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UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

FEDERAL TRADE COMMISSION,

Civ. No. 07-0533 BR

Plaintiff,

v.

STATUS REPORT

**MERCHANT PROCESSING, INC.; et
al.,**

Defendants.

The Federal Trade Commission, pursuant to the Court's request of June 24, 2011, hereby files this Report regarding the current status of this matter. On June 23, 2011, the Receiver in this matter filed a Motion and Proposed Order to Allow Certain Claims. The Court signed the Order on June 24, 2011. On June 29, 2011, the Receiver transferred \$953,104.86 to the FTC's redress contractor along with a claimant list. The FTC is now processing those refunds.

As the Receiver previously reported, it was determined that 1,929 merchants were inadvertently omitted from the first claims process. Those claim forms were mailed on April 4, 2011, with a due date of June 6, 2011. The Receiver reports that 23 claims were received from these merchants. In the coming weeks, the Receiver and the FTC will be working to establish approved claim amounts. The Receiver anticipates completion of the review and the filing of an additional motion and order to allow certain claims by September 30, 2011.

Also as previously reported, the Receiver negotiated an agreement with five of the seven companies that provided lease terminals to merchants whereby the Receiver agreed that the receivership estate would pay off the relevant MPI merchants' leases, minus penalties, interest, and collection fees, in exchange for which the companies agreed to cease all collection efforts against the merchants and correct all derogatory credit information reported against these merchants by the lease companies. On June 24, 2011, this Court approved the Receiver's motion to allow the Receiver to pay certain claims by these companies. The Receiver mailed the payments to the companies on June 29, 2011. The lease companies have now ceased all collection efforts and have signed a letter of acknowledgment affirming that all known relevant derogatory credit information has been corrected.

The receivership estate currently has over \$2.7 million in cash. After payment of the second round of claims and remaining professional fees, the Receiver anticipates a refund to the United State Treasury of more than \$2.4 million. Once all claims issues have been determined

and paid, the Receiver will work to file final tax returns and file a motion with this Court seeking destruction of certain documents, payment of all outstanding professional fees, turnover of all remaining funds to the FTC, termination of the receivership, and discharge of the Receiver.

Respectfully submitted:

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