

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
WICHITA FALLS DIVISION

SECURITIES AND EXCHANGE S.A., COMMISSION §

Plaintiff, §

v. §

MILLENNIUM BANK, §  
UNITED TRUST OF SWITZERLAND S.A., §  
UT of S, LLC, §  
MILLENNIUM FINANCIAL GROUP, §  
WILLIAM J. WISE, §  
d/b/a STERLING ADMINISTRATION, §  
d/b/a STERLING INVESTMENT SERVICES §  
d/b/a MILLENNIUM AVIATION, §  
KRISTI M. HOEGEL, a/k/a KRISTI M. CHRISTOPHER §  
a/k/a BESSY LU, §  
JACQUELINE S. HOEGEL, a/k/a JACQUELINE S. §  
HOEGEL, §  
a/k/a JACKIE S. HOEGEL, §  
PHILIPPE ANGELONI, and BRIJESH CHOPRA, §

Case No.: 7:09-CV-050-O

Defendants, §

And §

UNITED T OF S, LLC, STERLING I.S., LLC, §  
MATRIX ADMINISTRATION, LLC, §  
JASMINE ADMINISTRATION, LLC, §  
LYNN P. WISE, DARYL C. HOEGEL, RYAN D. §  
HOEGEL, §  
and LAURIE H. WALTON, §

Relief Defendants. §

RECEIVER’S UNOPPOSED MOTION  
TO APPROVE COMPROMISE AND SETTLEMENT  
WITH KRISTI HOEGEL, RYAN HOEGEL JACQUELINE S. HOEGEL AND DARYL  
“CHRIS” HOEGEL WITH RESPECT TO PERSONAL PROPERTY  
SEIZED BY AND ON BEHALF OF THE RECEIVERSHIP ESTATE

TO THE HONORABLE COURT:

COMES NOW Richard B. Roper, III (“Receiver”), and files this Motion to Approve Compromise and Settlement with Kristi Hoegel, Ryan Hoegel, Jacqueline S. Hoegel and Daryl “Chris” Hoegel with Respect to Personal Property Seized by and on Behalf of the Receivership Estate and Brief in Support, respectfully showing the following:

I.

**FACTUAL BACKGROUND AND RELIEF REQUESTED**

1. On March 26, 2009, the United States Securities and Exchange Commission (“SEC”) initiated this lawsuit and, in connection therewith, requested the appointment of a Receiver. On the same day, the Court issued an Order Appointing Receiver, naming Richard B. Roper, III Receiver for the above-named Defendants and Relief Defendants. The Order Appointing Receiver was amended on June 22, 2009 to clarify the rights and authority belonging to the Receiver, including the right to seize and sell real property and personal property purchased with the proceeds of Defendants’ fraud. The original and amended Orders Appointing Receiver will be referred to collectively herein as the “Orders.”

2. Defendant Jacqueline Hoegel and Relief Defendant Daryl Hoegel are married. Defendant Kristi Hoegel is their daughter. Ryan Hoegel is their son. Jacqueline and Kristi Hoegel worked for the entity Defendants at an office in Napa, California. Kristi Hoegel, Ryan Hoegel, Jacqueline Hoegel and Daryl Hoegel shall hereafter collectively be referred to as the “California Defendants and Relief Defendants.”

3. Kristi Hoegel is the mother of seven year old twins. She is currently involved in a bitter custody battle with her ex-husband regarding the custody of the twins. Kristi’s ex-husband, Scott Christopher, is also a former employee of the Defendant entities. While currently in the sole custody of Kristi Hoegel, the twins are monitored by caregivers and therapists in

relation to the custody fight. At various times, the twins require medications and additional therapy.

4. All of the California Defendants and Relief Defendants' assets constitute Receivership Assets within the meaning of the Orders. After his appointment as Receiver and pursuant to the responsibilities with which he is charged, the Receiver took control of all personal and real property owned by the California Defendants and Relief Defendants throughout California and Washington. A large amount of the personal property was seized and is being maintained by the Receiver in a restricted location to which the California Defendants and Relief Defendants do not have access. The remaining assets are either maintained currently by the California Defendants and Relief Defendants or third parties.

5. Some of the assets from the California Defendants and Relief Defendants will provide little or no value to the Receivership Estate. Liquidation of those assets would result in no net benefit to investors after considering the costs associated with their liquidation. Thus the Receiver seeks to abandon the Receivership Estate's interest in such assets and surrender them back to the California Defendants and Relief Defendants from whom they came or to lienholders who hold secured interests in such assets. The assets with inconsequential value are enumerated on the attached Exhibit A (the "Exhibit A Assets").

6. Since the date of his appointment, the Receiver has been communicating with the California Defendants and Relief Defendants to identify, value, segregate and market the California Receivership Assets. These activities include, but are not limited to, securing the residence of Jacqueline and Daryl Hoegel in American Canyon and the baseball memorabilia and other personal property located therein, marketing the Mercedes Benz owned by Jacqueline and Daryl Hoegel, investigating the value of personal property owned by Kristi Hoegel, and

identifying the most efficient process by which to obtain maximum value for the real and personal property Receivership Assets located in California. The California Defendants and Relief Defendants have assisted and continue to assist the Receiver in this process. **The California Defendants and Relief Defendants have not objected, and do not object now, to the Receiver's liquidation of their real property or their items of personal property that will, if sold, yield value to the Receivership Estate.**

7. The California Defendants and Relief Defendants have vacated and surrendered all real property maintained by the Receivership Estate. They are in possession of very few Receivership Assets that are necessary for day to day living including, but not limited to, clothing and basic home furnishings.

8. The SEC requested, and this Court approved, the release of Ryan Hoegel from the injunction instituted by this Court on or around June 22, 2009. The Receiver does not believe that assets of any value remain with Ryan Hoegel. Based on this observation and the relief granted by the Court, the Receiver does not intend to take possession of any of Ryan Hoegel's assets and will return the funds seized from Ryan Hoegel in accounts bearing his name only.

9. The California Defendants and Relief Defendants are in a state of flux trying to determine what property will be turned over to the Receivership Estate or other third party creditors holding properly perfected liens against said property. The California Defendants and Relief Defendants are in almost daily communication with the Receiver's counsel regarding the status of the Receiver and SEC's ongoing investigation and case and disposition of their property. Such communications, though necessary, cost the Receivership Estate both time and money.

10. In an effort to expedite the liquidation and sale of Receivership Assets in the most efficient process in order to produce the maximum attainable value for the investors and other creditors of the Receivership Estate, the Receiver has agreed, subject to this Court's approval, to release to the California Defendants and Relief Defendants the specific Receivership Assets enumerated on the attached Exhibit B.

11. In addition, the Receiver seeks authority from this Court to release: (i) \$10,000 of the seized funds to Jackie and Daryl Hoegel and (ii) \$8,000 to Kristi Hoegel. These funds will represent a one time distribution from the Receivership Estate to the California Defendants and Relief Defendants for medication, transportation, moving and living expenses. The Receiver believes that such a distribution will greatly reduce the costs charged to the Receivership Estate in connection with the day to day activities and communications with the California Defendants and Relief Defendants. In exchange for these payments, the California Defendants and Relief Defendants will waive and release any and all claims they may have against the Receiver relating to real or personal property.

## **II.** **ARGUMENT AND AUTHORITY**

12. It is well-settled that the primary goal of a receivership is to provide a conduit through which assets can be held, liquidated and distributed to the particular beneficiaries of the receivership. In this case, the beneficiaries are the numerous investors and creditors of Millennium Bank and other named Defendants who orchestrated and operated a Ponzi scheme that divested investors of millions of dollars.

13. In addition to all cash possessed by the California Defendants and Relief Defendants, the Receiver has, to date, seized their non-cash assets as well.

14. District courts have broad powers and wide discretion to determine the appropriate relief in an equity receivership, including liquidation of receivership assets. *See SEC v. Safety Finance Service, Inc.* 674 F.2d 369, 371 (5th Cir. 1982) (holding that the court overseeing the receivership is given “wide discretionary power” in light of “the concern for orderly administration”).

15. The Receiver urges this Court to approve his request to release the Receivership’s right, title and possession of the Receivership Assets set forth on Exhibits A and B, which assets will add no value to the Receivership Estate and will provide clarity and finality to the California Defendants and Relief Defendants on the issue of what items of personal property they will and will not retain, thereby reducing costs incurred by the Estate in the near-daily communications with the Hoegels about this issue and in the drafting and filing of future motions seeking authority to sell their assets and retain the proceeds therefrom. With respect to a vast majority of the assets, liquidation would result in little or no value to the Receivership Estate or the costs to liquidate would be cost prohibitive. A few of the assets on the attached Exhibits A and B are valuable to the Defendants only as they represent family heirlooms of no consequential value beyond sentimental value. Finally, a portion of the assets are necessary for the basic survival of the Defendants and represent items that would be exempt from seizure and execution sale under California law in most instances.

16. If the Receiver is allowed to relinquish these assets to the California Defendants and Relief Defendants then he and his team of representatives and professionals will be available to focus their attention on other matters that will benefit the investors.

17. Further, the Receiver represents that his legal counsel have spoken at length with the California Defendants and Relief Defendants and that they have expressly agreed that in

exchange for the relinquishment of these assets, they will and do release, acquit and forever discharge the Receiver and his professionals, agents and representatives, from any and all claims, actions, demands, damages, monies, injunctive relief, interest, liabilities, attorney's fees, costs, expenses, and causes of action whatsoever, presently known or unknown, arising from or related to the Receivership Estate.

18. While the Receiver acknowledges that the release of cash funds to the California Defendants and Relief Defendants may be an unpopular decision, he must acknowledge the time and costs associated with daily interaction with the California Defendants and Relief Defendants, communications with them pertaining to disposition of their assets, the lawsuit, and the government's investigation, and the costs associated with pursuing and defending future claims pertaining to the Hoegels if they do not now release the Receiver. The Hoegels willingly surrendered all cash and assets at the inception of the Receivership Estate. They have had no access to any funds since that time. The amount of cash sought to be returned is far less than that amount the California Defendants and Relief Defendants would be entitled to receive under California state exemption statutes. The Receiver represents that his legal counsel have conferred with the California Defendants and Relief Defendants and they have agreed to take the amounts and assets proposed by the Receiver in lieu of any and all of their rights under California state exemption statutes. They have further been informed that this agreement, if approved by the Court, is not a settlement of the claims for monetary relief alleged by the SEC, including claims for disgorgement, prejudgment interest, and/or civil penalties.

19. The Receiver believes that this arrangement will not harm the investors and other creditors of the Receivership Estate. In his business judgment, this is an economical and efficient compromise that should be approved.

WHEREFORE PREMISES CONSIDERED, the Receiver prays that upon consideration of this Motion, the Court authorize him to relinquish the Receivership Assets listed on the attached Exhibits A and B to the California Defendants and Relief Defendants and for such other and further relief, general or special, at law or in equity, to which he may show himself justly entitled.

Respectfully submitted,

**THOMPSON & KNIGHT, LLP**

/s/ Jessica B. Magee

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**CERTIFICATE OF CONFERENCE**

A conference was held on August 19, 2009 with counsel for all parties who have appeared before this Court and are affected by the filing of this Motion or the relief it requests and, after discussing the merits of this Motion, and the Securities and Exchange Commission and the Hoegels are NOT OPPOSED to the Motion or the relief.

/s/ Jessica B. Magee  
Jessica B. Magee

**CERTIFICATE OF SERVICE**

On August 21, 2009, 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/ Jessica B. Magee  
Jessica B. Magee

**Exhibit A- Assets with inconsequential value**

(Applicable to all California Defendants and Relief Defendants as defined in Motion)

Food and Groceries

Toiletries, makeup and personal hygiene products

Medications (both prescription and over the counter)

Adult and children's undergarments

Prescription eyeglasses and sunglasses

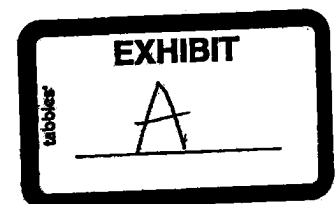
Bible literature and books

Family pictures

Framed birth announcements and baby books

Potted Plants

Infiniti SUV scheduled for repossession pending further Court Order (no payments made since March 2009)



**Exhibit B**

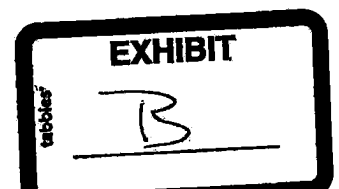
**Kristi Hoegel:**

- Children's toys, books, art supplies
- Computer for Children's activities and school
- Children's clothing
- Kristi Hoegel's clothing, shoes, jewelry (valued under \$3,000 in total)
- Son's bedroom furniture (bed, dresser, bookshelf, desk)
- Daughter's bedroom furniture (bed, dresser, vanity)
- One bedroom set (bed, armoire, 2 night tables)
- Living Room Furnishings and prints
- Dishes, pots and pans
- Coffee maker
- Kitchen Table and chairs
- Small desk
- Large metal chair
- Pine Armoire
- Miscellaneous furniture contained in storage units at River Park Self Storage (currently \$500 total due in past due payments, Receiver believes contents do not total amount outstanding)
- Wedding Band Set
- Grandmothers Wedding Band Set
- Nikon D200 Camera

**Jackie and Daryl Hoegel:**

**Lincoln Residence:**

- 30ft Travel Trailer by Trail Lite
- 1998 Ford Utility Pick Up Truck
- 2006 Chevy HHR
- Dishes, pots, pans, glasses and cups, utensils, knife set
- Toaster
- Coffee Pot
- Bed and Bath linens
- DVDs and Cds (total less than \$100 new)
- BBQ pit
- Personal electronics including alarm clock, small radio, wall clock
- Child and Adult fishing gear



- Children's bicycles, helmets, and toys
- Adult and children's clothing and accessories
- Small wall key cabinet
- 1980's model Jeep (does not run and will cost towing expenses to remove from Lincoln Property).

American Canyon location:

- Books
- Framed Needle Point picture
- Amethyst Cathedral
- Hoegel and Mikels family glassware located in domed cabinet
- Miscellaneous perfume bottles belonging to J. Hoegel grandmother
- Four Chinese War propaganda posters
- Wedding Band Set including 25<sup>th</sup> Wedding Anniversary Band
- Grandmother's Wedding Band Set
- 20<sup>th</sup> Wedding anniversary necklace (worth less than \$800)
- Various hand power tools
- Framed poster of R. Hoegel in Scotch Guard advertisement
- 8x10 silver frame Adam & Eve picture
- 10X20 Romeo & Juliet poster
- Grandmother's sewing table
- Family pictures (from computer and hard copy)

Ryan Hoegel

- Return of unfrozen funds from seized bank accounts
- All personal property in R. Hoegel possession based on lifting of injunction