages of credit card statements. Some of the charges on the statements could arguably be business related expenses, some of the charges are indistinguishable, and many charges are clearly to support Trudeau's lavish lifestyle. Because all of this money was spent, the Receiver did not deem it cost effective to prepare detailed schedules analyzing the charges and determining, for example, what was spent on business meals as opposed to expensive cigars. The Receiver also discovered that four individuals, including Trudeau's personal assistants and chefs, were added to his American Express account bills and paid by the Trudeau Entities beginning in late 2010. These credit card charges and bills are referred to as Trudeau credit card bills throughout this report.

- Trudeau denied having any knowledge or information about the operation of his vast business empire.
- Neil Sant (Sant), the key financial officer for the Trudeau Entities, refused to be interviewed by the Receiver. Further, during his previous deposition taken by the FTC, Sant asserted his Fifth Amendment right to refuse to answer questions regarding the Trudeau Entities' post-2009 activities.
- Bank records were generally only available to the Receiver covering a six or seven year period predating the receivership.
- There were significant and suspicious gaps in the paper banking records retrieved by the Receiver from the Trudeau Entities.
- There were material accounting records that were missing for some of the Trudeau Entities.

As a result of these obstacles, the Receiver cannot conclude that Trudeau has disclosed all of his assets and revenue. There are three significant categories of revenue before 2009 that remain unaccounted for:

1. The Trudeau Entities' books show nearly \$24 million (page 41) was paid from the Trudeau Entities to Trudeau from 1999 to 2008. Of this \$24 million, the Receiver documented expenditures of approximately \$6.3 million (page 41). Because of the limited documentation available, no bank statements or any other records were located to determine the whereabouts of more than \$17 million paid to Trudeau.
2. As discussed in this report, the Receiver identified various offshore entities that held assets or generated revenue aggregating more than \$13.6 million (page 34). The disposition of these assets and funds cannot be accounted for.
3. Despite federal tax returns evidencing net revenue of approximately \$51.6 million (page 23) generated by Natural Cures Inc. (Natural Cures) from June 2004 to July 2008, the Receiver was unable to locate the detailed accounting or bank records for Natural Cures prior to 2009. However, the Receiver obtained some printouts of QuickBooks accounting records from Marc Lane (Lane), Trudeau's attorney, who told the Receiver these records were used to prepare Natural Cures' tax returns. Based on the information received from Lane, and because contemporaneous

accounting records for the other domestic Trudeau Entities were available, as set forth on Exhibit 1 to this report, it is only logical to conclude these accounting records for Natural Cures were destroyed. Without accounting or banking records, the Receiver was unable to analyze and quantify how much of the \$51.6 million of reported revenue went to Trudeau or was paid for his benefit.

Additionally, after the Court's \$37.6 million Order to Pay was entered in November 2008, Trudeau circumvented the Order to Pay by causing the Trudeau Entities to pay for his lavish lifestyle by making payments directly to his vendors and credit card companies. From 2009 to January 8, 2013 the Trudeau Entities paid approximately \$4 million (page 42) directly to credit card companies for Trudeau's credit card bills and approximately \$1.9 million (page 42) for Trudeau's legal expenses, while paying very little to Trudeau directly.

Trudeau's ability to quickly command and direct large amounts of cash remained in place after the November 2008 Order to Pay. For example, in just eight days, beginning in late June 2009 and ending in early July 2009, the Global Information Network Foundation (GIN Foundation or GIN Fdn) raised and transferred \$2 million to an account in Liechtenstein. Ultimately, pursuant to another Court order, these funds were deposited into a \$2 million escrow account held in the United States.

In addition, after the Federal Trade Commission (FTC) moved the Court to hold Trudeau in contempt for a third time in July 2012, Trudeau moved GIN's membership revenue to the United Kingdom by switching to an offshore merchant processor in late 2012 and routing the revenue to an offshore bank. The Receiver discovered an additional \$14.2 million in credit-card merchant processing revenue generated and received by GIN Foundation in the United Kingdom during 2013, which was not recorded in the QuickBooks files obtained by the Receiver, presumably to avoid detection.

In summary, during the entire period that the Trudeau Entities were operating, Trudeau received at least \$30 million, including approximately \$24 million paid directly to Trudeau and \$6 million paid for his credit card bills or otherwise for his benefit.

While the whereabouts of all of Trudeau's assets remain in doubt, the Receiver has undertaken an extensive forensic analysis over the Trudeau Entities' financial information and Trudeau's personal accounts as discussed in detail throughout this report.

In preparing this forensic accounting report, among other things, the Receiver reviewed and analyzed more than 400 boxes of documents obtained from the Trudeau Entities, which included voluminous bank statements and records, email correspondence and other documents, 24 QuickBooks accounting files² of the Trudeau Entities containing hundreds of thousands of transactions, and approximately 400,000 records from Sant's computer files. The Receiver further reviewed and analyzed significant amounts of banking records obtained directly from financial institutions and a merchant processor by direct request and subpoena, documents provided by Lane, public records, and escrow and title documents. The Receiver also obtained a limited amount of records from Trudeau's nominees Lee Kenny (Kenny) and Barbara Schoop (Schoop). The Receiver's review and analysis of the accounting books and records reveal an overly complex spider-web of inter-company transactions and funding across the Trudeau Entities and Trudeau's personal bank accounts since 1999. The Receiver verified the recorded transactions on the books with available bank records and therefore was able to utilize the Trudeau Entities' accounting records for further financial analysis and tracing discussed throughout this report.

Based on the Receiver's review and analysis of the documents and records described above, the Trudeau Entities generated more than \$515 million of revenue, representing more than 90% of the entire revenue generated by the Trudeau Enterprise, primarily from Shop America (USA) LLC (Shop America), Alliance Publishing Group Inc. (Alliance Publishing), Direct Response Associates LLC (Direct Response), Natural Cures, Trudeau Approved Products Inc. (TAP or Trudeau Approved Products), GIN USA, and GIN Foundation, as follows:

² Exhibit 1 contains a list of 30 QuickBooks accounting files for the Trudeau Entities, including six accounting files which were either duplicates or contained no transactions. Exhibit 1 summarizes the time period for each of the accounting records, the primary revenue generated by each entity and the primary income-generating time period for each of the Trudeau Entities, based on the review and analysis performed by the Receiver. The amounts shown in Exhibit 1 contain many inter-company transactions.

		(in millions)		
Entity	Income Type	Before	After	Total
		12/31/2008	1/1/2009	
Shop America	Sales	\$ 251		\$ 251
Alliance Publishing	Wholesale ¹ and Royalties	45		45
Direct Response	Fulfillment ² and Products	14		14
Natural Cures	Sales ³	52	\$ 37	89
Trudeau Approved Products	Product Sales		2	2
GIN USA	GIN Memberships and Fees		62	62
GIN Foundation	GIN Memberships and Fees ⁴		52	52
Total		\$ 362	\$ 153	\$ 515

¹ This is calculated by the total wholesale income and royalties of \$59.1 million on the books, excluding approximately \$14 million of wholesale income from Shop America via inter-company transfers.

² This is calculated by fulfillment income and products totaling \$30.3 million on the books, excluding approximately \$16 million received from Shop America via inter-company transfers as fulfillment income.

³ Revenue from sales prior to 2009 was based on the tax returns. The accounting records only contain the sales transactions beginning in November 2008.

⁴ This includes an additional \$14.2 million of credit-card merchant processing received by GIN Foundation in the United Kingdom, which was not included on the Trudeau Entities' Quickbook accounting records.

The table above summarizes the revenue generated by each entity after eliminating the inter-company transactions, resulting in the difference from these entities' financials summarized under Exhibit 1.

The Receiver's forensic and financial analysis of the Trudeau Entities and Trudeau in this report is divided into the following sections:

- Primary Operating and Income Generating Entities Prior to 2009
- Primary Operating and Income Generating Entities Since 2009
- Offshore Entities and Assets
- Trudeau's Personal Accounts
- Other Forensic Work Performed and Observations

This report also contains appendices for other Trudeau Entities at the end of the report, which detail the forensic analysis of the financial information for each of the Trudeau Entities that are not discussed in the main text of the report.

Primary Operating and Income Generating Entities Prior to 2009

The primary source of income for the Trudeau Enterprise prior to 2009 was the sale of infomercial products, including Natural Cures, Coral Calcium and Weight Loss. The majority of the income from infomercial product sales was generated and recorded between 2001 and 2006.

There was a two and one-half year gap before GIN programs began in 2009 during which Trudeau's infomercial business was sold to ITV Global Inc. (ITV Global) in June 2006 for a purported purchase price of \$121 million³. During 2007 and 2008, the Trudeau Entities only received royalty income. Therefore, there was a significant drop in income in 2007 and 2008, as compared to the period from 2001 to 2006.

The primary income-generating entities before 2009 were Shop America, Alliance Publishing, Direct Response and Natural Cures. As reflected in the table below, from 2001 to 2008, the Trudeau Entities generated more than \$362 million in revenue after eliminating inter-company transfers (i.e. \$392 million of total revenue, less fulfillment income of \$16 million from Shop America to Direct Response and less \$14 million of wholesale sales from Shop America to Alliance Publishing). During this time, the Trudeau Entities primarily derived their income from the sale of infomercial products and related royalty income.

Entity	Primary Income Source	Amount	Period
Shop America	Net Sales	\$ 250,901,117	2001 to 2006
Alliance Publishing	Wholesales and Royalties*	59,116,640	July 2004 to June 2008
Direct Response	Fulfillment Income and Products**	30,345,420	1999 to 2005
Natural Cures	Net Sales***	51,609,620	June 2004 to July 2008
Total		<u>\$ 391,972,797</u>	

*This includes approximately \$14 million of wholesale income from Shop America via inter-company transfers. In addition, there was approximately \$9.6 million of royalties received after the ITV Global Sale in June 2006.

** This includes approximately \$16 million received from Shop America via inter-company transfers as fulfillment income.

*** Natural Cures' accounting and bank records prior to 2009 are not available; this amount was based on its federal tax returns.

³ The Stock and Asset Purchase Agreement, Exhibit 2 hereto, provided that ITV Global was buying all of the stock in Natural Cures and The Whistle Blower Inc. from TruCom LLC (TruCom); all of the stock in TruStar Marketing Corporation and Shop America (Australasia) Limited, and 99.98% of the stock in Shop America PLC from TruStar Global Media Limited; all of the stock in Custom Fulfillment Services Inc. from Direct Response; and certain assets of Shop America. This sale is referred to as the ITV Global Sale herein.

Further, based on available books and records, prior to 2009 these entities reported net income of nearly \$72 million, including payments to Trudeau and payments for his benefit recorded as operating expenses.

Based on the Available Books and Records				
Entity	Operating Income	COGS and Operating Expenses	Other Income/(Expense)	Net Income
Shop America	\$ 269,643,668	\$ 267,762,556	\$ 45,054,515	\$ 46,935,627
Alliance Publishing	59,334,571	59,239,163	(1,774,300)	(1,678,892)
Direct Response	36,092,731	35,785,541	28,853,094	29,160,284
Natural Cures	52,339,425	54,818,861	(64,966)	(2,544,402)
Total	<u>\$ 417,410,395</u>	<u>\$ 417,606,121</u>	<u>\$ 72,068,343</u>	<u>\$ 71,872,617</u>

Note 1: The operating income above includes the primary income for each entity and other operating income, such as commission income, West Direct income, list rentals, administrative income and other income as reported on each entity's books. The income breakdown is shown in detail below when discussing each entity.

Note 2: COGS represents cost of goods sold recorded on the books. Other than Natural Cures, the figures above are based on the Trudeau Entities' accounting records available to the Receiver. Natural Cures' figures are based on its federal tax returns because the account records prior to 2009 are missing.

The books and records of the Trudeau Entities as listed above overstated their true income by approximately \$78.3 million because they incorrectly recognized unrealized gains from the ITV Global Sale, including \$49.4 million recorded under Shop America, and \$28.9 million recorded under Direct Response. Adjusting for this overstatement, the Trudeau Entities actually sustained a net loss over this period. Therefore, all the revenue was used to pay for operating costs and expenses, including the payments to Trudeau or for his benefit.

The related financial information and operating results for each of these primary income-generating entities prior to 2009 are discussed below.

Kroll Report

Kroll Inc. (Kroll) was jointly selected by the FTC and the Stipulating Defendants, including Trudeau, to perform certain investigative and forensic accounting procedures in connection with the sale of the product Coral Calcium in 2003. The sales data examined by Kroll was for the period from May 2002 through June 2003. John A. Slavek, a CPA at Kroll, issued an affidavit (Kroll Report) attesting to the results of the examination in early 2004. According to the Kroll Report, Shop America had gross revenue from May 2002 to June 2003 of \$108 million, of which \$82.6 million was from the sale of Coral Calcium. The \$108 million in gross revenue was fairly consistent with the accounting figures generated from Shop America's accounting file obtained and analyzed by the Receiver (Exhibit 3).

The Kroll Report shows that Shop America paid \$13.78 million and \$8.05 million to Shop America Marketing Group LLC (Shop America Marketing Group) and Trudeau, respectively, from May 2002 to June 2003, of which \$9.8 million was paid to Shop America Marketing Group and \$5.7 million was paid to Trudeau in connection with Coral Calcium sales.

The Kroll Report also shows that Shop America had net income of \$7.49 million related to the sale of Coral Calcium during this 13-month period. According to Shop America's accounting records (Exhibit 3), the overall net income from May 2002 to June 2003 was approximately \$1.4 million, which is different from the amount shown on the Kroll Report. The difference was due to the fact that Kroll only performed its analysis and review of the financial information directly pertaining to Coral Calcium, including the sale and related direct costs of Coral Calcium. The Kroll Report did not include indirect overhead costs, such as legal fees (\$1.3 million) and income taxes (\$1.2 million). Additional financial information regarding Shop America is discussed below.

Shop America

Shop America generated a majority of its revenue between 2001 and 2006. Shop America appeared to be inoperative in 2007 and 2008 due to the ITV Global Sale in June 2006. Exhibit 4 contains Shop America's annual financial statements from August 25, 2000 to September 12, 2009 as generated from its QuickBooks accounting file. Below is a summary of the operating results for that period.

	8/25/2000~ 12/31/2000	1/1/2001~ 12/31/2006	1/1/2007~ 9/12/2009	TOTAL
Operating Income				
Sales	5,000	267,264,335	-	267,269,335
Wholesale Sales	-	297,336	-	297,336
Gross Sales	5,000	267,561,671	-	267,566,671
Returns	-	(16,660,554)	43,809	(16,616,745)
Net Sales	5,000	250,901,117	43,809	250,949,926
Commission Income	-	10,421,995	9,713	10,431,708
West Direct Income	-	6,450,016	-	6,450,016
List Rentals	-	1,111,098	900	1,111,998
Proceeds from Golf TV	-	497,135	-	497,135
Interest Income and Other	-	180,795	22,090	202,885
Total Operating Income	5,000	269,562,156	76,512	269,643,668
Cost of Goods Sold	-	35,470,017	1,394,373	36,864,390
Operating Expense				
Media Buy	-	110,273,526	32,929	110,306,455
Fulfillment Services	-	42,316,044	55	42,316,099
Teleservices	-	26,256,472	(65)	26,256,407
Professional Fees				
Consulting				
Kevin Trudeau	-	7,285,884	-	7,285,884
Other Consulting Fees	-	832,346	5,000	837,346
Total Consulting	-	8,118,230	5,000	8,123,230
Legal Fees	-	6,753,398	233,298	6,986,696
Professional Fees - Others	-	810,190	3,399	813,589
Total Professional Fees	-	15,681,818	241,697	15,923,515
Merchant Service Fees	-	9,659,513	-	9,659,513
Payroll Expenses	-	5,184,522	10,807	5,195,329
Royalties	-	4,318,498	(12,425)	4,306,073
Taxes	-	3,147,418	314	3,147,732
Reimbursed Expenses	-	2,850,676	-	2,850,676
Advertising/Promotion	-	2,561,022	-	2,561,022
TSGM	-	1,127,795	197,035	1,324,830
Production	-	1,274,442	-	1,274,442
Printing and Reproduction	-	1,147,270	367	1,147,637
Travel and Entertainment	-	1,134,104	-	1,134,104
Reimbursement	-	951,597	-	951,597
Postage and Delivery	-	708,966	(102)	708,864
Written Off Stock	-	444,369	-	444,369
Other Expenses	134	1,330,162	59,207	1,389,503
Total Operating Expense	134	230,368,214	529,818	230,898,166
Other Income/(Expense)				
Sale of Stock - ITV	-	44,700,000	-	44,700,000
TSGM Sale of Stock	-	4,728,000	-	4,728,000
Income Taxes	-	(2,748,991)	(75,336)	(2,824,327)
FTC Settlement	-	(1,217,204)	-	(1,217,204)
Other Expenses	-	(290,792)	-	(290,792)
Write Off SAA	-	(41,162)	-	(41,162)
Net Other Income/(Expense)	-	45,129,851	(75,336)	45,054,515
Net Income	4,866	48,853,776	(1,923,015)	46,935,627

As shown above, from January 2007 to September 2009, Shop America's operations were inactive. During this period, approximately \$1.4 million recorded under cost of goods sold was due to inventory write-offs in September 2007.

From 2001 to 2006, the primary revenue of Shop America was sales income, particularly from infomercial products, including Coral Calcium and Weight Loss. The total income from sales and total income from 2001 to 2006 are set forth below.

	2001	2002	2003	2004	2005	2006	Total
Total Sales	13,985,083	51,355,251	68,504,145	27,405,385	78,496,598	11,154,655	250,901,117
Total Income	13,985,148	54,565,205	68,592,573	29,406,779	87,369,542	15,642,909	269,562,156
% of Sales Income	100.0%	94.1%	99.9%	93.2%	89.8%	71.3%	93.1%

Of the \$269.6 million in total income Shop America generated from 2001 to 2006, almost \$251 million was from sales, \$10.4 million was from commissions, \$6.5 million was from West Telemarketing, and \$1.1 million was from list rentals.

Shop America's accounting books and records show the income generated was mostly used for operational overhead and to pay Trudeau. From August 25, 2000 to September 12, 2009, total income was approximately \$269.6 million, from which \$36.9 million in disbursements were recorded as cost of goods sold and \$230.9 million in disbursements were recorded as operating expenses. Shop America also paid \$2.8 million in income taxes and \$1.2 million in the FTC settlement.

However, the Receiver determined that many of the payments recorded as costs or expenses were actually payments made to Trudeau and his related entities. Significant payments were paid to Trudeau, Shop America Marketing Group, Alliance Publishing, Shop America PLC, and Trustar Global Media Ltd. from Shop America's bank accounts. According to Shop America's books and records, the following is a summary of significant payments to Trudeau and the Trudeau Entities.

Affiliated Entity/ Individual	Time Period	Payments	Time Period	Receipts	Net Receipts/ (Net Payments)
Trudeau	2/8/01 ~5/11/06	\$ (11,796,783)	5/31/01~9/25/08	\$ 787,613	\$ (11,009,170)
Shop America Marketing Group	2/6/01~12/18/03	(20,339,477)	2/6/01~1/21/03	1,868,883	(18,470,594)
Alliance Publishing	9/9/04~12/29/06	(13,078,114)	12/10/04~12/11/07	7,092,740	(5,985,374)
Shop America PLC	3/7/01~10/17/03	(4,253,306)	8/16/01~11/1/07	5,178,943	925,637
Trustar Global Media	9/28/01~1/26/06	(2,945,066)	10/14/03~11/1/07	1,374,960	(1,570,106)
		<u>\$ (52,412,746)</u>		<u>\$ 16,303,139</u>	<u>\$ (36,109,607)</u>

Approximately \$36 million was paid from Shop America to Trudeau and the Trudeau Entities listed above. Payments to Trudeau's accounts are further analyzed and discussed in a separate section later in this report.

Shop America Marketing Group, which received net payments from Shop America of more than \$18 million, is another affiliated entity of Trudeau. The Receiver was unable to locate any accounting file in the name of Shop America Marketing Group. Shop America's bank records show most payments to Shop America Marketing Group were deposited into Citibank accounts in the name of Shop America Marketing Group. According to the information received from Citibank, Shop America Marketing Group had at least five accounts at Citibank, which were all closed in 2006. The Receiver was unable to recover any bank records for these accounts and was told by the bank that it retains bank statements for seven years and transaction records and supporting documents for six years, based on its records retention policy.

The Receiver reviewed and searched all other accounting books and records obtained from the Trudeau Entities, and discovered that these five Citibank accounts under the name of Shop America Marketing Group were, in fact, recorded on the books of Direct Response. More information about Direct Response is discussed below.

As discussed in greater detail in the Alliance Publishing section below, the payments it received from Shop America were transferred to Trudeau.

Trustar Global Media Ltd. (Trudeau Global Media) was an offshore entity created by Trudeau. Greater detail about Trustar Global Media is discussed under the "Offshore Entities and Assets" section below.

Other than the payments to Trudeau and the Trudeau Entities, Shop America's income was mostly used and paid to vendors for operating costs and expenses. More than \$110 million (under the "Media Buy" account) and approximately \$26 million (under the "Teleservices" account) were paid to outside media companies. In addition, Shop America paid \$42.3 million for fulfillment services, including \$20.1 million to Shop America Marketing Service, an affiliated entity, and \$22.2 million to an outside vendor. Approximately \$7 million was paid by Shop America for legal services.

The net income of \$46.9 million was overstated by \$49.4 million due to the incorrectly recognized income from the ITV Global Sale, including line items of \$44.7 million and \$4.7 million as shown in the table below. The ITV Global Sale described at footnote 3 was entered into on June 16, 2006. The income⁴ from this sale was recognized and allocated among the Trudeau Entities as follows:

Date	Description	Purchase Price	Income Recognized
06/20/2006	Note - ITV Global (under TruCom)	\$ 60,000,000	
	Note - ITV Global (under TruCom)	60,000,000	
	Shop America (under Shop America)		\$ 44,700,000
	TruStar Global Media (under Shop America)		4,728,000
	Direct Response (under Direct Response)		28,884,000
	TruCom (under TruCom)		41,688,000
		<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>

However, the actual cash receipts from this sale were only \$2.64 million between July 11, 2006 and July 11, 2008, which were collected and recorded under the books of TruCom. According to TruCom's books and records, at the end of 2008, a total of \$117,360,000 in income was reversed and written off due to uncollectable receivables from ITV Global as set out below. The write-offs to the income previously recognized on other entities' books should have been adjusted and recorded. The failure to record these write-offs resulted in the overstatement of "other income" and "net income."

⁴ Although the Stock and Asset Purchase Agreement (Exhibit 2) shows the total purchase price for the ITV Global Sale was \$121 million, the accounting records show that a total of only \$120 million in income was recognized from the ITV Global Sale by the Trudeau Entities.

Per TruCom's Books				
Date	Memo	Account	Debit	Credit
12/31/2008	Write Off	Due to Direct Response	\$ 28,884,000	
	Receivable from	Due to Shop America	44,700,000	
	ITV Global as	Due to TruStar Global Media	4,728,000	
	Uncollectible	Retained Earnings	38,748,000	
		Note - ITV Global		\$ 117,360,000
			<u>\$ 117,360,000</u>	<u>\$ 117,360,000</u>

Shop America's books show net income of \$46.9 million from its inception through September 12, 2009. Excluding the improperly recorded \$49.4 million of other income as discussed above, Shop America operated at a loss of approximately \$2.5 million from its inception through September 12, 2009, including the transfers to Trudeau and the Trudeau Entities as operating expenses.

Shop America's books also show that all its bank accounts were closed before October 2009, which was independently confirmed by the Receiver. No funds were left in any of Shop America's bank accounts.

Based on an analysis and review of the accounting and bank records, the Receiver determined that other than the funds distributed and paid to Trudeau and the Trudeau Entities, nearly all the revenue generated by Shop America was paid to third parties.

Alliance Publishing

Exhibit 5 contains Alliance Publishing's annual financial statements from May 27, 2004 to September 6, 2013 as generated from its QuickBooks accounting file. Alliance Publishing's fiscal year ended on June 30. Alliance Publishing generated the majority of its revenue from July 2004 to June 2008, while generating little or no revenue after June 2008. Below is a summary of Alliance Publishing's operating results from May 27, 2004 to September 6, 2013 based on its QuickBooks accounting file.

	<u>5/27/04~ 6/30/06</u>	<u>7/1/06~ 6/30/08</u>	<u>7/1/08~ 9/6/13</u>	<u>TOTAL</u>
Operating Income				
Wholesale Sales	40,411,995	8,961,499	45,295	49,418,789
Royalties	8,160	9,491,720	197,971	9,697,851
Income - Other	<u>50,827</u>	<u>(693)</u>	<u>167,797</u>	<u>217,931</u>
Total Operating Income	<u>40,470,982</u>	<u>18,452,526</u>	<u>411,063</u>	<u>59,334,571</u>
Cost of Goods Sold				
NC Book, CD and DVD	15,698,882	10,228,612	25,781	25,953,275
WL CD	706,585	61,296	-	767,881
Cost of Goods Sold - Other	<u>90,942</u>	<u>1,845,680</u>	<u>-</u>	<u>1,936,622</u>
Total Cost of Goods Sold	<u>16,496,409</u>	<u>12,135,588</u>	<u>25,781</u>	<u>28,657,778</u>
Operating Expense				
Commission	6,842,499	1,171,955	(15,804)	7,998,650
Bad Debt Expense	-	6,139,195	9,113	6,148,308
Promotion/Advertising	5,682,781	266,667	-	5,949,448
Marketing				
IPT Sponsorship	1,775,000	-	-	1,775,000
Marketing - Other	<u>458,357</u>	<u>-</u>	<u>3,200</u>	<u>461,557</u>
Total Marketing	<u>2,233,357</u>	<u>-</u>	<u>3,200</u>	<u>2,236,557</u>
Professional Fees				
Legal Fees	629,951	665,780	501,840	1,797,571
Management Services	150,000	25,000	-	175,000
Professional Fees - Other	<u>11,320</u>	<u>123,730</u>	<u>31,620</u>	<u>166,670</u>
Total Professional Fees	<u>791,271</u>	<u>814,510</u>	<u>533,460</u>	<u>2,139,241</u>
Expense Reimbursement	6,279	1,437,260	355,282	1,798,821
Payroll Expense	227,504	1,191,002	196,193	1,614,699
Taxes	239,863	60,696	377,519	678,078
Postage and Delivery	493,692	8,772	21,642	524,106
Fulfillment Services	252,994	105,788	44,623	403,405
Rent	1,853	217,865	143,221	362,939
Printing and Reproduction	50,850	59,867	196,097	306,814
Insurance	13,943	50,782	72,692	137,417
Product Research	-	110,123	12,188	122,311
Interest Expense	(190,339)	50,000	2,108	(138,231)
Expenses - Other	<u>64,626</u>	<u>117,485</u>	<u>116,712</u>	<u>298,823</u>
Total Operating Expense	<u>16,711,173</u>	<u>11,801,967</u>	<u>2,068,246</u>	<u>30,581,385</u>
Net Other Income/(Expense)	<u>(1,849,926)</u>	<u>50,626</u>	<u>25,000</u>	<u>(1,774,300)</u>
Net Income	<u><u>5,413,474</u></u>	<u><u>(5,434,403)</u></u>	<u><u>(1,657,964)</u></u>	<u><u>(1,678,892)</u></u>

As shown above, wholesale sales decreased significantly from \$40.41 million for the two-year period ending June 30, 2006 to \$8.96 million for the two-year period ending June 30, 2008 (a 78% drop), while income from royalties increased significantly from \$8,160 to \$9.49 million in the same period. This was because the infomercial business was sold to ITV Global in June 2006, and thereafter the Trudeau Entities received more income from royalties than from sales. The large decline in income from royalties after July 2008 was because of the failed ITV Global Sale previously discussed.

The table below shows income from sales and royalties by year from July 1, 2004 through June 30, 2013.

	For the Year Ended									
	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	TOTAL
Income:										
Wholesale Sales	\$ 12,180,512	\$ 28,231,484	\$ 5,922,619	\$ 3,038,879	\$ 29,195	\$ 10,391	\$ 4,775	\$ -	\$ 934	\$ 49,418,789
Royalties	-	8,160	3,182,408	6,309,312	20,593	93,386	64,294	5,081	11,523	9,694,757
	<u>\$ 12,180,512</u>	<u>\$ 28,239,644</u>	<u>\$ 9,105,027</u>	<u>\$ 9,348,191</u>	<u>\$ 49,788</u>	<u>\$ 103,777</u>	<u>\$ 69,069</u>	<u>\$ 5,081</u>	<u>\$ 12,457</u>	<u>\$ 59,113,546</u>

Alliance Publishing's accounting books and records also show that all revenue from sales and royalties were used and spent to pay for cost of goods sold and related operating expenses, which included payments made directly to Trudeau. From its inception through September 6, 2013, total income generated was more than \$59 million, while \$28.7 million in disbursements were recorded as cost of goods sold, \$30.6 million in disbursements were recorded as operating expenses, and \$1.8 million in disbursements were recorded as other non-operating expenses.

From July 2004 to June 2008, the five largest operating expenses were commissions of \$8 million, bad debt expense of \$6.1 million, promotion/advertising of \$5.9 million, marketing of \$2.2 million and professional fees of \$1.6 million. The commissions were mostly paid to outside vendors. The bad debt expense was primarily the adjustments to write down inter-company receivables, including \$3.3 million to Natural Cures and \$2.8 million to Shop America. The promotion/advertising and marketing expenses were primarily inter-company transactions with affiliates, including \$5.6 million for Shop America (promotion/advertising), and \$1.8 million for International Pool Tour (marketing). Approximately \$1.3 million of professional fees were paid by Alliance Publishing for legal services.

In addition, the Receiver discovered many inter-company receipts and payments between Alliance Publishing and other Trudeau Entities. The income from wholesale sales included approximately \$14.3 million from Shop America. Alliance Publishing also made payments back to Shop America, recorded as cost of goods sold and promotion/advertising expenses. The net cash receipts from Shop America to Alliance Publishing were more than \$5 million.

Alliance Publishing's books showed more than \$4.3 million in receipts from Natural Cures and more than \$2.8 million in payments to Natural Cures, mostly before 2009. The Receiver was unable to reconcile these amounts due to the unavailability of Natural Cures' detailed accounting records prior to January 1, 2009.

Other than the net receipts from Shop America and Natural Cures, many of the payments recorded under cost of goods sold and expenses were paid to Trudeau and the Trudeau Entities as summarized below:

<u>Name</u>	<u>Time Period</u>	<u>Receipts</u>	<u>Payments</u>	<u>Net Payments</u>
Trudeau	9/3/2004~3/10/2009 *	\$ 4,773,844		
Trudeau	9/16/2004~6/13/2008		\$ (13,914,904)	\$ (9,141,060)
International Pool Tour	9/15/2006~5/1/2009	\$ 1,002,302		
International Pool Tour	12/2/2005~10/10/2008		\$ (4,945,000)	\$ (3,942,698)
TruStar Productions	12/30/2005~12/14/2008	\$ 63,904		
TruStar Productions	12/6/2005~2/4/2010		\$ (851,000)	\$ (787,096)
KT Corp	8/1/2007~7/19/2010	\$ 590,000		
KT Corp	3/24/2006~7/17/2010		\$ (1,365,000)	\$ (775,000)
TruCom	5/6/2004~10/6/2011	\$ 385,180		
TruCom	8/5/2004~12/3/2010		\$ (767,055)	\$ (381,875)
Trudeau Management	09/15/2006	\$ 40,000		
Trudeau Management	3/9/2006~12/22/2006		\$ (215,212)	\$ (175,212)
TruStar Global Media	10/18/2005	\$ 164,365		
TruStar Global Media	1/6/2005~12/23/2005		\$ (256,043)	\$ (91,678)
Total		<u>\$ 7,019,595</u>	<u>\$ (22,314,214)</u>	<u>\$ (15,294,619)</u>

* Included only one receipt of \$30,407.55 after 2009, which was deposited on March 10, 2009.

Including payments to Trudeau and the Trudeau Entities, Alliance Publishing operated at a loss of \$1.68 million through September 6, 2013. All the bank accounts were closed prior to March 4, 2013, with the exception of an account at Park Federal Savings Bank (Park Federal Account) in the amount of \$9,132 as of September 6, 2013. The Receiver independently confirmed all the closed accounts of Alliance Publishing. The Receiver closed the Park Federal Account in November 2013 with a closing account balance of \$13,658.

Direct Response

Exhibit 6 contains the financial statements by year from November 1, 1998 to November 4, 2011 generated from Direct Response's QuickBooks accounting file. Below is a summary of the operating results.

	11/1/1998~ 12/31/2000	2001~ 2006	1/1/2007~ 11/4/2011	TOTAL
Operating Income				
Fulfillment Income	127,409	20,771,495	-	20,898,904
Products	2,855,170	6,584,679	6,667	9,446,516
Administrative Income	78,031	3,209,631	-	3,287,662
New Distributors	647,358	-	-	647,358
Training	484,083	42,710	-	526,793
Management fee	-	504,000	-	504,000
Customer Service	-	388,414	-	388,414
Income - Others	261,351	281,513	822	543,686
Refunds and Returns	(134,294)	(16,308)	-	(150,602)
Total Operating Income	\$ 4,319,108	\$ 31,766,134	\$ 7,489	\$ 36,092,731
Cost of Goods Sold	2,053,224	14,263,872	24,356	16,341,452
Operating Expense				
Salaries and Payroll Expenses	1,113,950	6,600,159	72	7,714,181
Teleoperations	-	4,552,437	-	4,552,437
Consulting	276,985	2,339,390	-	2,616,375
Outside Service	43,123	1,589,296	-	1,632,419
Rent Expense	91,517	184,666	43,190	319,373
Credit Card Fees	101,642	168,255	2,492	272,389
Legal and Audit	68,807	111,710	71,749	252,266
Voicemail/Fax	4,312	219,426	-	223,738
Insurance	46,170	162,724	(901)	207,993
Computer	400	201,929	-	202,329
Telephone	25,210	172,161	525	197,896
Consumer Redress	-	171,334	-	171,334
Promotions	1,600	155,746	733	158,079
Jet Rent, Repair and Maintenance	137,123	-	-	137,123
Office Expense	28,226	100,073	-	128,299
Miscellaneous and Others	292,091	350,075	15,692	657,858
Total Operating Expense	2,231,156	17,079,381	133,552	19,444,089
Other Income/(Expense)				
Stock Sale - ITV	-	28,883,900	-	28,883,900
Loss on Disposal of Assets	-	-	(30,806)	(30,806)
Net Other Income	-	28,883,900	(30,806)	28,853,094
Net Income	34,728	29,306,781	(181,225)	29,160,284

This table shows that Direct Response was not actively operating after January 1, 2007. Nearly all its operating income, totaling \$36.1 million, was received prior to January 1, 2007, of which \$31.8 million, or 88%, was generated from 2001 to 2006.

According to Direct Response's books and records, Direct Response received approximately \$16.3 million from Shop America as fulfillment income.

As shown below, Direct Response generated the majority of its revenue from 1999 to 2006. Its revenue was generated primarily from fulfillment services and infomercial product sales. The total income from fulfillment services and product sales from 1999 to 2006, totaling \$30.3 million, comprises 84% of the total operating income generated from its inception through November 4, 2011.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
Fulfillment	-	127,410	2,843,389	7,378,287	10,549,819	-	-	-	20,898,905
Products	<u>2,060,420</u>	<u>794,749</u>	<u>499,682</u>	<u>956,292</u>	<u>3,505,352</u>	<u>771,262</u>	<u>777,999</u>	<u>74,093</u>	<u>9,439,849</u>
Total	<u>2,060,420</u>	<u>922,159</u>	<u>3,343,071</u>	<u>8,334,579</u>	<u>14,055,171</u>	<u>771,262</u>	<u>777,999</u>	<u>74,093</u>	<u>30,338,754</u>

As shown above, income from fulfillment services and product sales declined significantly after 2003. However, Exhibit 6 shows administrative income became the primary source of income from 2004 to 2006, which was \$1.15 million in 2004, \$1.32 million in 2005 and approximately \$582,000 in 2006.

Administrative income was the only inter-company transaction arising from the allocation of administrative expenses among the affiliated entities, primarily in payroll/salaries.

The accounting books and records show that the revenue from product sales was received and deposited into the bank accounts of Direct Response or Shop America Marketing.

Direct Response's accounting books and records also show the funds from income were mostly used to pay for the cost of goods sold and related operating expenses. Total income generated from its inception through November 4, 2011 was approximately \$36.1 million, from which \$16.3 million in disbursements were recorded as cost of goods sold and \$19.4 million in disbursements were recorded as operating expenses.

However, based on the review and analysis of Direct Response's books and records, and the related bank statements and records, many of the payments recorded under costs and expenses were actually paid to Trudeau and Trudeau Entities. Significant payments were paid to Trudeau, KT Corp, Shop America PLC, Shop America Australasia Ltd. and Alliance Publishing from Direct Response's bank accounts. The following is a summary of significant receipts from and payments to Trudeau and the Trudeau Entities.

Affiliated Entity/ Individual	Time Period	Payments	Time Period	Receipts	Net Receipts/ (Net Payments)
Trudeau	3/3/99~6/13/08	\$ (2,242,105)	-	\$ -	\$ (2,242,105)
KT Corp	2/26/99~11/27/09	(817,202)	8/22/07~10/2/09	66,650	(750,552)
Alliance Publishing	9/16/04~2/17/06	(382,020)	12/4/07~12/21/07	30,026	(351,994)
Shop America Australasia	4/28/00~1/30/01	(1,096,161)	9/28/00~2/13/01	278,044	(818,117)
Shop America PLC	2/24/03~1/15/04	<u>(1,249,451)</u>	5/5/03~5/23/03	<u>1,134,109</u>	<u>(115,342)</u>
		<u>\$ (5,786,939)</u>		<u>\$ 1,508,829</u>	<u>\$ (4,278,110)</u>

Payments to Trudeau and KT Corp totaled \$3 million, of which approximately \$2.4 million was recorded as consulting fees. The payments to Trudeau are further analyzed and discussed in a separate section below.

Direct Response's books and records show net income totaling \$29.2 million from its inception through November 4, 2011, including \$28.9 million of "other income" from the ITV Global Sale. As previously discussed, this \$28.9 million should have been written off from Direct Response's books due to uncollectible receivables. Therefore, excluding \$28.9 million of other income, Direct Response operated at a net loss of \$276,384 through November 4, 2011, including the transfers to Trudeau and the Trudeau Entities recorded as operating expenses.

Direct Response's books also show its bank accounts were all closed before 2009. The Receiver independently confirmed that its bank and merchant accounts were closed.

Based on its analysis and review, the Receiver determined that other than the funds distributed and paid to Trudeau and the Trudeau Entities, nearly all the revenue and funds generated by Direct Response were paid to third parties, and there were no remaining assets.

Natural Cures

Because Natural Cure's QuickBooks accounting and banking records prior to 2009 were missing, the Receiver reviewed and analyzed its federal tax returns from June 2004 to July 2008. The 2004 federal tax return shows the company was incorporated on June 7, 2004. The Receiver also compiled and prepared a summary of profit and loss based on these tax returns, which shows gross receipts from sales from its inception through July 31, 2008 were approximately \$67 million, and net sales for the same period, net of sale returns and allowances, was \$51.6 million (Exhibit 7).

The details as to the disposition of this \$51.6 million in revenue prior to 2009 remain unknown. Because no detailed records exist for Natural Cures prior to 2009, the Receiver has no way to verify how much of this \$51.6 million in revenue was diverted for Trudeau's personal use.

The Receiver also obtained Natural Cures' accounting records for transactions since 2009, which will be further discussed below.

Primary Operating and Income Generating Entities Since 2009

Soon after the Court entered its \$37.6 million Order to Pay in November 2008, Trudeau started another business, Global Information Network (GIN). GIN was a multi-level marketing program (MLM) that generated substantial revenue for the Trudeau Enterprise beginning in 2009.

GIN's MLM program generated revenue of more than \$114⁵ million from 2009 to 2013 for the Trudeau Enterprise. The primary Trudeau Entities operating GIN's MLM program were Global Information Network USA, Inc. (GIN USA), GIN Foundation and Website Solutions USA Inc. (Website Solutions). The revenue stream generated from GIN's MLM programs averaged approximately \$2 million per month.

Website Solutions participated in GIN operations and became more active starting in 2011, primarily in supporting GIN operating expenses and disbursements. The GIN membership processing revenue and related commissions were recorded at various times by GIN USA and/or GIN Foundation.

This \$114 million in revenue primarily came from the membership revenue of GIN's MLM programs, registration and other related fees. However, the receipts were mostly used to pay commissions and bonuses to the members, cruise and event expenses, and other operating expenses, including payments to and for Trudeau and the Trudeau Entities.

In addition to the revenue from GIN's MLM program, significant income from sales after 2009 was also recognized and recorded by Natural Cures and Trudeau Approved Products in the aggregate of approximately \$39 million.

In summary, the Trudeau Entities generated more than \$153 million in revenue after 2009 as set forth below.

⁵ This \$114 million in revenue included \$14.2 million generated and received by GIN Foundation in the United Kingdom.

(in millions)

Entity	Primary Source of Income	Amount
Natural Cures	Sales	\$ 37
TAP	Product Sales	2
GIN USA	GIN Memberships and Fees	62
GIN Foundation	GIN Memberships and Fees	52
Total		\$ 153

After 2009, when Trudeau was subject to the Court's Order to Pay, payments to Trudeau or for his benefit were made from the Trudeau Entities directly to vendors, service providers, and credit card companies rather than directly to accounts in Trudeau's name. The books and records show approximately \$870,000⁶ was paid for Trudeau's legal expenses. The books and records also show that \$4 million was paid directly to credit card companies for Trudeau's credit card bills from 2009 through January 8, 2013 as summarized below.

Payments from the Trudeau Entities for Trudeau's Credit Cards						
Entity	2009	2010	2011	2012	1/1/13~ 1/8/2013	Total
Website Solutions	\$ -	\$ 260,463	\$ 1,295,998	\$ 1,325,317	\$ 75,544	\$ 2,957,322
Natural Cures	826,331	267,319	25,931	-	-	1,119,581
Total	\$ 826,331	\$ 527,782	\$ 1,321,929	\$ 1,325,317	\$ 75,544	\$ 4,076,903

GIN USA, GIN Foundation and Website Solutions

GIN Foundation was incorporated in June 2009 in Nevis. GIN Foundation was the first operating entity to receive revenue from GIN members, during 2009, 2010 and the first six months of 2011.

GIN USA was formed on June 28, 2011 and was registered in South Dakota. Beginning in June 2011, GIN USA replaced GIN Foundation as the entity receiving and recording GIN membership revenue.

⁶ An additional \$1.1 million was paid for Trudeau's legal fees after 2009 by other Trudeau Entities (page 42).

Beginning in December 2012, the membership revenue shifted again, and moved back to GIN Foundation. The revenue stream and accounting functions were also later transferred offshore, with GIN Foundation operating in the United Kingdom.

GIN USA and GIN Foundation are collectively referred to as the GIN Entities herein.

The accounting books and records of the GIN Entities in the United States only showed \$39,590 in membership revenue under GIN USA and nothing under GIN Foundation in 2013, which was understated. In fact, the Optimal report (the credit card processor's report) showed more than \$14.3 million in revenue was processed from January 1, 2013 through August 2013, and \$14.3 million was wire transferred to GIN Foundation in the United Kingdom from the credit card processing account in Nevis.

The Receiver further investigated the financial information of GIN Foundation operating in the United Kingdom, which was not recorded in GIN Foundation's QuickBooks accounting file located in the United States. Kenny, Executive Director of GIN Foundation, provided some bank account statements to the Receiver. The Receiver reviewed and prepared a summary of cash receipts and disbursements based on the bank statements obtained, attached at Exhibit 8.

Exhibit 8 shows the total income received from the merchant processor was approximately \$15.2 million from December 13, 2012 to August 15, 2013, including \$14.27 million in 2013. Nearly all the funds received by GIN Foundation were paid out, and only \$1,816 remained. In 2013, GIN Foundation was operated at net deficits of £705,877 and \$1,712, which was approximately \$1.1 million in total.

In addition, Exhibit 8 shows GIN Foundation in the United Kingdom paid a total of \$2.7 million to the Trudeau Entities in the United States, and approximately \$255,000 to Trudeau and his wife, Natalia Babenko (Babenko). GIN Foundation in the United Kingdom also paid approximately \$1.09 million to Kenny and his entities in the United Kingdom.

Exhibits 9 and 10 contain the annual financial statements for GIN Foundation and GIN USA, respectively, based on their QuickBooks accounting records. The operating results based on those records are summarized below.

⁷ The revenue difference of approximately \$100,000 between \$14.3 million shown on the Optimal report and \$14.2 million based on the bank statements is likely attributable to foreign currency exchange rates, bank transaction fees, and intermediary bank wire charges.

	GIN Foundation 1/1/09~7/22/13	GIN USA 6/28/11~3/19/13	GIN Entities Combined
Operating Income			
Membership Revenue-Net	32,233,638	45,971,677	78,205,315
Inner Circle Member Fee	5,350,000	6,977,916	12,327,916
Registrations	-	7,162,856	7,162,856
Commission Sales and Revenue	52,843	2,211,427	2,264,270
Other Income	11,499	546,886	558,385
Total Operating Income	37,647,980	62,870,762	100,518,742
Costs and Expenses			
<u>Cost of Revenue and Cost of Goods Sold</u>			
Commissions and Bonuses	13,305,630	23,374,871	36,680,501
Cost of Goods Sold	-	28,440	28,440
Other Costs	23,699	10,503	34,202
Total Cost of Revenue and Cost of Goods Sold	13,329,329	23,413,814	36,743,143
<u>Operating Expense</u>			
Allocable Expense and Management Fees	3,594,003	3,683,537	7,277,540
Leadership Cruise/Royal Caribbean Cruise	1,789,151	5,807,369	7,596,520
Event and Meeting Expenses	1,376,749	5,023,787	6,400,536
Bank Service Charges *	2,177,875	2,823,191	5,001,066
Payroll	3,064,412	-	3,064,412
Professional, Consulting and Speaking Fees	1,126,615	2,073,135	3,199,750
Other Expenses	3,255,596	6,502,162	9,757,758
Total Operating Expense	16,384,401	25,913,181	42,297,582
Total Costs and Expenses	29,713,730	49,326,995	79,040,725
Other Income/Expense	5	4,772	4,777
Net Income	7,934,255	13,548,539	21,482,794

* Bank Service Charges include merchant transaction fees.

As shown above, the GIN Entities generated more than \$100 million in revenue from 2009 to 2012. Together with \$14.2 million⁸ in processing income generated in 2013, the total income generated by the GIN Entities from January 1, 2009 to September 6, 2013 was more than \$114 million.

⁸ The processing income of \$14.2 million generated in 2013 was received by GIN Foundation in the United Kingdom and was not included in GIN Foundation's QuickBooks accounting records. See Exhibit 3.

Out of \$114 million in revenue, more than \$36 million was paid for commissions and bonuses to the members, nearly \$14 million was paid to cover the expenses for cruises and other events and meetings for members, \$65 million was paid for other expenses, including the expenses paid by Website Solutions and recorded as “Allocable Expenses” under the GIN Entities, and more than \$15 million was paid by GIN Foundation in the United Kingdom from processing income for various purposes (Exhibit 8). As discussed above, many of the GIN Entities’ operational activities, including accounting, customer service and information technology, were operated and paid by Website Solutions.

The table set out above shows that the net income of the GIN Entities was approximately \$21.5 million. Of this sum, \$2.8 million was held by the processor as receivables and reserves, and approximately \$2.3 million was held in various bank accounts.

The sum of \$2 million was transferred from the GIN Foundation’s Liechtenstein account in February 2013 to the escrow account the Court required in the FTC matter. After the Receiver was appointed, the Receiver froze and recovered more than \$4 million from the corporate accounts of the GIN Entities, Website Solutions and Natural Cures.

The remaining net income generated by the GIN Entities was used to pay operating expenses and to fund deficits incurred by affiliated entities, including net losses of \$5.7 million by Website Solutions and \$1.1 million by GIN Foundation in the United Kingdom, and to fund other Trudeau Entities. This caused substantial inter-company transactions to be recorded on the books of the GIN Entities, which were recorded as “due to” and “due from” accounts on the books. “Due to” accounts represent the amounts owed to other Trudeau Entities, and “due from” accounts represent the amounts owed by other Trudeau Entities. There was a net of approximately \$26⁹ million “due from” other Trudeau Entities to the GIN Entities based on the GIN Entities’ books.

Website Solutions was incorporated on March 18, 2010 in Illinois, but was not active in GIN operations until 2011. Exhibit 11 contains the financial statements by year generated from the QuickBooks accounting file of Website Solutions. The operating results for Website Solutions from March 18, 2010 to September 18, 2013 are summarized below.

⁹ This \$26 million is the sum of all “due from” accounts less the sum of all “due to” accounts on the GIN Entities’ books.

	<u>Website Solutions</u>
Operating Income	
Management Fees	3,982,111
Reimbursed Expenses	445,611
Commission Income	<u>28,222</u>
Total Operating Income	4,455,944
Operating Expense	
Allocable Expense and Billable Expense-GIN FDN	(7,553,574)
Billable Expense - Non-GIN FDN	103,152
Payroll (including Payroll Tax and Processing)	10,424,597
Professional Fees and Consulting Fees	2,203,070
Insurance	1,891,478
Other Expenses	<u>3,032,242</u>
Total Operating Expense	10,100,965
Other Income (Expense) - Net	<u>(74,399)</u>
Net Income	<u><u>(5,719,420)</u></u>

The \$5.7 million net loss was paid and funded by the net income generated by the GIN Entities.

The Receiver also found that since 2009, after the \$37.6 million Order to Pay was entered against Trudeau, significant amounts were paid out of the 'Trudeau Entities' accounts for Trudeau's personal and living expenses, which were recorded as business expenses on the books of the Trudeau Entities.

In addition to the expenses paid by Website Solutions and the GIN Entities directly to the vendors and/or service providers for Trudeau, from August 25, 2010 through January 8, 2013, Website Solutions also paid approximately \$2.95 million to credit card companies for Trudeau's credit card bills, which were recorded as business expenses on the books of Website Solutions, as summarized below.

Credit Card	Card # Ending in	8/25/10~ 12/31/10	2011	2012	1/1/13~ 1/8/13	Total
Diner's Club	7022	\$ 58,519	\$ 229,036	\$ 295,422	\$ 31,801	\$ 614,778
American Express	81003	158,378	834,628	837,274	41,940	1,872,220
American Express	71000	43,566	223,761	95,965	1,803	365,095
Bank of America	9625	-	4,519	55,304	-	59,823
Chase	4688	-	2,126	27,410	-	29,536
Chase	4164	-	1,928	13,942	-	15,870
Total		<u>\$ 260,463</u>	<u>\$ 1,295,998</u>	<u>\$ 1,325,317</u>	<u>\$ 75,544</u>	<u>\$ 2,957,322</u>

Website Solutions' accounting records also show approximately \$870,000 was paid for Trudeau's legal fees and recorded as "Due from Kevin Trudeau—Legal" on its books.

Natural Cures

Natural Cures' QuickBooks accounting file contains very few transactions prior to 2009. There were no recorded sales until November 2008 and only approximately \$69,000 in recorded sales for November and December 2008.

Exhibit 12 contains Natural Cures' the financial statements by year from June 18, 2006 to July 24, 2013 as generated from its QuickBooks accounting file.

The table below is a summary of all the operating results for Natural Cures from June 18, 2006 to July 24, 2013. More than \$36.5 million in revenue was generated from January 2009 through June 2013, primarily from infomercial product sales. Most of the revenue generated was paid to cover operating costs and expenses, resulting in net income of approximately \$125,000 from June 18, 2006 to July 24, 2013.

Operating Income	
Sales	\$ 36,504,250
Other Revenue	147,858
Total Operating Income	<u>\$ 36,652,108</u>
Cost of Goods Sold	21,725
Operating Expense	
Media Buy	12,456,868
Professional Fees	4,899,442
Call Center	2,661,108
CD Sets and Books	2,644,703
Credit Card Finance Charge and Discount	2,288,555
Postage and Delivery	2,217,910
Payroll	1,902,113
Allocable Expense	1,183,182
Commissions	1,278,973
Fulfillment	942,028
Production and Design/Graphic Design	909,107
Other Expenses	3,117,939
Total Operating Expense	<u>\$ 36,501,928</u>
Total Costs and Expenses	\$ 36,523,653
Other Income (Expense)	<u>(2,867)</u>
Net Income	<u><u>\$ 125,588</u></u>

Large expenses were mostly payments to outside vendors. “Media Buy” was the largest expense, representing more than 1/3 of the total sales, of which \$11.9 million was paid to an outside vendor located in California, for commercials. Under professional fees, \$2.97 million was paid to Snowflake Media in Switzerland, a company owned by Kenny, who was also the Executive Director of GIN Foundation operating in the United Kingdom. The sum of \$1.18 million was recorded as an allocable expense comprised of inter-company transactions allocating expenses from Website Solutions to Natural Cures.

The Receiver also found that over \$1.1 million was paid by Natural Cures to cover Trudeau’s credit card bills from 2009 through 2011, including \$789,510 to American Express and \$215,701 to Diner’s Club during 2009 and 2010, which is summarized below.

Credit Card Company	2009	2010	1/1/11~ 9/14/11	Total
AMEX	\$ 699,572	\$ 89,937	\$ -	\$ 789,509
Diner's Club	87,691	128,010	-	215,701
Chase	14,960	21,076	8,526	44,562
Bank of America	24,108	28,296	17,405	69,809
Total	<u>\$ 826,331</u>	<u>\$ 267,319</u>	<u>\$ 25,931</u>	<u>\$ 1,119,581</u>

After the commencement of the receivership on August 7, 2013, the Receiver froze and recovered a total of \$151,845 from the bank accounts of Natural Cures. The amount in Natural Cures' bank accounts was different from its net income of approximately \$125,000 on its books. The difference was primarily due to a deposit of \$35,880 for a master funding card account for the Natural Cures prepaid program, returned from the credit card processing company.

Trudeau Approved Products

TAP was incorporated in Delaware on April 4, 2011 and the listed officers and directors were as follows:

Director/Officer	Name
President	Sant
Secretary	Sant
Director	Trudeau
Director	Sant
Director	Kenny

According to the application and agreement documents obtained from Meritus Payment Solutions, a credit card processor, TAP was 100% owned by TruCom and Trudeau was listed as the 100% beneficial owner, while Sant signed as President.

Exhibit 13 contains the financial statements by year since its inception generated from TAP's QuickBooks accounting file. A summary of TAP's operating results is also shown below.

Operating Income	
Product Sales	2,794,123
Sales Refunds and Discounts	(423,999)
Commissions	8,651
Total Operating Income	2,378,775
Cost of Goods Sold	
Supplements and Vitamins	419,201
Credit Card Discount	110,548
Shipping and Handling Fees	78,005
Packaging	60,931
Other Cost of Goods Sold	20,733
Total Cost of Goods Sold	689,418
Operating Expense	
Payroll Expenses	901,695
Payroll Taxes	427,622
Professional Fees	691,620
Allocable Expenses	186,863
Insurance	179,795
Postage and Delivery	167,246
Rent	77,594
Interest Expense	69,122
Travel	67,128
Call Center	59,022
Other Expenses	187,735
Total Operating Expense	3,015,442
Net Other Income	486,553
Net Income	(839,532)

TAP primarily generated its operating income from the sale of vitamin products, which was approximately \$2.4 million, net of refunds and discounts.

TAP expensed \$1.3 million as payroll and related payroll taxes. In addition, approximately \$692,000 in professional fees were incurred and paid to third parties, including \$491,235 in legal fees and \$136,466 in consulting fees. TAP did not generate sufficient income to cover its own costs and expenses, and its funding deficits were covered by funding from affiliated entities as evidenced by the net amount of \$2.8 million due to affiliates, including \$1.39 million to Website Solutions and \$1.39 million to GIN USA.

TAP's most significant assets were inventory and supplement inventory, valued at \$744,000 and \$703,453, respectively, which represent 86% of the total assets. These were mostly recorded for the purchase of 30-day nutritional supplements in 2012. These amounts were carried forward on the books and never adjusted. The Receiver determined the inventory was significantly overstated.

In addition, there was a cash and bank balance totaling \$105,848 carried on the books. The Receiver independently confirmed the remaining balances in all the bank accounts. A total of \$106,384 was confirmed and turned over to the Receiver from the banks.

Offshore Entities and Assets

This section identifies and discusses various offshore entities that held or generated assets of more than \$13.6 million as follows:

- Trustar Global Media's net sales of approximately \$7 million from 2001 to 2008.
- Golf TV Pro-Shop Limited's revenue for 2003 and 2004 totaling approximately \$6.6 million¹⁰.
- Other offshore assets that were identified by the Receiver have a value of about \$990,000, but Trudeau has not returned any of these assets to the receivership estate.

This section also discusses other offshore entities and assets that the Receiver discovered throughout its investigation. Due to the limited documentation and cooperation from Trudeau and his nominees, the whereabouts of these offshore entities' assets, if any, and ultimate destination of these funds remain unknown.

Trustar Global Media in the United Kingdom

As previously discussed, Trustar Global Media was another of Trudeau's foreign entities in the United Kingdom. Shop America's accounting records show that approximately \$2.95 million was paid by Shop America to Trustar Global Media from September 2001 to January 2006, and \$1.37 million was returned from Trustar Global Media to Shop America from October 2003 to November 2007. However, the Receiver did not discover any accounting records or bank statements for this entity and therefore was unable to verify how these funds were accounted for and used.

¹⁰ Golf TV Pro-Shop Limited's revenue for 2003 and 2004 totaled £3,830,108. This amount is converted to US dollars by using the average exchange rate in 2003 and 2004 of \$1.73.

The Receiver found a copy of a 2004 annual audit report (Exhibit 14) in Sant's documents. According to pages 1 and 20 of the 2004 annual audit report (2004 Audit Report), Trustar Global Media was incorporated on February 27, 2004; TruCom was its "ultimate parent company;" and Trudeau was the director and "ultimate controlling party." Page 1 of the 2004 Audit Report shows Trudeau as an 80% owner of this entity. The 2004 annual audit report also shows a total of £16.7 million in revenue was generated from operations, but a net loss of £1,451,373 was recorded for the period ended December 31, 2004.

Page 15 of the audit report lists Trustar Global Media as a 78% owner of the following entities that were previously not disclosed to the Receiver:

Entity	Country of Incorporation/Registration	Shares Held
Global TV Limited	England and Wales	78%
Global TV Pro-Shop Limited	England and Wales	78%
Model Golf (UK) Limited	England and Wales	78%

The Receiver has not located any accounting records for these entities.

The Receiver also obtained Trustar Global Media's 2001-2008 US tax returns from Lane. Those returns report that Trustar Global Media was incorporated on February 1, 2001 in the United Kingdom. The Receiver reviewed, analyzed and reconstructed Trustar Global Media's accounting based on those returns as summarized in Exhibit 15.

According to Lane, Trustar Global Media owned 100% of Shop America. Shop America was at all times a single-member LLC and thus was a disregarded entity for tax purposes. Shop America's income was reported on Trustar Global Media's tax returns.

According to the US federal tax returns filed by Trustar Global Media, more than \$276 million of revenue was generated from 2001 to 2008. As reported on the tax returns, most of the revenue was used for expenses, resulting in a net loss of \$1.32 million from 2001 to 2008.

The sales reported by Trustar Global Media on its tax returns from 2001 to 2008 and the sales recorded on Shop America's books are summarized below.

Per Trustar Global Media's Tax Returns									
	2001	2002	2003	2004	2005	2006	2007	2008	Total
Sales	\$ 15,759,234	\$ 55,827,001	\$ 80,172,102	\$ 27,855,020	\$ 84,706,292	\$ 12,425,867	\$ 43,809	\$ -	\$ 276,789,325
Returns and Allowances	(1,783,354)	(4,962,419)	(5,699,679)	(1,059,276)	(4,388,737)	(1,271,211)	-	-	(19,164,676)
Net Sales	13,975,880	50,864,582	74,472,423	26,795,744	80,317,555	11,154,656	43,809	-	257,624,649

Per Shop America's Books									
	2001	2002	2003	2004	2005	2006	2007	2008	Total
Sales	\$ 14,149,418	\$ 56,317,670	\$ 73,252,479	\$ 28,504,341	\$ 82,614,560	\$ 12,425,867	\$ -	\$ -	\$ 267,264,335
Returns	(164,335)	(4,962,419)	(4,748,334)	(1,125,583)	(4,388,672)	(1,271,211)	43,809	-	(16,616,745)
Net Sales	13,985,083	51,355,251	68,504,145	27,378,758	78,225,888	11,154,656	43,809	-	250,647,590

Difference	\$ (9,203)	\$ (490,669)	\$ 5,968,278	\$ (583,014)	\$ 2,091,667	\$ -	\$ -	\$ -	\$ 6,977,059
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Based on this summary schedule, from 2001 through 2008, Trustar Global Media's aggregate gross revenue was approximately \$9.5 million and its aggregate net revenue was approximately \$7 million.

According to the 2008 tax return of Trustar Global Media, there was \$8,230 in cash and approximately \$8.3 million in total assets as of December 31, 2008.

Because the Receiver has no accounting for Trustar Global Media, the Receiver was unable to analyze and determine how much of the \$7 million in net revenue was paid to other Trudeau Entities or Trudeau. Likewise, the Receiver has no way to determine what happened to Trustar Global Media's assets reported on its most recent tax return. The whereabouts of its assets are unknown.

Golf TV Limited and Golf TV Pro-Shop Limited in the United Kingdom

As previously discussed, Golf TV Limited (Golf TV) and Golf TV Pro-Shop Limited (Golf TV Pro-Shop) were registered in England and Wales, and Trustar Global Media was a 78% owner of these two entities.

Although the Receiver did not have any accounting records for Golf TV, TruCom's accounting records show TruCom received \$439,778 from the sale of Golf TV in May 2006, demonstrating that Golf TV had value.

In addition, according to draft financial statements for Golf TV Pro-Shop Limited for the year ended December 31, 2004 (Exhibit 16), its revenue for 2003 and 2004 were £389,388

and £3,440,720, respectively. Total assets at the year-end for 2003 and 2004 were £515,660 and £1,036,972, respectively, including cash of £119,797 and £103,716, respectively.

Since the Receiver has no accounting records or information for these foreign entities, the Receiver was unable to review and analyze their revenue streams, including to what extent their revenue may have been diverted to Trudeau and other Trudeau Entities.

GIN Foundation in the United Kingdom

As previously discussed, the GIN membership revenue stream was moved to GIN Foundation and deposited into its offshore account in the United Kingdom in 2013.

According to bank statements the Receiver obtained, GIN Foundation received total payments of approximately \$15.2 million from the merchant processor from December 13, 2012 to August 15, 2013, including \$14.2 million in 2013. Nearly all of the money received was used, including the payments to Trudeau, his associates and other Trudeau Entities. The remaining bank balances as of September 6, 2013 were £66 and \$1,712.

Shop America PLC

Shop America PLC was another of the Trudeau Entities located in the United Kingdom. The Receiver located an accounting QuickBooks file named Shop America PLC among the QuickBooks files it obtained from the Trudeau Entities. However, Shop America PLC's accounting file only contains some expenses paid but no income, and the bank account only had three transactions with an ending balance of \$15,887 as of May 7, 2007. Shop America PLC's QuickBooks accounting file appears incomplete and inaccurate. Because this is an offshore entity, it is possible that its complete accounting books and records were maintained by offshore personnel which have not been made available to the Receiver.

Furthermore, the Receiver found some weekly financial summaries and email correspondence in relation to Shop America PLC among Sant's documents¹¹. According to those weekly financial summaries, the total bank balance of Shop America PLC as of April 29, 2007 was £11,055.86, and the total of bills due was £1,032,095.45 (Exhibit 17). In addition, an email dated December 14, 2007 from A. Glynn, a bank officer at Royal Bank of Scotland, to Sant (Exhibit 18) indicated that there was only one account with a balance, £1,849.93, and that all the other accounts had no balances.

¹¹ As previously reported to the Court, after weeks of negotiations, the Receiver obtained Sant's non-privileged computer files and documents. More details regarding Sant's files and documents will be discussed later in this report.

Shop America Australasia Ltd.

Shop America Australasia Ltd. was another foreign entity related to Trudeau. This entity was part of the ITV Global Sale. The Receiver has very little information about this entity. There was an accounting QuickBooks file named Shop America (AUST) from the QuickBooks files obtained from the Trudeau Entities. However, the Shop America (AUST) accounting file only had \$1,405 of legal fees recorded and no income recorded. This contradicts Direct Response's accounting records that report payments totaling \$818,117 made from Direct Response to Shop America Australasia Ltd., as discussed above.

In addition, the documents received from Citibank show that some bank accounts were opened in the name of Shop America Australasia Ltd. in February 2000 and October 2000, but these accounts were all closed in 2001.

No other information about this entity has been made available to the Receiver.

Other Offshore Assets Identified

As previously reported to the Court, during the course of the receivership, the Receiver has identified the following additional offshore assets that Trudeau has failed to return to the Receiver, asserting that the assets are in the hands of his wife and associates (principally Babenko, Kenny, and Schoop) and therefore purportedly beyond his control.

			USD *
Future Transactions Company	GBP	120,391.88	198,928
Global Sales Solutions AG Zurich	CHF	587.22	656
Office Pool GmbH	CHF	27,358.12	30,577
Website Solutions GmbH	CHF	341,034.40	381,164
Ukraine condominium	USD	378,143.00	378,143
Total			<u>989,468</u>

* Amounts were converted to US dollars as of January 27, 2014.

Additionally, while it is unknown whether they are located overseas or remain in the United States, Trudeau has also failed to account for the ultimate disposition of approximately \$100,000 of gold bars purchased from the Golden Lion Mint. The circumstances surrounding Trudeau's acquisition of the gold bars, including Trudeau's (often changing) explanation of their disposition, has been previously documented to the Court.

Other Trudeau Entities

A significant number of entities were created for the different operations and businesses affiliated with Trudeau. The entities and businesses that generated the majority of the revenue from Trudeau's activities are discussed above.

Many other Trudeau Entities were formed, which did not appear to generate significant revenue from outside sales, but were used as conduits to re-route and commingle funds, and to shield Trudeau's assets. All of these entities are affiliated with and part of the Trudeau Enterprise. A review and analysis of the financial information for each of these entities is discussed in greater detail under the appendices of this report.

As summarized below, the accounting books and records of these Trudeau Entities show an additional \$2.5 million paid by these entities to Trudeau and for the benefit of Trudeau.

<u>Trudeau Entities</u>	<u>Receipts</u>	<u>Payments</u>	<u>Net Receipts/ (Payments)</u>
<u>From/To Trudeau:</u>			
Trudeau Productions	\$ -	\$ (2,933,598)	\$ (2,933,598)
Telephone Advisory	5,000	(289,021)	(284,021)
KT Capital	1,254	(66,610)	(65,356)
Alliance Real Estate	-	(44,247)	(44,247)
International Pool Tour	1,446,454	(814,172)	632,282
KT Corp	2,333,665	(1,625,742)	707,923
TruCom	2,006,400	(1,308,464)	697,936
Net Payments to Trudeau	\$ 5,792,773	\$ (7,081,854)	\$ (1,289,081)
<u>For Benefit of Trudeau</u>			
KT Corp - Gambling	-	(151,000)	(151,000)
KT Corp - Legal (Trudeau)	-	(414,813)	(414,813)
TruCom - Legal (Trudeau)	-	(650,346)	(650,346)
Payments for Benefit of Trudeau	\$ -	\$ (1,216,159)	\$ (1,216,159)
TOTAL	\$ 5,792,773	\$ (8,298,013)	\$ (2,505,240)

In summary, as set forth below, the Trudeau Enterprise paid nearly \$30 million to Trudeau or for his benefit, including for his credit card bills.

Trudeau Entities	Amount	Description
<u>Income Generating Entities</u>		
Shop America	\$ 11,009,170	Net Payments to Trudeau
Direct Response	2,242,105	Net Payments to Trudeau
Alliance Publishing	9,141,060	Net Payments to Trudeau
Net Payments to Trudeau	22,392,335	
Website Solutions	2,957,322	Payments for Trudeau's credit card bills
Website Solutions	869,704	Payments for Trudeau's legal expenses
Natural Cures	1,119,581	Payments for Trudeau's credit card bills
Payments for Trudeau	4,946,607	
<u>Other Affiliated Entities</u>		
Trudeau Productions	2,933,598	Net Payments to Trudeau
Telephone Advisory	284,021	Net Payments to Trudeau
KT Capital	65,356	Net Payments to Trudeau
Alliance Real Estate	44,247	Net Payments to Trudeau
International Pool Tour	(632,282)	Net Receipts from Trudeau
KT Corp	(707,923)	Net Receipts from Trudeau
TruCom	(697,936)	Net Receipts from Trudeau
Net Payments to Trudeau	1,289,081	
KT Corp	151,000	Payments for Gambling
KT Corp	414,813	Payments for Trudeau's legal expenses
TruCom	650,346	Payments for Trudeau's legal expenses
Payments for benefit of Trudeau	1,216,159	
TOTAL	\$ 29,844,182	
<u>Summary</u>		
Net Payments to Trudeau	\$ 23,681,416	
Payments for Trudeau's credit card bills and for his benefit	6,162,766	
TOTAL	\$ 29,844,182	

Kevin Trudeau

Pattern and Movement of Payments to Trudeau

As discussed throughout this report, most of the payments to Trudeau's personal accounts from the Trudeau Entities were made prior to 2009. As shown below, nearly \$24 million was paid from the Trudeau Entities to Trudeau's personal accounts, an average of more than \$2 million per year for the period from 1999 through 2008.

Trudeau Entities	Net (Payments)/Receipts
Shop America	\$ (11,009,170)
Direct Response	(2,242,105)
Alliance Publishing	(9,141,060)
Trustar Productions	(2,933,598)
Telephone Advisory	(284,021)
KT Capital	(65,356)
Alliance Real Estate Holdings	(44,247)
International Pool Tour	632,282
TruCom	697,936
KT Corp	707,923
TOTAL	\$ (23,681,416)

As discussed in detail in the following section entitled "Trudeau's Personal Bank Accounts," due to the limited availability of the bank records, the Receiver was only able to review and analyze the related disbursements of approximately \$6.3 million from Trudeau's personal accounts at banks prior to 2009, including \$313,326 from Ojai Valley Bank (page 43), \$446,580 from Citibank (page 44), and approximately \$5.55 million from other banks (page 48).

This \$6.3 million paid by Trudeau from his personal bank accounts prior to 2009 included payments of \$2.18 million in credit card bills, \$1.86 million in legal expenses, \$586,654 for income taxes, \$272,500 for casinos and gambling, and approximately \$352,000 in cash withdrawals and payments to Trudeau's family members.

The Court entered its \$37.6 million Order to Pay against Trudeau at the end of 2008. Thereafter, most of the payments by the Trudeau Enterprise to Trudeau were no longer made directly to Trudeau and his personal accounts. Instead, the Trudeau Entities directly paid vendors, service providers, and credit card companies for Trudeau and in support of his lavish lifestyle.

Since 2009, the Trudeau Entities paid approximately \$1.9 million for Trudeau's legal expenses, including \$869,704 paid by Website Solutions, \$414,813 paid by KT Corp, and \$650,346 paid by TruCom. In addition, the Trudeau Entities paid approximately \$4 million¹² to the credit card companies for Trudeau's credit card bills between 2009 through January 8, 2013, an average of \$1 million per year.

Trudeau's Personal Bank Accounts

Due to the banks' records retention policy, the Receiver was unable to obtain all Trudeau's personal bank account records, including his foreign bank account records. Under Exhibit 19 is a list of the bank accounts and related records obtained by the Receiver.

The transactions in Trudeau's account at Ojai Valley Bank were from September 5, 2001 to September 28, 2004. The account was opened on September 5, 2001 and closed on October 7, 2004. The aggregate amount of the deposits was approximately \$832,000. The month-end balances never exceeded \$196,000. The bank records also show that \$518,834 from this account was transferred to Trudeau's accounts at Citibank. Trudeau's account transactions at Ojai Valley Bank are summarized below.

¹² Website Solutions paid \$2.95 million and Natural Cures paid over \$1.1 million.

Ojai Valley Bank					
September 5, 2001 to September 28, 2004					
	2001	2002	2003	2004	TOTAL
Cash Receipts					
<u>Receipts from Affiliated Entities</u>					
Cash Deposits	125,000	70,000	-	280,000	475,000
KT Corp	-	-	-	15,000	15,000
Total Receipts from Affiliated Entities	125,000	70,000	-	295,000	490,000
Deposits To Be Identified	45,000	60,000	236,983	-	341,983
Interest Income	3	12	157	5	177
Total Receipts	170,003	130,012	237,140	295,005	832,160
Disbursements					
Trudeau's CitiBank Account#1238	148,000	68,000	-	302,834	518,834
Law Office of Marc Lane	-	-	145,000	-	145,000
Rick Weiss Humanitarian Award	-	43,650	-	-	43,650
Cash Withdrawals	-	2,000	38,000	-	40,000
First American Title	-	-	20,000	-	20,000
Long Beach Mini	-	-	-	15,000	15,000
Jon Denny	11,250	-	-	-	11,250
Millionaire's Club 123.com	10,000	-	-	-	10,000
Payments < \$10,000	91	3,473	19,860	5,002	28,426
Total Disbursements	169,341	117,123	222,860	322,836	832,160
Net Annual Receipts (Disbursements)	662	12,889	14,280	(27,831)	-

According to information and records obtained from Citibank, Trudeau had two personal accounts (ending in 1238 and 3077), which were opened on December 30, 1999 and May 31, 2002, respectively. Both accounts were closed in July 2006.

The Citibank account records available to the Receiver were limited to the bank statements from September 29, 2003 to July 18, 2006, without any supporting transaction documents. Therefore, the Receiver was unable to completely reconstruct the Citibank accounts and determine where the majority of the funds from these accounts went. However, based on a review and analysis of the bank statements, substantial funds were deposited into Trudeau's accounts at Citibank from September 29, 2003 to July 18, 2006, and subsequently spent by Trudeau. Below is a summary of the transaction activities in Trudeau's Citibank accounts from September 29, 2003 to July 18, 2006.

Citibank					
September 29, 2003 to July 18, 2006					
	2003	2004	2005	2006	TOTAL
Beginning Balance	59,471	179,933	974,436	708,443	59,471
Receipts					
<u>Receipts from Payroll and Affiliates</u>					
Trustar Global Media	-	250,000	-	-	250,000
Shop America Payroll	-	-	204,184	80,957	285,141
Natural Cures Payroll	-	-	127,947	53,655	181,602
Alliance Publishing Payroll	-	-	66,446	31,890	98,336
Trustar Marketing Payroll	-	-	54,823	28,971	83,794
Paychex of New York LLC	-	-	-	14,590	14,590
Trudeau's Account at Ojai Valley Bank	-	302,834	-	-	302,834
	-	552,834	453,400	210,063	1,216,297
Deposits to be identified	665,763	3,781,271	9,737,107	1,293,318	15,477,459
Interest Income	148	740	2,576	713	4,177
Total Receipts	665,911	4,334,845	10,193,083	1,504,094	16,697,933
Disbursements					
Payments to be identified	462,931	3,267,343	10,398,243	2,182,307	16,310,824
Diners Club	51,730	159,140	4,000	-	214,870
James Barber Tobacconists	17,288	44,371	-	-	61,659
Cash Withdrawals	-	21,060	11,750	13,590	46,400
Payments for Online Gambling	4,600	11,700	1,200	-	17,500
Teresa J. McVicker	-	-	10,000	3,000	13,000
Keen Powered by Ingenio	800	1,338	2,300	1,200	5,638
Other Payments (Each under \$1,000)	8,100	35,390	31,583	12,440	87,513
Total Disbursements	545,449	3,540,342	10,459,076	2,212,537	16,757,404
Net Annual Receipts (Disbursements)	120,462	794,503	(265,993)	(708,443)	(59,471)
Ending Balance	179,933	974,436	708,443	-	-

Approximately \$16.7 million of deposits were received from September 29, 2003 to July 7, 2006. Other than the sum of \$446,580 as shown above, the Receiver was unable to determine the ultimate destination of \$16.3 million in payments due to the unavailability of the supporting documentation.

Combining the accounts at Ojai Valley Bank and Citibank, Trudeau received at least \$17.5 million in his personal accounts prior to 2007. This amount is understated because the Citibank records for the four years before September 29, 2003 were unavailable. Since the Receiver does not have all of the accounting and bank records, Trudeau is the only person who knows the total amount of funds he received and how at least \$16.3 million was disbursed.

The Receiver also reviewed, analyzed and reconstructed all of Trudeau's other accounts based on the available bank records, which are summarized in Exhibit 20 and also segregated by different currencies below.

	June 3, 2006 to February 18, 2014		
	USD	CHF	AUD
Cash Receipts			
<u>Receipts from the Trudeau Entities</u>			
Alliance Publishing Group	5,817,325	-	-
Trustar Productions	2,623,350	-	-
International Pool Tour	1,217,358	-	-
Cash Deposits	230,423	51,275	11,900
KT Corp	672,115	-	-
Trucom	539,464	-	-
Office Pool GMBH	-	124,558	-
GIN Foundation	-	100,000	-
Other Affiliated Entities	196,877	43,802	-
	11,296,912	319,635	11,900
<u>Payments to the Trudeau Entities</u>			
International Pool Tour	(3,046,500)	-	-
Alliance Publishing Group	(1,896,908)	-	-
KT Corp	(133,800)	-	-
Future Transactions Company Ltd	-	(62,666)	-
Other Affiliated Entities	(62,411)	-	-
	(5,139,619)	(62,666)	-
Net Receipts from the Trudeau Entities	6,157,293	256,969	11,900
Midwest Gaming and Entertainment	-	-	141,608
Farmers Insurance - Net	103,684	-	-
The Star Pty Limited	-	-	62,819
Deposits To Be Identified	1,169,211	96,773	11,078
Miscellaneous Deposits < \$50,000	153,637	17,720	4,660
Total Receipts	7,583,825	371,462	232,065
Disbursements			
Credit Card Payments	2,015,398	15,580	-
Payments for Legal Fees	1,824,734	18,057	-
United States Treasury	693,066	-	-
Cash Withdrawals	110,479	57,411	25,806
Payments to Casinos	255,000	-	-
Paycheck and Payroll Tax	157,525	-	-
Payments to Related Individuals	208,459	-	-
Golden Lion Mint	100,000	-	-
Kolbrenner Pagano & Schroder	100,000	-	-
JFS Construction Group Inc.	54,000	-	-
Payments to be identified	1,642,334	-	283,376
Payments < \$50,000	449,283	102,624	61,289
Total Disbursements	7,610,278	193,672	370,471
Net Receipts (Disbursements)	(26,453)	177,790	(138,406)

As shown above, since June 2006 (the earliest date from which records were available), Trudeau received more than \$11 million from Trudeau Entities, of which more than \$5 million was re-routed through Trudeau's personal accounts and paid to other Trudeau Entities.

Although the Receiver cannot identify over \$1.6 million in disbursements due to the missing documentation, the summary of cash receipts and disbursements shows that Trudeau disbursed nearly all the receipts flowing through his personal bank accounts for which records existed. From June 2006 to February 2014, more than \$2 million was paid for Trudeau's credit card bills and more than \$1.8 million was paid for legal fees. In addition, more than \$160,000 was withdrawn in cash, \$255,000 was paid to casinos, and more than \$208,000 was paid to Trudeau's family members.

Most of the transactions were in US currency. The Receiver analyzed the movement of the funds in US currency accounts in order to understand the changes in Trudeau's spending patterns, set forth below.

	June 3, 2006 to December 31, 2012						(USD Accounts Only)		
	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
Cash Receipts									
<u>Receipts from Affiliated Entities</u>									
Alliance Publishing	707,700	4,589,160	520,465	-	-	-	-	-	5,817,325
Trustar Productions	-	175,000	2,448,350	-	-	-	-	-	2,623,350
International Pool Tour	-	-	1,066,046	122,000	29,312	-	-	-	1,217,358
KT Corp	317,558	255,557	-	-	99,000	-	-	-	672,115
Trucom	195,000	33,304	310,500	660	-	-	-	-	539,464
Cash Deposits	-	5,153	210,000	-	-	1,250	6,020	8,000	230,423
Direct Response	-	4,908	90,000	-	-	-	-	-	94,908
KT Capital Corp.	-	-	66,610	-	-	-	-	-	66,610
Other Affiliated Entities	-	11,185	9,679	-	1,305	-	7,741	5,451	35,359
	1,220,258	5,074,267	4,721,650	122,660	129,617	1,250	13,761	13,451	11,296,912
<u>Payments to Affiliated Entities</u>									
International Pool Tour	-	(1,470,000)	(1,576,500)	-	-	-	-	-	(3,046,500)
Alliance Publishing	-	(1,045,000)	(821,500)	(30,408)	-	-	-	-	(1,896,908)
KT Corp	-	(60,500)	(73,300)	-	-	-	-	-	(133,800)
Natural Cure Health Institute	-	(28,611)	-	-	-	-	-	-	(28,611)
Shop America	-	-	(26,400)	-	-	-	-	-	(26,400)
Trucom	-	-	(6,400)	-	-	-	-	-	(6,400)
Direct Response	-	-	(1,000)	-	-	-	-	-	(1,000)
	-	(2,604,111)	(2,505,100)	(30,408)	-	-	-	-	(5,139,619)
Net Receipts from Affiliated Entities	1,220,258	2,470,156	2,216,550	92,252	129,617	1,250	13,761	13,451	6,157,293
Deposits To Be Identified	1,071,170	97,500	-	-	-	-	541	-	1,169,211
Farmers Insurance and State Farm	(288)	1,045	2,348	85,325	96	14,640	518	-	103,684
Miscellaneous Deposits < \$50,000	1,781	87,259	33,625	25,413	337	100	3,025	2,097	153,637
Total Receipts	2,292,921	2,655,960	2,252,523	202,990	130,050	15,990	17,845	15,548	7,583,825
Disbursements									
Credit Card Payments	63,908	1,096,897	809,475	35,554	-	500	137	8,927	2,015,398
Payments for Legal Fees	-	531,110	1,186,223	90,401	-	-	-	17,000	1,824,734
United States Treasury	340,000	246,654	-	1,412	105,000	-	-	-	693,066
Cash Withdrawals	1,250	51,673	15,825	13,331	8,698	260	14,676	4,766	110,479
Payments to Casinos	-	215,000	40,000	-	-	-	-	-	255,000
Payments to Related Individuals	-	76,628	120,031	23,800	-	-	-	(12,000)	208,459
Payments to be identified	1,604,508	-	22,491	-	-	15,335	-	-	1,642,334
Paycheck and Payroll Tax	157,525	-	-	-	-	-	-	-	157,525
Golden Lion Mint	-	-	100,000	-	-	-	-	-	100,000
Kolbrenner Pagano & Schroder	-	100,000	-	-	-	-	-	-	100,000
JFS Construction Group Inc.	-	-	-	54,000	-	-	-	-	54,000
Miscellaneous Payments < \$50,000	23,523	278,193	97,931	6,950	16,204	144	1,900	24,438	449,283
Total Disbursements	2,190,714	2,596,155	2,391,976	225,448	129,902	16,239	16,713	43,131	7,610,278
Net Receipts (Disbursements)	102,207	59,805	(139,453)	(22,458)	148	(249)	1,132	(27,584)	(26,453)

For these USD accounts, from June 3, 2006 to December 31, 2012, receipts from Trudeau Entities totaled \$11.3 million, of which \$5.1 million was re-routed through Trudeau's personal accounts and paid to other Trudeau Entities.

The net receipts from Trudeau Entities were received primarily between 2006 and 2008, which were approximately \$5.9 million. An additional \$1.3 million, including the receipts from unknown parties due to the missing documentation, was also received during the same period. From 2006 to 2008, approximately \$5.55 million was paid to outside parties, primarily for credit card bills, legal fees, and other payments for Trudeau or for Trudeau's personal living expenses. The disposition of the remaining \$1.6 million of disbursement from Trudeau accounts for that period remains unknown.

During the last seven months of 2006, Trudeau received at least \$1.2 million from the Trudeau Entities. Trudeau also received approximately \$2.5 million in 2007 and \$2.2 million in 2008. Therefore, between June 2006 and December 2008, Trudeau's personal accounts received an average of nearly \$2.3 million per year from the Trudeau Entities.

Starting in 2009, the receipts deposited into Trudeau's accounts dropped significantly. Less than \$400,000 was deposited into Trudeau's accounts for the five-year period from 2009 through 2013. Disbursements, particularly in credit card payments and legal fees, also dropped significantly beginning in 2009. The significant decline in deposits into Trudeau's personal accounts was likely because many of Trudeau's personal expenses were being paid directly from Trudeau Entities' accounts. For example, approximately \$4 million was paid by Website Solutions and Natural Cures to credit card companies to cover Trudeau's credit card bills during the period from 2009 through January 8, 2013.

Trudeau and the Trudeau Entities generated hundreds of millions of dollars over the years, from the sale of infomercial products since 1999 and GIN memberships since 2009. However, based on the review and analysis of financial and bank records of Trudeau and the Trudeau Entities, as well as an understanding of Trudeau's movement of funds and extravagant spending habits, most of the money was spent, with large amounts unaccounted for.

Other Matters

Review of Sant's Computer Files

As previously reported to the Court, after weeks of negotiations, the Receiver obtained non-privileged computer files and documents that were imaged by a forensic company engaged by the law firm who represented Sant. An officer of the forensic company that imaged Sant's computers informed the Receiver that there were in excess of 92 gigabytes of data and approximately 400,000 records, containing about 268,000 emails.

The Receiver reviewed and analyzed these voluminous documents and records. The earliest record that the Receiver found was dated June 12, 2000, and the last record was dated April 9, 2013. These documents and records contain email correspondence, some companies' financials, tax returns and corporate documents, lawsuit-related documents, and various contracts and agreements. The Receiver searched these documents for information pertaining to potential assets. All of the asset-related information has been discussed throughout this report.

Conclusion

Based on its forensic analysis and accounting, the Receiver has identified at least \$515 million in revenue generated by the Trudeau Enterprises since 1999. From that revenue, the Trudeau Entities paid nearly \$30 million to and for Trudeau, including approximately \$24 million paid directly into Trudeau's bank accounts. Out of the \$24 million in direct transfers to Trudeau, over \$17 million remains unaccounted for. Additionally, the Receiver identified various offshore entities that generated revenue aggregating more than \$13.6 million, but which cannot be accounted for. Therefore, at least \$30.6 million remains unaccounted for.

The Receiver also discovered approximately \$990,000 of other offshore assets principally held by Babenko, Kenny, and Schoop. Trudeau has not returned any of these assets to the receivership estate.

In addition, prior to 2009, Natural Cures reported on its tax returns revenue totaling \$51.6 million. Because detailed accounting records that once existed are now conspicuously missing, the Receiver was unable to analyze and quantify how much of the \$51.6 million of reported revenue went to Trudeau or was paid for his benefit.

Only Trudeau has the knowledge to enlighten the Receiver and the Court about these vast sums of money that remain in question.

Appendices

As previously discussed, many other entities in the Trudeau Enterprise did not generate significant revenue from outside sales, but instead were used as conduits to re-route and commingle funds, and to shield the assets of Trudeau. The Receiver's review and analysis of the accounting books and records for each of these entities is discussed below.

Alliance Real Estate Holdings LLC

Exhibit 21 contains the financial statements generated from the QuickBooks accounting file of Alliance Real Estate Holdings LLC (Alliance Real Estate).

Based on the review and analysis of the accounting books and records, Alliance Real Estate was an entity used to hold two condominium properties (Condominium #6105 and Condominium #6301) for Trudeau:

- Condominium #6105: The initial book value was approximately \$2.1 million. Acquisition was funded by Alliance Publishing in 2005. The property was sold at the end of 2006 at a loss of about \$106,000.
- Condominium #6301: The initial book value was approximately \$787,000. Acquisition was funded by Alliance Publishing in February 2006. The property was sold in February 2007 at a loss of about \$197,000.

The accounting books and records show no income was recorded and generated by this entity, but only expenses were incurred by it. A total of \$409,922 in expenses was recorded, primarily mortgage, maintenance, taxes and other property-related expenses. A total of \$304,007 of losses from the sale of properties was also recorded. These expenses and losses resulted in a net loss of approximately \$713,000 from its inception through December 22, 2008. The recorded transactions took place between October 6, 2005 and December 22, 2008. Alliance Real Estate was primarily funded by Alliance Publishing, with net receipts from Alliance Publishing totaling approximately \$960,000.

In addition, the books and records show a total of \$44,247 was paid from Alliance Real Estate to Trudeau from April 6, 2006 to February 22, 2007.

International Pool Tour Inc.

Under Exhibit 22 are the financial statements generated from the QuickBooks accounting file of International Pool Tour Inc. (International Pool Tour) from its inception to May 11, 2013. The operating results are also summarized below.

	Inception ~ 12/31/08	1/1/09~ 5/11/13	TOTAL
Income			
Sponsorships	7,901,200	-	7,901,200
Commissions	2,737	1,714,129	1,716,866
Event Sales	1,105,389	-	1,105,389
Web Sales	424,308	35,738	460,046
TV Revenue	190,236	-	190,236
Other and Miscellaneous Income	19,011	5,853	24,864
Total Income	9,642,881	1,755,720	11,398,601
Cost of Goods Sold	63,050	-	63,050
Gross Profit	9,579,831	1,755,720	11,335,551
Expense			
Event Expenses	9,758,746	143,006	9,901,752
Payroll Expenses	4,562,814	10,960	4,573,774
Production Expenses	4,386,507	24,170	4,410,677
Professional Services	1,516,315	119,367	1,635,682
Advertising/Promotion	1,033,174	85	1,033,259
Travel and Entertainment	748,864	7,640	756,504
Insurance	573,191	32,277	605,468
Interest Expense	496,330	10	496,340
Other and Miscellaneous Expense	825,879	415,752	1,241,631
Total Expense	23,901,820	753,267	24,655,087
Net Income	(14,321,989)	1,002,453	(13,319,536)

The recorded transactions on the books, except for one receipt of \$142 recorded on October 3, 2003, are dated from June 30, 2005 to May 11, 2013. The accounting books and records show the largest income was sponsorship, totaling \$7.9 million from July 2005 to December 2008, of which more than 93% were inter-company transactions from affiliates, including \$1.78 million from Alliance Publishing, \$4.55 million from Natural Cures, \$1 million from Trustar Productions, and \$75,000 from TruCom.

International Pool Tour also generated \$1.7 million in commissions, nearly all of which was actual income received from outside parties. The income from event and web sales was approximately \$1.56 million, which, other than \$495,549 received from Trustar Productions, was mostly receipts generated from credit card payments for the tournaments.

As shown above, International Pool Tour's total income was \$11.4 million and its total expenses were almost \$24.7 million, resulting in a net loss of \$13.3 million from its inception through May 11, 2013. Income was all used for event expenses of \$9.9 million, payroll-related expenses of approximately \$4.57 million and production expenses of \$4.4 million.

The payroll-related expenses of approximately \$4.57 million included approximately \$865,000 for Trudeau from December 2005 to December 2008. In addition, the production expenses of \$4.4 million included approximately \$2.3 million of inter-company transactions with Trustar Productions.

The books and records show International Pool Tour received a total of \$632,282 from Trudeau, net of the payments paid to Trudeau.

In addition, total assets on its books were approximately \$6.7 million and total liabilities were approximately \$19.3 million, resulting in a negative net worth of approximately \$12.6 million as of May 11, 2013. The operational deficits were funded by other Trudeau Entities. In addition to the money received from affiliated entities, there were significant amounts of inter-company liabilities recorded and carried on its books as summarized below.

International Pool Tour
Book Balance as of May 11, 2013

	Due From (Assets)	Due To (Liabilities)	Net Due To
Alliance Publishing	\$ 70,000	\$ 2,920,408	\$ 2,850,408
GIN Foundation		253,000	253,000
GIN USA		1,085,200	1,085,200
KT Corp		205,447	205,447
KT Radio Network		933,100	933,100
Natural Cures		3,043,735	3,043,735
Shop America		144,500	144,500
TruCom		2,873,006	2,873,006
Trudeau Management		114,343	114,343
TruStar Productions		2,621,540	2,621,540
VC Loan		2,197,200	2,197,200
Website Solutions	10,000	125,267	115,267
	<u>\$ 80,000</u>	<u>\$ 16,516,746</u>	<u>\$ 16,436,746</u>

The books and records of International Pool Tour also show that all the bank accounts were closed by March 2013, which the Receiver independently confirmed.

KT Capital Corporation

Based on a review and analysis of its accounting books and records, KT Capital Corporation (KT Capital) was an entity used primarily to hold a luxury vehicle for Trudeau. Under Exhibit 23 are KT Capital's financial statements from September 30, 2006 through January 8, 2013 generated from its QuickBooks accounting file.

The books and records show that a Bentley was acquired in 2006 by KT Capital and later sold in 2007 to a car dealer. The vehicle was subsequently leased back from the same car dealer and the lease payments were paid at least from September 2007 to July 2010.

KT Capital's accounting books and records show very little income, totaling \$5,003, was generated by this entity and a total of \$371,212 in expenses, including \$163,650 in Bentley lease expenses, was incurred.

In addition, KT Capital paid net payments of \$65,356 to Trudeau from February 2008 to August 2008.

According to its books and records, all the bank accounts were closed or had zero balances in or prior to January 2013, which was confirmed by the Receiver. Since KT Capital generated very little income, this entity's primary funding source for operations was KT Corporation Limited and other Trudeau Entities. The net worth of KT Capital on its books was a negative balance of \$481,365 as of January 8, 2013, primarily attributed to net inter-company payables owed to KT Corporation Limited and other Trudeau Entities.

KT Corporation Limited

KT Corporation Limited (KT Corp) was an offshore entity incorporated in the Isle of Man on June 2, 1994 and wholly owned by KMT Fiduciary Trust. Trudeau was the president of KT Corp. KMT Fiduciary Trust was the Trudeau's family offshore trust set up by Trudeau in the Republic of Mauritius in 1994.

Exhibit 24 contains KT Corp's financial statements from December 1, 1999 to May 1, 2013 generated from its QuickBooks accounting file.

KT Corp was an entity created primarily for holding the real estate properties at 601 Del Oro Drive (601 Del Oro), and 9340 and 9342 Santa Paula Road (collectively referred as 9340 & 9342 Santa Paula), which are all located in Ojai, California. According to the chain of title reports for these properties, 9340 & 9342 Santa Paula were first acquired by Trudeau and then transferred from Trudeau to KT Corp. The Receiver was not able to locate the original acquisition documents for any of these properties; however, according to the refinance documents Trudeau submitted to an escrow company in February 2007, the market values and related mortgages and liens against 601 Del Oro and 9340 & 9342 Santa Paula were as follows:

	Type of Property	Present Market Value	Amount of Mortgages and Liens
601 Del Oro	SFR	\$ 1,450,000	\$ 707,162
9340 Santa Paula	SFR	2,125,000	606,354
9342 Santa Paula	SFR	1,900,000	606,364
Totals		<u>\$ 5,475,000</u>	<u>\$ 1,919,880</u>

(Source: Escrow documents from Escrow of the West dated February 27, 2007)

KT Corp's accounting books and records show that 9340 & 9342 Santa Paula were sold in June 2007, which was confirmed and verified by the chain of title reports obtained by the Receiver. The only remaining property at the inception of the receivership held by KT Corp was 601 Del Oro. It had a book value of \$840,000.

The Receiver took control of 601 Del Oro, a vacant single family residence. It only had a small amount of equity because of the deed of trust against it, and the decline in property values since 2007. The Receiver sold this property in April 2014 and obtained net proceeds of approximately \$90,000.

KT Corp incurred losses of approximately \$2.97 million, which included tax payments of \$1.26 million.

A summary of KT Corp's operating results from December 1, 1999 to May 1, 2013 is also set forth below.

	<u>Inception~ 12/31/08</u>	<u>1/1/09~ 5/1/13</u>	<u>TOTAL</u>
Operating Income			
Uncategorized Income	129,612	323,642	453,254
Dividend			
Shop America Marketing Group	268,500	-	268,500
TruStar Global Media	80,000	-	80,000
Dividend - Other	42,670	-	42,670
Total Dividend	391,170	-	391,170
Marketing Services	297,000	-	297,000
Rental Income	261,500	-	261,500
Consulting Revenue	150,000	-	150,000
Product Sales	132,115	-	132,115
Income - Other	160,002	-	160,002
Total Operating Income	<u>1,521,399</u>	<u>323,642</u>	<u>1,845,041</u>
Operating Expense			
Professional Fees			
Legal Fees	609,578	154,869	764,447
Professional Fees - Other	47,248	1,972	49,220
Total Professional Fees	656,826	156,841	813,667
Consulting	718,000	-	718,000
Interest Expense			
Mortgage	521,430	-	521,430
Interest Expense - Other	12,839	28,342	41,181
Total Interest Expense	534,269	28,342	562,611
Property Maintenance	517,470	42,547	560,017
Utilities	267,298	143,426	410,724
Mortgage	192,958	202,314	395,272
Taxes	345,823	(28,501)	317,322
Rent	69,115	106,619	175,734
Gambling	151,000	-	151,000
Expense Reimbursement	122,150	6,724	128,874
Maintenance	24,112	69,816	93,928
Travel	84,378	2,901	87,279
Miscellaneous and Other Expense	22,552	101,750	124,302
Total Operating Expense	<u>3,705,951</u>	<u>832,779</u>	<u>4,538,730</u>
Other Income			
Gain on Asset Disposal	790,047	-	790,047
Other Income - Other	35,509	47	35,556
Total Other Income	<u>825,556</u>	<u>47</u>	<u>825,603</u>
Other Expense			
Income Taxes	1,262,496	-	1,262,496
Asset Disposal	179,344	-	179,344
Other Expense - Other	(336,404)	-	(336,404)
Total Other Expense	<u>1,105,436</u>	<u>-</u>	<u>1,105,435</u>
Net Other Income	<u>(279,880)</u>	<u>47</u>	<u>(279,833)</u>
Net Income	<u>(2,464,432)</u>	<u>(509,090)</u>	<u>(2,973,521)</u>

KT Corp reported total income of \$1.85 million, primarily comprised of receipts of \$391,170 from other Trudeau Entities, \$297,000 in marketing service income from Alliance Publishing, rental income of \$261,500 (of which \$155,000 was from Trudeau), and \$150,000 in consulting revenue from Direct Response. Under “Uncategorized Income,” the accounting record details show that KT Corp received \$323,642 of Trudeau’s personal tax refunds in 2010.

KT Corp’s total operating expenses were approximately \$4.53 million, and the other income, net of other expenses, was approximately \$1.1 million. The largest operating expenses were professional fees and consulting fees totaling \$1.5 million, which primarily consisted of \$764,447 in legal fees and \$698,000 to Trudeau in consulting fees.

The books and records also show that \$151,000 was paid for Trudeau in 2003 and recorded as gambling expense. In addition, a total of \$414,813 was paid for Trudeau’s legal fees from February 2012 to January 2013 and recorded under “Due from Trudeau (Legal)” on the books. All of these payments were paid for Trudeau’s benefit.

KT Corp operated at a net loss of approximately \$2.97 million. The operational deficits were primarily funded from other Trudeau Entities and Trudeau, because KT Corp did not generate sufficient income to support its expenses. The receipts from Trudeau were funds that originated from the Trudeau Entities. Based on KT Corp’s books and records, significant receipts from and payments to Trudeau and Trudeau Entities are set forth below.

Name	Time Period	Receipts	Payments	Net Receipts/ (Payments)
Kevin Trudeau	1/7/2003~10/3/2008	2,333,665		707,923
	8/26/2003~4/16/2010		(1,625,742)	
US Entities				
Shop America	7/26/2003~2/6/2009	420,465		(130,535)
	6/28/2006~9/18/2007		(551,000)	
Direct Response	3/12/2004~11/27/2009	198,512		131,862
	8/22/2007~10/2/2009		(66,650)	
Alliance Publishing	3/24/2006~7/17/2010	520,000		15,000
	9/18/2007 & 7/19/2010		(505,000)	
Natural Cures	8/15/2005~6/2/2006	300,000		200,000
	04/16/2010		(100,000)	
International Pool Tour	7/18/2006~5/5/2010	405,700		(229,300)
	7/12/2006~9/18/2007		(635,000)	
TruCom	9/15/2003~12/29/2010	1,336,200		725,200
	11/12/2003~2/15/2008		(611,000)	
KT Capital	11/28/2007 & 12/17/2010	1,365		(165,285)
	4/11/2007~10/22/2010		(166,650)	
Subtotal				546,942
Foreign Entities				
Trustar Global Media	8/13/2003~2/20/2004	255,000		255,000
Shop America Marketing	10/4/2003 & 8/22/2003	225,000		225,000
Shop America PLC	10/3/2003~10/28/2003	640,000		640,000
Subtotal				1,120,000
Total				2,374,865

The remaining cash and bank balance on KT Corp's books was under \$3,000, which was fairly consistent with the bank account balance of \$2,617 turned over to the Receiver.

KT Radio Network Inc.

KT Radio Network Inc. (KT Radio) was formed in Delaware on June 22, 2009. KT Radio was 100% owned by APC Trading Limited, a Belizean international business company. APC Trading Limited, in turn, was 100% owned by Babenko. Babenko was also listed as the sole director, president and treasurer of KT Radio and Sant was listed as its secretary.

Under Exhibit 25 are the financial statements by year for KT Radio from its inception to September 6, 2013. No significant tangible assets existed on the balance sheet as of September 6, 2013 other than inventory of approximately \$242,000, including the materials and CD sets for Mega Memory, Your Wish Is Your Command (YWIYC) and Success Secrets products.

The Receiver also observed substantial amounts “due from” and “due to” Trudeau Entities on the books. There were approximately \$14.7 million “due from” the Trudeau Entities under assets and \$19.1 million “due to” the Trudeau Entities under liabilities as of September 6, 2013. A net of \$4.4 million was still owed to Trudeau Entities as of September 6, 2013.

The total balance of cash and bank accounts carried on the books was \$6,487 as of September 6, 2013. In fact, bank balances of \$9,133 were confirmed by the bank and turned over to the Receiver.

The operating results are also summarized as set forth below.

	2009	2010	2011	2012	1/1/2013~ 9/6/2013	TOTAL
Operating Income						
Commission Income	155,474	566,440	649,050	211,771	38,786	1,621,521
Distributorship Sales	-	-	-	1,199,960	(35)	1,199,925
Advertising Sales	20,737	55,834	137,902	16,976	-	231,449
Infomercial CD Sales	-	-	-	144,267	-	144,267
YWIYC Sales	-	-	-	110,865	26,444	137,309
Miscellaneous	899	1,500	-	-	-	2,399
Total Operating Income	177,110	623,774	786,952	1,683,839	65,195	3,336,870
Cost of Goods Sold	-	-	-	20,790	-	20,790
Expense						
Airtime	61,745	354,971	978,863	692,354	-	2,087,933
Payroll Expenses	258,376	512,620	780,078	469,378	174	2,020,626
Rent	24,245	175,387	194,549	183,801	82,113	660,095
Professional Fees	18,222	38,147	123,381	94,803	420	274,973
Insurance	1,294	74,543	74,994	72,758	(849)	222,740
Allocable Expenses	-	-	216,794	-	-	216,794
Printing and Reproduction	4,274	28,202	16,741	105,722	-	154,939
Utilities	3,056	24,029	50,132	24,498	8,351	110,066
Others	95,169	296,018	404,150	340,018	39,428	1,174,783
Total Expense	466,381	1,503,917	2,839,682	1,983,332	129,637	6,922,949
Net Ordinary Income	(289,271)	(880,143)	(2,052,730)	(320,283)	(64,442)	(3,606,869)
Net Other Income/(Expense)	0	1	39	(4,327)	849	(3,437)
Net Income	<u>(289,271)</u>	<u>(880,142)</u>	<u>(2,052,691)</u>	<u>(324,610)</u>	<u>(63,593)</u>	<u>(3,610,306)</u>

Total income generated was approximately \$3.33 million from 2009 through September 6, 2013, including \$1.62 million in commission income and \$1.20 million in distributorship sales. Out of \$1.62 million in commission income, approximately \$844,000 was from GIN USA and GIN Foundation. However, all the income was used to pay operational overhead.

The most significant operating expenses were \$2.09 million in airtime and \$2.02 million in payroll and related expenses. A net loss of \$3.6 million demonstrates that KT Radio did not generate sufficient income to cover its own expenses, but was funded by other Trudeau Entities, predominantly from the GIN Entities' MLM program. This explains the high amounts due to affiliates carried on the books as summarized below.

	As of September 6, 2013		
	Due From (Assets)	Due To (Liabilities)	Net Amount
GIN Foundation	\$ 531,603	\$ (13,912,027)	\$ (13,380,424)
GIN USA	307,954	(4,882,240)	(4,574,286)
Website Solutions	7,959,289	(347,416)	7,611,873
Natural Cures	4,902,426	(780)	4,901,646
International Pool Tour	933,100	-	933,100
Trucom, LLC	12,000	-	12,000
KT Corp	6,800	-	6,800
TruStar Productions	2,000	-	2,000
Alliance Publishing	713	-	713
Trudeau Approved Products	150	-	150
Kevin Trudeau	20,151	(400,000)	(379,849)
Nataliya Babenko	978,347	-	978,347
Total	<u>\$ 15,654,533</u>	<u>\$ (19,542,463)</u>	<u>\$ (3,887,930)</u>

These balances were carried since 2012 and appeared to be stale and inaccurate. The only remaining asset was the bank balance discussed above.

Natural Cures Health Institute

Natural Cures Health Institute was a non-profit corporation, which was formed in Illinois on July 28, 2005. Trudeau was one of three directors for the company. Sant was listed as the president.

Under Exhibit 26 are Natural Cures Health Institute's financial statements from October 11, 2005 to August 21, 2013 generated from its QuickBooks accounting file. The operating results from October 11, 2005 to August 21, 2013 are summarized below.

	October 11, 2005~ August 21, 2013
Operating Income	
Contributions	740,996
Commission	25,513
Income - Other	6,203
Total Operating Income	<u>772,712</u>
Cost of Goods Sold	46,503
Operating Expense	
Professional Fees	
Legal Fees	566,368
Consulting	99,664
Professional Fees - Other	40,860
Total Professional Fees	<u>706,892</u>
Meals and Entertainment	77,861
Production	41,352
Meeting Expense	41,011
Allocable Expenses	23,836
Credit Card Discounts	17,222
Travel	15,277
Postage and Delivery	12,245
Printing and Production	12,063
Expense - Other	25,046
Total Operating Expense	<u>972,805</u>
Net Other Income/Expense	<u>5,000</u>
Net Income	<u><u>(241,596)</u></u>

This entity was primarily set up to receive contributions and donations in support of Trudeau's legal defense. From its inception through August 21, 2013, the total contributions received were approximately \$741,000, of which \$706,892 was paid for professional fees, including \$566,368 and \$40,000 for legal-related fees, and \$99,664 for consulting fees.

The income received was insufficient to cover expenses. Total income, including net non-operating income of \$5,000 under "Net Other Income/Expense," was approximately \$778,000 and total costs and expenses were approximately \$1.02 million, resulting in a net loss of \$241,596.

Other than “due to” and “due from” accounts, the only significant asset carried on the books was cash and bank account balances, which totaled \$50,483 as of August 21, 2013. The remaining cash and bank balance on the books was consistent with the bank account balance of \$50,304 turned over to the Receiver.

Natural Cures Real Estate Holdings LLC and Natural Cures Holdings Inc.

Natural Cures Real Estate Holdings LLC was formed in August 2005 and dissolved in 2007. The accounting records contain transactions from October 2005 to April 2007. No significant transactions were recorded. There was no income and the total expenses from October 2005 to April 2007 were only \$3,314. No assets remained on the books as of April 4, 2007. Under Exhibit 27 are the financial statements generated from the QuickBooks accounting file of Natural Cures Real Estate Holdings LLC.

Natural Cures Holdings Inc. was incorporated on June 7, 2004 in Delaware, of which 97.7% was owned by TruCom and 2.3% was owned by ITV Global Inc. The Receiver did not find any QuickBooks file for Natural Cures Holdings Inc. The only bank account held by Natural Cures Holdings Inc. known to the Receiver was at First Merit Bank, which was recorded on Natural Cures’ books, with transactions recorded from August 12, 2011 to November 2, 2011. The Receiver independently confirmed that this account was closed on November 1, 2011.

Pool Licensing LLC

Pool Licensing LLC (Pool Licensing) was incorporated in Nevada on July 22, 2005, and 100% owned by Trudeau. Trudeau was also listed as its managing partner.

Pool Licensing’s QuickBooks accounting file only contains five transactions from October 31, 2005 to April 30, 2006 totaling \$43,825, which were recorded as legal fees and payables. There was no income or assets recorded on the books. Under Exhibit 28 are Pool Licensing’s financial statements generated from its QuickBooks accounting file.

During the course of the receivership, the Receiver did not locate any bank account under the name of Pool Licensing.

Self TV, Inc.

According to public records, Self TV, Inc. (Self TV) was incorporated in Delaware on May 12, 2003.

The only bank statements for Self TV that the Receiver found were for an account held at Citibank. The Receiver found monthly bank statements for November and December 2003, January through November 2004, and May through August 2005.

However, according to its QuickBooks accounting records, only transactions for bank charges were recorded from November 2003 to July 2005. No income or other expenses/fees were recorded on the books. The only bank account carried on the books after July 2005 was this Citibank account. No assets remained on the books as of September 2013. Under Exhibit 29 are Self TV's financial statements generated from its accounting file.

Telephone Advisory Service LLC

According to public records, Telephone Advisory Service LLC (Telephone Advisory) is one of the Trudeau Entities, which was formed in late 2001. Trudeau was listed as manager. This entity was dissolved in 2007.

The books and records contain transactions recorded from December 2001 through June 2006. There was only one bank account carried on the books, which was at Citibank, with transactions recorded from December 4, 2001 to June 7, 2006. The account had a zero balance since June 7, 2006.

The bank statements of Telephone Advisory located by the Receiver were incomplete. The Receiver reviewed and traced all the recorded bank activity transactions from the accounting records to the available bank statements. All the recorded transactions agreed and reconciled to the bank statements.

Under Exhibit 30 are the balance sheets and income statements by year of Telephone Advisory generated from its QuickBooks accounting file. According to its books and records, there were no assets carried on the books other than the checking account, which had a zero balance since June 7, 2006. The operating results from December 4, 2001 to June 2006 are also summarized below.

Operating Income	
Sales	944,556
Total Operating Income	944,556
Operating Expense	
Returns	264,125
Professional Fees	
Consulting	284,021
Professional Fees - Other	41,827
Legal Fees	200
Total Professional Fees	326,048
Fulfillment Service	160,353
Commissions	118,932
Teleservices	79,006
Merchant Service Fee	43,499
Others	18,934
Total Operating Expense	1,010,897
Other Income/Expense	
Prior Year Adjustments	65,341
Net Other Income	65,341
Net Income	(1,000)

Most of the recorded transactions were in 2002. All of the sales income was generated and received in 2002. There were sales returns totaling \$264,125. The sales income, net of returns, was about \$680,000.

All sales income received was used to pay expenses. The most significant expense paid was professional fees, primarily \$284,021 paid to Trudeau as consulting fees. In addition, Telephone Advisory transferred and paid a substantial amount of funds to other Trudeau Entities. In 2002, Telephone Advisory paid approximately \$202,000 to Shop America Marketing Group, comprised of \$160,353 for fulfillment services and \$41,827 in professional fees. Telephone Advisory also paid \$118,932 to Shop America in 2002 for commissions.

The other income of \$65,341 came from funds received from a credit card reserve account in March and April 2005, all of which was paid to Trudeau at the end of 2005.

TruCom

TruCom was incorporated in Nevada on November 20, 1998 and was wholly owned by KT Corp. Trudeau was listed as the manager of this entity.

Under Exhibit 31 are TruCom's financial statements by year from February 24, 1999 to March 4, 2013 generated from its QuickBooks accounting file. The operating results are also summarized below.

	February 24, 1999 ~March 4, 2013
Operating Income	
Proceeds from sale of Golf TV	439,778
Membership Revenues - ITV	292,514
Installment Sale Income	107,835
Rental Revenue	75,000
Royalty Income	24,916
Total Operating Income	940,043
Expense	
Professional Fees	878,365
Taxes	214,146
Automobile Expense	165,813
Sponsorship	75,000
Travel and Entertainment	49,789
Bank Service Charges	16,721
Building	10,000
Expense - Other and Miscellaneous	231,314
Total Operating Expense	1,641,148
Other Income/(Expense)	
Sale of Stock - ITV	41,688,000
Interest Income	22,970
Other Income, including Investment Income	(219,511)
Adjusting Entries to Clear	1,037,221
Net Other Income	42,528,680
Net Income	41,827,575

A total of \$120 million of notes receivable from the ITV Global Sale was recorded under TruCom's books. This transaction also resulted in a substantial gain recognized by various Trudeau Entities in 2006, including \$49.4 million by Shop America, \$41.7 million by TruCom, and \$28.9 million by Direct Response. However, the actual cash receipts from this sale were only \$2.64 million between July 11, 2006 and July 11, 2008, which were collected and recorded under the books of TruCom. In 2008, TruCom reversed the remaining \$117,360,000 (97% of the entire purchase price) from notes receivable because the notes receivable were uncollectable.

Except for the ITV Global Sale discussed above, TruCom received \$439,778 from the sale of Golf TV in May 2006 and \$292,514 of membership revenue from ITV Global in January 2009. Rental revenue of \$75,000 was received from its affiliated entity, Shop America, from July 2003 to September 2004.

TruCom generated total income of approximately \$940,000. TruCom did not generate sufficient operating income to cover its own operational overhead. The net income of \$41.8 million resulted from \$41.7 million of income recognized from the ITV Global Sale, of which 97% was overstated and should have been written off in 2008 because it was uncollectable.

In addition, an adjustment of \$1,037,221 was recorded under other income, which included a \$937,221 account balance at AG Edwards recorded as of December 31, 2003, and a \$100,000 balance recorded as of December 31, 2004 because Trudeau purchased a vehicle from TruCom. This vehicle was purchased by TruCom in April 2003 for \$161,566 and recorded as an automobile expense. The vehicle was sold to Trudeau in 2004 for \$100,000.

According to documents received from Wells Fargo Advisors LLC, formerly AG Edwards, TruCom's account was opened in May 2003. TruCom's account was initially funded from Trudeau's account at AG Edwards. Trudeau's account at AG Edwards was opened in July 2002, and the account value was \$767,830 at May 30, 2003 and zero at June 27, 2003. The entire amount was transferred from Trudeau's account to TruCom's account on June 4, 2003.

TruCom's account value at AG Edwards as of December 31, 2003 was \$923,577, which was slightly lower than the balance of \$937,221 recorded on the books. Subsequently, TruCom received two wires from AG Edwards, including \$25,000 on March 1, 2004 and \$911,678 on March 25, 2004. The account was closed in October 2009 with a final check for \$543 paid to TruCom on October 27, 2009.

All of the proceeds from the March 2004 wires from AG Edwards totaling \$936,678 were later used to acquire a property at 574 Los Alamos Drive, Ojai, California in June 2004. The total purchase price was approximately \$1.38 million. This property was sold by TruCom in May 2005 for approximately \$1.49 million, which resulted in a gain on sale of approximately \$97,000, recorded on the books under investment income.

According to TruCom's books and records, TruCom received net receipts of \$697,936 from Trudeau from February 2002 to September 2009. In addition, a total of \$650,346 was paid for Trudeau's legal fees in 2012 and recorded as "Due from Trudeau (Legal)" on the books. The books and records also show there were no other substantial assets as of March 4, 2013. The remaining bank account balance was \$804 as of March 4, 2013, which is consistent with the confirmed balance by the banks and turned over to the Receiver.

Trudeau Management Inc.

Trudeau Management Inc. (Trudeau Management) was incorporated in Illinois on October 31, 2005, and 100% owned by Trudeau, who was also listed as the president.

Trudeau Management's QuickBooks accounting file contains recorded transactions from October 31, 2005 to December 31, 2008, which include activities in only two bank accounts, an operating account at Citibank (from February 8, 2006 to June 7, 2006) and an operating account at National City Bank (from May 24, 2006 to November 2, 2007). Both accounts were closed. The Receiver was unable to locate the bank statements for the National City Bank account. The only bank statements that the Receiver was able to retrieve were Citibank statements from February 1, 2006 to June 7, 2006. The Citibank account was closed on June 7, 2006. The Receiver reviewed the bank statements, which reconciled with the transactions recorded on the books.

Exhibit 32 contains the financial statements by year from October 31, 2005 to December 31, 2008 generated from Trudeau Management's QuickBooks accounting file. The operating results are also summarized below.

	October 31, 2005~ December 31, 2008
Income	
Management Fees	190,983
Total Income	190,983
Expense	
Professional Fees - Legal	73,205
Supplies	3,151
Expense - Other	3,588
Total Expense	79,944
Net Income	111,040

According to the books and records, the total income of \$190,983 was for management fees. Of this amount, \$175,000 was received in 2006 from Alliance Publishing and approximately \$15,000 was received in 2006 from other affiliates, including Natural Cures, International Pool Tour, and Direct Response. Out of the total income generated, \$73,205 was used for legal fees, and payments of \$70,000 and \$55,679 were made to International Pool Tour, recorded in the asset accounts as “Due From” and “Account Receivables,” respectively. No other significant assets remained on the books.

Trustar Marketing Corporation

Trustar Marketing Corporation (Trustar Marketing) was incorporated in Delaware on May 12, 2003. Trustar Marketing was 97.7% owned by TruCom, and 2.3% owned by ITV Global. Trudeau was listed as the president of Trustar Marketing. Trustar Marketing’s QuickBooks accounting records contain the transactions recorded from August 25, 2003 to March 10, 2012.

Under Exhibit 33 are Trustar Marketing’s financial statements by year generated from its QuickBooks accounting file. The operating results are also summarized below.

	August 25, 2003~ March 10, 2012
Operating Income	
Sales	1,649,158
Chargebacks and Refunds	(10,291)
Credit Card Trans Fees	(9,656)
Total Sales	1,629,211
Commission	382,634
Lists Rental and Marketing Services	103,884
Total Operating Income	2,115,729
Cost of Goods Sold	
Cost of Goods Sold	618,706
Fulfillment	266,097
Total Cost of Goods Sold	884,803
Operating Expense	
General and Administrative	
Payroll Expenses	571,904
Professional Fees	117,185
Old Debt	65,137
Bank Service Charges	17,582
Taxes	15,009
Other	20,308
Total General and Administrative	807,125
Marketing	
Postage - Promo	248,268
Mail Services	139,163
Teleservices	24,131
Email Marketing	22,390
Others	19,546
Total Marketing	453,498
Other Expense	(8,171)
Total Operating Expense	1,252,452
Other Income/(Expense)	472
Net Income	(21,054)

Total income was approximately \$2.1 million, of which \$2.04 million or 96.5% was generated in 2004 and 2005. Net revenue from sales was approximately \$1.6 million. All of the income generated was used to pay its costs and expenses of operations, including approximately \$885,000 for cost of goods sold, \$572,000 for payroll expense, \$117,000 for professional fees, \$248,000 for postage, and \$163,000 for mail and teleservices.

On the balance sheet, the most significant asset noted was a Mercedes-Benz, which was carried on the books at \$184,911. The books and records show this vehicle was acquired in July 2005 but was sold during 2006. This vehicle was written off on the books in 2008.

In addition, several bank accounts at Citibank and City National Bank were listed on Trustar Marketing's books and records with zero balances since December 2010. According to the bank statements and information available to the Receiver, the accounts at Citibank were all closed in June 2006. While the Receiver did not have the complete bank statements for the accounts at City National Bank, the recorded transactions at City National Bank were traced and reconciled to the bank statements that were available to the Receiver.

Trustar Productions Inc.

Trustar Productions Inc. (Trustar Productions) was incorporated in Delaware on May 12, 2003 and 100% owned by KT Corp. Trudeau was listed as the president of Trustar Productions.

Under Exhibit 34 are the financial statements by year generated from Trustar Productions' QuickBooks accounting file. The recorded transactions were from August 21, 2003 to August 21, 2013. Although the Receiver did not have the complete bank statements for all the bank accounts, the transactions recorded on the books are reconciled to the bank statements based on a review and analysis of bank statements that are available to the Receiver. Below is a summary of the operating results from August 21, 2003 to August 21, 2013.

	August 21, 2003~ <u>August 21, 2013</u>
Operating Income	
Commissions	4,208,512
Production Revenue	4,071,513
Sponsor Fees	1,000,000
Appearance Fees	282,000
Talent Fees	150,000
Royalty Income	132,287
Other	54,508
Total Operating Income	<u>9,898,820</u>
Operating Expense	
Production Expense	2,051,884
Event Expenses	890,471
Travel and Entertainment	750,864
Professional Fees	561,733
Advertising and Promotion	549,080
Royalty Expense	292,867
Tournament Expenses	233,175
Payroll Expenses	158,426
Other	596,578
Total Operating Expense	<u>6,085,079</u>
Net Other Income/(Expense)	<u>(169,642)</u>
Net Income	<u><u>3,644,099</u></u>

Total income generated was approximately \$9.9 million, including \$4.2 million of commission income, \$4.1 million of production revenue, and \$1 million for sponsor fees. The \$4.2 million in commissions was mostly received from an outside party.

The income from production revenue of \$4,071,513 included a total of \$3,996,513 received from International Pool Tour. Sponsor fee income of \$1,000,000 was received from Natural Cures.

Out of \$9.9 million in income received, \$6.1 million was used to pay operating expenses as shown above, including approximately \$2.05 million for production expenses, \$890,000 for event expenses, \$751,000 for travel and entertainment, \$562,000 for professional fees, and \$549,000 for advertising and promotion. The net income was approximately \$3.6 million and was primarily paid to other Trudeau Entities.

However, on the balance sheet, there was approximately \$3.4 million due from affiliated entities, net of funds due to affiliated entities. In other words, \$3.4 million was still owed by the Trudeau Entities and Trudeau, but had not been collected by Trustar Productions.

Trustar Production's accounting records also show a total of \$2,933,598 was paid to Trudeau from December 30, 2005 to December 5, 2008, including \$2.35 million recorded as "due from," \$250,000 recorded as promotion, \$175,000 recorded as royalty expense, and approximately \$149,000 recorded as travel and entertainment expenses.

Other than amounts "due to" and "due from" Trudeau Entities, there were \$115,000 worth of investments carried on the books. This included a \$100,000 investment to Triumph Digital Media Advertising made in October 2010, and a \$15,000 investment in a motion picture entitled "Hellbenders" on January 7, 2011.

The Receiver investigated and learned that the Trudeau Entities invested at least \$250,000 in Triumph Digital Media Advertising, including one wire transfer of \$150,000 sent by Website Solutions on May 10, 2010 and another \$100,000 sent by Trustar Productions on October 20, 2010. This \$250,000 investment in Triumph Digital Media Advertising was for the purchase of 2,600,000 shares of Cascade Technologies Corp. This company was incorporated in 2004 in Wyoming and has not been operated profitably. The current stock quote is \$0.01 per share (Cascade Technologies Corp (CSDT) – Other OTC). Therefore, the current value of this investment is de minimis.

The Receiver also investigated and confirmed that the payment of \$15,000 pertained to a subscription agreement with respect to the motion picture entitled "Hellbenders" dated January 7, 2011. Thus far, the Receiver received a payment of \$2,697 on March 12, 2014 and another payment of \$1,293 on June 12, 2014, which were dividends generated from the sale of the movie. The payments are made on a quarterly basis when the movie generates revenue that warrants distributions to investors and other parties. This movie was not financially successful and it is highly unlikely that Trustar Productions or other investors will end up recouping their original investment.

The remaining cash and bank account balance carried on the books was \$1,377 as of August 21, 2013. The Receiver independently confirmed this balance, and on August 30, 2013, \$1,377 was turned over to the Receiver.

The Whistle Blower Inc.

The Whistle Blower Inc. (Whistle Blower) was incorporated in Delaware on October 30, 2003. Whistle Blower was 97.7% owned by TruCom and 2.3% owned by ITV Global Inc. Trudeau was listed as the president of Whistle Blower.

The accounting file contains the transactions recorded from May 6, 2004 to September 6, 2011. Under Exhibit 35 are the financial statements by year generated from Whistle Blower's QuickBooks accounting file. Below is a summary of the operating results for the entire period.

	May 6, 2004~ September 6, 2011
Income	-
Expense	
Professional Fees	41,210
Bank Service Charges	1,311
Licenses and Permits	529
Taxes	529
Office Supplies	422
Other	82
Total Expense	44,083
Net Income	(44,083)

As shown, there was no income generated by Whistle Blower, and its operation was primarily funded by other Trudeau Entities. The total expenses were \$44,083, of which \$32,318 was paid for legal services. All the bank accounts carried on the books had a zero balance since December 2009. No significant assets were carried on the books.