

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

SECURITIES AND EXCHANGE	§	
COMMISSION	§	
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
THURMAN P. BRYANT, III and	§	
BRYANT UNITED CAPITAL FUNDING, INC.	§	Case 04:17-CV-00336-ALM
	§	
Defendants,	§	
	§	
And	§	
	§	
ARTHUR F. WAMMEL,	§	
WAMMEL GROUP, LLC,	§	
THURMAN P. BRYANT, JR.,	§	
CARLOS GOODSPEED a/k/a SEAN PHILLIPS	§	
d/b/a TOP AGENT ENTERTAINMENT d/b/a/	§	
MR. TOP AGENT ENTERTAINMENT	§	
	§	
Relief Defendants.	§	

**RECEIVER’S INITIAL STATUS REPORT FOR RECEIVERSHIP ESTATES
OF (A) THURMAN P. BRYANT, III; (B) BRYANT UNITED CAPITAL FUNDING, INC.**

Jennifer Ecklund, the Court-appointed Receiver (the “**Receiver**”) for Thurman P. Bryant, III and Bryant United Capital Funding, Inc. (collectively, the “**Defendants**”) receivership estates (together, the “**Receivership Estate**”) in the above-captioned case (the “**Case**”), by and through undersigned counsel, hereby files this *Receiver’s Initial Status Report* (the “**Initial Report**”).

**I.
BACKGROUND**

1. On May 15, 2017, Plaintiff, the Securities and Exchange Commission (“**SEC**”), filed its application for the appointment of a receiver for Defendants, Thurman P. Bryant, III and Bryant United Capital Funding, Inc. (the “**SEC Application**”).

2. On May 15, 2017, after the Court's review of the SEC Application and upon the Court's conclusion that the Court has subject matter jurisdiction over this case and personal jurisdiction over the Defendants, the Court determined that entry of an order appointing a receiver over the Defendants was both necessary and appropriate to marshal, conserve, hold and operate all of the Defendants' assets pending further order of the Court. Accordingly, the Court entered the *Order Appointing Receiver* ("**Receivership Order**") on May 15, 2017, naming Jennifer Ecklund as the Receiver over the Receivership Estates. The same day, the Court entered the *Order Granting Ex Parte Temporary Restraining Order, Freezing Assets, Granting Other Equitable Relief*, and Setting Hearing for Preliminary Injunction.

3. The SEC negotiated and the Court entered on [June 2, 2017] the *Agreed Order Granting Preliminary Injunction and Other Relief* [Dkt No. 27] (the "**Agreed Preliminary Injunction**") among Defendant Bryant, the Receiver, and the SEC.

4. On June 8, 2017, the Wammel Relief Defendants filed an Answer to the Complaint [Dkt. No. 29]. On June 9, 2017, Relief Defendant Thurman P. Bryant, Jr. filed an Answer to the Complaint [Dkt. No. 30]. Despite having been personally served with notice of the suit [*see* Dkt. No. 28], Relief Defendant Carlos Goodspeed has wholly failed to answer the allegations in the Complaint.

5. Pursuant to the Receivership Order, the Receiver is charged with marshaling and preserving all the assets of the Defendants.

6. The Receivership Order requires that the Receiver file an initial status report with the Court:

Within thirty (30) days of the entry date of this Order, the Receiver shall file a status report with the Court. The status report will include a summary of receivership activities to date. It will also include a proposed plan for administering the receivership going forward, as well as a

proposed deadline by which the Receiver will submit the Liquidation Plan.¹

Receivership Order at para. 51.

7. As stated above, the Receiver was appointed on May 15, 2017. Accordingly, this Status Report covers the period of May 15, 2017 through June 14, 2017 (the “**Reporting Period**”).

II. GENERAL OVERVIEW

8. During the Reporting Period, the Receiver actively seized, inventoried, and investigated assets and liabilities of the Receivership Estate. This inventory included preserving hard and electronic data. The Receiver also collected thousands of documents, talked with creditors and investors, and worked with various counsel in an attempt to locate assets for distribution to stakeholders. The Receiver’s work will continue beyond the Reporting Period in order to (i) analyze and take additional steps with respect to information and assets collected and preserved and (ii) supplement her investigation for the benefit of all stakeholders.

III. SUMMARY OF RECEIVERSHIP ACTIVITIES TO DATE

A. Reporting Period Activities

9. During the Reporting Period, the Receiver took swift action to maintain the *status quo* and preserve the Receivership Estate. Some of the actions the Receiver and her team have taken included:

- (a) Changing the locks at Defendant Bryant’s primary residence and taking an inventory of the assets located therein;

¹ “Liquidation Plan” is defined in the Receivership Order as “a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property.” *See* Receivership Order at para. 50.

- (b) Collecting and/or forwarding all mail from the primary residence to the Receiver and establishing protocol for handling of incoming mail;
- (c) Investigating and securing storage units leased by Defendant Bryant and taking an inventory of the assets located therein;
- (d) Meeting with Defendant Bryant's (now former) counsel to discuss going-forward issues. Also spoke to Defendant Bryant directly regarding the same;
- (e) Engaging Ernst & Young ("E&Y") to inventory and image electronic devices at the Bryant residence;
- (f) Engaging Veritas Advisory Group, Inc. ("Veritas") to perform forensic accounting and coordinating appropriate follow up with respect to various identified accounts and/or persons or entities of interest discovered;
- (g) Taking steps to secure the virtual office location of Defendant BUCF in Katy, Texas by inspecting the premises, canceling lease, and collecting and/or forwarding all mail to the Receiver.
- (h) Communicating with relevant valuation consultants regarding inventoried personalty, including on-line auction house, equine consultant, and gun consultant;
- (i) Contacting GoDaddy, Inc. and other domain hosts to terminate the BUCF website²;
- (j) Establishing a line of communication with investors³ by creating a receivership-specific website (<http://bucfreceivership.tklaw.com>) and a dedicated Receiver e-mail address (BUCFReceivership@tklaw.com);
- (k) Commencing review of production served on the SEC in advance of the SEC filing the Complaint and any supplemental productions thereafter;
- (l) Conducting research as to persons and entities of interest, including the Relief Defendants and companies owned or operated by Defendant Bryant, based on the Receiver's investigation;
- (m) Serving copies of the Agreed Preliminary Injunction on the Relief Defendants and other persons and entities of interest based on the Receiver's investigation;

² Though Go Daddy declined to shut down the BUCF website, www.bucfinc.com, the website is no longer accessible as of the date of the filing of this Initial Report.

³ The Receiver notes that on her appointment she did not have (and did not find readily available in her initial review of various document productions) an investor list or investor contacts list. Thus, the Receiver has worked to create a list of investor names and contact information and will serve this Initial Report on investors as set forth herein.

- (n) Seeking and/or reviewing information from named Relief Defendants and other persons and entities of interest based on the Receiver's investigation;
- (o) Having on-going communications with *pro se* Defendant Bryant regarding his obligations and duties during the Receivership; and
- (p) Responding to investor inquiries and reviewing information submitted by investors in furtherance of the Receiver's duties pursuant to the Receivership Order.

B. Physical Assets – Residence and Personality

10. Upon her appointment, the Receiver took possession of the primary residence of Defendant Bryant. Defendant Bryant lived in an 8,000 square-foot home located in a DFW suburb. Defendant Bryant occupied the home pursuant to a lease, and thus the Receiver was required to coordinate with the owner/landlord of the residence to, among other things, change the locks on the home. Upon taking possession of the residence, the Receiver inventoried the more than 500 items contained in the residence, which included some items of interest such as guns,⁴ designer handbags, and various furniture, furnishings, accessories and electronics.⁵ This inventory was completed after law enforcement served a search warrant and seized certain items from the residence. The Receiver has requested (but not yet received) an inventory of all items seized by the government.

11. The Receiver negotiated with (now former) counsel to Defendant Bryant to allow Defendant Bryant and his family limited access to the residence in order to allow him to close his family affairs (including tending to the final week of the school year), to remove clothing and similar personal property that the Receiver believes was of inconsequential value, and to make arrangements for his family.

⁴ Defendant Bryant contests ownership of at least two of the guns.

⁵ The Receiver will provide a more detailed inventory of identified assets in her first quarterly status report and/or liquidating plan.

12. The Receiver secured two storage units that contained two vehicles that, on information and belief, are owned by Defendant Bryant,⁶ as well as minor personal property.

13. The Receiver took possession of a horse belonging to Defendant Bryant.

14. The Receiver has further investigated and will continue to search for the existence of additional property.

C. Assets and Liabilities – Failure to Disclose by the Receivership Estate

15. The Receiver continues her investigation into assets and liabilities of the Defendants. During the Reporting Period, the bulk of the information regarding the Defendants' assets and liabilities was either (i) gathered through the on-site inspection of the various premises described above (the Bryant home, storage units, and Katy, Texas virtual office) or (ii) provided by records produced to the SEC and mail received by the Receiver (as a result of the mail forwards described above). The Receiver is actively seeking to supplement her investigation by reviewing mail received, documents submitted, and requesting additional information from various sources, including, if necessary, pursuant to subpoenas issued to financial institutions and/or depositions of persons or representatives of entities of interest.

16. The Receiver's investigation has not had the benefit of the reports that Defendant Bryant was required to file pursuant to the Receivership Order (i.e., the initial statement regarding property, which was due May 25, 2017 (the "**First Statement**") or the statement regarding property (the "**Second Statement**"), which was due June 4, 2017. *See* Receivership Order at paras. 9 and 10. However, Defendant Bryant did submit a sworn statement to the Receiver late in the day on June 12, 2017, which the Receiver is currently reviewing to analyze whether it complies with the Receivership Order.

⁶ Defendant Bryant contests ownership of one of the vehicles.

17. The Receiver has not received copies of the Defendants as-filed tax returns, or of any relevant and necessary underlying documentation, as required by paragraph 11 of the Receivership Order for the taxable years of 2010-2016. These documents were due June 4, 2017.

D. Cash on Hand / Administrative Expenses

18. **Cash on Hand.** In paragraph 3 of the Complaint, the SEC alleges that as part of bringing investors to the BUCF investment, Defendants promised to maintain a separate escrow account for each investor for contributed funds, and those funds were not to be at risk.⁷ The Receiver has been actively searching for these accounts, but to date has been unable to find them, or anything that even indicates their existence. Thus, the Receiver does not have cash on hand in an amount equal to investments.

19. Rather, the Receiver has approximately \$30,000⁸ in the account the Receiver has opened pursuant to the Receivership Order (the “**Receivership Account**”), which funds came from two sources: (1) cash in the possession of Defendant Bryant on the date of the seizure of the primary residence,⁹ (2) funds turned over by Relief Defendant Thurman P. Bryant, Jr. in the amount of approximately \$29,000.

20. There are additional funds in the accounts frozen as a result of the asset freeze, but those funds remain frozen at the relevant financial institutions. The Receiver understands that the balances in the frozen accounts are relatively insignificant, but the Receiver will be

⁷ See also Dkt. No. 6-2 (Limited Partnership Agreement), which states at paragraph 6.2.1, “All initial investment and any and all reinvested growth or additional capital deposits will be retained in a secure escrow account, for the benefit of the Limited Partner. No risk to capital is expressed or implied by General/Managing Partner.”

⁸ Receiver’s counsel is further holding \$10,000 in its trust account, which money was paid by Defendant Bryant’s sister as a deposit related to the brief re-entry granted to the Bryant family in the initial days following seizure of the Bryant home. The Receiver intends to direct the return of the funds in accordance with the sublease agreement and the Texas Property Code.

⁹ The Receiver inventoried \$1300 as cash in the safe at Defendant Bryant’s home on the date of the home seizure. Defendant Bryant (or someone at his direction) removed the funds from the home in violation of the Receivership Order. Defendant Bryant eventually turned over \$1220 to the Receiver.

taking steps to bring those funds there into the Receivership Account, as appropriate pursuant to the Receivership Order.

21. In addition, the Receiver is continuing to investigate the existence of other accounts that are not frozen that may either hold Defendants' funds or hold funds for the benefit of Defendants.

22. **Administrative Expenses.** The Receiver has incurred certain administrative expenses as a result of her efforts to marshal and preserve the Receivership Estate and/or due to recurring charges that remain from the Defendants' prior obligations. For example, the Receiver has incurred expenses for her legal counsel and the forensic accountant¹⁰ that have worked diligently during the Reporting Period to address the myriad issues that have arisen. The Receiver has also incurred expenses such as changing locks of the Bryant residence and storage units, imaging electronic devices, hiring security, and setting up the Receiver's website.¹¹

23. The Receiver has further worked to *decrease* Receivership Estate expenses. To this end, the Receiver has terminated all known recurring expenses such as ongoing utility or related expenses at the Bryant residence, terminating the lease in Katy, Texas, ensuring termination of an apartment lease in Defendant Bryant's name for a Bryant family member, and internet, electricity and other utilities at the home and offices of the Receivership Estate. In addition, the Receiver is working to recover any existing security deposits and to return three leased Cadillac vehicles and to terminate the related leases.

24. The Receiver is also in negotiations with the owner/landlord of the Bryant family home in order to terminate the lease and further reduce Receivership Estate expenses. Those discussions are complex due to various factors, including (1) the size of the home and the

¹⁰ The Receiver has filed a request to approve retention of counsel [see Dkt. No. 31] and will be filing a similar request with respect to Veritas.

¹¹ The Receiver will provide a detail of expenses in her quarterly report.

amount of Receivership Assets currently located at the home; (2) the Bryants' allegedly unauthorized additions and improvements made to the leasehold; and (3) the relatively high amount of monthly rent the Bryants were paying to lease the home at the time of seizure.

25. The Receiver is mindful of the administrative costs burden associated with this case in light of the relatively low value of the readily identifiable assets of the Receivership Estates identified by the Receiver. The Receiver is balancing these concerns with the need to marshal the Receivership Assets for the benefit of investors and other interested stakeholders.

26. **Disbursements.** The Receiver has not made any disbursements directly from the Receivership Accounts.

E. 28 U.S.C. § 754 Property

27. The Receiver is investigating whether the Receivership Estate has any additional leases or property outside of the Eastern District of Texas.

28. In accordance with 28 U.S.C. § 754, the Receiver will file a notice of receivership and copy of the SEC Application and the Receivership Order in each jurisdiction in which the Receiver suspects Defendants may own assets by June 23, 2017, in accordance with the Order Extending 28 U.S.C. § 754 [Dkt No. 25].

F. Claims Held By Receivership Estate

29. The Receiver received a substantial amount of bank records and bank statements relating to the prior years of Defendant Bryant, BUCF, and related entities. The Receiver is very early in her investigation of these records and the potential legal impact on the Receivership. The Receiver is utilizing the assistance of forensic accountants with respect to this analysis.

G. Known Creditors/Investors

30. **Creditors.** Though Defendant Bryant has not provided a full accounting as required by the Receivership Order, the Receiver has taken steps based on mail received and documents produced to make informal information requests and to prepare subpoenas of records from certain credit card companies and financial institutions of account statements and account balances of Thurman P. Bryant, III and the Bryant United enterprise, which the Receiver expects to serve in the near future. Responses to those subpoenas may reveal additional creditors of the Receivership Estates.

31. **Investors.** As referenced above, the Receiver did not have initially available an investor list. Without the Defendants' required disclosures per the Receivership Order, it has been difficult to determine exactly how many investors there are, and their identity and contact information. However, the Receiver has compiled a list of investors from information produced to the SEC and/or provided by investors that have contacted the Receiver. The Receiver has not independently verified that each person listed is, in fact, an investor, or the invested amounts. The Receiver's initial investigation shows that there are approximately 120 to 150 investors that have invested approximately \$22 million with BUCF (and its related investment vehicles). The Receiver is targeting the first quarterly reporting deadline to produce an initial list of investors, and will serve this Initial Report on investors by e-mail (where available) and/or regular mail.

32. The Receiver has communicated with investors who contacted the receiver by mail, email or telephone. The Receiver would like to encourage all investors to contact the Receiver through mail and/or e-mail.

33. **Claims Procedure.** The Receiver has not yet requested the Court approve a creditor/investor claims procedure. The Receiver will request approval of creditor/investor

claims procedure only after the Receiver has confirmed that there will be assets available for distribution.

**IV.
PROPOSED PLAN FOR ADMINISTERING THE RECEIVERSHIP, INCLUDING
DEADLINE FOR SUBMISSION OF LIQUIDATION PLAN**

34. The Reporting Period covers only one month since the Receiver's appointment. As such, while the Receiver has seized control of readily identifiable assets and operations and begun her diligence of identifying additional assets and liabilities, it is too soon to make a final recommendation as to how the Receivership Estate should be resolved.

35. Accordingly, the Receiver recommends that the receivership continue to allow the Receiver additional time to locate and secure assets and to make a recommendation for further actions by the Receiver pursuant to the Receivership Order. The Receiver expects that as the Receivership continues, she will be finalizing her review of produced documents, supplementing the information discovered (or lack thereof) by issuing information or compliance requests and/or subpoenas and instituting any necessary related motion practice, including motions to compel, analyzing the forensic data gathered, and taking steps to confirm additional Receivership Assets discovered and/or expand the Receivership Estate to include various related entities and/or property.

36. The Receiver will continue the activities described herein, and expects to file a Liquidation Plan within 45 days of her submission of this Initial Report. The Receiver will also file the required Quarterly Report in July.

Dated: June 14, 2017.

Respectfully submitted,

By: /s/ Timothy E. Hudson

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CERTIFICATE OF SERVICE

I hereby certify that on June 14, 2017, I electronically filed the foregoing document with the Clerk for the United States District Court, Eastern District of Texas. The electronic case filing system (ECF) will send a Notice of Electronic Filing (NEF) to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means. The foregoing document will also be sent to all counsel of record via the method identified below.

/s/ Timothy E. Hudson
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