



Richard B. Roper, the Court-appointed Receiver in this action, submits this Fourth Motion for Approval of Interim Fee Application and Brief in Support, seeking the Court's approval to pay invoices for interim fees and expenses, incurred between January 1, 2012 and September 30, 2012, in the amount of \$219,948.08, to the firms that have rendered professional services on behalf of the Receivership Estate, and in the amount of \$12,714.32 for the Receiver's own work ("Fee Application"). The tasks and challenges presented by this Receivership have been numerous and, in many instances, complex and time-consuming. The primary work of the Receiver's counsel, which comprises the bulk of the fees sought in this Application, has revolved around prosecuting ancillary litigation to "claw back" funds transferred to perpetuate the Ponzi scheme back into the Receivership Estate. In addition, the Receiver and his counsel have continued their significant efforts to communicate with investors and consider the hundreds of claims made by the defrauded victims in this matter.

Thompson & Knight LLP, the law firm representing the Receiver and providing primary, daily assistance in seizing and liquidating assets of the Estate, analyzing documents and evidence seized from the Defendants, analyzing the figures and details provided by the forensic accountants, applying knowledge from other evidence to make sense of the accounting itself, analyzing, preparing, and prosecuting "claw-back" and third-party litigation matters, and more, has again provided an aggregate twenty percent (20%) discount to all fees incurred in the course and scope of the firm's still ongoing and extensive work. Furthermore, Thompson & Knight has demonstrated billing judgment by writing off unproductive, possibly excessive and/or redundant work, as well as by waiving significant fees related to the review and analysis required in the ongoing investor claims process. Additionally, Thompson & Knight has not charged the Estate

for attorney time spent preparing any Fee Application, preparing underlying billing statements, or preparing any of the Receiver's Reports filed in this case.

Bingham Greenebaum Doll LLP ("BGD") served as the Receiver's local counsel in the Kentucky bankruptcy court. David Jones, one of the primary brokers working to sell Millennium CD products over the years Wise perpetuated his Ponzi scheme, filed for bankruptcy in Kentucky shortly after the Receiver instituted an ancillary suit against the brokers. BGD assisted the Receiver in the bankruptcy and opposed the discharge of the Receiver's claim. Due in part to the work of BGD, the Kentucky bankruptcy court has stayed its own jurisdiction, if any, over the Receiver's claims against Jones, lifted the automatic bankruptcy stay against Jones, and cleared the way for the Receiver to continue to pursue his claims against Jones in this Court.

The work of these legal professionals (the "Professionals") is described in detail in the attached invoices, as well as in the Report of the Receiver Dated November 29, 2012 and Request for Interim Distribution (the "Report"), which the Receiver submits in support of this application as Exhibit A. The information contained in the invoices and Report demonstrates the necessity for the Professionals' services and the reasonableness of their fees and expenses in this case.

## I. BACKGROUND

To aid the Court's consideration of this Motion, the Receiver includes the following background section that is substantially similar to the same section filed with the prior fee application and which provides the necessary context for the description of the work included in this Motion.

On March 26, 2009, the Securities and Exchange Commission (the "Commission") filed this lawsuit alleging that Defendants engaged in a fraudulent "Ponzi scheme" involving the purported sale of Certificates of Deposit with higher-than-legitimate interest rates, through which

Defendants obtained at least \$68 million from hundreds of investors. The Receiver now knows that, since 1996, the Defendants took in more than \$100 million of investor money. This Court found that it was both necessary and appropriate to appoint a receiver, who assumed exclusive jurisdiction over all assets and records of the Defendants and any entities they owned or controlled worldwide. Order Appointing Receiver, Doc. 10 at ¶¶ 1-2 and Amended Order Appointing Receiver, Doc. 46 at ¶¶ 1-2 (collectively, the “Orders Appointing Receiver” or the “Orders”). The Orders Appointing Receiver charged the Receiver with the responsibility of acquiring exclusive control and possession over the Receivership Estate including the tangible and intangible, real and personal property of the Defendants (and property of Relief Defendants traceable to the fraud), and performing all acts necessary to conserve, manage, and preserve the Receivership Estate. Orders Appointing Receiver at ¶ 5.

**A. SUMMARY OF DEFENDANTS’ FRAUD.**

The Defendant entities were comprised of Millennium Bank; United Trust of Switzerland S.A.; UT of S, LLC; Millennium Financial Group; Sterling Administration; Sterling Investment Services; and Millennium Aviation. These entities were aligned in a fairly simple infrastructure, and were controlled primarily by Defendant William J. Wise. Wise was the chief architect of the fraud, with the assistance of Defendants Kristi Hoegel and Jacqueline Hoegel. Essentially, Millennium Bank solicited funds from investors, primarily through internet advertising and targeted marketing to individual investors, for the purchase of self-styled “certificates of deposit” promising various guaranteed rates of return, most of which far exceeded the rate of return on a traditional bank certificate of deposit (“CD”). Defendants had two stateside offices, one in Napa, California, and another in Raleigh, North Carolina. The third primary Millennium location was the actual bank itself, located on the island of St. Vincent. All United States offices were closed

upon the filing of this lawsuit and the Receiver and his team seized all documents and materials located therein, including computers.

**B. HOW INVESTOR FUNDS WERE RECEIVED AND ROUTED.**

The following description of the Millennium scheme is largely repeated from the Receiver's First Fee Application, filed on December 4, 2009, but is included here for the sake of completeness. The Defendant entities had very little corporate structure. Investors would simply mail in checks for purchase of CDs to the Napa, California location, typically made payable to UT of S, LLC (though some investors did send checks and wires payable to Sterling and Millennium Bank). Investors often negotiated their purchases through telephone conferences with the Hoegel Defendants and/or other Defendant employees including Scott Christopher, David Jones, and Robert Kelty. Investors were most often instructed by these individuals to make checks payable to UT of S, LLC and mail them to Millennium Bank in St. Vincent and the Grenadines. Once received by Defendants on the island of St. Vincent, these investor checks would simply be re-routed to Defendants' Napa, California office. Once received in California, Defendants' staff would deposit the funds into a single UT of S, LLC bank account ending 9648 and maintained with Washington Mutual/JP Morgan Chase Bank. Any investor funds delivered by wire transfer were deposited into the same, single UT of S account. Sterling investments were deposited into a WaMu account.

**C. MILLENNIUM BANK WAS NOT A TRUE BANK AND INVESTOR MONEY WAS *NEVER* INVESTED.**

Neither Millennium Bank nor United Trust of Switzerland, S.A. were banks in the traditional sense, nor were they registered securities dealers. Millennium Bank was chartered in St. Vincent, where investors believed their funds were being used for investment purposes. However, *none* of the funds remitted to Millennium Bank, or other Defendant entities, for the

purchase of CDs were invested. Rather, a majority of investor funds were diverted to and misappropriated by the various Defendants. While Defendants were constantly diverting investor dollars to themselves, significant portions of these funds were used to carry on their fraudulent scheme in an attempt to create the appearance of a solvent, legitimate investment business. Specifically, funds received from new investors were utilized to pay redemptions and make interest payments to earlier investors under the terms of an investor's CD. As the Commission has alleged, Defendants sold CDs with guaranteed rates of return. Hence, earlier investors who chose to cash out their investments when the term of a CD concluded were paid the full amount of their investment, plus interest, with later investors' money. Likewise, investors who received interest payments from time to time during the term of one or more CDs were not receiving interest, as there were no underlying investments generating any return. Rather, they too were simply receiving other investors' money in an amount equal to the interest rate Defendants quoted when the investor purchased the altogether fake CD.

In the 2010 Fee Application, the Receiver noted that a significant amount of investor money, possibly the vast majority of it, was squandered on the Defendants' personal lifestyles and luxuries based on the information available at that time. This sort of spending included, for example, money paid for foreign escorts, multi-thousand-dollar meals, international travel, and \$12,000 weekly allowance payments to Mrs. Wise, which could not be recovered into the Estate. Accountants with LSS&M analyzed Defendants' banking and business records (and worked in conjunction with Receiver's counsel) to conclusively determine, among other things, (a) specific amounts of funds used to pay interest and redemptions to investors; and (b) specific amounts of funds diverted to Defendants and *how* those funds were used. The Receiver's counsel at Thompson & Knight then undertook the process of applying knowledge about the various

individuals involved to further ascertain exactly how money was spent and should be characterized. The Receiver's Report of November 22, 2010 details at length how money moved through the Defendants' bank accounts at the direction of William Wise. The accounting analysis confirmed what the Receiver suspected at the time of his last Report to this Court—that the Defendants paid some older investors back with interest over time in order to perpetuate the scheme, and then largely squandered the rest of the money on luxurious lifestyles and purchases. When the Receivership was instituted in March 2009, very little of the amount taken in over the previous years remained in the Defendants' accounts.

**D. CONSTITUTION OF THE RECEIVERSHIP ESTATE.**

Because the majority of the funds remitted to Defendants by various investors were simply misappropriated for the personal gain of Defendant William J. Wise and other individual and Relief Defendants, the Receivership Estate was originally comprised primarily of limited cash seized from Defendants' and Relief Defendants' bank accounts, real property holdings, and personal property assets purchased with proceeds of the fraud. Despite investigation by international asset search professionals, accounting analysis, and a thorough review of Defendants' records, the Receiver has not identified or located any significant, still-existing source of funds maintained by or on behalf of Defendants, with the exception of certain fraudulent transfers discussed in the 2010 and 2011 Receiver's Reports and later in this Fee Application.

Upon his appointment, the Receiver seized a total of \$482,237.45 from bank accounts maintained by Defendants and Relief Defendants, which accounts were identified by the Commission and business records and were placed under the Court's Asset Freeze Order. Likewise, the Estate received deposits of cash from the sale of William Wise's stateside wine

collection (\$197,280.07); the sale of William and Lynn Wise's home (\$810,780.93); auction of William and Lynn Wise's personal property (\$647,978.25); the liquidation of the Hoegel Defendants' real and personal property (\$43,569.32); cash seized from the Defendants' personal possession (\$15,000.00); proceeds received after an airplane originally purchased by Defendants was surrendered to a secured lien holder (\$100,000.00); proceeds from the sale of a limousine (\$3,000 to date); proceeds from an account maintained by Brijesh Chopra at Bank of China (\$11,015.14); funds traceable to the Defendants' fraud and repatriated in the United States by JPLs at KPMG (\$73,985.90); and proceeds from the sale of an Escalade in which Wise had very little equity (\$7,690.31). The cash on deposit in the Receivership Estate's interest-bearing money market account has only been spent to pay some necessary costs for administration of the Receivership and those amounts approved in this Court's orders granting the Receiver's First and Second Fee Applications.

The Receiver learned that more than \$5,000,000 had been paid out in fictitious interest to domestic investors who also received all of their principal back. The Receiver sent a demand letter to these "net winning" investors, explained that the "interest" they received was really just money belonging to newer investors, and asked that the net winning investors return the amounts they received beyond the principal they originally invested. As detailed in the April 9, 2012 Report, the Receiver initiated ancillary litigation against these net winning investors to claw back additional fictitious interest, and has either settled the claims or obtained judgments against the various net winners. This process has resulted in a return of over \$1,585,389.47 as of the date of this Fee Application, further increasing the current body of the Receivership Estate.

Additionally, the Receiver has compromised claims against certain other ancillary defendants,



expected to increase the Estate by several hundred thousand dollars more, and continues to pursue litigation against the non-settling, non-investor ancillary defendants.

**E. WORK PERFORMED FOR THE BENEFIT OF THE RECEIVERSHIP ESTATE**

The bulk of the work performed by the Receiver and his team prior to the work represented by this application was related to (1) locating and securing the assets of the Estate; (2) locating, collecting, organizing, and analyzing necessary information about assets and liabilities of the Estate so that the Receiver can take the appropriate steps to recover and monetize assets, and to properly address claims and liabilities; (3) communicating with investors, cataloging investor claims and investment information, and analyzing investor claim forms and correspondence; (4) obtaining banking records for Defendants and Relief Defendants, reviewing Defendants' corporate and financial records; (5) negotiating with lien-holders regarding their interests in Estate assets; (6) contacting foreign authorities and financial institutions in an effort to obtain information pertaining to Defendants' assets; (7) preparing an extensive and comprehensive analysis of the manner in which Defendants' funds were expended since the inception of the scheme; (8) performing those tasks necessary to advance both this enforcement action and other ongoing investigations into the activities of the Defendants; and (9) communicating with and considering the claims of numerous investors.

Most recently, the Receiver has engaged in ancillary litigation with multiple parties, including the net winning investors, to claw back amounts that were transferred to various parties to perpetuate the Ponzi scheme. Because the clawback claims were brought against more than 300 defendants, the prosecution of the ancillary litigation significantly added to the complexity of the Receiver's task and involved three separate lawsuits against various classes of defendants. On February 21, 2012 William Wise was indicted and on April 17, 2012, Mr. Wise turned

himself in. As part of his plea deal Wise agreed to cooperate with the Receiver, and the Receiver is hopeful that his arrest will provide the Receiver with additional information regarding missing funds and assets, where such assets or funds can be located, or confirmation of where funds were spent. A complete and detailed discussion of the Receiver's work to date is provided in the Receiver's Report filed on November 29, 2012 and Request for Interim Distribution and attached hereto as Exhibit A.

**F. ADDITIONAL WORK REMAINING TO INCREASE THE ASSETS AVAILABLE FOR DISTRIBUTION TO INVESTORS AND COMPLETE A CLAIMS PROCESS**

As he has publicly stated several times, the Receiver believes that the total value of the assets of the Estate is likely to be a mere fraction of the millions of dollars that would be needed to pay all anticipated claims against the Estate. Nevertheless, the amount of value yet to be recovered, as discussed above, is expected to significantly increase the amount now in the Estate's bank account. The Receiver is hopeful that future recoveries, particularly from the ancillary litigation, will exceed future costs of administering the Estate based on the negotiated settlements of the claims brought against the net winning investors and other ancillary defendants.

Taking all of this into consideration, and pursuant to the Orders Appointing Receiver, the Receiver respectfully requests that this Court approve this fourth interim Fee Application.

**II. REQUEST FOR APPROVAL OF FEES FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012**

The fee statements for the work performed by the Receiver and his team of professionals are being provided to the Court *in camera*, with certain work related to the preparation of the Receiver's Report and Fee Application as well as potentially inefficient time highlighted and deducted from the total amount requested herein. Most of the work apparent on those fee

statements is related to prosecution of the ancillary litigation. As noted above, the case against the net winners involved over 300 defendants, and the Receiver worked to obtain settlements and/or judgments as to each of those defendants. This work included extensive communications, negotiations, and correspondence with defendants, as well as briefing related to motions for summary judgment or default judgments, where those motions were necessary. Likewise, the Receiver prosecuted his litigation against Atlanta Northside Aviation, which received a significant fraudulent transfer, to success on a motion for summary judgment. Finally, the Receiver undertook a suit against the brokers who sold the fraudulent certificates of deposit. This litigation required the Receiver to work to lift a bankruptcy stay against one broker, to obtain specific discovery related to the commission structure provided to each broker, to work toward settlement with each defendant, and to interview outside witnesses who had knowledge of the broker's association with the Millennium Entities.

Additionally, the Receiver has continued in extensive communications with various investors involved in the Ponzi scheme as well as cooperated with various government authorities in the related criminal proceedings. That cooperation ultimately resulted in the indictment of both William Wise and Jackie Hoegel in San Francisco, California. William Wise has since been apprehended and is in custody as of the date of this application. The Receiver has worked to produce any and all evidence and testimony required to effectuate the goals of the U.S. Attorney's office handling this case, and to see that justice may be done on behalf of the defrauded investors involved.

The Orders Appointing Receiver direct and authorize the Receiver to retain and compensate professionals in connection with the administration of the Receivership Estate:

[T]he Receiver is specifically directed and authorized to perform the following acts and duties:

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Enter into such agreements in connection with the administration of the Receivership Estate, including, but not limited to, the employment of such managers, agents, custodians, consultants, investigators, attorneys, and accountants as Receiver judges necessary to perform the duties set forth in this Order and to compensate them from the Receivership Assets.

Orders Appointing Receiver ¶ 5(h). Accordingly, shortly after his appointment, the Receiver hired the Professionals discussed herein, who were needed to carry out his Court-ordered duties.

The Amended Orders Appointing Receiver direct the Receiver to “[f]ile with this Court requests for approval of reasonable fees to be paid to the Receiver and any person or any entity retained by him and interim and final accountings for any reasonable expenses incurred and paid pursuant to order of this Court.” Orders Appointing Receiver. ¶ 5(m). Accordingly, the Receiver files this Fee Application and requests that the Court approve the fees and expenses billed by the Receiver and his retained Professionals for work performed from January 1, 2012 through September 30, 2012.

**A. BASED UPON THE WELL-SETTLED LAW, THE COURT SHOULD APPROVE THE PAYMENT OF ALL REASONABLE AND NECESSARY PROFESSIONAL FEES AND EXPENSES IN THIS CASE.**

Courts examining a request for fees and expenses incurred by a receiver must determine whether the time spent, services performed, expenses incurred, and hourly rates charged are reasonable and necessary under the factors set forth by the Fifth Circuit.<sup>1</sup> *Johnson v. Georgia*

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<sup>1</sup> These factors, often referred to as the *Johnson* factors, are: (1) the time and labor required for the litigation; (2) the novelty and complication of the issues; (3) the skill required to properly litigate the issues; (4) whether the attorney was precluded from other employment by the acceptance of this case; (5) the attorney’s customary fee; (6) whether the fee is fixed or contingent; (7) whether the client or the circumstances imposed time limitations; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorney; (10) the “undesirability” of the case; (11) the nature and length of the attorney-client relationship; and (12) awards in similar cases. *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974). In applying the *Johnson* factors, “the district court must explain the findings and the reasons upon which the award is based. However, it is not

*Highway Express, Inc.*, 488 F.2d 714, 717–19 (5th Cir. 1974); *SEC v. Megafund Corp.*, 3:05-CV-1328-L, 2008 WL 2839998, \*2 (N.D. Tex. June 24, 2008); *SEC v. Megafund Corp.*, 3:05-CV-1328-L, 2006 WL 42367, \*1 (N.D. Tex. Jan. 9, 2006); *SEC v. Funding Res. Group*, 3:98-CV-2689-M, 2003 WL 145411, \*1 (N.D. Tex. Jan. 15, 2003).

This examination of reasonableness and necessity should take into account all of the circumstances surrounding the receivership. *See SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff'd*, 519 F.2d 1087 (5th Cir. 1975). Because all receiverships are different, a court's analysis of the fees and expenses must be tailored to the particular case. *Id.*; *see SEC v. Tanner*, No. 05-4057, 2007 WL 2013606, \*3 (D. Kan. May 22, 2007). The characteristics cited in the following cases are similar to this Receivership and support an award of the fees and expenses requested herein.

The complexity and difficulty associated with the receivership are highly relevant factors in determining the reasonableness of professional fees. *See SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973) (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber); *W.L. Moody & Co.*, 374 F. Supp. at 484 (“An equitable receivership is by its very nature, a legally complex process.”); *Tanner*, 2007 WL 2013606 at \*3 (the identification of investors and the location of their funds was made “excruciatingly difficult” by lack of assistance from defendants); *Funding Res. Group*, 2003 WL 145411 at \*1 (finding fees and expenses were reasonable in light of difficulties receiver encountered). In the instant case, the Receiver and his team of Professionals have had to conduct their work without meaningful assistance from the Defendants or Relief

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required to address fully each of the 12 factors.” *Curtis v. Bill Hanna Ford, Inc.*, 822 F.2d 549, 552 (5th Cir. 1987) (citation omitted).

Defendants and even without significant documentary evidence, as the Defendants maintained inadequate and incomplete accounting records *and* William Wise disclosed very little detailed information to his employees. Further, the vast number of clawback defendants in the ancillary litigation has added to its complexity, as each defendant's situation frequently warrants and requires individual attention both to matters of law and fact, as well as efforts at settlement..

The degree of success achieved in solving legal and practical problems should be considered when calculating the fees awarded. *See Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. at 1222; *W.L. Moody & Co.*, 374 F. Supp. at 484-85; *Johnson*, 488 F.2d at 718. In this case, the Receiver and his team of Professionals have worked diligently to wind up Defendants' businesses, terminate contracts, identify and secure assets, records, and evidence, investigate leads, recover fraudulently transferred assets, communicate with investors, and cooperate with all governmental authorities. This work, while admittedly not resulting in the recovery of significant funds that were frittered away by the Defendants, has allowed the Receiver to determine the scope of the fraud and the status of possible recoveries to the Estate sooner rather than later. Additionally, the Receiver and his counsel and accountants now have determined how Defendants' funds were spent and have identified several sources of Receivership assets which are now being sought through the ancillary claw back litigation. The early returns of fictitious interest by net winning investors suggest that the Estate will continue to grow as a result of this pending litigation to claw back monies fraudulently transferred to others in the course of this scheme. The profits from this litigation have exceeded its costs.

Courts examine the credentials, experience, reputation, and other professional qualities required to carry out the Court's orders when assessing the reasonableness of the rates charged for services to a receivership. *See W.L. Moody & Co.*, 374 F. Supp. at 481 (holding that a court

should give “considerable weight” to “a receiver’s abilities, as required by the tasks of the receivership”); *Tanner*, 2007 WL 2013606 at \*3 (granting receiver’s fee request, despite investors’ concerns over amount requested, in part because the court recognized that the receiver and his counsel were experienced in the relevant areas of law); *SEC v. Aquacell Batteries, Inc.*, No. 6:07-cv-608-Orl-22DAB, 2008 WL 276026, \*4 (M.D. Fla. Jan. 31, 2008) (“The Receiver retained well qualified, experienced counsel and such representation does not come cheap.”).

When the receivership commands full-time attention and prevents professionals from accepting other engagements, the fee award should reflect it. *See Moody*, 374 F. Supp. at 483-84, 486. Likewise, courts should consider the usual and customary fees charged and the evidence presented to support the application for fees. *See Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. at 1222 (fees awarded in full because based on law firm’s usual hourly rate and supported by meticulous records); *see Johnson*, 488 F.2d at 718 (the customary fee for similar work in the community should be considered). In this case, the Receiver and his team of Professionals, including his attorneys, have devoted considerable time to conducting the many tasks required in this case, including conducting legal research, drafting and arguing motions, identifying, securing and liquidating assets, communicating with investors, the media, opposing counsel, the Commission, and government authorities, and more – all at a discounted rate. The Receiver has reduced the total fees incurred in this case by \$22,752.80, which represents all time attributable by any person to work done in support of any Receiver’s Report or Fee Application over the relevant time period. Hence, all of the above-described factors weigh in favor of approving the request for fees and expenses in this case.

**B. THE FEES AND EXPENSES ARE REASONABLE AND NECESSARY IN LIGHT OF THE CIRCUMSTANCES OF THIS CASE.**

The Receiver requests approval of fees and expenses for the Professionals identified herein, which have provided the services summarized below, in the amounts noted (which reflect billings for work from January 1, 2012 through September 30, 2012). As noted above, all professionals have agreed to 20% discounts of their customary fees, and the amounts requested reflect those discounts. The time spent, services performed, hourly rates charged, and expenses incurred by the Professionals have been at all times reasonable and necessary, and indeed essential, for the Receiver to perform his Court-ordered duties. Where time spent has been redundant, non-productive, or otherwise excessive in any way, the Receiver has reduced the fees sought by these amounts, shown clearly on the bills provided *in camera*.

**1. THOMPSON & KNIGHT LLP SENIOR PARTNER RICHARD ROPER, RECEIVER**

Thompson & Knight LLP (“Thompson & Knight”) is a Dallas-based, international full-service law firm in which Richard Roper, the Court-appointed Receiver herein, is a senior partner. Mr. Roper has been licensed to practice law in Texas since 1982. He is the former United States Attorney for the Northern District of Texas, a position in which he served from 2004 until 2008, when he joined Thompson & Knight. Prior to his appointment as United States Attorney, Mr. Roper was a career prosecutor, serving as an Assistant United States Attorney between 1987 and 2004 and, previously, as the Assistant District Attorney for Tarrant County District Attorney’s Office in Fort Worth, Texas from 1982-1987. Mr. Roper’s private practice is concentrated in, among other things, SEC and state securities compliance and enforcement matters. Mr. Roper regularly represents clients on a full range of corporate and securities law issues. Mr. Roper has previously served as counsel for other court-appointed equity receivers. *See W.L. Moody & Co.*, 374 F. Supp. at 481 (receiver’s qualification relevant to fee awarded);



*Tanner*, 2007 WL 2013606 at \*3; *Aquacell Batteries, Inc.*, 2008 WL 276026 at \*4; *Johnson*, 488 F.2d at 718, 719.

The Receiver has had to discharge his duties with little assistance from the individual Defendants. *See Tanner*, 2007 WL 2013606 at \*3 (receiver's tasks "excruciatingly difficult" without help from defendants); *Moody*, 374 F. Supp. at 471, 480 (defendant impeded receiver's progress and had to be subpoenaed to testify). Although William Wise, the chief architect and operator of the Ponzi scheme, was indicted on February 21, 2012, he was unwilling to communicate or cooperate with the Receiver. Wise was recently apprehended and has agreed as part of the plea deal to cooperate with the Receiver.

The Receiver delegated tasks appropriately to Professionals, and utilized the information provided by them to develop and execute a plan to maximize the value of a limited-value Receivership Estate while still accomplishing the tasks required of him. *See Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. at 1222; *W.L. Moody & Co.*, 374 F. Supp. at 480; *Mobley*, 2000 WL 1702024 at \*2; *Johnson*, 488 F.2d at 718.

The fees charged by Thompson & Knight for Mr. Roper's work as the Court-appointed Receiver include all compensation being paid for his services during the applicable period. A bill for those services from January 1, 2012 through September 30, 2012 is attached as Exhibit B. The Receiver requests approval of payment to Thompson & Knight for \$5,880.00 in fees for his work, and \$6,834.32 in costs, for a total of \$12,714.32. Complete fee statements for the Receiver's work are being provided to the Court for *in camera* review.

## **2. THOMPSON & KNIGHT LLP AS COUNSEL REPRESENTING THE RECEIVER.**

Thompson & Knight LLP is an international law firm headquartered in Dallas with offices throughout the United States and Latin America. Thompson & Knight has provided critical legal expertise and manpower for every aspect of this Receivership. The lawyers working

on this case have included senior partners, junior associates, legal assistants, and support staff as warranted by the relevant tasks. *See Johnson*, 488 F.2d at 718-19 (compensation often reflects degree of experience). While ensuring proper and effective representation, the Receiver has only utilized the services of a limited team of lawyers in order to limit fees and ensure a lean and nimble team of Professionals. The Receiver has further reduced fees by placing primary responsibility for ancillary litigation on senior and mid-level associates.

Thompson and Knight has undertaken numerous tasks to further the goals of the Receivership during the period covered by this Fee Application including, but not limited to:

- Obtaining records through subpoenas and other discovery methods;
- Analyzing bank records and accounting information in the context of known relationships and information related to the scheme in order to determine how and where money was spent by Defendants;
- Determining the source of fraudulent transfers and analyzing the benefit of third-party litigation to retrieve monies believed to be Receivership assets for the benefit of the Receivership Estate;
- Communicating with investors, government agencies, and the media as necessary and warranted;
- Undertaking a claims process for investors who have lost money to the Defendants;
- Analyzing investor account information and relevant banking records to determine the legitimacy and appropriate amounts of investor claims;
- Communicating with investors who received fictitious interest in addition to the full return of their principal to secure repayment of the “interest” to the Receivership Estate for distribution in the claims process and administration of the Estate;
- Undertaking legal research, drafting, and the development of evidence relevant to various litigation against third parties in an effort to return additional monies to the Receivership Estate;
- Drafting and filing ancillary litigation against more than 300 individuals and entities intended to claw back funds into the Receivership Estate; and

- Negotiating settlements of claw back claims with numerous defendants.

Thompson & Knight has served as lead trial counsel to the Receiver and has represented the Receiver in all proceedings in this case. Thompson & Knight has also been the Receiver's principal counsel on non-litigation matters. These matters have required expertise in a wide range of legal subject matters, including bankruptcy, marital property rights, labor and employment, securities, landlord-tenant, real estate, banking, trust law, liens, tax law, fiduciary issues, insurance, private equity, and aircraft. *See Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. at 1222 (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber); *W.L. Moody & Co.*, 374 F. Supp. at 484; *Tanner*, 2007 WL 2013606 at \*3; *Funding Res. Group*, 2003 WL 145411 at \*1; *Mobley*, 2000 WL 1702024 at \*2; *Johnson*, 488 F.2d at 718 (attorneys should be rewarded for accepting the challenges of a difficult case).

The firm has also made reports to governmental and regulatory agencies and worked diligently to make seized and subpoenaed records, data, information, and equipment available to them in the course of their ongoing investigations. Further, Thompson & Knight prepared and maintains the Receiver's website and has distributed other communications (most of which required detailed knowledge of legal matters) to various constituents such as investors, claimants, creditors, Defendants, Relief Defendants, lien holders, and others. All such tasks were necessary and essential to the work of the Receiver.

A bill for Thompson & Knight's services from January 1, 2012 through September 30, 2012 is attached as Exhibit C. The complete, unredacted bills have been provided to the Court for *in camera* review. The hours expended and identified as unproductive or redundant have

been reduced from the total in calculating the final fees for which the Receiver now seeks approval. *SEC v. AmeriFirst Funding, Inc.*, No. 3:07-CV-1188-D, 2008 U.S. Dist. LEXIS 42166, \*7 (N.D. Tex. 2008) (J. Fitzwater); *Saizan v. Delta Concrete Prods. Co.*, 448 F.3d 795, 799 (5<sup>th</sup> Cir. 2006). Therefore, the Receiver requests approval of payment to Thompson & Knight for \$208,664.40 in fees and \$3,470.61 in expenses, for a total payment of \$212,135.01 for nine months' work.

This amount reflects the agreed 20% discount on Thompson & Knight's usual and customary fees, and the fee schedule remains nearly identical to that presented to the Court in the Receiver's first Fee Application.<sup>2</sup>

### **3. BINGHAM GREENEBAUM DOLL LLP**

Bingham Greenebaum Doll LLP ("BGD") is a law firm in Kentucky that represented the Receiver as local counsel in the Kentucky bankruptcy litigation. BGD assisted the Receiver in staying the Kentucky bankruptcy court's jurisdiction, if any, over the Receiver's claims against Jones, lifting the automatic bankruptcy stay against Jones, and clearing the way for the Receiver to continue to pursue his claims against Jones in this Court.

In the Receiver's Third Motion for Approval of Interim Fee Application, the Receiver requested fees for the work performed by BGD in August 2011 until December 2011. BGD performed work for total fees of \$7,813.07. The total amount invoiced to the Receiver, which is attached as Exhibit D, is \$7,813.07.

In its April 2012 Order, the Court denied the Receiver's request for payment of fees and expenses billed by BGD because the invoices lacked any calculation of the amount of hours

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<sup>2</sup> Because certain attorneys have left Thompson & Knight during the pendency of this case, other attorneys have, in some cases, been utilized to perform work where necessary. Each new attorney's rates have been discounted by 20% in accordance with the Receiver's agreement in this matter, and every effort has been made to be as cost-efficient as possible in staffing.

expended or billing rates. Thus, the Receiver again submits to the Court a request for fees of BGD and submits fee statements of BGD, including invoices with hours and billing rates, for *in camera* review.

**4. Total amounts requested for disbursement from January 2012 to September 2012**

Richard Roper, Receiver	\$12,714.32
Thompson & Knight	212,135.01
BDG	7,813.07
<b>TOTAL</b>	<b>\$232,662.40</b>

**C. THE FEES REQUESTED BY THE RECEIVER ARE IN LINE WITH OTHER CASES.**

The fees associated with complex receivership cases often have been substantial percentages of the total assets found. *SEC v. Megafund Corp., et al.*, 2008 WL 2839998 at \*2 (N.D. Tex. 2008); *SEC v. Funding Res. Group*, 2003 WL 145411 at \*1 (N.D. Tex. 2003). Courts have noted that compensation to equitable receivers is analogous to compensation to receivers in bankruptcy. *See SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 481 (S.D. Tex. 1974), *aff'd*, 519 F.2d 1087 (5th Cir. 1975). The United States Department of Justice has reported that from 1994 to 2000, in Chapter 7 asset cases, 30% – 40% of total estate receipts were disbursed as fees and expenses to trustees and other professionals. This was true *regardless* of the size of the case. *Id.*

**D. THERE ARE SUFFICIENT FUNDS ON DEPOSIT IN THE RECEIVERSHIP ESTATE TO SATISFY THE OUTSTANDING FEES OF THE RECEIVER AND HIS PROFESSIONALS FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012, AND TO COVER ANTICIPATED FUTURE COSTS AND EXPENSES ASSOCIATED WITH ADMINISTRATION OF THE ESTATE.**

As of the filing of this Fee Application, the Estate has sufficient funds to pay all of the Professionals' and Receiver's fees as requested herein. Currently, the Estate holds

\$2,995,341.72 in deposits and this Fee Application requests authority to disburse a total amount of \$232,662.40 in fees. The total deposits include those amounts obtained from certain net winning investors as the return of fictitious interest, and additional amounts are expected to be recovered from the litigation of fraudulent transfer claims against other net winning investors and third parties who received funds without consideration. Indeed, the recoveries received to date from ancillary litigation initiated by the Receiver in this case are approximately eight times the amount requested herein in fees. This figure does not include several negotiated settlements upon which the Receiver anticipates collection of several hundred thousand dollars in the coming weeks and months, and does not include over \$800,000 in judgments the Receiver has obtained by not yet collected upon.

### **III. ANTICIPATED FUTURE WORKLOAD FOR RECEIVER AND RETAINED PROFESSIONALS**

The work of this Receivership is nearing completion. All additional work to be undertaken, however, will be driven by (a) the costs to the Estate associated with such work; (b) the ability of the Estate to pay for such work; and (c) the likely result to be achieved, and proceeds to be recovered for the Estate, as a result of such work.

The fees and expenses in the early months of this Receivership were substantial. However, those expenses peaked at times when Professionals were engaging in the bulk of their work, such as: forensic imaging of seized computers; review and analysis of corporate records; the seizure, securing, and sale of Estate Assets; and the initial investigation for and litigation to recover such assets. After these initial “peaks,” the workload of the Receiver and his Professionals leveled out. This type of reduction is typical in receiverships. *SEC v. Aquacell Batteries, Inc.*, No. 6:07-cv-608-Orl-22DAB, 2008 WL 276026, \*4 (M.D. Fla. Jan. 31, 2008);

*SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 486 (S.D. Tex. 1974), *aff'd*, 519 F.2d 1087 (5th Cir. 1975).

The fees requested in this Application represent the work performed over a nine month period. As the Court can see, the Receiver has been mindful of keeping fees expended to a minimum following the significant burst of work at the inception of the Receivership, while ensuring that the goals and needs of the Receivership, investors, and ongoing government investigations are met. The Receiver still believes that the funds that might be available for ultimate distribution to those with claims against the Defendants will almost certainly be *far less* than anyone may have hoped for or expected. Indeed, investors stand to recover little cash on their investments. In light of this extremely unfortunate circumstance, the Receiver and his team continue to focus on reducing expenses while maximizing possible recoveries.

The Receiver expects that the work will continue at a reduced pace while conducting work that is necessary and consistent with his duties. Nevertheless, in addition to the work that still must be performed, the Receiver will likely need to address unforeseen events, crises, and emergencies pursuant to the Court's requirement that the Receiver prevent any irreparable loss, damage, or injury to the Estate. Orders Appointing Receiver at ¶ 5(g). As stated in the Report, the Receiver anticipates that his major activities and priorities will include, or continue to include:

- Continuing to prosecute ancillary litigation to claw back amounts into the Receivership Estate;
- Continuing to search for and secure cash for the Estate from a variety of potential sources including communications with and cooperation from Wise, and determining how unaccounted-for funds were dispersed;
- Assisting, reporting to and responding to governmental and regulatory agencies as appropriate, including inquiries from the Commission, Department of Justice, FBI, U.S. Attorney's Office, and the Internal Revenue Service in connection with their investigations;

- Communicating with this Court, investors, Defendants and Relief Defendants, claimants, other constituents of the Estate, and the public, including through the Receivership website; and
- Distributing the remaining Receivership Estate funds for the benefit of defrauded investors and other claimants.

#### IV. CONCLUSION

The relief requested herein is necessary and appropriate to carry out the most basic provisions of the Orders Appointing Receiver. Accordingly, the Receiver requests that the Court enter an order approving of the fees and expenses incurred from January 1, 2012 to September 30, 2012.

Respectfully submitted,

**THOMPSON & KNIGHT, LLP**

/s/ Jennifer Rudenick Ecklund

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**CERTIFICATE OF SERVICE**

On November 29, 2012, I electronically submitted the foregoing document to the Clerk of the Court for the United States District Court for the Northern District of Texas using the electronic case filing system of the Court. I hereby certify that I have served all counsel and/or pro se parties of record electronically or by other manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Jennifer Rudenick Ecklund  
Jennifer Rudenick Ecklund

# EXHIBIT A



Richard B. Roper, III (“Receiver”) files this Report to the Court regarding the affairs and findings of the Receivership, respectfully showing as follows:

By order dated March 26, 2009, this Court appointed Richard B. Roper as Receiver for the assets and records of the Defendants and Relief Defendants in the above-referenced case and all entities they own or control. The Receivership Order, and the subsequent orders re-appointing the Receiver, direct the Receiver to prepare and submit written periodic reports to the Court and to the parties. This Report is intended to brief the Court on the status of matters undertaken for the benefit of the Receivership Estate. Furthermore, the Receiver submits this request for approval of a proposed pro rata interim distribution to investors.

## **I. OVERVIEW**

This Receiver’s Report is the fourth substantive update to the Receivership Court of the Receiver’s activities. Because the Receiver’s prior reports have provided significant detail regarding the Receiver’s work in the relevant periods, rather than repeating the extensive contents of those prior reports, each is summarized here to provide both a summary of the Receiver’s work to date and a context for the work performed in the last year.

### **A. SUMMARY OF DECEMBER 2009 RECEIVER’S REPORT**

The Receiver’s Report of December 4, 2009 [Dkt. 115] (the “2009 Report”) detailed at length the structure of the Millennium Entities and the manner in which the fraud on the investors occurred. Essentially, Millennium Bank and its related entities functioned as a simple Ponzi scheme, under the direction of Defendant William Wise. Investors in the various entities purchased a “certificate of deposit” for a set term of

years, and for a set interest rate. The “interest,” however, was fictitious, as Wise simply paid out matured CDs with the money of new investors who believed they were also purchasing CDs. The rest of the money was appropriated by Wise and his associates for personal use, in the manner detailed at length later in this Report. It was never invested. The Millennium Entities had very little corporate structure, and maintained a physical presence in Napa, California, Raleigh, North Carolina, and offshore on the island of St. Vincent and the Grenadines.

No actual investment of investor funds has been identified throughout the course of the Receivership. Instead, Wise spent the money on a lavish lifestyle, literally spending tens of millions of dollars for an island resort, airplanes and pilots, an extensive wine collection, boats, luxury automobiles and drivers, world travel, and large sums paid to his wife and various girlfriends, among other things. The findings of the forensic accountants explain the misappropriation of funds as thoroughly as possible in light of the poor recordkeeping of the Millennium businesses and the unavailability of William Wise himself.

The first Receiver’s Report discussed tasks and matters undertaken by the Receiver in order to satisfy his appointed duties and responsibilities, such as review, seizure, and relinquishment of Millennium office locations; location, securing, and liquidation of assets; review and analysis of investor claims; and many other tasks and actions related to the litigation of claims by Defendants and Relief Defendants. The bulk of the Receiver’s work in locating and liquidating assets had been accomplished as of the December 2009 Report to this Court.

**B. SUMMARY OF NOVEMBER 2010 RECEIVER'S REPORT**

On November 22, 2010, the Receiver filed an additional Receiver's Report with the Court [Doc. 147] outlining the work undertaken by the Receiver, his agents, and representatives since the December 2009 Report ("the 2010 Report"). The 2010 Report focused on the Receiver's substantial work, along with his forensic accountants, to better understand the financial activities of the Millennium Entities. This task was central to the Receivership Estate, both because it may provide insight as to how to recoup some of the lost funds and also because the Court, along with investors and other creditors, needs a clear explanation of what happened to those investor funds which cannot be recovered.

The Receiver obtained the assistance of forensic accounting firm Litzler, Segner, Shaw & McKenney LLP ("LSS&M") in order to analyze the bank deposits and withdrawals of Millennium Bank and its sister entities (the "Millennium Entities") in an effort to determine how funds were used. LSS&M created a database of all the identifiable bank transactions conducted by the Millennium Entities to allow LSS&M and the Receiver to review the monies moving in and out of the Millennium Entities. This database was instrumental in aiding the Receiver's understanding of the Millennium Entities' financial activity. The results of an analysis of this database are covered in significant detail in the 2010 Report.

As detailed in the 2010 Report, the work by LSS&M revealed that the investor funds were deposited into one primary account, and that the money was appropriated by William Wise and his associates to fund a lavish lifestyle and little more, paying off earlier investors in order to perpetuate the scheme. At least \$156.9 million was deposited into accounts of the Millennium Entities since the Ponzi scheme's inception. All of this

\$156.9 million is believed to have come from investor deposits, and \$127.5 million can be traced back directly to the Millennium Entities' bank records. A detailed explanation of the spending analysis and the accounting challenges encountered by the Receiver and LSS&M to produce these figures is found at pages 8 to 12 of the 2010 Report.

**C. SUMMARY OF APRIL 2012 RECEIVER'S REPORT**

On April 9, 2012, the Receiver filed an additional Receiver's Report with the Court [Doc. 192] outlining the work undertaken by the Receiver, his agents, and representatives since the November 2010 Report ("the 2011 Report"). The 2011 Report focused on the Receiver's work in initiating and prosecuting ancillary litigation against various parties that benefited from illegitimate transfers from the Millennium Entities, cooperation with government authorities, and cooperating with the St. Vincent Joint Provisional Liquidators.

In the course of the Receiver's work, some illegitimate transfers of funds came to light. These transactions are deemed illegitimate because no reasonably equivalent exchange was made by the persons/entities who received certain funds from Millennium Bank or any of its sister entities. *See SEC v. Res. Dev. Int'l, LLC*, 487 F.3d 295, 301 (5th Cir. 2007); *Warfield v. Byron*, 436 F.3d 551, 559 (5th Cir. 2006). Because those transactions amount to "fraudulent transfers" under the applicable law, the Receiver sought to recoup those funds paid out to these certain individuals through ancillary litigation, which was prosecuted in accordance with procedures approved by the Court's Order Granting Receiver's Motion to Approve Procedures for Recovery of Receivership Assets in Third-Party Litigation [Dkt. 156].

The Receiver commenced three ancillary suits. First, the Receiver determined that while numerous investors have been defrauded and lost most, if not all, of their investment in the Millennium Entities, other investors were paid back in full, with interest (the “Net Winning Investors”). On March 1, 2011, the Receiver filed his Original Complaint in this Court against those Net Winning Investors who did not respond to the Receiver’s request for repayment or who refused to comply with repayment (*Cause No. 7:11-cv-00031*). The Complaint named 312 Defendants and sought more than \$5,000,000 in net winnings, alleging actual and constructive fraudulent transfer under California’s Uniform Fraudulent Transfer Act, unjust enrichment, and constructive trust. The Receiver spent a considerable amount of time discussing and settling claims with the Net Winning Investors. The Receiver also filed motions for default judgment and motions for summary judgment against the Net Winning Investors.

Second, the Receiver’s investigation revealed that Atlanta Northside Aviation received significant funds from the Millennium Entities during the course of the Ponzi scheme. On March 1, 2011, the Receiver filed his Original Complaint against Atlanta Northside Aviation (“ANA”) in this Court, Cause No. 7:11-cv-00034. The Complaint sought to recover \$800,000 from ANA, alleging Actual and Constructive Fraudulent Transfer under Georgia’s Uniform Fraudulent Transfer Act, unjust enrichment, and constructive trust. In January 2012, the Receiver filed his Motion for Summary Judgment against ANA.

Third, the Receiver instituted suit against three of the brokers, Robert Kelty, David Jones, and Scott Christopher, working to sell Millennium CD products over the years. Because of their relationships with Wise and the Millennium Entities, on March 1,



2011, the Receiver filed his Original Complaint against Jones, Kelty, and Christopher in this Court, Cause No. 7:11-cv-00036. Jones filed for bankruptcy shortly after commencement of the ancillary suit. The Receiver, assisted by Kentucky local counsel Bingham Greenebaum Doll LLP (“BGD”), appeared, opposed the discharge, and the Court ultimately stayed its jurisdiction lifting the automatic stay against Jones.

## II.

### RECENT WORK UNDERTAKEN BY THE RECEIVER

Since the 2011 Report was filed, the Receiver’s work has focused on prosecuting and collecting on the ancillary litigation against the Net Winning Investors, Atlanta Northside Aviation, and the Brokers.

#### A. NET WINNING INVESTORS

The Receiver and his counsel worked diligently to resolve the litigation against the Net Winning Investors through settlement where possible. The Receiver effectively completed settlement of the claims against 104 of the Defendants as of April 2012 and dismissed those who completed the terms of their settlement agreements. The Receiver and his counsel spent significant time corresponding with investor defendants and working to resolve the claims against them.

The Court granted summary judgment on March 29, 2012 against 16 of the Defendants. Further, many of the Defendants failed to answer the Receiver’s complaint. On April 9, 2012, the Court granted the Receiver’s default judgment against 57 of the Defendants. Because all of the Net Winning Investors had settled or defaulted or dispositive motions have been resolved in favor of the Receiver, the Court suggested that the case be administratively closed at the April 19, 2012 pre-trial hearing. The Receiver has collected over \$1.5 million from the Net Winning Investors. The Receiver is now

beginning the process of collecting on the default and summary judgments. The Receiver is attempting to determine the most efficient means of collection given the scarce resources of the Receivership Estate.

**B. ATLANTA NORTHSIDE AVIATION**

This Court's ruling on the parties' cross-motions for summary judgment found that ANA is liable to the Receivership Estate for \$445,000 in funds fraudulently transferred to ANA prior to institution of the Receivership. Following settlement discussions that were ultimately unconsummated, the Receiver took steps to finalize that judgment and recover the funds for the benefit of the Receivership Estate. Since that time, the Receiver received a partial payment on settlement, but awaits completion according to the agreed-upon terms. The Receiver filed a Motion for Entry of Final Judgment Against ANA on September 28, 2012. On October 12, 2012, the Court granted the Receiver's Motion for Entry of Final Judgment against ANA [Dkt. 40]. The Receiver has since received full payment from ANA in settlement of his claims.

**C. BROKERS**

The Receiver is in the discovery phase of the litigation against the Millennium Brokers, following his success in lifting a bankruptcy stay to be able to pursue the litigation. Because of the bankruptcy, the Receiver's claims against the brokers have not moved at the same pace as the other ancillary litigation. Due to the recent developments in the Kentucky bankruptcy court, however, the Receiver has resumed the prosecution of his claims against the brokers, and discovery has commenced in the case.

The parties mediated the case on October 9, 2012. Defendant Robert Kelty and the Receiver reached a tentative agreed resolution, but Defendant Scott Christopher and

Defendant David Jones and the Receiver did not settle the claims at issue during the mediation. Defendant Kely completed the settlement terms and was dismissed from the suit on November 28, 2012 [Dkt. 42]. Further, the Court has extended the discovery period in this case to allow the Receiver to debrief William Wise (who is now in custody and has agreed to cooperate), and to depose Scott Christopher. If the cases are not resolved prior to the close of discovery, the Receiver anticipates filing motions for summary judgment to resolve the case.

**D. WILLIAM WISE & JACQUINE HOEGEL**

On February 21, 2012, a federal grand jury returned a 23-count indictment, charging William Wise and Jacqueline Hoegel with conspiracy, mail fraud, and wire fraud. After the arrest and initial appearance of Jacqueline Hoegel, she was released on bond.

On April 17, 2012, Wise turned himself in and appeared in court in San Francisco. Wise has agreed as part of his plea arrangement to cooperate with the Receiver, and the U.S. Attorney's Office in San Francisco has agreed to make Wise available in November or December of 2012 for the Receiver to debrief him. *See* William Wise Plea Agreement, attached hereto as Exhibit A. The Receiver is hopeful that Wise's arrest will provide the Receiver with additional information about missing money and assets, as well as to provide information necessary to resolve the still-pending ancillary litigation.

### **III. REMAINING TASKS**

The primary tasks facing the Receiver to complete his duties are completing the ancillary litigation, and distributing the funds to defrauded investors and other creditors.

Specifically, the Receiver will:

- Complete the Broker Litigation;
- Debrief William Wise; and
- Determine if William Wise has any remaining assets or accounts.

Concerning the ancillary litigation, the Receiver will continue pursuing the judgments against the Net Winning Investors. The Receiver will also pursue the judgment rendered on his behalf against Atlanta Northside Aviation. While a final distribution is not yet possible, the Receiver would like to make some interim distribution to defrauded investors who lost money.

### **IV. REQUEST FOR INTERIM DISTRIBUTION**

#### **A. STATUS OF LIQUIDATION AND RECOVERY OF ASSETS**

The Receiver now has \$2,995,341.72 available for distribution to net winning investors claimants. This net amount was funded from the liquidation of assets, proceeds from settlement in the ancillary litigation, and balance of the Millennium Entities' accounts. This does not include the \$872,199.29 in judgments obtained by default and summary judgment in the ancillary litigation against the net winning investors. In addition to the liquidated assets, the Receiver may recover and add to the distribution fund amounts for these judgment once they are collected upon. Further, any additional

recoveries from the Broker Litigation or cooperation from Wise will be deposited into the Receivership Estate for ultimate distribution.

**B. ANALYSIS OF INVESTOR CLAIMS**

Since the inception of the Receivership, the Receiver has actively solicited and obtained claims and supporting documentation from those persons and investors who believe they are owed money by Millennium Entities and/or the Individual Defendants. At this time, 522 investors have made claims with the Receivership Estate.

The Receiver has asked investors to provide him with documents substantiating the amount of their investment in the Millennium Entities. This process has proven to be somewhat complex, as it is evidently difficult for some investors to sort out the money they actually, physically deposited into CDs from fictitious interest or profits they may have rolled over into a “new” investment. Other investors simply believe their investment is larger than the principal they originally invested based on fictitious accounting statements generated by Defendants and provided to the investors over time.

The Receiver has taken the following steps to identify the net losing investors (the “Net Losing Investors”). The determination of which investors in the Millennium Entities were net losers was performed by counsel, agents, and representatives of the Receiver based on the review of records and databases recovered from the offices of the Millennium Entities in seizures performed by the Receiver’s counsel, agents, and other representatives. Based upon such, 450 of the investors who made claims lost their principal investment in the Millennium Entities. *See* Net Losing Investor Distribution Schedule, attached hereto as Exhibit B. Further, 12 investors, who made claims but did not appear in Millennium Bank records or databases as “losing investors,” provided

sufficient documentation to support the claim that as of January 2009 their principal was still invested in the Millennium Entities. See Millennium Entities Statements of Claimants, attached hereto as Exhibit C. Thus, evidence exists to substantiate that a total of 462 claimants are also net losing investors (the “Allowed Net Losing Investor Claims”).

Further, according to the above-described evidence, the Net Losing Investors have a collective principal loss balance of \$87,538,618.43. Although the collection and liquidation process is still underway, the Receiver proposes an interim distribution.

**C. PROPOSED DISTRIBUTION**

Although the Receiver is still trying to recover more assets for the Receivership Estate through litigation, the Receiver believes he has enough money to make a meaningful interim distribution to the investors. The Receiver therefore proposes and asks for authority to make an initial interim distribution of \$2,262,679.22 on Allowed Net Losing Investor Claims, on a pro rata basis. A \$2,262,679.22 distribution would pay 2.59% of the total allowed claims, meaning each investor would receive 2.59% of his or her allowed claim at this time and perhaps more in the future after the pending litigation is concluded. The distribution amount is calculated as follows:

<u>Amount to be Distributed</u>		<u>\$2,262,679.22</u>		<u>Distribution Percentage</u>
<b>Total Allowed Claims</b>	=	<b>\$87,538,618.43</b>	=	<b>2.58%</b>

The Net Losing Investor Distribution Schedule, attached hereto as Exhibit B, shows the exact amount each approved claim would receive through this interim distribution.

All investors who made a claim and are identified on the databases maintained by the Millennium entities have been included in the proposed Distribution Plan. The

Receiver has been able to verify the balances due to each net losing investor from the record previously maintained by the Millennium Entities and the Receiver's forensic accountants. The Receiver proposes to provide written notice to each investor, based on the above calculations, of their net investment, which is the approved claim amount. Each investor claimant will be advised in writing of the calculation of the claim.

**D. AUTHORITIES**

In the March 2009 Order Appointing Receiver, the Court found it was “necessary and appropriate in order to prevent waste and dissipation of the assets . . . to the detriment of the investors” to appoint the Receiver. In overseeing and administering an equitable receivership such as the instant case, this Court's discretion in approving the Plan is given great deference and may be disturbed on appeal only upon the showing of an abuse of discretion. *See SEC v. Sharp Capital, Inc.*, 315 F.3d 541, 545 (5th Cir. 2003). The plan of distribution proposed by the Receiver is consistent with plans approved by the SEC in other cases. *See SEC v. Great White Marina & Rec., Inc.*, 428 F.3d 553, 556 (5th Cir. 2005); *SEC v. Forex Asset Mgmt. LLC*, 242 F.3d 325, 331 (5th Cir. 2001).

***1. It is appropriate to determine the amount of investors' losses on a cash basis, without regard to the unpaid illusory, fictitious returns.***

The investors' losses were calculated on a “cash-in—cash-out” basis—the amount of principal invested less any returns, fees, or other funds received by the investor. Investors' claims will not be increased by any “earned” but unpaid returns. Not only is this the most efficient method of calculating loss, it is the most fair. When confronted with similar situations and challenges to this method of establishing the loss amount, courts have upheld this method of determining a loss as fair and reasonable. *See Great White*, 428 F.3d at 556; *Forex Asset*, 242 F.3d at 331 (affirming trial court's approval of

plan that calculated each investor's allowed claim as a percentage of their loss as measured against the losses of all of the unpaid claimants as "fair and equitable").

***2. It is appropriate to treat all the monies recovered as a "common fund" from which payment to all investors will be made.***

The Receiver's plan of distribution aggregates all available money into a single fund. No effort has been made to trace any specific investor's funds. From the earliest Ponzi scheme cases, courts have made clear that this is almost always the most equitable way to treat investors. *Forex Asset*, 242 F.3d at 331 (district court did not abuse its discretion when it determined that, despite the fact that some of the funds available for distribution were segregated and traceable to one investor, allowing one investor to trace its funds and avoid a pro-rata distribution among all of the investors would be an inequitable remedy).

The proposed distribution is consistent with the prevailing principles of equity and comports with plans approved in other SEC receiverships. It provides a fair process for distributing money to investors.

**V.  
CONCLUSION**

The Receiver has devoted the bulk of his time since his last report to this Court to attempting to recoup assets paid out to third parties as fraudulent transfers in order to restore additional funds to the Receivership Estate. The analysis contained in this Report represents the best possible picture of Millennium Bank's financial affairs in light of the extremely poor recordkeeping of the Defendants, the limitations of the bank records provided in response to the Receiver's subpoena, and the unavailability until now of the



master of the scheme, William Wise. The Receiver will continue to undertake those tasks required to faithfully and most efficiently administer the Estate.

The Receiver asks this Court to approve this interim distribution and, if necessary, to set a hearing and then enter an order authorizing the Receiver to make the distribution to the approved claimants consistent with Exhibit B. The Receiver asks for such other and further relief, general or special, at law or in equity, to which he may otherwise be entitled.

Respectfully submitted,

**THOMPSON & KNIGHT, LLP**

/s/ Jennifer Rudenick Ecklund

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**COUNSEL FOR THE RECEIVER,  
RICHARD B. ROPER**

**CERTIFICATE OF SERVICE**

On November 29, 2012, I electronically submitted the foregoing document to the Clerk of the Court for the United States District Court for the Northern District of Texas using the electronic case filing system of the Court.

/s/ Jennifer Rudenick Ecklund  
Jennifer Rudenick Ecklund

# EXHIBIT A

ORIGINAL

1 MELINDA HAAG (CABN 132612)  
United States Attorney

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9 Attorneys for Plaintiff

10 UNITED STATES DISTRICT COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12 SAN FRANCISCO DIVISION

13  
14 UNITED STATES OF AMERICA,

15 Plaintiff,

16 v.

17 WILLIAM J. WISE,

18 Defendant.

No. CR 12-111 EMC  
CR 12-642 EMC

19  
20  
21 PLEA AGREEMENT

22 I, WILLIAM J. WISE, and the United States Attorney's Offices for the Northern District  
23 of California and Eastern District of North Carolina (hereafter "the government") enter into this  
24 written plea agreement (the "Agreement") pursuant to Rule 11(c)(1)(A) and 11(c)(1)(B) of the  
25 Federal Rules of Criminal Procedure:

The Defendant's Promises

26 1. I agree to plead guilty to Counts One through Seventeen of the captioned  
27 Indictment (Case No. CR 12-111 EMC), charging me with conspiracy to commit mail and wire

28 PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

1 fraud (Count One), in violation of 18 U.S.C. § 1349; mail fraud (Counts Two through Thirteen),  
2 in violation of 18 U.S.C. § 1341; wire fraud (Counts Fourteen through Sixteen), in violation of  
3 18 U.S.C. § 1343; and engaging in monetary transactions in criminally derived property (also  
4 known as money laundering) (Count Seventeen), in violation of 18 U.S.C. § 1957. I further  
5 agree to plead guilty to Count One of the captioned Information (Case No. CR 12-642 EMC),  
6 charging me with evading or defeating income tax due and owing to the United States, in  
7 violation of 26 U.S.C. § 7201.

8 Indictment, Counts One through Sixteen: I agree that the elements of conspiracy to  
9 commit mail and wire fraud (Count One), in violation of 18 U.S.C. § 1349, are as follows: (1) I  
10 agreed with one or more persons to commit mail or wire fraud, in violation of 18 U.S.C. §§ 1341  
11 or 1343; and (2) I became a member of the conspiracy knowing of at least one of its objects and  
12 intending to help accomplish it.

13 I agree that the elements of mail fraud (Counts Two through Thirteen), in violation of 18  
14 U.S.C. § 1341, are as follows: (1) I made up or participated in a scheme or artifice to defraud, or  
15 to obtain money by false promises or statements; (2) I knew that the promises or statements were  
16 false; (3) the promises or statements were material, that is, they would reasonably influence a  
17 person to part with money or property; (4) I acted with the intent to defraud; and (5) I used, or  
18 caused to be used the U.S. Mail or an interstate commercial carrier to carry out an essential part  
19 of the scheme.

20 I agree that the elements of wire fraud (Counts Fourteen through Sixteen), in violation of  
21 18 U.S.C. § 1343, are as follows: (1) I participated in or made up a scheme or artifice to defraud,  
22 or to obtain money by false promises or statements; (2) I knew that the promises or statements  
23 were false; (3) the promises or statements were material, that is, they would reasonably influence  
24 a person to part with money or property; (4) I acted with the intent to defraud; and (5) I used, or  
25 caused to be used, a wire, radio, or television communication in interstate or foreign commerce  
26 to carry out an essential part of the scheme.

27 I agree that the maximum penalties for each count of conspiracy to commit mail and wire  
28

PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

1 fraud (Count One), mail fraud (Counts Two through Thirteen), and wire fraud (Counts Fourteen  
2 through Sixteen), are as follows:

- 3 a. Maximum prison term 20 years
- 4 b. Maximum fine \$250,000 or twice the gross gain or  
5 loss, whichever is greater
- 6 c. Maximum supervised release term 3 years
- 7 d. Restitution To Be Determined by Court
- 8 e. Mandatory special assessment \$100 per count
- 9 f. Potential Deportation

10 Indictment, Count Seventeen: I agree that the elements of money laundering (Count  
11 Seventeen), in violation of 18 U.S.C. § 1957, are as follows: (1) I knowingly engaged in a  
12 monetary transaction; (2) with proceeds of a specified unlawful activity (*i.e.*, mail or wire fraud);  
13 (4) in an amount greater than \$10,000; (5) by, through, or to a financial institution. I further  
14 agree that the maximum penalties for money laundering are as follows:

- 15 a. Maximum prison sentence 10 years
- 16 b. Maximum fine \$250,000 or twice the value  
17 of the property involved in the  
18 transaction, whichever is greater
- 19 c. Maximum supervised release term 3 years
- 20 d. Mandatory special assessment \$100
- 21 e. Restitution To Be Determined By The Court
- 22 f. Potential Deportation

23 Information, Count One: I agree that the elements of evading or defeating a tax due and  
24 owing to the United States, in violation of 26 U.S.C. § 7201, are as follows: (1) I had income tax  
25 due and owing to the United States; and (2) I willfully undertook affirmative acts to evade or  
26 defeat the income tax. I further agree that the maximum penalties for evading or defeating a tax  
27 due and owing to the United States are as follows:

- 28 a. Maximum prison sentence 5 years
- b. Maximum fine \$250,000

PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

- 1           c.     Maximum supervised release term     1 year
- 2           d.     Mandatory special assessment         \$100
- 3           e.     Restitution                             \$1,045,250.00
- 4           f.     Potential Deportation

5           I acknowledge that pleading guilty may have consequences with respect to my  
6 immigration status if I am not a citizen of the United States. Under federal law, a broad range of  
7 crimes are removable offenses, which may include the offenses to which I am pleading guilty.  
8 Removal and other immigration consequences are the subject of a separate proceeding, however,  
9 and I understand that no one, including my attorney or the district court, can predict to a certainty  
10 the effect of this conviction on my immigration status. I nevertheless affirm that I want to plead  
11 guilty regardless of any immigration consequences that may result from my guilty plea, even if  
12 the consequence is my automatic removal from the United States.

13           I understand that I am pleading guilty to multiple violations. I further understand that the  
14 Court has discretion to order my sentence for each violation to be served concurrently or  
15 consecutively.

16           2.     I agree that I am guilty of the offenses to which I am pleading guilty, and I agree  
17 that the following facts are true:

18           a.     With respect to Count One of the Indictment (conspiracy to commit mail and wire  
19 fraud), I agreed with my co-defendant, Jacqueline Hoegel, to commit mail and wire fraud by  
20 engaging in a long-running scheme to defraud investors by selling fraudulent certificates of  
21 deposit (CDs) issued by three entities: (1) Millennium Bank; (2) United Trust of Switzerland  
22 (“UT of S”); and (3) Sterling Bank and Trust (“Sterling”) (collectively, the “Millennium  
23 Entities”). More than 1,200 investors purchased fraudulent CDs issued by the Millennium  
24 Entities, all of which promised guaranteed rates of return that co-defendant Hoegel and I falsely  
25 informed investors were and would be generated by overseas investments. As co-defendant  
26 Hoegel and I both knew, the Millennium Entities did not use investor funds to make overseas  
27 investments; instead, as we both knew, the Millennium Entities were a Ponzi scheme through  
28

PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

1 which earlier investors' guaranteed interest payments consisted of later investors' funds. I  
2 exercised ultimate control over the Millennium Entities, with co-defendant Hoegel acting as my  
3 co-conspirator and right-hand person in running the scheme to defraud.

4 b. With respect to Counts Two through Thirteen of the Indictment (mail fraud),  
5 along with co-defendant Hoegel, I engaged in the above-described scheme to defraud investors  
6 via fraudulent CDs issued by the Millennium Entities. In furtherance of the scheme to defraud  
7 investors, co-defendant Hoegel and I directed others working for the Millennium Entities to tell  
8 certain investors to mail their account applications and personal checks (to purchase fraudulent  
9 CDs) to the Napa, California, office run by co-defendant Hoegel. The Napa, California, office  
10 run by co-defendant Hoegel was known by various names throughout its existence, including  
11 Millennium Offshore Advisors, Globalized Services, and Global Advisors  
12 ("Millennium/Global"). Millennium/Global received account applications and personal checks  
13 via U.S. Mail as well as interstate commercial carrier, such as Federal Express. In addition, co-  
14 defendant Hoegel and I directed Millennium/Global employees to send post-dated interest  
15 payment checks to certain investors via U.S. Mail and interstate commercial carrier. Counts Two  
16 through Five and Seven through Twelve represent checks sent by investors to Millennium/Global  
17 via U.S. Mail or interstate commercial carrier. Counts Six and Thirteen represent post-dated  
18 interest payment checks sent from Millennium/Global to investors via U.S. Mail or interstate  
19 commercial carrier.

20 c. With respect to Counts Fourteen through Sixteen of the Indictment (wire fraud),  
21 in furtherance of the above-described scheme to defraud investors, co-defendant Hoegel and I  
22 (and others working at our direction) told certain investors to wire funds from their personal  
23 accounts to accounts in the name of UT of S at Washington Mutual in Las Vegas, Nevada, and  
24 Napa, California. Counts Fourteen through Sixteen represent interstate wire transfers initiated by  
25 investors who purchased fraudulent CDs.

26 d. With respect to Count Seventeen of the Indictment (money laundering), knowing  
27 that the money in the Bank of America account ending in -9544 represented proceeds of the  
28

PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC



1 above-described scheme to defraud investors, I directed an employee working for  
2 Millennium/Global to transfer \$15,000 from that Bank of America account to an account in the  
3 name of L.W., for L.W.'s personal use.

4 e. I agree that I knowingly participated in the above-described scheme to defraud  
5 investors from approximately 1999 to late March 2009, and that, during this time, I intended to  
6 defraud the investors. I further agree that between January 2004 and March 2009, via the  
7 Millennium Entities, co-defendant Hoegel and I caused the sale of more than \$129.5 million  
8 worth of fraudulent CDs, which caused investors to suffer actual losses of more than \$75 million.

9 f. I agree that in 2008, I earned significant income from the above-described scheme  
10 to defraud investors, that I was aware that I had \$1,045,250 of tax due and owing to the United  
11 States based on that income, and that I willfully took affirmative steps to evade or defeat that tax  
12 due and owing. For example, I used cash extensively, and I failed to maintain any books and  
13 ledgers for income and expenditures, as are routinely kept in the normal course of business. In  
14 addition, I used my income – both cash and otherwise – to pay debts owed to creditors other than  
15 the IRS (such as making interest payments on a private jet, and paying for construction and  
16 furnishings on a large personal property in St. Vincent and the Grenadines).

17 3. I agree to give up all rights that I would have if I chose to proceed to trial,  
18 including the rights to a jury trial with the assistance of an attorney; to confront and cross-  
19 examine government witnesses; to remain silent or testify; to move to suppress evidence or raise  
20 any other Fourth or Fifth Amendment claims; to any further discovery from the government; and  
21 to pursue any affirmative defenses and present evidence.

22 4. I agree to give up my right to appeal my conviction, the judgment, and orders of  
23 the Court. I also agree to waive any right I have to appeal any aspect of my sentence, including  
24 any orders relating to forfeiture and or restitution.

25 5. I agree not to file any collateral attack on my conviction or sentence, including a  
26 petition under 28 U.S.C. § 2255 or 28 U.S.C. § 2241, or motion under 18 U.S.C. § 3582, at any  
27 time in the future after I am sentenced, except that I reserve my right to claim that my counsel

28  
PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

1 was ineffective in connection with the negotiation of this Agreement or the entry of my guilty  
2 plea. I understand that the government will not preserve any physical evidence obtained in this  
3 case.

4 6. I agree not to ask the Court to withdraw my guilty pleas at any time after they are  
5 entered. I understand that by entering into this Agreement: (a) I agree that the facts set forth in  
6 Paragraph 2 of this Agreement shall be admissible against me under Fed. R. Evid. 801(d)(2)(A)  
7 in any subsequent proceeding, including at trial, in the event I move to withdraw my guilty plea,  
8 and (b) I expressly waive any and all rights under Fed. R. Crim. 11(f) and Fed. R. Evid. 410 with  
9 regard to the facts set forth in Paragraph 2 of this Agreement in any such subsequent proceeding.

10 7. I agree that the Court will use the Sentencing Guidelines to calculate my sentence.  
11 I understand that the Court must consult the Guidelines and take them into account when  
12 sentencing, together with the factors set forth in 18 U.S.C. § 3553(a). I also understand that the  
13 Court is not bound by the Guidelines calculations below, the Court may conclude that a higher  
14 Guidelines range applies to me, and, if it does, I will not be entitled, nor will I ask to withdraw  
15 my guilty plea. I also agree that regardless of the sentence that the Court imposes on me, I will  
16 not be entitled, nor will I ask, to withdraw my guilty plea. I further agree that the Sentencing  
17 Guidelines offense level will be calculated as follows, and that I may seek a possible downward  
18 departure pursuant to U.S.S.G . § 5K1.1. I also reserve my right to argue for a variance from the  
19 Guidelines range determined by the Court based on 18 U.S.C. § 3553(a) factors, and I  
20 understand that the government may oppose that argument. The parties have reached no  
21 agreement regarding my Criminal History Category.

- 22 a. Base Offense Level, U.S.S.G. § 2B1.1(a)(1): 7
- 23 b. Specific offense characteristics (loss over \$50 million,  
24 U.S.S.G. §2B1.1(b)(1)(M)): +24
- 25 c. Specific offense characteristics (>250 victims,  
26 U.S.S.G. § 2B1.1(b)(2)(C)): +6
- 27 d. Leader/organizer (U.S.S.G. § 3B1.1(a)): +4
- 28 e. 18 U.S.C. § 1957 conviction (U.S.S.G §2S1.1(b)(2)(A)): +1

PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC



- 1 a. I will respond truthfully and completely to any and all questions put to me,  
2 whether in interviews, before a grand jury, or at any trial or other proceeding;
- 3 b. I will provide all documents and other material asked for by the government;
- 4 c. I will testify truthfully at any grand jury, court, or other proceeding as requested  
5 by the government;
- 6 d. I will surrender any and all assets acquired or obtained directly or indirectly as a  
7 result of my illegal conduct;
- 8 e. I will request continuances of my sentencing date, as necessary, until my  
9 cooperation is completed;
- 10 f. I will not reveal my cooperation, or any information related to it, to anyone  
11 without prior consent of the government;
- 12 g. I will participate in undercover activities under the supervision of law  
13 enforcement agents or the U.S. Attorney's Office; and
- 14 h. I will provide all necessary authorizations for the Receiver, Richard Roper  
15 (appointed by the Northern District of Texas in *SEC v. Millennium Bank, et*  
16 *al.*, 7:09-cv-00050-O), to obtain control over all funds remaining in any accounts  
17 identified by the government or the Receiver as having investor funds, whether  
18 those accounts are located in the United States or foreign countries. I further  
19 agree that I will sign a Power of Attorney in favor of the Receiver within 10 days  
20 of being so requested, and will work in good faith with the government and/or the  
21 Receiver to identify any such accounts, wherever located.

22 11. I agree that the government's decision whether to file a motion pursuant to  
23 U.S.S.G. § 5K1.1, as described in the government promises section below, is based on its sole  
24 and exclusive decision of whether I have provided substantial assistance and that decision will be  
25 binding on me. I understand that the government's decision whether to file such a motion, or the  
26 extent of the departure recommended by any motion, will not depend on whether convictions are  
27 obtained in any case. I also understand that the Court will not be bound by any recommendation  
28 made by the government.

12. I agree not to commit or attempt to commit any crimes before sentence is imposed  
or before I surrender to serve my sentence. I also agree not to violate the terms of my pretrial  
release; not to intentionally provide false information to the Court, the Probation Office, Pretrial  
Services, or the government; and to comply with any of the other promises I have made in this  
Agreement. I agree that if I fail to comply with any promises I have made in this Agreement,  
then the government will be released from all of its promises in this Agreement, including those

PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

1 set forth in the Government's Promises Section below, but I will not be released from my guilty  
2 pleas. I agree to remain in the custody of the United States Marshal pending my sentencing. I  
3 further agree that I will not apply for a transfer to serve part of my sentence in Canada until I  
4 have served at least 1/3 of my sentence or 54 months in the United States (running from the date  
5 I entered into federal custody, April 16, 2012), whichever is longer.

6 13. If I am prosecuted after failing to comply with any promises I made in this  
7 Agreement, then (a) I agree that any statements I made to any law enforcement or other  
8 government agency or in Court, whether or not made pursuant to the cooperation provisions of  
9 this Agreement, may be used in any way; (b) I waive any and all claims under the United States  
10 Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal  
11 Rules of Evidence, or any other federal statute or rule, to suppress or restrict the use of my  
12 statements, or any leads derived from those statements; and (c) I waive any defense to any  
13 prosecution that is barred by a statute of limitations, if the limitations period has run between the  
14 date of this Agreement and the date I am indicted. In return for the government's promises set  
15 out below, I agree that the government may reinstate all of the dismissed counts and include any  
16 other charges by superseding indictment should my case be remanded to district court following  
17 an appeal for any reason. I further agree that any applicable statute of limitations that has not run  
18 as of the date the Agreement was signed for any charge arising out of the Northern District of  
19 California shall be tolled and extended from that date until the date that the mandate is spread in  
20 the district court from any such appeal.

21 14. I agree that this Agreement contains all of the promises and agreements between  
22 the government and me, and supersedes any other agreements, written or oral. No modification  
23 of this Agreement shall be effective unless it is in writing and signed by all parties.

24 15. I agree that the Agreement binds the U.S. Attorney's Offices for the Northern  
25 District of California and Eastern District of North Carolina only, and does not bind any other  
26 federal, state, or local agency.

27 The Government's Promises

28 PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

1           16.    The government agrees to move to dismiss any open charges pending against the  
2 defendant in the captioned Indictment and Information at the time of sentencing. The  
3 government further agrees that it will not oppose the defendant's application for a transfer to  
4 serve part of his sentence in Canada, provided that the defendant does not breach any terms of  
5 this Agreement, including his promise not to apply for such a transfer until he has served at least  
6 1/3 of his sentence or 54 months in the United States (running from the date he entered into  
7 federal custody, April 16, 2012), whichever is longer. The government further agrees that, if  
8 asked, it may provide publicly-available information to Canadian authorities, but that it will not  
9 take a position on whether the defendant, if transferred to Canada to serve any remaining  
10 sentence, should be paroled under applicable Canadian statutes and regulations.

11           17.    The government agrees not to file any additional charges against the defendant  
12 that could be filed as a result of the investigation that led to the captioned Indictment and  
13 Information.

14           18.    The government agrees to recommend the Guideline calculations set out above  
15 unless the defendant violates the terms of the Agreement above or fails to accept responsibility.

16           19.    The government agrees not to use any statements made by the defendant pursuant  
17 to this Agreement against him, unless the defendant fails to comply with any promises in this  
18 Agreement.

19           20.    If, in its sole and exclusive judgment, the government decides that the defendant  
20 has cooperated fully and truthfully, provided substantial assistance to law enforcement authorities  
21 within the meaning of U.S.S.G. § 5K1.1, and otherwise complied fully with this Agreement, it  
22 will file with the Court a motion under § 5K1.1 and/or 18 U.S.C. § 3553 that explains the nature  
23 and extent of the defendant's cooperation and recommends a downward departure.

24 The Defendant's Affirmations

25           21.    I confirm that I have had adequate time to discuss this case, the evidence, and the  
26 Agreement with my attorney and that my attorney has provided me with all the legal advice that I  
27 requested.

28 PLEA AGREEMENT  
CR 12-111 EMC/CR 12-642 EMC

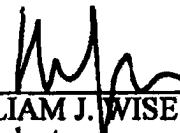
1           22. I confirm that while I considered signing this Agreement, and at the time I signed  
2 it, I was not under the influence of any alcohol, drug, or medicine that would impair my ability to  
3 understand the Agreement.

4           23. I confirm that my decision to enter a guilty plea is made knowing the charges that  
5 have been brought against me, any possible defenses, and the benefits and possible detriments of  
6 proceeding to trial. I also confirm that my decision to plead guilty is made voluntarily, and no  
7 one coerced or threatened me to enter into this Agreement.

8

9

10 Dated: Sept. 12] 2012

  
\_\_\_\_\_  
WILLIAM J. WISE  
Defendant

11

12

13

MELINDA HAAG  
United States Attorney

14

15 Dated: 9/12/12

  
\_\_\_\_\_  
TRACIE L. BROWN  
Assistant United States Attorney

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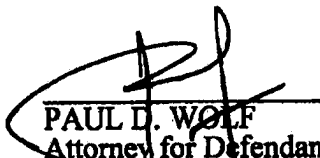
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24. I have fully explained to my client all the rights that a criminal defendant has and  
all the terms of this Agreement. In my opinion, my client understands all the terms of this  
Agreement and all the rights my client is giving up by pleading guilty, and, based on the  
information now known to me, my client's decision to plead guilty is knowing and voluntary.

Dated: 9/12/12

  
\_\_\_\_\_  
PAUL D. WOLF  
Attorney for Defendant

# EXHIBIT B



## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Rat of Principal Loss	Pro Rat of Total Distribution	Distribution
Abbott	Elaine	\$89,187.50	2.58%	0.10%	\$2,305.30
Adams	Sharon	162,120.64	2.58%	0.19%	4,190.46
Adams	Lisa & Louie	5,000.00	2.58%	0.01%	129.24
Agrawal	Devendra & Rekha	589,360.00	2.58%	0.67%	15,233.65
Akre	Paul	90,079.94	2.58%	0.10%	2,328.37
Akter	Shalina	8,000.00	2.58%	0.01%	206.78
Allison	William	97,054.42	2.58%	0.11%	2,508.64
Allison	LaMoyné	65,890.40	2.58%	0.08%	1,703.12
Anderson	Boyce & Betty Jo	120,180.06	2.58%	0.14%	3,106.39
Anderson	Walter	19,290.00	2.58%	0.02%	498.60
Antunes	Adelino F., Anabela P., and Fernanda	167,971.58	2.58%	0.19%	4,341.69
Anzil	Mark	359,000.00	2.58%	0.41%	9,279.35
Apice	Joseph & Carmela	300,000.00	2.58%	0.34%	7,754.33
Ariel Ltd.	Alloian, Gary	200,000.00	2.58%	0.23%	5,169.56
Arrech	Adam	10,000.00	2.58%	0.01%	258.48
Avena	Andrew	192,150.00	2.58%	0.22%	4,966.65
Bahati	Ntama	5,000.00	2.58%	0.01%	129.24
Baize	Nathan	25,000.00	2.58%	0.03%	646.19
Baker	Lois	38,800.00	2.58%	0.04%	1,002.89
Ballenger	Dushun	52,000.00	2.58%	0.06%	1,344.08
Baloch	Karimdad	119,750.00	2.58%	0.14%	3,095.27
Banoub	Amir	286,886.40	2.58%	0.33%	7,415.38
Baranski-Baranska	Ryszard & Jadwiga	73,125.00	2.58%	0.08%	1,890.12
Barber	William	360,000.00	2.58%	0.41%	9,305.20
Bard	Linda	230,354.67	2.58%	0.26%	5,954.16
Baribeau	Hazel & Thomas	115,000.00	2.58%	0.13%	2,972.50
Bass	Connie	391,500.00	2.58%	0.45%	10,119.41
Bautista	Willene	60,000.00	2.58%	0.07%	1,550.87
Behar	Bernice	114,971.51	2.58%	0.13%	2,971.76
Benson	David	215,479.00	2.58%	0.25%	5,569.65
Benson	Kimberly	149,474.85	2.58%	0.17%	3,863.59
Bergmann	Larry	271,587.20	2.58%	0.31%	7,019.93
Bettle	Dahires	94,535.42	2.58%	0.11%	2,443.53
Bishop	William, Sr.	297,784.00	2.58%	0.34%	7,697.06
Bishop	Merna	7,000.00	2.58%	0.01%	180.93
Bissell	Dorilda & Ronald	46,481.60	2.58%	0.05%	1,201.45
Bistrup	Nick	200,000.00	2.58%	0.23%	5,169.56
Bland	Janet	105,000.00	2.58%	0.12%	2,714.02
Bohringer	Beverly & Paul	171,706.24	2.58%	0.20%	4,438.23
Bonat	Anne	12,666.67	2.58%	0.01%	327.41
Bracher	Roland & Rosemary	100,000.00	2.58%	0.11%	2,584.78

## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Rata of Principal Loss	Pro Rata of Total Distribution	Distribution
Brandenberger	Suzanne	188,910.67	2.58%	0.22%	4,882.92
Bratvoid	David & Michelle	15,000.00	2.58%	0.02%	387.72
Braunschweig	Martin	308,700.92	2.58%	0.35%	7,979.23
Broussard	Philip	583,828.33	2.58%	0.67%	15,090.67
Broussard	Shiloe	20,000.00	2.58%	0.02%	516.96
Brown	Clyde	1,541,625.00	2.58%	1.76%	39,847.59
Brown	Laverne	125,121.54	2.58%	0.14%	3,234.11
Brunke	John & Judy	68,032.70	2.58%	0.08%	1,758.49
Buckley	Trevor	6,000.00	2.58%	0.01%	155.09
Bungayao	Clarita	238,170.83	2.58%	0.27%	6,156.19
Bungayao	Ranchie	49,529.42	2.58%	0.06%	1,280.23
Burch	Arthur & Bevera	384,262.50	2.58%	0.44%	9,932.33
Busta	David & Carol	119,572.44	2.58%	0.14%	3,090.68
Butterfield	Lawrence & Barbara	137,000.00	2.58%	0.16%	3,541.15
Buzzard	Emily and/or Gail	38,000.00	2.58%	0.04%	982.22
Calandra	Henry	68,600.00	2.58%	0.08%	1,773.16
Calvachio	Raymond	160,865.99	2.58%	0.18%	4,158.03
Campion	Christina	128,712.50	2.58%	0.15%	3,326.93
Campion	Justin	76,474.75	2.58%	0.09%	1,976.70
Candela	Bonaventura & Cesaria	284,500.00	2.58%	0.32%	7,353.69
Canu	Frank	50,000.00	2.58%	0.06%	1,292.39
Carpino	Romas	36,275.00	2.58%	0.04%	937.63
Caspar	Sharla	5,000.00	2.58%	0.01%	129.24
Castro	Margaret	23,043.75	2.58%	0.03%	595.63
Chaleft	Connie	21,511.09	2.58%	0.02%	556.01
Ciborski	Sara	50,000.00	2.58%	0.06%	1,292.39
Ciels	Francis	137,309.07	2.58%	0.16%	3,549.14
Clausson	Hilda	30,000.00	2.58%	0.03%	775.43
Cochran	David & Lori	30,065.53	2.58%	0.03%	777.13
Cody	Joseph & Kathleen	25,000.00	2.58%	0.03%	646.19
Conlon	Patrick	194,572.44	2.58%	0.22%	5,029.27
Conn	Dennis & Mary	20,000.00	2.58%	0.02%	516.96
Conover	Robert	125,000.00	2.58%	0.14%	3,230.97
Cooke	Len	272,625.00	2.58%	0.31%	7,046.75
Cooke	Maria	124,341.00	2.58%	0.14%	3,213.94
Cooke	David	83,750.00	2.58%	0.10%	2,164.75
Cooney	Mark	55,897.00	2.58%	0.06%	1,444.81
Cooper	Deborah	16,495.78	2.58%	0.02%	426.38
Costigan	Patricia	110,000.00	2.58%	0.13%	2,843.26
Craigen	John	45,000.00	2.58%	0.05%	1,163.15
Crossen	Leila	485,481.53	2.58%	0.55%	12,548.62

## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Ratio of Principal Loss	Pro Ratio of Total Distribution	Distribution
Cummins	Margaret	55,928.06	2.58%	0.06%	1,445.62
Curdy	Mohamed	469,820.83	2.58%	0.54%	12,143.83
Daigle	David	150,264.47	2.58%	0.17%	3,884.00
Dallos	Carol & Joseph	25,799.99	2.58%	0.03%	666.87
Daugherty	Nancy	10,500.00	2.58%	0.01%	271.40
Davis	William & Sarah	164,161.76	2.58%	0.19%	4,243.22
Davis	Laveta	136,881.88	2.58%	0.16%	3,538.09
Dayspring Enterprises	Donnie Johnson	55,000.00	2.58%	0.06%	1,421.63
Debs	Ferris	30,000.00	2.58%	0.03%	775.43
DegImann	Ruth	24,996.64	2.58%	0.03%	646.11
DeKoven	Elinor	55,000.00	2.58%	0.06%	1,421.63
Delgado	Art & Rebekah	104,901.60	2.58%	0.12%	2,711.47
Dellalanga	Joseph	55,000.00	2.58%	0.06%	1,421.63
Dentz	Irving	147,000.00	2.58%	0.17%	3,799.62
Desiato	Wilma	130,525.00	2.58%	0.15%	3,373.78
Diebert	Robert & Barbara	600,000.00	2.58%	0.69%	15,508.67
Dippolito	John & Kathy	73,400.00	2.58%	0.08%	1,897.23
Donohue	Matthew	53,114.94	2.58%	0.06%	1,372.90
Dowling	Sally	26,400.00	2.58%	0.03%	682.38
Driscoll	Don	115,000.00	2.58%	0.13%	2,972.50
Duncan	Arlen	10,000.00	2.58%	0.01%	258.48
Ducas	George	250,000.00	2.58%	0.29%	6,461.95
Dumitru	Daniel & Ivone	26,765.85	2.58%	0.03%	691.84
Duncan	Michael	79,629.17	2.58%	0.09%	2,058.24
Dunphy	Aedan	30,077.16	2.58%	0.03%	777.43
Dupre	Patrick	35,029.00	2.58%	0.04%	905.42
Earles	Kaye	125,687.49	2.58%	0.14%	3,248.74
Eby	Elton	50,000.00	2.58%	0.06%	1,292.39
Ehalt	Lloyd	128,976.98	2.58%	0.15%	3,333.77
Emerald Chimes, Ltd.	Baughter, Jack	341,656.31		0.39%	8,831.06
Enomoto	Tamara	19,950.00	2.58%	0.02%	515.66
Esposito	Carmen & Claire	203,394.00	2.58%	0.23%	5,257.28
Esposito	Anthony & Maureen	184,000.00	2.58%	0.21%	4,755.99
Faris	Michael	10,000.00	2.58%	0.01%	258.48
Fasanello	Madeline	43,750.00	2.58%	0.05%	1,130.84
Fasolo	Akiko	70,934.40	2.58%	0.08%	1,833.50
Faughn	Mark & Terrie	255,807.00	2.58%	0.29%	6,612.04
Ferguson	David	261,193.04	2.58%	0.30%	6,751.26
Ferniglia	Gildo & Laura	125,000.00	2.58%	0.14%	3,230.97
Fetter	Margie	16,851.25	2.58%	0.02%	435.57
Figaniak	Laurie	6,000.00	2.58%	0.01%	155.09

Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pct. Rat. of Principal Loss	Pct. Rat. of Total Distribution	Distribution
Filbert	Donald	300,000.00	2.58%	0.34%	7,754.33
Filippini	Daniel	87,200.00	2.58%	0.10%	2,253.93
Fishelis	Feige	10,300.00	2.58%	0.01%	266.23
Fisher	George	400,000.00	2.58%	0.46%	10,339.11
Floyd	Francis & Patricia	5,000.00	2.58%	0.01%	129.24
Foster	John	100,000.00	2.58%	0.11%	2,584.78
Foutty	Paul & Barbara	25,000.00	2.58%	0.03%	646.19
Fox	Isla	58,866.56	2.58%	0.07%	1,521.57
Francino	Lazarus & Frances	162,788.44	2.58%	0.19%	4,207.72
Freeman	Charles	50,000.00	2.58%	0.06%	1,292.39
Friedmann	Robert	610,100.00	2.58%	0.70%	15,769.73
Fuchs	Thomas	75,000.00	2.58%	0.09%	1,938.58
Fung	Katherine	1,157,412.50	2.58%	1.32%	29,916.55
Furrow	Richard	5,000.00	2.58%	0.01%	129.24
Gambrell	Glenn	175,190.14	2.58%	0.20%	4,528.28
Gambrell	Steve	24,062.82	2.58%	0.03%	621.97
Ganin	Donald (Revocable Trust) & Mary Ann	574,875.00	2.58%	0.66%	14,859.24
Ganin	Lee & Roseann	466,500.00	2.58%	0.53%	12,057.99
Ganin	Cynthia	11,500.00	2.58%	0.01%	297.25
Gann	Mike	373,249.12	2.58%	0.43%	9,647.66
Gay	Sheila	373,750.00	2.58%	0.43%	9,660.61
Gaymann	Lynn	264,765.00	2.58%	0.30%	6,843.59
Gelerman	Ed	70,711.30	2.58%	0.08%	1,827.73
Gesin	Valery & Tatyana	25,000.00	2.58%	0.03%	646.19
Ghorbani	Freydoun	35,000.00	2.58%	0.04%	904.67
Gibbs	Barbara	78,186.67	2.58%	0.09%	2,020.95
Glass	Marvin & Carolyn	216,808.33	2.58%	0.25%	5,604.01
Glova	Roman	100,000.00	2.58%	0.11%	2,584.78
Goethel	Kay	25,000.00	2.58%	0.03%	646.19
Goins	Estelle	120,093.27	2.58%	0.14%	3,104.14
Goldring	James	20,000.00	2.58%	0.02%	516.96
Golkowski	Czeslaw	300,000.00	2.58%	0.34%	7,754.33
Goodrum	Bertricia	131,500.00	2.58%	0.15%	3,398.98
Gore	Nick	50,000.00	2.58%	0.06%	1,292.39
Grabek	George	53,440.00	2.58%	0.06%	1,381.31
Grasso	Joe	113,333.33	2.58%	0.13%	2,929.42
Grissom	Deloris	210,000.00	2.58%	0.24%	5,428.03
Gross	Christina	32,000.00	2.58%	0.04%	827.13
Grulick	Larry	253,380.00	2.58%	0.29%	6,549.31
Gursahaney	Neerja	4,000,000.00	2.58%	4.57%	103,391.13
Gurzynski	James	50,000.00	2.58%	0.06%	1,292.39

**Net Losing Investor Distribution List**

Last Name	First Name	Principal Loss	Pro Ratio of Principal Loss	Pro Ratio of Total Distribution	Distribution
Haberacker	Bessie	20,000.00	2.58%	0.02%	516.96
Hacia	Elizabeth	4,902.22	2.58%	0.01%	126.71
Hall	David	398,173.34	2.58%	0.45%	10,291.90
Hankey	Caleb	25,000.00	2.58%	0.03%	646.19
Hannam	Terrence & Frances	180,015.00	2.58%	0.21%	4,652.99
Hannon	Lawrence	714,075.00	2.58%	0.82%	18,457.26
Hannon	Mary	34,000.00	2.58%	0.04%	878.82
Hannon	Brian	25,000.00	2.58%	0.03%	646.19
Hansen	John & Anita	5,000.00	2.58%	0.01%	129.24
Hardin	Ronnie E. or Brenda	623,842.30	2.58%	0.71%	16,124.94
Hardin	Zachary Lane	65,000.00	2.58%	0.07%	1,680.11
Hardin	Lucas Royce	35,000.00	2.58%	0.04%	904.67
Hardin	Brent	30,000.00	2.58%	0.03%	775.43
Hartman	Steven	5,000.00	2.58%	0.01%	129.24
Havens	Terry	33,000.00	2.58%	0.04%	852.98
Head	Gregory	50,000.00	2.58%	0.06%	1,292.39
Heustis	Sylvia & R. Turner	27,820.63	2.58%	0.03%	719.10
Hight	Stephen	30,000.00	2.58%	0.03%	775.43
Hight	Wanda	11,000.00	2.58%	0.01%	284.33
Hijin	Kim	7,236.00	2.58%	0.01%	187.03
Hof	Janford & Marjorie Hof Dean	150,000.00	2.58%	0.17%	3,877.17
Hollis	Sharon	1,735,130.00	2.58%	1.98%	44,849.26
Holly	Michael	25,000.00	2.58%	0.03%	646.19
Hoppe	Edith	129,218.61	2.58%	0.15%	3,340.01
Hughes	Elizabeth	40,000.00	2.58%	0.05%	1,033.91
Hunsaker	Elmer	26,250.00	2.58%	0.03%	678.50
Hynoski	Michaeline	3,194.94	2.58%	0.00%	82.58
Ignatkin	Gene	270,000.00	2.58%	0.31%	6,978.90
Ingerman	Ojga & Vladimir	57,000.00	2.58%	0.07%	1,473.32
Isleib	George & Carol	330,185.33	2.58%	0.38%	8,534.56
Ivey	Donald	100,000.00	2.58%	0.11%	2,584.78
Jackson	Steven	30,000.00	2.58%	0.03%	775.43
Jain	Prabhat	3,600,000.00	2.58%	4.11%	93,052.02
Jarrison	Karen	700,000.00	2.58%	0.80%	18,093.45
Janson	Philip (as Trustee of the Janson Revocable Trust)	337,967.65	2.58%	0.39%	8,735.71
Jarvis	Margaret (Margaret C. Jarvis Living Trust)	180,000.00	2.58%	0.21%	4,652.60
Jarvis	Ralph	1,538,819.00	2.58%	1.76%	39,775.06
Jennings	Bobbie	26,600.00	2.58%	0.03%	687.55
Johnson	Myrtle	101,300.00	2.58%	0.12%	2,618.38
Jones	Colin	122,000.00	2.58%	0.14%	3,153.43
Jones	Waymon	40,000.00	2.58%	0.05%	1,033.91

## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Rata of Principal Loss	Pro Rata of Total Distribution	Distribution
Jones	Fred	7,234.01	2.58%	0.01%	186.98
Kalles	Christie	15,000.00	2.58%	0.02%	387.72
Kammer	Jerry F. & Gigi	95,250.00	2.58%	0.11%	2,462.00
Karam	Maurice	17,899.57	2.58%	0.02%	462.66
Keegan	Jocelyn	110,000.00	2.58%	0.13%	2,843.26
Kely	Robert	100,000.00	2.58%	0.11%	2,584.78
Kely	Edward	11,200.00	2.58%	0.01%	289.50
Kerr	Mary Ann	20,292.46	2.58%	0.02%	524.52
Khostravi	Amir	409,546.67	2.58%	0.47%	10,585.87
Kiefer	William	199,411.49	2.58%	0.23%	5,154.34
Kilner	Ronald	100,000.00	2.58%	0.11%	2,584.78
Kirsch	Cheryl	12,403.36	2.58%	0.01%	320.60
Kitska	Cecelia	113,911.54	2.58%	0.13%	2,944.36
Kleinman	Frances	150,131.00	2.58%	0.17%	3,880.55
Kleinman	Jeffrey	32,956.55	2.58%	0.04%	851.85
Knapp	Marlene	50,000.00	2.58%	0.06%	1,292.39
Knutson	Mary	74,494.33	2.58%	0.09%	1,925.51
Knutson	Thomas & Dawn	7,499.29	2.58%	0.01%	193.84
Kohler	William	179,883.33	2.58%	0.21%	4,649.59
Kohler	Christopher & Deborah	130,000.00	2.58%	0.15%	3,360.21
Kolb	Robert	120,225.22	2.58%	0.14%	3,107.56
Kossmann	Howard	15,000.00	2.58%	0.02%	387.72
Kotalik	Nancy	74,800.00	2.58%	0.09%	1,933.41
Krieger	Janis and William Pereksta	55,270.10	2.58%	0.06%	1,428.61
Lacasse	Ronald	196,688.63	2.58%	0.22%	5,083.97
Ladin	Jonathan & Mitsuyo	43,000.00	2.58%	0.05%	1,111.45
Lafatta	Camille	150.00	2.58%	0.00%	3.88
Lagassy	Carlene	446,384.00	2.58%	0.51%	11,538.04
Lahey	Siraz	71,330.05	2.58%	0.08%	1,843.72
Lahey	Grace & Denise	10,460.00	2.58%	0.01%	270.37
Lahey	Adam and/or Denise	5,000.00	2.58%	0.01%	129.24
Landberg	Adrian & Linda	100,000.00	2.58%	0.11%	2,584.78
Lattoz	Honora	105,750.70	2.58%	0.12%	2,733.42
Le Croix	James & Janet	104,000.00	2.58%	0.12%	2,688.17
Lea	James	10,000.00	2.58%	0.01%	258.48
Lee	Lawrence & Kathy	30,000.00	2.58%	0.03%	775.43
Lee	Jikwang	25,000.00	2.58%	0.03%	646.19
Lee	Tyrone & Sharena	10,000.00	2.58%	0.01%	258.48
Lemay	Belinda	35,442.72	2.58%	0.04%	916.12
Lentz	Carol	400,000.00	2.58%	0.46%	10,339.11
Lentz	Margaret	90,000.00	2.58%	0.10%	2,326.30

**Net Losing Investor Distribution List**

Last Name	Trust Name	Principal Loss	Proportion of Principal Loss	Proportion of Total Distribution	Distribution
Lentz	Merrick & Margaret	150,000.00	2.58%	0.17%	3,877.17
Lenzen	Brian & Karen	124,844.30	2.58%	0.14%	3,226.95
Leopold	Astara	150,000.00	2.58%	0.17%	3,877.17
Leshynski	Raymond	250,000.00	2.58%	0.29%	6,461.95
Lewis	Orville	73,453.77	2.58%	0.08%	1,898.62
Lieberman	Joan	304,743.00	2.58%	0.35%	7,876.93
Limauro	Carl & Judy	91,683.33	2.58%	0.10%	2,369.81
Liming	David	300,000.00	2.58%	0.34%	7,754.33
Ling	Lesley	20,000.00	2.58%	0.02%	516.96
Liolis	Chrysanthos	55,687.50	2.58%	0.06%	1,439.40
Locke	Forrest	66,450.00	2.58%	0.08%	1,717.59
Lovinggood	Jerry	101,250.00	2.58%	0.12%	2,617.09
Lowell	John	16,445.00	2.58%	0.02%	425.07
Lowrey	Janice	27,950.00	2.58%	0.03%	722.45
Luebke	Martin & Karen	40,595.00	2.58%	0.05%	1,049.29
MacLennan	Kathleen	10,000.00	2.58%	0.01%	258.48
Maczkowicz	Bernard	150,000.00	2.58%	0.17%	3,877.17
Maki	Bettye	86,000.00	2.58%	0.10%	2,222.91
Maklezwow	Valentin	16,955.50	2.58%	0.02%	438.26
Manning	Joyce	300,000.00	2.58%	0.34%	7,754.33
Mansor	Edmund & Roberta	215,000.00	2.58%	0.25%	5,557.27
Mansor	George	209,300.00	2.58%	0.24%	5,409.94
Manuel	James	300,000.00	2.58%	0.34%	7,754.33
Maran	Janice	100,000.00	2.58%	0.11%	2,584.78
March	John	59,400.00	2.58%	0.07%	1,535.36
Marchesano	John	81,365.04	2.58%	0.09%	2,103.11
Marcus	Belinda	65,036.00	2.58%	0.07%	1,681.04
Marschall	Stephen	48,500.00	2.58%	0.06%	1,253.62
Masten	Henry	65,000.00	2.58%	0.07%	1,680.11
Matcika	Jeanette	511,696.00	2.58%	0.58%	13,226.21
Maultsby	Dwayne	25,000.00	2.58%	0.03%	646.19
May	Marianne	36,345.42	2.58%	0.04%	939.45
Mayfield	Randal	74,100.00	2.58%	0.08%	1,915.32
McCoy	John	35,500.00	2.58%	0.04%	917.60
McIntyre	Debbie & Tom (Family Trust)	975,975.38	2.58%	1.11%	25,226.80
Medeiros	Manuel & Connie	30,000.00	2.58%	0.03%	775.43
Medfin Revocable Trust	Gautsch	100,000.00	2.58%	0.11%	2,584.78
Mediodia	Josette & Jordania	65,928.00	2.58%	0.08%	1,704.09
Mehta	Promila (PMA Trust)	319,999.99	2.58%	0.37%	8,271.29
Meiber	Nathan	276,525.00	2.58%	0.32%	7,147.56
Meyers	Gretchen	97,000.00	2.58%	0.11%	2,507.23

**Net Losing Investor Distribution List**

Last Name	First Name	Principal Loss	Pro-Rata of Principal Loss	Pro-Rata of Total Distribution	Distribution
Miller	Emily	963,726.21	2.58%	1.10%	24,910.19
Mitchell	Wes	105,000.00	2.58%	0.12%	2,714.02
Mobley	William H.	100,141.67	2.58%	0.11%	2,588.44
Mobley	Theodore & Deana	100,000.00	2.58%	0.11%	2,584.78
Monk	Mitchell	400,000.00	2.58%	0.46%	10,339.11
Montrose	Harold	44,391.95	2.58%	0.05%	1,147.43
Morrow	Dominique (Keltly, Robert)	100,000.00	2.58%	0.11%	2,584.78
Murphy	Gail	316,000.00	2.58%	0.36%	8,167.90
Murphy	Yvonne	36,823.76	2.58%	0.04%	951.81
Murphy	Edward & Judy	10,379.55	2.58%	0.01%	268.29
Murray	Edward & Betty	200,000.00	2.58%	0.23%	5,169.56
Nadelman	Steven	110,000.00	2.58%	0.13%	2,843.26
Nakhimovich	Ilya & Izabelle	552,871.54	2.58%	0.63%	14,290.50
Neely	Christopher	25,000.00	2.58%	0.03%	646.19
Nesbit	Inge	172,548.65	2.58%	0.20%	4,460.00
Nguyen	Anthony & Judy	120,054.75	2.58%	0.14%	3,103.15
Ni	Pamela	30,000.00	2.58%	0.03%	775.43
Nielsen	Kumiko	78,211.23	2.58%	0.09%	2,021.59
Nosali	Jerome	6,000.00	2.58%	0.01%	155.09
Nyren	George	300,000.00	2.58%	0.34%	7,754.33
Oeser	Trude	202,000.00	2.58%	0.23%	5,221.25
Oh	Peter & Cynthia	135,629.87	2.58%	0.15%	3,505.73
O'Meary	Timothy	10,000.00	2.58%	0.01%	258.48
Paris	James & Angela	477,625.00	2.58%	0.55%	12,345.55
Patel	Harish & Vanlata	372,684.50	2.58%	0.43%	9,633.07
Patel	Dipak Rajini	250,000.00	2.58%	0.29%	6,461.95
Pathak	Shyam	1,075,000.00	2.58%	1.23%	27,786.37
Pathak	Ajay	250,000.00	2.58%	0.29%	6,461.95
Pathak	Swati	250,000.00	2.58%	0.29%	6,461.95
Pathak Irrevocable Trust		550,000.00	2.58%	0.63%	14,216.28
Pathak Living Trust (Kalindi)		925,000.00	2.58%	1.06%	23,909.20
Peevler	Thomas	200,000.00	2.58%	0.23%	5,169.56
Perkins	Mark	19,562.50	2.58%	0.02%	505.65
Perreault	Yvonne	55,800.00	2.58%	0.06%	1,442.31
Person	Diana	185,200.00	2.58%	0.21%	4,787.01
Pertuset	James & Jody	203,700.00	2.58%	0.23%	5,265.19
Petillo	Edward	255,000.00	2.58%	0.29%	6,591.18
Petti	Vincent	88,341.68	2.58%	0.10%	2,283.44
Pham	Michael	30,000.00	2.58%	0.03%	775.43
Phillips	Aila	55,735.62	2.58%	0.06%	1,440.64
Pierson	Randi, Charlie & Brodie	5,000.00	2.58%	0.01%	129.24



## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Ratio of Principal Loss	Pro Ratio of Total Distribution	Distribution
Pierson	Stan & Carrie	5,000.00	2.58%	0.01%	129.24
Podobinski	William & Donna	62,000.00	2.58%	0.07%	1,602.56
Polakova	Neile & Vitali	43,850.00	2.58%	0.05%	1,133.43
Portinga	Bella Jean	367,142.05	2.58%	0.42%	9,489.81
Powis	Kathleen	348,825.00	2.58%	0.40%	9,016.35
Price	Jessica Diane	49,750.00	2.58%	0.06%	1,285.93
Prust	Barbara & Steven	60,000.00	2.58%	0.07%	1,550.87
Publishing Association Reformation Herald		14,917.18	2.58%	0.02%	385.58
Pyle	Anita	50,000.00	2.58%	0.06%	1,292.39
Raddant	Willard or Bonnie	20,000.00	2.58%	0.02%	516.96
Ranstrom	Suzanne & Henry	31,000.00	2.58%	0.04%	801.28
Raptosh	Richard	37,845.35	2.58%	0.04%	978.22
Raudenbush	Rita	79,941.91	2.58%	0.09%	2,066.32
Raudenbush	Russell & Amy	10,000.00	2.58%	0.01%	258.48
Reep	Marilyn	10,000.00	2.58%	0.01%	258.48
Rhoads	Arthur	15,000.00	2.58%	0.02%	387.72
Rivera	Carmen	59,240.00	2.58%	0.07%	1,531.22
Robinson	Robert	50,000.00	2.58%	0.06%	1,292.39
Roch	John & Carolyn	25,000.00	2.58%	0.03%	646.19
Rose	Barry & Julia	96,295.58	2.58%	0.11%	2,489.03
Rose	Richard	10,000.00	2.58%	0.01%	258.48
Rothermel	Robert	35,000.00	2.58%	0.04%	904.67
Rouanet	Guy	50,500.00	2.58%	0.06%	1,305.31
Rupprecht	Christopher	9,000.00	2.58%	0.01%	232.63
Rupprecht	Michael	9,000.00	2.58%	0.01%	232.63
Rushing	Richard	445,967.12	2.58%	0.51%	11,527.26
Ryhiner	Victor & Yvonne	374,000.00	2.58%	0.43%	9,667.07
Sabados Revocable Living Trust		146,950.00	2.58%	0.17%	3,798.33
Sack	Charles & Jean	82,000.00	2.58%	0.09%	2,119.52
Saenz	Marilyn & Lawrence	21,000.00	2.58%	0.02%	542.80
Sandowski	Michael	92,000.00	2.58%	0.11%	2,378.00
Santana	Raul	266,400.00	2.58%	0.30%	6,885.85
Santos	Josias	15,000.00	2.58%	0.02%	387.72
Sawyers	Tullio	93,000.00	2.58%	0.11%	2,403.84
Schaeber	Steven	39,591.05	2.58%	0.05%	1,023.34
Schahrer	Lee	6,887.00	2.58%	0.01%	178.01
Schahrer	Jack	6,434.00	2.58%	0.01%	166.30
Schlottmann	A. W.	224,017.93	2.58%	0.26%	5,790.37
Schlottmann	Bernadette	117,203.01	2.58%	0.13%	3,029.44
Schnedier	Anneliese (Living Trust)	160,562.50	2.58%	0.18%	4,150.18
Schooley	James F. & Mary Alice	70,000.00	2.58%	0.08%	1,809.34

## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Ratio of Principal Loss	Pro Ratio of Total Distribution	Distribution
Schultz	Janet	50,000.00	2.58%	0.06%	1,292.39
Schultz	Judith	66,400.00	2.58%	0.08%	1,716.29
Schulze	Donna	42,449.33	2.58%	0.05%	1,097.22
Schweitzer	John	104,582.49	2.58%	0.12%	2,703.23
Scott	Deborah	973,958.33	2.58%	1.11%	25,174.66
SDA Reform Movement GC Robert Duarte		100,000.00	2.58%	0.11%	2,584.78
Seitz	Peter & Ramona	300,000.00	2.58%	0.34%	7,754.33
Sellers	Barbara L.	23,437.50	2.58%	0.03%	605.81
Sennico	Vincent A.	26,000.00	2.58%	0.03%	672.04
Senseman	Ronald	418,500.00	2.58%	0.48%	10,817.30
Seraphin	Raymond	1,662,000.00	2.58%	1.90%	42,959.02
Serrano	Johnny	25,000.00	2.58%	0.03%	646.19
Sherman	Henry	146,426.00	2.58%	0.17%	3,784.79
Sherman	Harvey	8,900.00	2.58%	0.01%	230.05
Shouse	Margie	85,750.00	2.58%	0.10%	2,216.45
Shutt	Marie	800.00	2.58%	0.00%	20.68
Siebeneck	Marlene	52,583.33	2.58%	0.06%	1,359.16
Sikorski	Ola	47,900.00	2.58%	0.05%	1,238.11
Smith	Cecelia	153,000.00	2.58%	0.17%	3,954.71
Smith	Linwood	100,000.00	2.58%	0.11%	2,584.78
Smith	Iva	2,103.90	2.58%	0.00%	54.38
Sniatynsky	Lew	280,000.00	2.58%	0.32%	7,237.38
Sobie	Deanna	35,500.00	2.58%	0.04%	917.60
Sobrito	Robert	200,001.57	2.58%	0.23%	5,169.60
Sobrito	Agnes	200,000.00	2.58%	0.23%	5,169.56
Solomon	Loretta	268,125.00	2.58%	0.31%	6,930.44
Sparks	Roger	120,000.00	2.58%	0.14%	3,101.73
St. Josephat Ukrainian Catholic Church		65,038.48	2.58%	0.07%	1,681.10
Stai	Errol and Patricia	289,837.00	2.58%	0.33%	7,491.64
Stakes	Arthur and Barbara	80,805.00	2.58%	0.09%	2,088.63
Starkell	Florine	125,000.00	2.58%	0.14%	3,230.97
Starzyk	Elizabeth and/or Joseph	140,062.50	2.58%	0.16%	3,620.31
Staub	James and Gail	29,236.00	2.58%	0.03%	755.69
Stefanache	John	278,816.70	2.58%	0.32%	7,206.79
Stewart	William	17,455.25	2.58%	0.02%	451.18
Stewart	Sean	5,000.00	2.58%	0.01%	129.24
Stolmar	Diane & Gregory	203,634.47	2.58%	0.23%	5,263.50
Tadros	Nabil	392,783.33	2.58%	0.45%	10,152.58
Tang	MingMing Hao Hank	100,000.00	2.58%	0.11%	2,584.78
Tanner	Earl and Sandra	225,000.00	2.58%	0.26%	5,815.75
Tash	Joseph	428,000.00	2.58%	0.49%	11,062.85

## Net Losing Investor Distribution List

Last Name	First Name	Principal Loss	Pro Rat of Principal Loss	Pro Rat of Total Distribution	Distribution
Tash	Francis and Irene	140,000.00	2.58%	0.16%	3,618.69
Taylor	Mel and Angela	475,554.88	2.58%	0.54%	12,292.04
Teaff	G. Lane	25,525.00	2.58%	0.03%	659.76
Theis	Mark	180,000.00	2.58%	0.21%	4,652.60
Thomasee	Scott	92,416.67	2.58%	0.11%	2,388.77
Thompson	Stephen & Kristina	10,456.37	2.58%	0.01%	270.27
Tian	Yuying	69,575.00	2.58%	0.08%	1,798.36
Tryfiatis	Panagiotis	265,606.67	2.58%	0.30%	6,865.34
Turnage	Peggy Jo	203,649.00	2.58%	0.23%	5,263.88
Turnage	William T.	535,456.02	2.58%	0.61%	13,840.35
Vadakkan	Shijoe	26,000.00	2.58%	0.03%	672.04
Vermeulen	Gerald & Patricia	20,000.00	2.58%	0.02%	516.96
Victorine	Harry	415,970.00	2.58%	0.48%	10,751.90
Virginia Transformer Corporation	Prabhat Jain	5,000,000.00	2.58%	5.71%	129,238.92
Vlasovich	Milanka and/or Dobrilla	80,000.00	2.58%	0.09%	2,067.82
Wacaser	Curtis and Norma	114,893.35	2.58%	0.13%	2,969.74
Wallace	Kelly	100,000.00	2.58%	0.11%	2,584.78
Walsh	Donald	5,097.62	2.58%	0.01%	131.76
Wang	Mercy	237,057.44	2.58%	0.27%	6,127.41
Wang	Elizabeth	100,364.70	2.58%	0.11%	2,594.20
Wang	Qizhao	17,000.00	2.58%	0.02%	439.41
Ward	R.C. and Sylvia	192,000.00	2.58%	0.22%	4,962.77
Wech	Joseph	45,333.73	2.58%	0.05%	1,171.78
Wech	Michael	25,639.56	2.58%	0.03%	662.73
Wech	Courtney	746.74	2.58%	0.00%	19.30
Weidig	Carol & Gary	255,000.00	2.58%	0.29%	6,591.18
Wells	Kevin	21,499.56	2.58%	0.02%	555.72
Westgate	Richard	185,000.00	2.58%	0.21%	4,781.84
Westgate	Charles and Sandra	127,203.31	2.58%	0.15%	3,287.92
Whitehead	Adron	332,300.17	2.58%	0.38%	8,589.22
Whitlow	Joan	332,446.82	2.58%	0.38%	8,593.01
Whitlow	Robert	157,400.00	2.58%	0.18%	4,068.44
Whitlow	Robert	54,000.00	2.58%	0.06%	1,395.78
Wight	Kurt	401,093.96	2.58%	0.46%	10,367.39
Williams	James	108,900.00	2.58%	0.12%	2,814.82
Williams	Dorothy	44,531.74	2.58%	0.05%	1,151.05
Williams	Michael	10,000.00	2.58%	0.01%	258.48
Williams	David & Sherrye	9,133.33	2.58%	0.01%	236.08
Winkler Trust	The R.V.	196,250.00	2.58%	0.22%	5,072.63
Winter	Christine	10,000.00	2.58%	0.01%	258.48
Woodcock	Robert	26,561.31	2.58%	0.03%	686.55

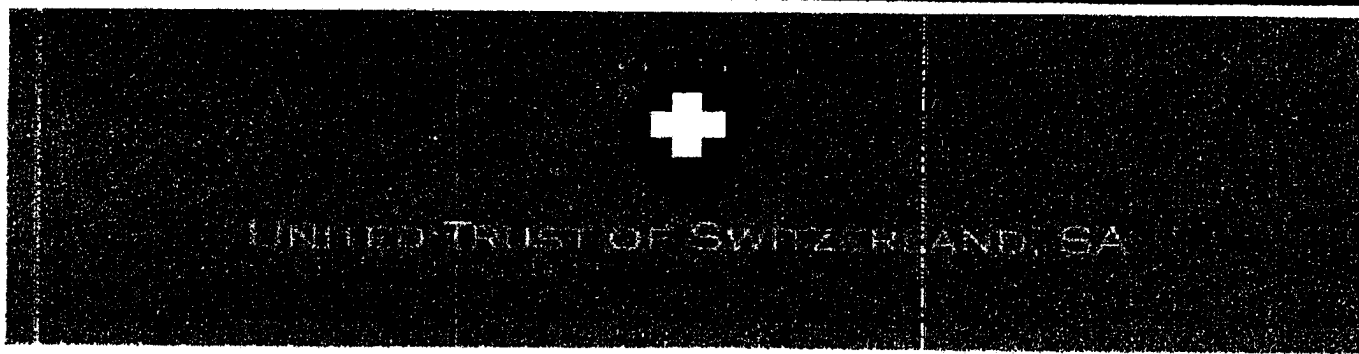
**Net Losing Investor Distribution List**

Last Name	First Name	Principal Loss	Pro Ratio of Principal Loss	Pro Ratio of Total Distribution	Distribution
Woodcock	Shirley	22,320.00	2.58%	0.03%	576.92
Woods	Donald and Diane	25,000.00	2.58%	0.03%	646.19
Wurst	Rodney & Lois	145,000.00	2.58%	0.17%	3,747.93
Yin	Peter (Pham Quynh Thi Nhu)	412,181.44	2.58%	0.47%	10,653.98
Yoke	David	96,800.00	2.58%	0.11%	2,502.07
Zanetti	John & Janine	4,396,500.00	2.58%	5.02%	113,639.78
Zhang	Yuee	600,000.00	2.58%	0.69%	15,508.67
Zhang	Gloria	9,175.25	2.58%	0.01%	237.16
Zlotnikov	Olga	58,000.00	2.58%	0.07%	1,499.17
Zweig	Martin and Shirley	35,000.00	2.58%	0.04%	904.67
<b>Subtotals</b>		<b>\$87,538,618.43</b>		<b>100.00%</b>	<b>2,262,679.22</b>

# EXHIBIT C

**Statement**

**Premium**



Ariel LTD  
 200 No. Temperance  
 Fowler, CA 93625

<i>Account Number</i>	P 21355	<i>Principle Invested</i>	\$175,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	3 Year
<i>Issue Date</i>	2/16/2006	<i>A.P.Y.</i>	10.500
<i>Code</i>	10410	<i>Starting Balance</i>	\$226,494.29

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 15	\$226,494.29	0.836%	\$1,892.40	\$228,386.69
November 15	\$228,386.69	0.836%	\$1,908.21	\$230,294.90
December 15	\$230,294.90	0.836%	\$1,924.15	\$232,219.05

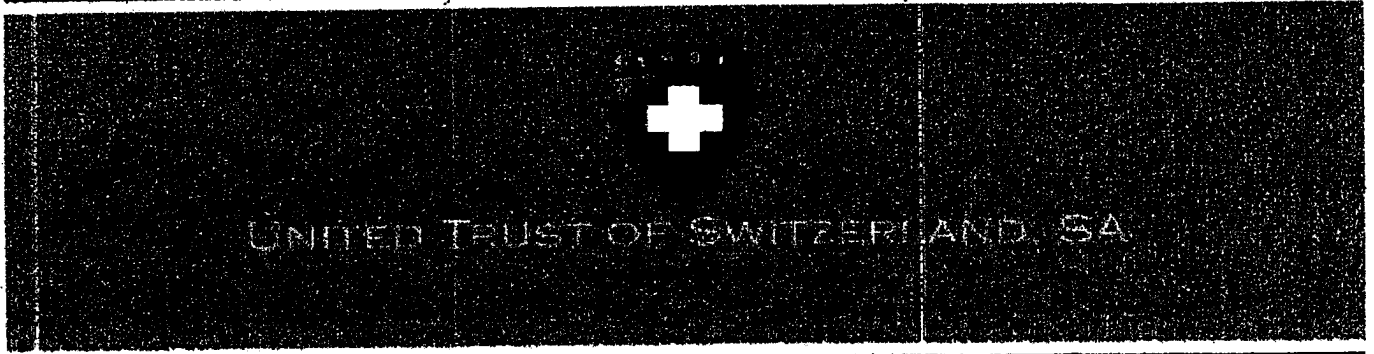
<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$5,724.76	\$57,219.05	\$232,219.05

*Note*

**Questions Concerning this Statement? Call 888-565-0137**

**Statement**

**Premium**



**Ariel LTD**  
**200 No. Temperance**  
**Fowler, CA 93625**

<b>Account Number</b>	<b>P 21237</b>	<b>Principle Invested</b>	<b>\$25,000.00</b>
<b>Statement Date</b>	<b>1/1/2009</b>	<b>Term</b>	<b>3 Year</b>
<b>Issue Date</b>	<b>7/10/2006</b>	<b>A.P.Y.</b>	<b>12.500</b>
<b>Code</b>	<b>10410</b>	<b>Starting Balance</b>	<b>\$32,267.88</b>

<b>Month Ending</b>	<b>Principle</b>	<b>Compound Rate</b>	<b>Interest</b>	<b>Total</b>
October 9	\$32,267.88	0.986%	\$318.28	\$32,586.16
November 9	\$32,586.16	0.986%	\$321.42	\$32,907.58
December 9	\$32,907.58	0.986%	\$324.59	\$33,232.16

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$964.29</b>	<b>\$8,232.16</b>	<b>\$33,232.16</b>

**Note**

**Questions Concerning this Statement? Call 888-565-0137**

**Statement**

**STERLING BANK & TRUST**

Calavachio & O'Neal LV. TST DTD31008 Calavachio  
 1323 Dover Rd.  
 Panama City, FL 32404  
 USA

<i>Account Number</i>	50534	<i>Principle Invested</i>	\$160,865.99
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	10/30/2008	<i>A.P.Y.</i>	8.600
<i>Code</i>	10410	<i>Starting Balance</i>	\$160,865.99

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
November 29	\$160,865.99	0.690%	\$1,109.78	\$161,975.77
December 29	\$161,975.77	0.690%	\$1,117.44	\$163,093.21

<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$2,227.22	\$2,227.22	\$163,093.21

*Note*

Questions Concerning this Statement? Call (888) 565-0137



Statement

# STERLING BANK & TRUST

Arlen R. Duncan  
 614 Jones Street  
 Madisonville, KY 42431  
 USA

<i>Account Number</i>	29342	<i>Principle Invested</i>	\$10,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	5 Years
<i>Issue Date</i>	2/19/2007	<i>A.P.Y.</i>	9.000
<i>Code</i>	11221	<i>Starting Balance</i>	\$11,461.95

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 18	\$11,461.95	0.721%	\$82.61	\$11,544.56
November 18	\$11,544.56	0.721%	\$83.21	\$11,627.77
December 18	\$11,627.77	0.721%	\$83.81	\$11,711.57

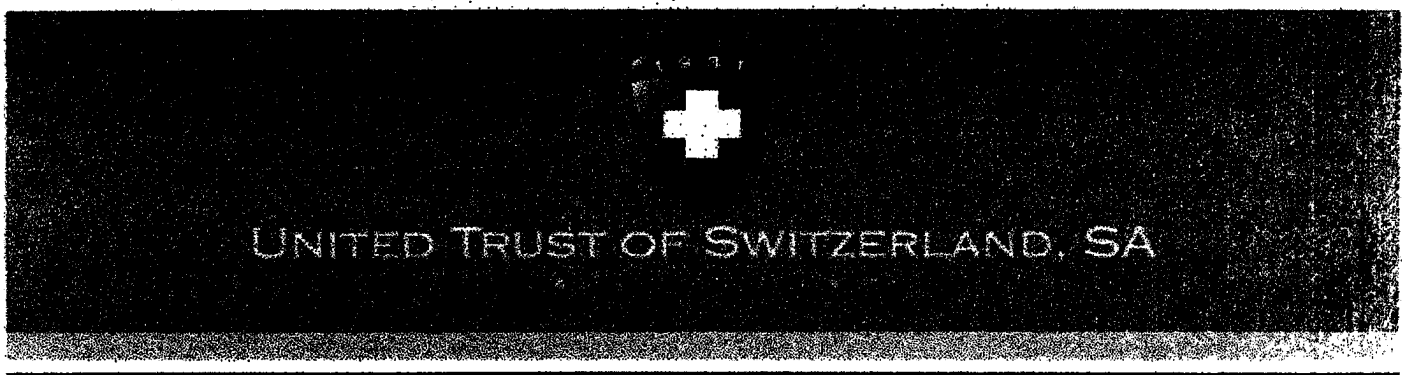
<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
\$249.63	\$1,711.57	\$11,711.57

Note

Questions Concerning this Statement? Call (888) 565-0137

**Statement**

**Premium**



Margaret C. Jarvis Living Trust  
 742 Mulberry Ave.  
 Celebration, FL 34747

<i>Account Number</i>	P 22799	<i>Principle Invested</i>	\$180,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	1 Year
<i>Issue Date</i>	6/23/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$184,340.46

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 22	\$184,340.46	0.797%	\$1,469.96	\$185,810.42
November 22	\$185,810.42	0.797%	\$1,481.68	\$187,292.10
December 22	\$187,292.10	0.797%	\$1,493.49	\$188,785.59

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
\$4,445.13	\$8,785.59	\$188,785.59

*Note*

*Questions Concerning this Statement? Call 888-565-0137*

**Statement**

**Retirement**

# Millennium Bank

*Providing our clients the power of global investing*

Millennium Trust Co.LLC FBO: Jeffery Klienman  
 316 IVY HILL COURT  
 JERICHO, NY 11753-1217  
 USA

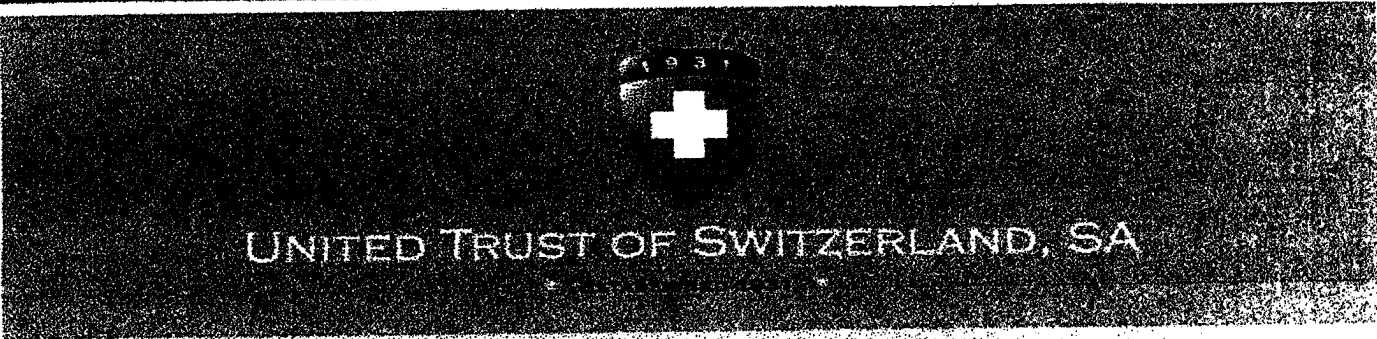
<b>Account Number</b>	<b>51576</b>	<b>Principle Invested</b>	<b>\$12,456.44</b>
<b>Statement Date</b>	<b>1/1/2009</b>	<b>Term</b>	<b>10 Years</b>
<b>Issue Date</b>	<b>1/6/2003</b>	<b>A.P.Y.</b>	<b>6.750</b>
<b>Code</b>	<b>10410</b>	<b>Starting Balance</b>	<b>\$17,938.30</b>

<i>Date</i>	<i>Transaction</i>	<i>Debits</i>	<i>Credits</i>	<i>Balance</i>
10/6/2008	Applied Interest	\$0.00	\$97.91	\$18,036.21
11/6/2008	Applied Interest	\$0.00	\$98.44	\$18,134.65
12/6/2008	Applied Interest	\$0.00	\$98.98	\$18,233.64

<b>Total Debits to Date</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$0.00</b>	<b>\$5,777.20</b>	<b>\$18,233.64</b>

*Note*

*Questions Concerning this Statement? Call 888-776-7720*



Jeffrey Kleinman  
 316 Ivy Hill Court  
 Jericho, NY 11753

<b>Account Number</b>	P 23074	<b>Principle Invested</b>	\$20,500.00
<b>Statement Date</b>	1/1/2009	<b>Term</b>	1 Year
<b>Issue Date</b>	12/8/2008	<b>A.P.Y.</b>	10.000
<b>Code</b>	10410	<b>Starting Balance</b>	\$20,500.00

Month Ending	Principle	Compound Rate	Interest	Total
January 7	\$20,500.00	0.797%	\$163.47	\$20,663.47

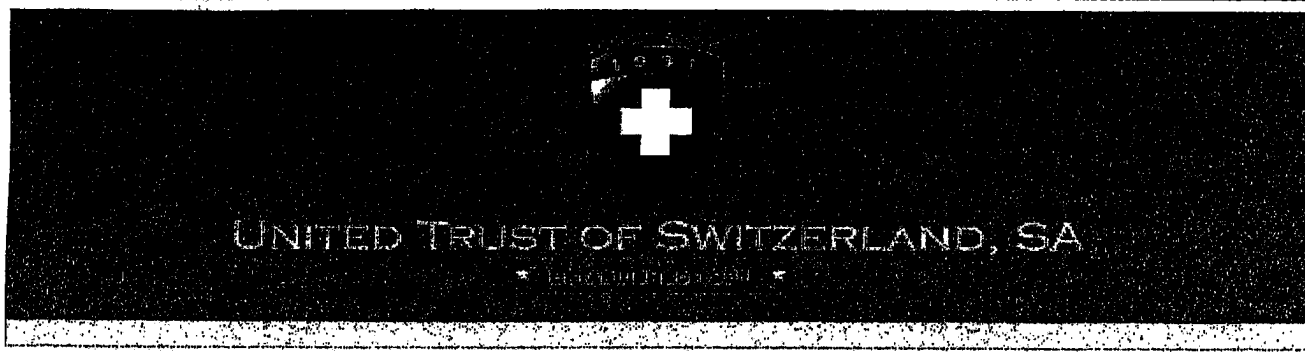
Interest This Quarter	Total Interest to Date	Ending Balance
\$163.47	\$163.47	\$20,663.47

Note

Questions Concerning this Statement? Call 888-565-0137

**Statement**

**Premium**



**MARGARET LENTZ**  
 14150 NE20 th. Street # 488  
 BELLEVUE, WA 98007  
 USA

<i>Account Number</i>	<b>P 21142</b>	<i>Principle Invested</i>	<b>\$90,000.00</b>
<i>Statement Date</i>	<b>1/1/2009</b>	<i>Term</i>	<b>5 Years</b>
<i>Issue Date</i>	<b>1/17/2006</b>	<i>A.P.Y.</i>	<b>8.000</b>
<i>Code</i>	<b>10410</b>	<i>Starting Balance</i>	<b>\$110,502.61</b>

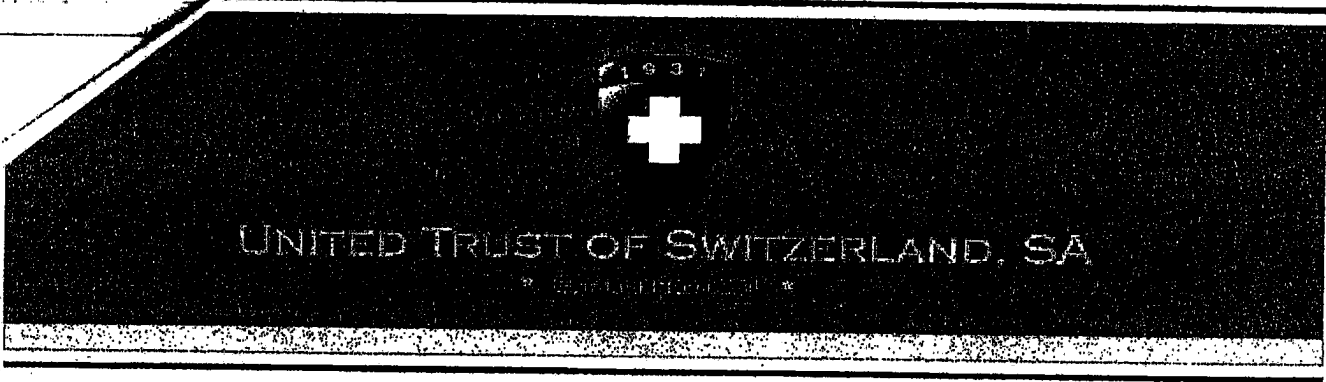
<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 16	\$110,502.61	0.643%	\$710.98	\$111,213.58
November 16	\$111,213.58	0.643%	\$715.55	\$111,929.14
December 16	\$111,929.14	0.643%	\$720.16	\$112,649.29

<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$2,146.69	\$22,649.29	\$112,649.29

*Note*

**Questions Concerning this Statement? Call 888-565-0137**

**Premium**



**Merrick & Margaret Lentz**  
 14150 NE 20 th. St. # 488  
 Bellevue, WA 98007

<i>Account Number</i>	<b>P 21257</b>	<i>Principle Invested</i>	<b>\$150,000.00</b>
<i>Statement Date</i>	<b>1/1/2009</b>	<i>Term</i>	<b>10 Years</b>
<i>Issue Date</i>	<b>4/28/2006</b>	<i>A.P.Y.</i>	<b>9.800</b>
<i>Code</i>	<b>10410</b>	<i>Starting Balance</i>	<b>\$188,024.13</b>

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 27	\$188,024.13	0.782%	\$1,470.59	\$189,494.72
November 27	\$189,494.72	0.782%	\$1,482.09	\$190,976.81
December 27	\$190,976.81	0.782%	\$1,493.69	\$192,470.50

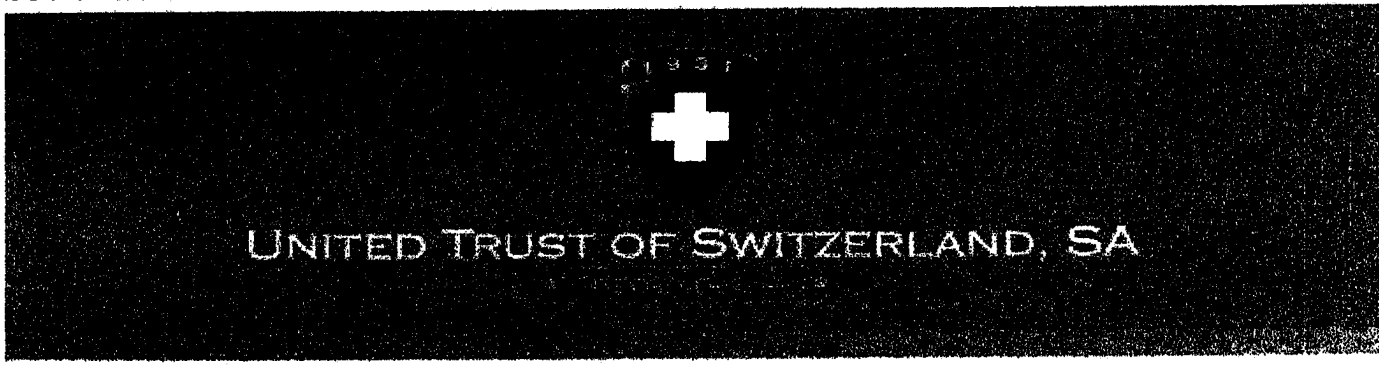
<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$4,446.36</b>	<b>\$42,470.50</b>	<b>\$192,470.50</b>

**Note**

**Questions Concerning this Statement? Call 888-565-0137**

**Statement**

**Premium**



**Shyam Pathak Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 21242	<i>Principle Invested</i>	\$100,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	7/10/2007	<i>A.P.Y.</i>	12.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$114,135.57

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 9	\$114,135.57	0.949%	\$1,083.01	\$115,218.58
November 9	\$115,218.58	0.949%	\$1,093.29	\$116,311.87
December 9	\$116,311.87	0.949%	\$1,103.66	\$117,415.53

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
\$3,279.96	\$17,415.53	\$117,415.53

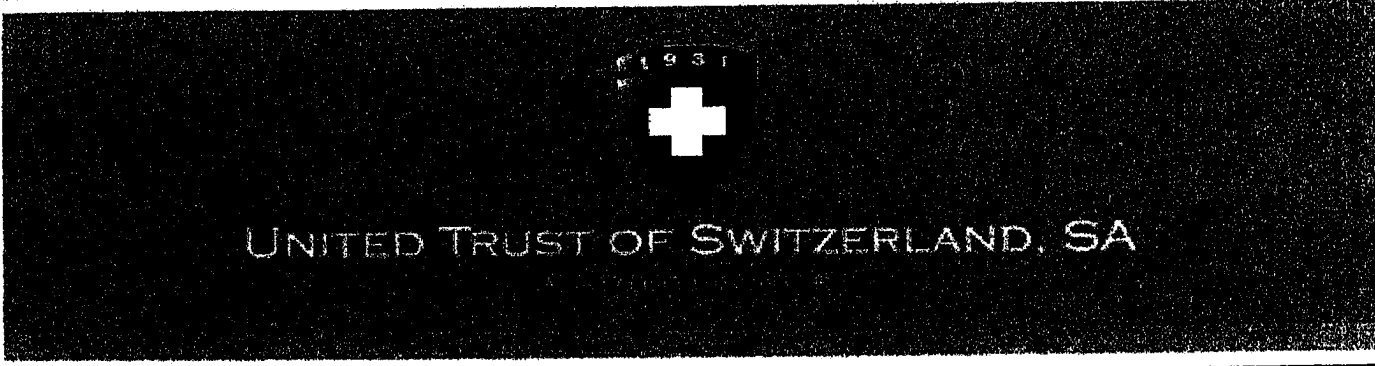
*Note*

*Questions Concerning this Statement? Call 888-565-0137*

*Premium*

*Statement*

2/11



Shyam Pathak Living Trust  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 21307	<i>Principle Invested</i>	\$100,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	3 Year
<i>Issue Date</i>	8/3/2006	<i>A.P.Y.</i>	12.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$126,630.27

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 2	\$126,630.27	0.949%	\$1,201.57	\$127,831.84
November 2	\$127,831.84	0.949%	\$1,212.97	\$129,044.81
December 2	\$129,044.81	0.949%	\$1,224.48	\$130,269.29

<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$3,639.02	\$30,269.29	\$130,269.29

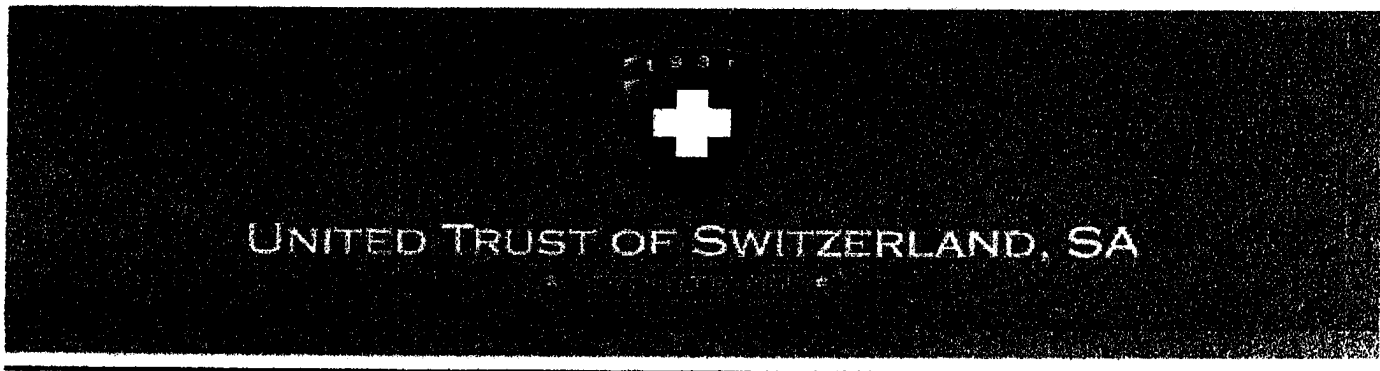
*Note*

*Questions Concerning this Statement? Call 888-565-0137*



*statement*

*Premium*



**Shyam Pathak Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 22267	<i>Principle Invested</i>	\$300,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	2/14/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$317,151.66

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 13	\$317,151.66	0.797%	\$2,529.01	\$319,680.67
November 13	\$319,680.67	0.797%	\$2,549.18	\$322,229.85
December 13	\$322,229.85	0.797%	\$2,569.51	\$324,799.36

<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$7,647.70	\$24,799.36	\$324,799.36

*Note*

*Questions Concerning this Statement? Call 888-565-0137*

**Statement**

**Premium**



**UNITED TRUST OF SWITZERLAND, SA**

**SHYAM M. PATHAK Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 22269	<i>Principle Invested</i>	\$250,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	2/17/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$264,293.05

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 16	\$264,293.05	0.797%	\$2,107.51	\$266,400.56
November 16	\$266,400.56	0.797%	\$2,124.32	\$268,524.87
December 16	\$268,524.87	0.797%	\$2,141.26	\$270,666.13

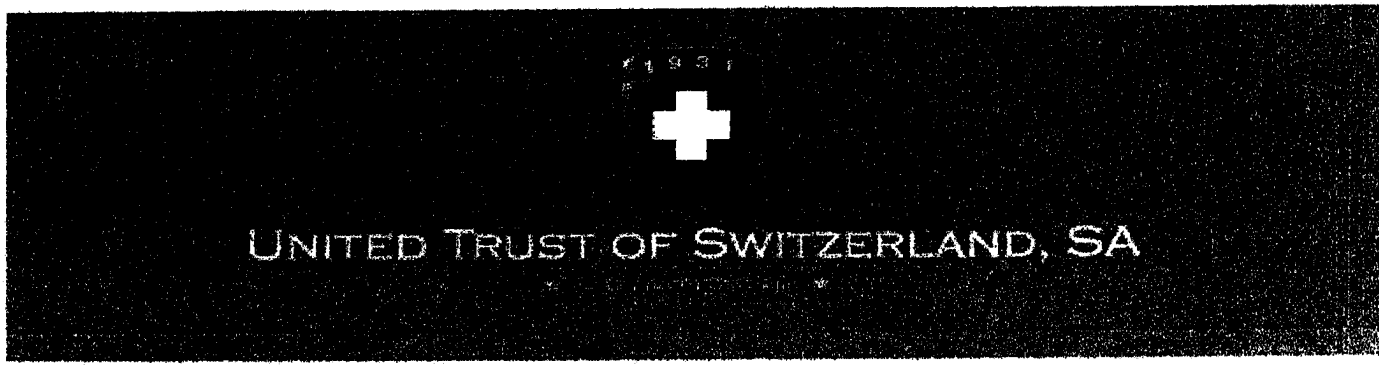
<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$6,373.09</b>	<b>\$20,666.13</b>	<b>\$270,666.13</b>

*Note*

**Questions Concerning this Statement? Call 888-565-0137**

**Statement**

**Premium**



**SHYAM M. PATHAK Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 22472	<i>Principle Invested</i>	\$325,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	2/22/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$343,580.96

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 21	\$343,580.96	0.797%	\$2,739.76	\$346,320.73
November 21	\$346,320.73	0.797%	\$2,761.61	\$349,082.34
December 21	\$349,082.34	0.797%	\$2,783.63	\$351,865.97

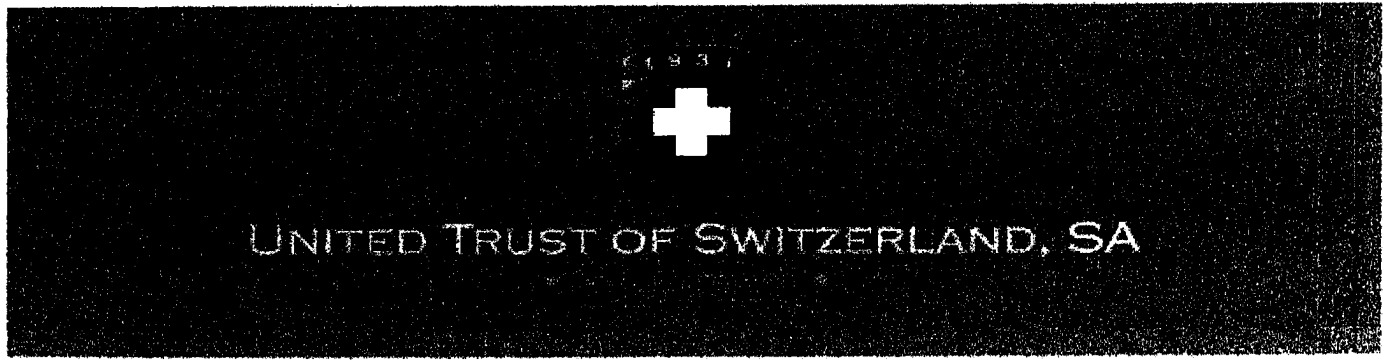
<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$8,285.00</b>	<b>\$26,865.97</b>	<b>\$351,865.97</b>

*Note*

**Questions Concerning this Statement? Call 888-565-0137**

~~Page 59~~ 4/5  
Premium

**Statement**



Ajay Pathak  
4083 Faroway Lane  
Richfield, OH 44286

<i>Account Number</i>	P 21581	<i>Principle Invested</i>	\$100,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	3 Year
<i>Issue Date</i>	2/21/2007	<i>A.P.Y.</i>	12.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$119,654.36

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 20	\$119,654.36	0.949%	\$1,135.38	\$120,789.74
November 20	\$120,789.74	0.949%	\$1,146.15	\$121,935.89
December 20	\$121,935.89	0.949%	\$1,157.02	\$123,092.91

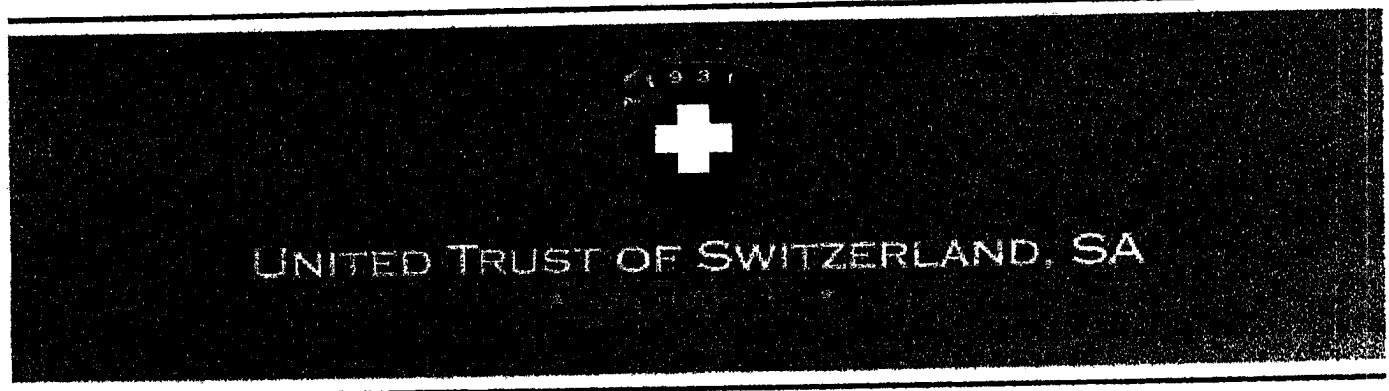
<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$3,438.55	\$23,092.91	\$123,092.91

*Note*

Questions Concerning this Statement? Call 888-565-0137

Premium

**Statement**



Ajay Pathak  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 23027	<i>Principle Invested</i>	\$150,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	1 Year
<i>Issue Date</i>	10/24/2008	<i>A.P.Y.</i>	7.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$150,000.00

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
November 23	\$150,000.00	0.565%	\$848.12	\$150,848.12
December 23	\$150,848.12	0.565%	\$852.92	\$151,701.04

<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$1,701.04	\$1,701.04	\$151,701.04

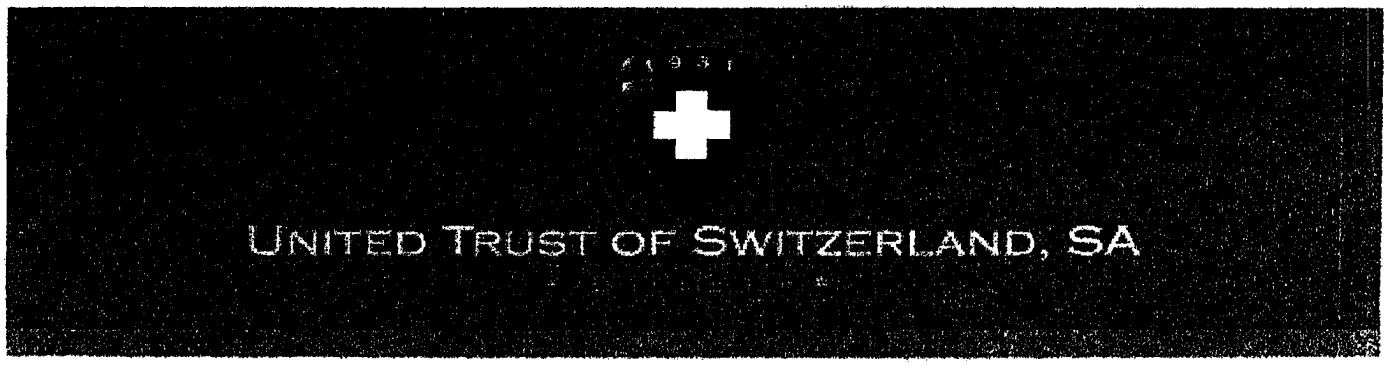
*Note*

Questions Concerning this Statement? Call 888-565-0137

4/5

**Statement**

**Premium**



Swati Pathak  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 21199	<i>Principle Invested</i>	\$100,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	4 Years
<i>Issue Date</i>	2/24/2006	<i>A.P.Y.</i>	12.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$134,012.89

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 23	\$134,012.89	0.949%	\$1,271.62	\$135,284.51
November 23	\$135,284.51	0.949%	\$1,283.69	\$136,568.19
December 23	\$136,568.19	0.949%	\$1,295.87	\$137,864.06

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$3,851.18</b>	<b>\$37,864.06</b>	<b>\$137,864.06</b>

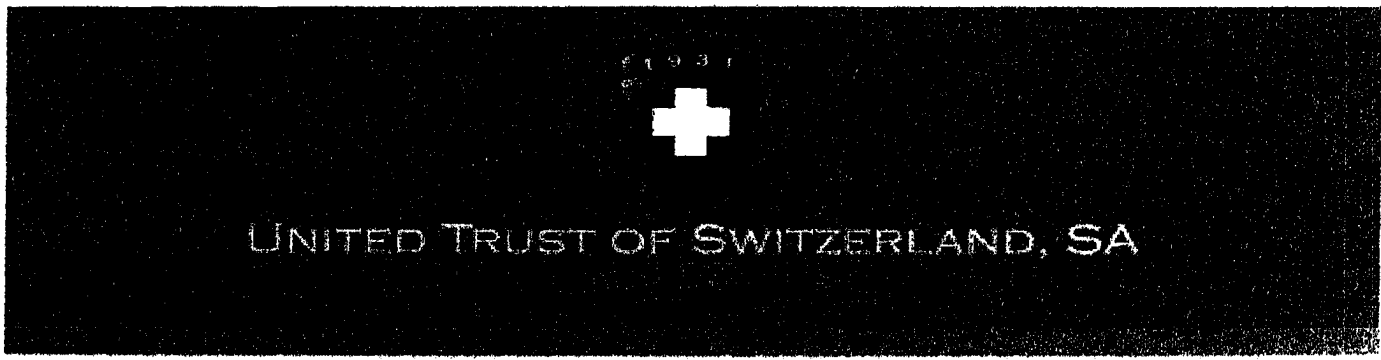
*Note*

*Questions Concerning this Statement? Call 888-565-0137*

5/5 2/5

**Statement**

**Premium**



Swati Pathak  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 23026	<i>Principle Invested</i>	\$150,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	1 Year
<i>Issue Date</i>	10/24/2008	<i>A.P.Y.</i>	7.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$150,000.00

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
November 23	\$150,000.00	0.565%	\$848.12	\$150,848.12
December 23	\$150,848.12	0.565%	\$852.92	\$151,701.04

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$1,701.04</b>	<b>\$1,701.04</b>	<b>\$151,701.04</b>

*Note*

*Questions Concerning this Statement? Call 888-565-0137*

**Statement**

**Premium**



UNITED TRUST OF SWITZERLAND, SA

**PATHAK Irrevocable Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 22474	<i>Principle Invested</i>	\$550,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	1 Year
<i>Issue Date</i>	2/22/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$581,444.71

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 21	\$581,444.71	0.797%	\$4,636.52	\$586,081.23
November 21	\$586,081.23	0.797%	\$4,673.49	\$590,754.72
December 21	\$590,754.72	0.797%	\$4,710.76	\$595,465.49

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
\$14,020.77	\$45,465.49	\$595,465.49

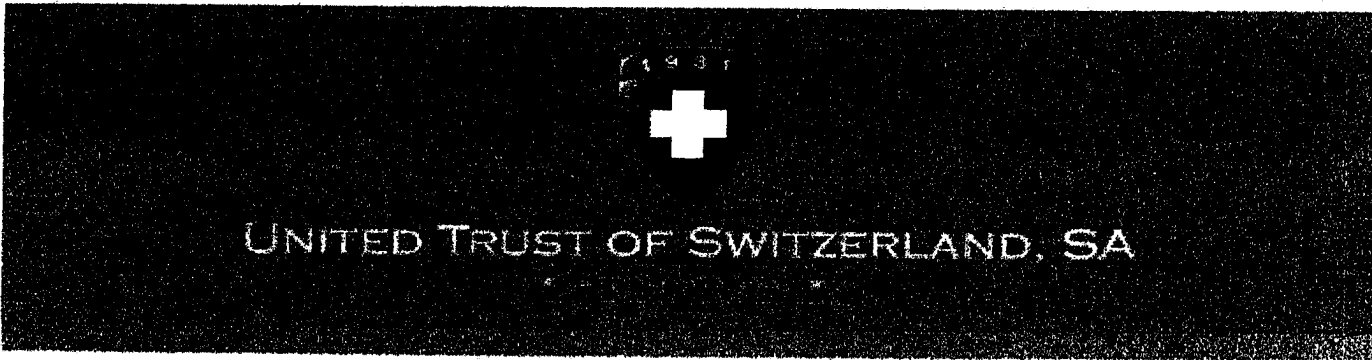
*Note*

*Questions Concerning this Statement? Call 888-565-0137*



**Statement**

**Premium**



**Kalindi Pathak Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 22270	<i>Principle Invested</i>	\$300,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	2/14/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$317,151.66

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 13	\$317,151.66	0.797%	\$2,529.01	\$319,680.67
November 13	\$319,680.67	0.797%	\$2,549.18	\$322,229.85
December 13	\$322,229.85	0.797%	\$2,569.51	\$324,799.36

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
\$7,647.70	\$24,799.36	\$324,799.36

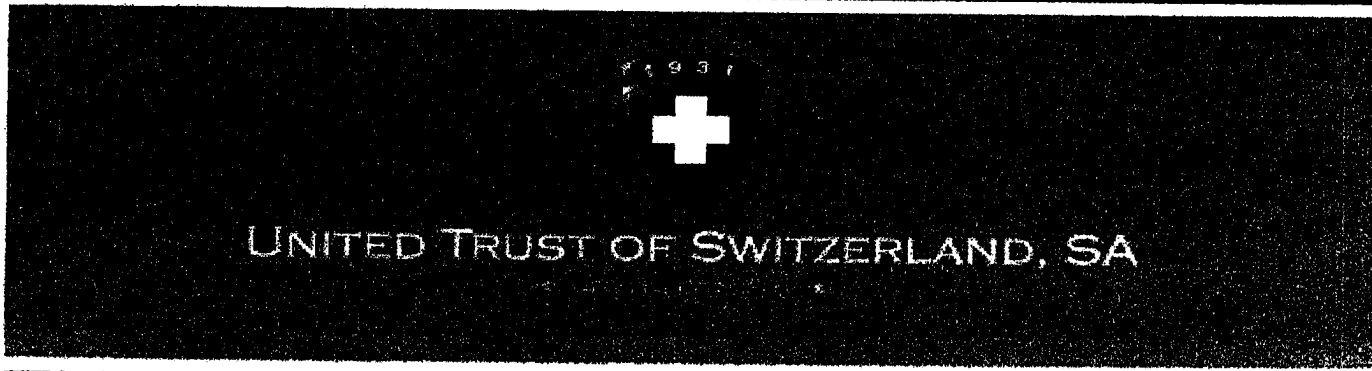
*Note*

*Questions Concerning this Statement? Call 888-565-0137*

2/7

**Statement**

**Premium**



UNITED TRUST OF SWITZERLAND, SA

**KALINDI S. PATHAK Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	P 22272	<i>Principle Invested</i>	\$300,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	2 Year
<i>Issue Date</i>	2/17/2008	<i>A.P.Y.</i>	10.000
<i>Code</i>	10414	<i>Starting Balance</i>	\$317,151.66

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 16	\$317,151.66	0.797%	\$2,529.01	\$319,680.67
November 16	\$319,680.67	0.797%	\$2,549.18	\$322,229.85
December 16	\$322,229.85	0.797%	\$2,569.51	\$324,799.36

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$7,647.70</b>	<b>\$24,799.36</b>	<b>\$324,799.36</b>

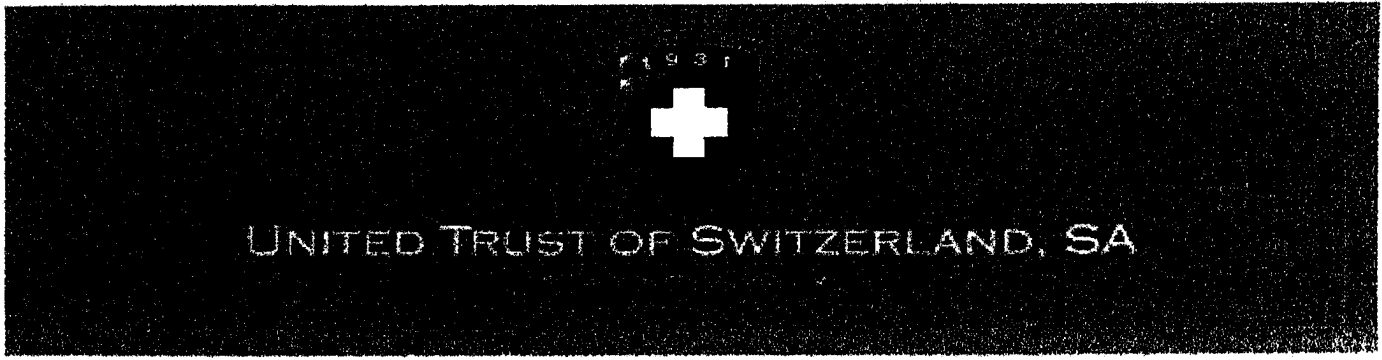
*Note*

*Questions Concerning this Statement? Call 888-565-0137*

7/1/12

**Statement**

**Premium**



**KALINDI S. PATHAK Living Trust**  
 4083 Faroway Lane  
 Richfield, OH 44286

<i>Account Number</i>	<b>P 22473</b>	<i>Principle Invested</i>	<b>\$325,000.00</b>
<i>Statement Date</i>	<b>1/1/2009</b>	<i>Term</i>	<b>2 Year</b>
<i>Issue Date</i>	<b>2/22/2008</b>	<i>A.P.Y.</i>	<b>10.000</b>
<i>Code</i>	<b>10414</b>	<i>Starting Balance</i>	<b>\$343,580.96</b>

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 21	\$343,580.96	0.797%	\$2,739.76	\$346,320.73
November 21	\$346,320.73	0.797%	\$2,761.61	\$349,082.34
December 21	\$349,082.34	0.797%	\$2,783.63	\$351,865.97

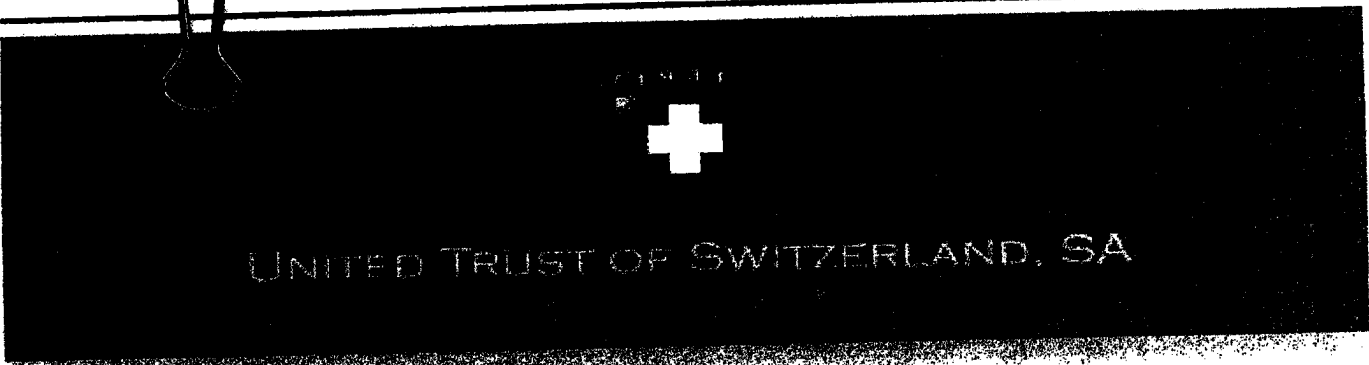
<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$8,285.00</b>	<b>\$26,865.97</b>	<b>\$351,865.97</b>

*Note*

*Questions Concerning this Statement? Call 888-565-0137*

**Statement**

**Premium**



Stan & Carrie Pierson  
 411 Cheyenne Drive  
 Raymore, Mo 64083

<i>Account Number</i>	P 22646	<i>Principle Invested</i>	\$5,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	5 Years
<i>Issue Date</i>	4/23/2008	<i>A.P.Y.</i>	7.250
<i>Code</i>	11221	<i>Starting Balance</i>	\$5,147.96

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 22	\$5,147.96	0.585%	\$30.11	\$5,178.08
November 22	\$5,178.08	0.585%	\$30.29	\$5,208.37
December 22	\$5,208.37	0.585%	\$30.47	\$5,238.84

<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$90.87	\$238.84	\$5,238.84

*Note*

*Questions Concerning this Statement? Call 888-565-0137*

*Statement*

# STERLING BANK & TRUST

Janet Louise Shultz  
 P.O. Box 102  
 Carver, MN 55315  
 USA

<i>Account Number</i>	28624	<i>Principle Invested</i>	\$50,000.00
<i>Statement Date</i>	1/1/2009	<i>Term</i>	4 Years
<i>Issue Date</i>	5/17/2004	<i>A.P.Y.</i>	9.400
<i>Code</i>	10410	<i>Starting Balance</i>	\$70,030.13

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
March 16	\$70,030.13	0.751%	\$526.26	\$70,556.40
April 16	\$70,556.40	0.751%	\$530.22	\$71,086.62
May 16	\$71,086.62	0.751%	\$534.20	\$71,620.82

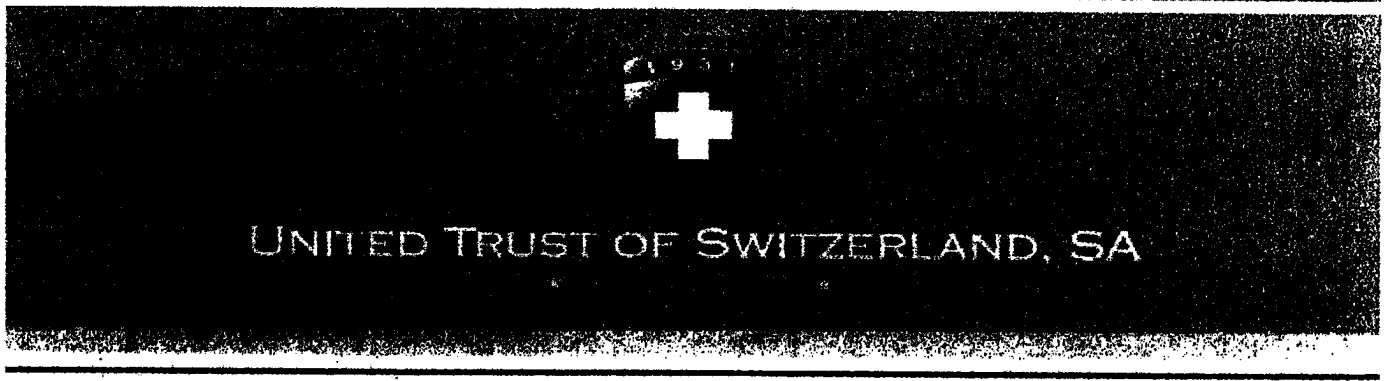
<i>Interest This Quarter</i>	<i>Total Interest to Date</i>	<i>Ending Balance</i>
\$1,590.68	\$21,620.82	\$71,620.82

*Note*

*Questions Concerning this Statement? Call (888) 565-0137*

**Statement**

**Premium**



**G. Lane Teaff**  
**for: Carly Breann Ritchey**  
**Lubbock, TX 79424**

<b>Account Number</b>	<b>P 21243</b>	<b>Principle Invested</b>	<b>\$25,525.00</b>
<b>Statement Date</b>	<b>1/1/2009</b>	<b>Term</b>	<b>5 Years</b>
<b>Issue Date</b>	<b>7/20/2006</b>	<b>A.P.Y.</b>	<b>9.000</b>
<b>Code</b>	<b>10414</b>	<b>Starting Balance</b>	<b>\$30,764.97</b>

<i>Month Ending</i>	<i>Principle</i>	<i>Compound Rate</i>	<i>Interest</i>	<i>Total</i>
October 19	\$30,764.97	0.721%	\$221.73	\$30,986.70
November 19	\$30,986.70	0.721%	\$223.33	\$31,210.03
December 19	\$31,210.03	0.721%	\$224.94	\$31,434.98

<b>Interest This Quarter</b>	<b>Total Interest to Date</b>	<b>Ending Balance</b>
<b>\$670.00</b>	<b>\$5,909.98</b>	<b>\$31,434.98</b>

**Note**

**Questions Concerning this Statement? Call 888-565-0137**

Statement Retirement



Millennium Trust Co. LLC FBO: Peggy Jo Young  
 423 Cassin Lane  
 Hunt, TX 75843

Account Number	P 21282	Principal Amount	\$22,546.00
Statement Date	1/16/2010	Term	3 Year
Issue Date	4/16/2007	A.P.R.	3.25%
Code	11221	Ending Balance	\$25,729.43

Date	Description	Debit	Credit	Balance
10/16/2008	Applied Interest	\$0.00	\$167.19	\$22,713.19
11/16/2008	Applied Interest	\$0.00	\$168.30	\$22,881.49
12/16/2008	Applied Interest	\$0.00	\$189.64	\$23,071.13
Total Debits to Date		\$0.00	\$3,184.43	
Total Interest to Date			\$3,184.43	
Ending Balance				\$25,729.43

Net

Questions Concerning this Statement? Call 800-565-8127

UNITED TRUST OF SWITZERLAND SA

Certificate of Deposit P 21282

Millennium Trust Company LLC FBO: Peggy Jo Young IRA 49852603013

Account/Deposit Name: \_\_\_\_\_  
 Date & Rate: 4/16/10 Term Interest: 3 Year Interest Intermittence: W/ COMPOUNDED  
 Issue Date: 4.25.08  3 Year  5 Year  QUARTERLY  
 Maturity Date: 4/16/10  MONTHLY

This is to certify that the undersigned has deposited into United Trust of Switzerland SA the sum of Twenty-two thousand five hundred and forty four dollars and 43 cents exactly in the amount and value payable to the depositor at maturity upon notice of the withdrawal of the funds.



PROVISIONS HEREIN (over)  
 Govern the Certificate's Rights, Terms & Conditions.  
 Signature of Depositor: \_\_\_\_\_  
 Signature of Bank's Representative: \_\_\_\_\_

FILE COPY

**UNITED TRUST OF SWITZERLAND SA**  
**Certificate of Deposit P 21916**

Peggy Jo Turnage

Personal/Corporate Name: \_\_\_\_\_  
 Date & Rate: 8-15-2007 Term: 2 Year Interest: 5.00%  
 Issue Date: 8-15-2007 Maturity Date: 8-15-2009  
 Interest Rate: 5.00% Frequency: MONTHLY  
 Maturity Date: 8-15-2009

*This certificate is the property of United Trust of Switzerland SA. The amount of this certificate is payable to the depositor at maturity upon return of this certificate properly endorsed. Early withdrawal will result in a Penalty.*

*Peggy Jo Turnage*  
 Depositor's Signature

\_\_\_\_\_  
 Depositor's Name

\_\_\_\_\_  
 Depositor's Address

UNITED TRUST OF SWITZERLAND SA  
 1111 WOODS FINE CIRCLE, SUITE 1000  
 HOUSTON, TEXAS 77060

7776

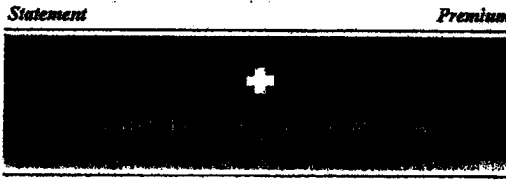
8/15/07

W J Turnage

Christina Howard and Peggy Jo Turnage

Peggy Jo Turnage

011110005596 0871475542 017760



Peggy Jo Turnage  
 413 Chestnut Lane  
 Humble, TX 75803

Account Number: T 21916      Principle Deposited: \$30,000.00  
 Statement Date: 1/1/2009      Term: 2 Year  
 Issue Date: 8/15/2007      A.P.Y.: 5.00%  
 Code: 11231      Starting Balance: \$32,041.93

Month Ending	Principle	Compound Rate	Interest	Total
October 13	\$32,000.00	0.843%	\$269.80	\$32,269.80
November 13	\$32,269.80	0.843%	\$271.15	\$32,540.95
December 13	\$32,540.95	0.843%	\$272.51	\$32,813.46

Interest This Quarter	Total Interest to Date	Ending Balance
\$633.46	\$3,241.93	\$33,241.93

Questions Concerning All Statements? Call 800-565-9137







# EXHIBIT B

ATTORNEYS AND COUNSELORS

ONE ARTS PLAZA  
1722 ROUTH STREET • SUITE 1500  
DALLAS, TEXAS 75201-2533  
(214) 969-1700  
FAX (214) 969-1751  
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AUSTIN  
DALLAS  
FORT WORTH  
HOUSTON  
NEW YORK  
SAN ANTONIO

ALGIERS  
LONDON  
MEXICO CITY  
MONTERREY  
PARIS

TAX ID No. 75-2813604  
WWW.TKLAW.COM

September 30, 2012

Millennium Bank, et al  
Richard Roper, Receiver  
Thompson & Knight  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201

**INVOICE SUMMARY**

For Services Rendered Through September 30, 2012

Our Matter # 515587.000002  
RECEIVERSHIP

Fees for Professional Services* .....	\$	5,880.00
Reimbursable Costs .....		6,834.32
Net Current Billing For This Matter .....	<u>\$</u>	<u>12,714.32</u>

\*Reflects 20% discount on gross fees for professional services.

## **SUMMARY OF WORK PERFORMED TO DATE**

### **Initial Analysis**

- Coordination of resources and establishment of protocols for locating, securing and creating inventory of Receivership Assets and Records
- Consultation and coordination with the SEC, the Department of Justice, and the US Marshals Service regarding initial location and collection of Receivership Assets and Records
- Inspect and secure Raleigh office; inspect and secure Wise residence
- Engage counsel and put team of attorneys and other professionals into place
- Cooperation, communication, and coordination with Securities and Exchange Commission
- Oversee identification and securitization of real and personal property
- Communication with St. Vincent government and Joint Provisional Liquidators appointed there
- Analysis of bankruptcy concerns

### **Securing of Offices**

- Oversaw and directed securing of offices in Napa, California and Raleigh, North Carolina
- Coordinated with local law enforcement in North Carolina and California
- Oversaw process of securing Receiver's jurisdiction in various states where property is or was believed to be located
- Oversaw analysis of Receivership records and equipment
- Fielded and responded to communications from Defendants' vendors regarding leased office equipment and office contracts
- Performed a thorough search of Raleigh office and home and oversaw same in California

### **Communication with Vendors, Employees and Customers**

- Fielded and responded to communications and inquiries from Defendants' vendors regarding retrieval of leased office equipment, status of office service contracts, and liens against real and personal property
- Fielded and responded to communications and inquiries from Defendants' employees and Relief Defendants
- Fielded and responded to communications from investors, media, Department of Justice, United States Attorneys, and other interested parties regarding case status and access to records
- Engaged forensic accountants and conferred with them to develop plan for handling and review of data

### **Liquidation of Assets**

- Oversaw engagement of appraisers and auctioneers

- Oversaw cataloguing of property seized from Defendants
- Reached resolution and obtained Court authority regarding sale and surrender of assets
- Oversaw preparation of evidence and motions and participated in evidentiary hearings concerning sales of seized property
- Negotiated and closed sales of real and personal property, including Wise's North Carolina residence and Hoegel property in California
- Oversaw auction of Wise personal property in Raleigh, North Carolina

**Management of Third-Party and Pending Litigation**

- Oversaw search for pending pre- Receivership litigation and arbitration matters
- Analyzed strategy and options for proceeding with third party lawsuits including claw backs, fraudulent transfers, and disgorgement
- Fielded inquiries and responded to issues raised by non-parties and unrelated counsel related to pre- Receivership litigation
- Oversaw discovery, including subpoena of records pertinent to Defendants and their business and personal and corporate finances
- Participated in evidentiary hearings, established basis for Court's finding that Defendants did conduct a Ponzi scheme since at least 2004

**Advancement of Ancillary Litigation**

- Oversaw filing of third party lawsuits against net winning investors, Atlantic Northside Aviation, and the brokers to recover funds for Receivership Estate
- Communicated with hundreds of net winning investors to collect funds for Receivership Estate
- Engaged in settlement negotiations with hundreds of net winning investors to recover over \$900,000 in funds for Receivership Estate
- Oversaw discovery, preparation of motions, and settlement of ancillary litigation

**Miscellaneous**

- Oversaw investigation and asset search and recovery efforts
- Communicated and negotiated with counsel for Defendants and Relief Defendants
- Analyzed and implemented case management strategy
- Communicated with investors and reviewed correspondence and materials submitted by investors and began process of analyzing claims against the Estate and procedures for handling same
- Provided extensive cooperation to various government authorities and agencies, including the SEC, DOJ, FBI and IRS
- Oversaw work of forensic accountants and analysis of results
- Provided periodic reports to the Court and investors

**SUMMARY OF FEES**

<u>Name</u>	<u>Title</u>	<u>Hours</u>	<u>Discounted Rate/Hr</u>	<u>Amount</u>
Richard Roper	Receiver	14.00	\$420.00	\$5,880.00

**Reimbursable Costs**

Air fare, lodging, ground transportation, and other vendors (e.g., locksmiths, utility providers, vehicle storage) to complete work performed:

Total Reimbursable Costs .....	\$	6,834.32
TOTAL CURRENT FEES AND COSTS FOR THIS MATTER* .....	\$	12,714.32
NET CURRENT BILLINGS FOR THIS MATTER.....	\$	<u>12,714.32</u>

\*Reflects 20% discount on gross fees for professional services

# EXHIBIT C



# THOMPSON & KNIGHT LLP

ATTORNEYS AND COUNSELORS

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DALLAS, TEXAS 75201-2533  
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RIO DE JANEIRO  
SÃO PAULO  
VITORIA

September 30, 2012

Millennium Bank, et al  
Richard Roper, Receiver  
Thompson & Knight  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201

## INVOICE SUMMARY

For Services Rendered Through September 30, 2012

Our Matter # 515593.000002  
REPRESENTATION OF RECEIVER

Matter Balance Brought Forward .....	\$	0.00
Total Fees for Professional Services* .....	\$	231,417.20
Net Fees for Professional Services ** .....		208,664.40
Reimbursable Costs .....		3,470.61
Net Current Billing For This Matter ** .....	\$	<u>212,135.01</u>
Total Balance Due This Matter .....	\$	<u>212,135.01</u>

\*Reflects 20% discount on gross fees for professional services.

\*\*Net of time recorded, but not billed, for preparation of Fee application, Receiver's Report, and certain paralegal time.

## SUMMARY OF WORK PERFORMED

### Initial Analysis

- Coordination of resources and establishment of protocols for locating, securing and creating inventory of Receivership Assets and Records
- Research regarding existence of offices to be closed
- Consultation and coordination with the SEC, the Receiver, the Department of Justice and the US Marshals Service regarding initial location and collection of Receivership Assets and Records
- Close offices, secure and transfer records and interview employees and unrepresented Defendants
- Research regarding and confirmation of filings under 28 U.S.C. §754 in each jurisdiction where Thompson & Knight LLP secured Receivership Assets and file same
- Identify and secure real and personal property
- Analysis of bankruptcy concerns
- Review and analyze seized records and equipment

### Securing of Offices

- Secured for the Receiver offices in Napa, California and Raleigh, North Carolina
- Coordinated with local law enforcement, where necessary, and property management for access to each office location; changed locks and disabled electronic access where in use; coordinated with property management and private security, where necessary, to assure future access was limited to the Receiver or his representatives
- Prepared detailed written and photographic inventories of assets in each location
- Coordinated with Defendant employees for monitored retrieval of personal items from Defendant offices
- Compiled report containing personal contact information, computer user names and passwords and voice-mail passwords of employees from each office
- Identified and interviewed employees regarding office operations and the location of Receivership assets and records
- Analyzed Receivership records and compiled preliminary list of accounts, players, and company structure
- Compiled inventories of all electronic equipment and coordinated with Stroz Friedberg regarding securing of electronic assets and imaging of office servers and individual computers
- Disposed of perishable items
- Fielded and responded to communications from Defendants' vendors regarding leased office equipment and office contracts
- Performed thorough searches of offices and homes of individual Defendants and Relief Defendants
- Prepared numerous boxes of materials and equipment which were packaged and forwarded to the Receiver

- Coordinated with US Marshals, local police and private security service providers to further secure Receivership assets and records

**Communication with Vendors, Employees and Customers**

- Fielded and responded to communications and inquiries from Defendants' vendors regarding retrieval of leased office equipment, status of office service contracts, and liens against real and personal property
- Fielded and responded to communications and inquiries from Defendants' employees and Relief Defendants
- Fielded and responded to communications from investors, media, Department of Justice, United States Attorneys, and other interested parties regarding case status and access to records
- Engaged forensic accountants

**Communication with Landlords**

- Formally notified all landlords/property managers of the Receivership
- Communicated with landlords to forestall lockout and repossession of leased office premises based on lease provisions listing "receivership" as an event of default by the tenant

**Closing and Liquidation of Offices and Assets**

- Took steps to limit expenses incurred by Defendants in their offices upon determination by the Receiver that Defendants did not operate a viable business
- Coordinated with other professionals hired by the Receiver; closed and began process of liquidating property located in offices
- Coordinated with and supervised employees' final opportunity for access to remove personal belongings
- Monitored employee removal of personal belongings
- Secured all flash drives, compact discs, and other portable media for boxing and shipping to Receiver
- Coordinated the packing of all IT equipment containing data for shipment to Receiver
- Prepared and placed Chain of Custody forms for each box and item to be shipped to Receiver
- Coordinated the transfer of keys and facilitated the eventual return of leased premises to landlords
- Engaged appraisers and auctioneers
- Catalogued property seized from Defendants
- Reached resolution and obtained Court authority regarding sale and surrender of assets
- Negotiated and closed sales of real and personal property

**Management of Third-Party and Pending Litigation**

- Searched for pending pre-Receivership litigation and arbitration matters

- Analyzed pending matters and conferred with Receiver and counsel regarding strategy and options for proceeding
- Prepared correspondence and communicated with opposing counsel regarding the effect of receivership and of orders entered by the Northern District of Texas
- Fielded inquiries and responded to issues raised by non-parties and unrelated counsel related to pre- Receivership litigation
- Researched and analyzed options regarding pursuit by Receiver of potential claims against third-parties
- Subpoenaed records pertinent to Defendants and their business and personal and corporate finances
- Conducted legal research regarding authority to liquidate property
- Drafted numerous motions and briefs regarding authority to liquidate property
- Conducted evidentiary hearing, resulting in finding that Defendants did conduct a Ponzi scheme since at least 2004
- Communicated with St. Vincent Joint Provisional Liquidators
- Drafted various third party lawsuit in effort to recover funds for Receivership Estate
- Prepared communications to persons holding fraudulently transferred funds to recover same for Estate
- Handled queries and negotiated settlements of more than \$500,000 in fraudulent transfer claims in order to avoid unnecessary and costly litigation
- Addressed contempt issues related to the asset freeze orders entered by the Court and prepared pleadings and negotiation of same with all involved parties
- Filed notice of Receivership in each district that newly discovered property subject to recovery may lie
- Interviewed potential witnesses for clawback litigation to obtain evidence to assist in the recovery of additional Receivership funds
- Developed procedures for use in third-party litigation

**Advancement of Ancillary Litigation**

- Filed third party lawsuits against net winning investors, Atlanta Northside Aviation, and the brokers to recover funds for Receivership Estate
- Served hundreds of net winning investors with lawsuit to collect funds for Receivership Estate
- Communicated with hundreds of net winning investors to collect funds for Receivership Estate
- Engaged in settlement negotiations with hundreds of net winning investors to recover over \$900,000 in funds for Receivership Estate
- Appeared in the bankruptcy proceedings of broker to protect Receiver's interests in the claims brought against the brokers
- Conducted written discovery to advance claims against net winning investors to collect funds for Receivership Estate

- Conducted written discovery to advance claims against Atlanta Northside Aviation to collect funds for Receivership Estate
- Took deposition of owner of Atlanta Northside Aviation
- Prepared nonsuits with settling net winning investors
- Prepare default judgments against hundreds of non-settling net winning investors
- Prepare motions related to scheduling orders and pretrial materials in ancillary litigation
- Drafted motion for summary judgment against non-settling and net winning investors
- Drafted motion for summary judgment against Atlanta Northside Aviation
- Participated in status conference with court and opposing counsel
- Commenced discovery against the brokers in ancillary litigation

**Miscellaneous**

- Analyzed investor returns in order to discern those persons who held fraudulently transferred funds
- Supervised and analyzed forensic accounting results
- Communicated with and directed the work of forensic accounting firm for specific purposes in ascertaining the location of Receivership monies
- Prepared periodic reports to the Court on the status of the Receivership
- Prepared periodic reports to investors on the work of the Receiver and information pertinent to investors' claims
- Determined the location of monies transferred by Defendants that may be recoverable for Receivership Estate
- Performed extensive analysis of forensic accounting to develop complete picture of cash flow through Defendants' accounts
- Cooperated with various government agencies to assist in their investigation
- Maintained database of investor claims
- Developed information pertinent to the possible location of additional Receivership assets
- Prepare interim distribution list of net losing investors

**SUMMARY OF FEES**

<u>Name</u>	<u>Title</u>	<u>Hours</u>	<u>Discounted Rate/Hr</u>	<u>Amount</u>
Bill Banowsky	Partner	4.50	\$460.00	\$2,070.00
Jennifer Ecklund	Associate	236.70	\$308.00	72,903.60
Katie Clark	Associate	1.40	\$384.00	537.60
Janelle Davis	Associate	35.90	\$340.00	12,206.00
Tim Evans	Associate	37.80	\$215.00	8,127.00
Mackenzie Wallace	Associate	281.60	\$236.00	66,457.60
Janice Graves	Legal Assistant	402.70	\$170.00	68,459.00
Linde Pavel	Litigation Support	3.90	\$65.00	577.20
Valeria Rodawalt	Library	.80	\$99.00	79.20
<b>TOTAL FEES</b>		<b>1005.30</b>		<b>\$231,470.20</b>

**Reimbursable Costs**

Air fare, lodging, ground transportation, and other vendors (e.g., locksmiths, utility providers, vehicle storage) to complete work performed:

Total Reimbursable Costs .....	\$	3,470.61
TOTAL CURRENT FEES AND COSTS FOR THIS MATTER* .....	\$	212,135.01
NET CURRENT BILLINGS FOR THIS MATTER.....	\$	<u>212,135.01</u>

\*Reflects 20% discount on gross fees for professional services and netting out of fees for preparation of the Application, Receiver's Report and \$X in paralegal fees.

# EXHIBIT D

**BINGHAM GREENEBAUM DOLL LLP**  
 P.O. Box 635179  
 Cincinnati, OH 45263-5179  
 I.D. #61-1584266

Richard Roper Receiver  
 Attn: Katharine E. Battaia  
 Thompson & Knight LLP  
 1722 Routh Street, Suite 1500  
 Dallas, TX 75201

Account No.: 118909.000001  
 Invoice No.: 4234751  
 Invoice Date: June 5, 2012

**DAVID DEAN JONES**

FOR PROFESSIONAL SERVICES RENDERED THROUGH MAY 31, 2012:

DATE	ATTORNEY/ PARALEGAL	DESCRIPTION	HOURS	AMOUNT
05/14/12	IB	Attention to communications regarding hearing	0.20	34.40
05/15/12	IB	Check docket and schedule of hearing; e-mails to co-counsel regarding same; review AP docket and relevant pleadings; review documents sent by co-counsel in preparation for the hearing	2.00	344.00
05/16/12	AWC2	Phone call to Bankruptcy Clerk regarding telephonic participation at Status Hearing; e-mail to I. Shallcross	0.30	58.50
05/16/12	IB	Travel to Owensboro; pre-hearing preparation; attend status hearing; post-hearing conference with co-counsel; travel from Owensboro	6.50	1,118.00
05/16/12	SHM	Review and docket order for continued status hearing	0.10	16.80
FEES FOR PROFESSIONAL SERVICES RENDERED				<u>\$ 1,571.70</u>

**OUT-OF-POCKET EXPENSES**

5/16/12	Travel - PAID TO: Ivana Babic Shallcross Attend hearing/Owensboro	59.94	
	Administrative Expense (including telephone, photocopy, & postage)	39.29	
			<u>\$ 99.23</u>

Indianapolis Jasper Evansville Vincennes, Indiana  
 Louisville Lexington Frankfort, Kentucky  
 Cincinnati, Ohio



**BINGHAM GREENEBAUM DOLL LLP**

Richard Roper Receiver  
118909.000001

Invoice No.: 4234751  
Invoice Date: June 5, 2012  
Page 2

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INVOICE TOTAL	\$ 1,670.93
PRIOR UNPAID BALANCE	\$ <u>6,142.14</u>
BALANCE DUE	\$ <u>7,813.07</u>

SUMMARY OF PROFESSIONAL SERVICES

<u>ATTORNEY/PARALEGAL</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Angela W. Coates	0.30	195.00	58.50
Ivana B. Shallcross	8.70	172.00	1,496.40
S. H. Mays	0.10	168.00	16.80
	<u>9.10</u>		<u>1,571.70</u>