



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 directs 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.

## I. OVERVIEW

The Receiver’s Report of December 4, 2009 detailed at length the structure of the Millennium Entities and the manner in which the fraud on the investors occurred. For the sake of brevity, those details will not be repeated here at length. 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, detailed in this report, 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 previous Receiver's Report discussed the following tasks and matters undertaken by the Receiver in order to satisfy his appointed duties and responsibilities:

- Determination of relationships between Defendants and Relief Defendants
- Understanding of the work undertaken in St. Vincent by the Joint Provisional Liquidators appointed there
- Review, seizure, and relinquishment of Millennium office locations
- Extending the Receivership Court's jurisdiction and staying pending litigation
- Location and securing of assets
- Liquidation of assets
- Interviews of Defendants and Relief Defendants
- Established website and email address for Receivership
- Engagement of professionals to assist in Receivership administration
- Communication and cooperation with government authorities
- Communication with foreign government authorities
- Communications with investors
- Review and analysis of investor claims
- Address investor queries and concerns
- Communications with the media

- Subpoena of various banking and business records of Defendants
- Extensive legal research
- 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. The Receiver has only a few updates to that process to provide to the Court at this time. Likewise, the Receiver has not had to engage in additional litigation or significant negotiations with Defendants or Relief Defendants since December, and the preliminary work setting up the administrative aspects of the Receivership has been maintained with minimal effort.

This Report will not revisit those topics on which new, additional work has not been undertaken. Rather, the Receiver intends to inform the Court about work that has been performed since the time of the December 2009 Report, providing updates where relevant.

The Receiver's primary focus over the past few months has been developing a meaningful determination of where Defendants' funds were spent. This task is 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. This Report will detail the results of the forensic accountants' investigation, and will discuss those actions the Receiver is taking and will continue to pursue in order to get investors' money back into the Receivership Estate for distribution, where possible.

## **II. RESULTS OF FORENSIC ACCOUNTING INVESTIGATION**

### **A. Overview of accounting & its limitations**

As the Court is aware, the Receiver obtained the assistance of forensic accounting firm Litzler, Segner, Shaw & McKenney LLP in order to analyze the bank deposits and withdrawals of Millennium Bank and its sister entities in an effort to determine how funds were used. The first and likely most important conclusion from this analysis is that investor funds were deposited into bank accounts, but never invested by Millennium Bank, William Wise, or any other Defendant or representative thereof. Rather, the activity of the bank accounts demonstrates that 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.

However, the bank records paint a somewhat incomplete picture of the overall financial reality of the Millennium Entities. In many instances, checks, credits, withdrawals, debits, transfers and wires do not have a discernible source or payee according to the records provided by the banks. Because of this missing detail, the forensic analysis is necessarily limited. Additionally, the Defendants did not keep a general ledger or any other accounting of their business at all, except for several databases that were maintained simply in order to keep track of investors. The databases themselves are sometimes inaccurate, and wildly inflate the actual cash invested in the Ponzi scheme, as described below.

The bank accounts demonstrate that no investments were made with investor funds. The databases, however, calculate that the investments were actually earning

interest, and in many cases investments were “rolled over” such that interest “earned” on an old CD was wrapped up with original principal in order to purchase a new investment. In these instances, the database would reflect that a new, higher investment was made, but no new cash actually was deposited into the bank accounts.

The resulting issue for accounting purposes is that new money deposited into the Millennium accounts is impossible to discern from the databases. In many cases, the databases may reflect investments for a particular investor at more than twice the actual cash invested. Therefore, the databases are of limited use in terms of understanding exactly how much money came into and out of the scheme. Likewise, the bank records only explain those transactions occurring since 2004, and detail on many transactions is missing. These limitations affect the Receiver’s ability to fully sort out the financial affairs of Millennium Bank and its related entities.

**B. Amounts invested in and paid out of the Ponzi scheme**

Approximately \$84.5 million from investors was clearly deposited into the Millennium Entities bank accounts from 2004 forward, according to the bank records. An additional \$15.3 million was paid into the Millennium entities by an investor whose precise relationship with the Defendants is unknown, but this amount cannot be fully and summarily categorized as a CD “investment” at this time.<sup>1</sup> Thus, bank records substantiate \$100.1 million deposited into the Millennium Entities from likely investor funds from 2004 until the institution of this Receivership. Additionally, the bank records show approximately \$27.7 million in additional cash into the Millennium accounts which cannot be identified. Because the *only* sources of money into the Millennium bank

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<sup>1</sup> Because the Millennium Entities operated as a Ponzi scheme, paying old investors with new investors’ money, there were no actual CD investments, only purported purchases of CDs.

accounts that *can* be identified are comprised of investor deposits and some money moved from one Defendant affiliate to another, it is likely that much \$27.7 million of unidentified funds represents additional investor money paid into the scheme for the purchase of CDs.

However, the Ponzi scheme pre-dated 2004, and the Millennium databases seized by the Receiver indicate that more than \$29.4 million was invested in the Defendant entities throughout the course of the scheme from 2001 to 2004. Some of this amount may represent “rollover” investments, which would artificially inflate the amount of money actually paid into Millennium accounts and attributable to investors. However, because no general ledger or accounting system *whatsoever* was used by the Defendants, there is literally no way to accurately determine whether investments included in the databases represent actual money versus some conflation of real money and artificial interest. When the amount listed in the database for investments from 2001-2004 is combined with the money attributable to investors and substantiated by the bank records from 2004 forward, it appears that, at most, approximately \$156.9 million was deposited in Millennium Entities’ bank accounts over the entire course of the Ponzi scheme

The bank records substantiate that a total of \$29.8 million was definitely paid out to investors as principal and purported interest from 2004 until the Order Appointing Receiver was issued in March 2009. The chart below shows the flow of money into and out of Millennium Entities’ accounts during that period:

**Millennium Entities Cash Flow Analysis as of September 2010**

Bank Activity – Investor deposits	\$84.5M
Bank Activity – Unknown, possible deposits from investors	\$27.7M
Pre-2004 Deposit Amounts from Database	\$29.4M
Potential Investor Deposits	\$15.3M
<b>Money Deposited into the Millennium Entities</b>	<b>\$156.9M</b>
Bank Activity – Identifiable payouts to investors	\$29.8M
<b>Less: Money Paid Out to Investors</b>	<b>\$29.8M</b>
Bank Activity – Categorized Post-2004 Spending	\$70.6M
Bank Activity – Uncategorized Post-2004 Spending	\$47.8M
<b>Less: Post-2004 Unidentified or Non-Investor Spending</b>	<b>\$118.4M</b>
<b>Non-identifiable Pre-2004 Spending</b>	<b>\$8.7M</b>

**C. Spending by William Wise and other Defendants**

Very few funds were found in the Defendants' bank accounts when the Receivership was instituted, given the breadth of the scheme; only \$466,047.94 was frozen by the orders of this Court in March 2009. Obviously, with a possible \$157 million into the Millennium scheme and only \$466,047.94 remaining in known bank accounts, a large deficit exists. The forensic accountants are able to provide the following breakdown of how money was spent through the course of the scheme from 2004 to 2009, according to the bank records subpoenaed by the Receiver. The table below illustrates the various categories of spending that the forensic accountants and counsel for the Receiver were able to isolate from their investigation and the bank records:



**Spending Analysis from Millennium Bank Accounts from 2004-2009**

<u>Category of Spending</u>	<u>Money Spent</u>
Money to acquaintances <sup>2</sup>	\$385,631.36
Aircraft and related costs	\$8,540,876.53
ATM withdrawals	\$2,768,913.82
Automobile expenses	\$55,204.55
Bank fees	\$140,757.19
Cash withdrawals	\$1,228,880.31
Cashiers checks	\$10,787,005.48
Click 2 Pay—Citibank payments	\$660,165.20
Other credit card payments	\$21,793,139.93
Payments to employees	\$2,314,051.30
Health insurance costs	\$89,708.75
Payments to insiders <sup>3</sup>	\$12,410,911.66
Wine	\$648,999.38
Bank withdrawals	\$6,398,020.40
Island property	\$2,444,250.99
<b>Total non-investor categorized spending</b>	<b>\$70,666,516.85</b>
Uncategorized spending	\$47,750,130.47
Known cash to investors	\$29,814,011.96
<b>TOTAL SPENDING</b>	<b>\$148,230,659.28</b>

For purposes of the following analysis, the uncategorized spending is not taken into consideration. The known spending amounts total \$70,666,516.85. When known payments to investors are added in, the cash out of the Millennium accounts from 2004 to 2009 totals \$100,480,528.81. The Receiver believes that some significant portion of the uncategorized spending is appropriately attributed to cash returned to investors because Millennium databases suggest that approximately \$31 million in interest alone was paid

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<sup>2</sup> Acquaintances included Wise's girlfriends, friends, and extended family members.

<sup>3</sup> Insiders included the individual Defendants and Relief Defendants, including Lynn Wise.

over the course of the scheme. However, because our accountants cannot substantiate all spending to investors based on the bank detail provided, it is not counted here for purposes of the analysis below.<sup>4</sup>

With \$156.9 million in investor funds taken into the Millennium scheme, \$100.5 million in spending is identified and \$56.5 million remains unidentified. Of this amount, the bank records show that \$47.8 million of spending took place which cannot be identified by the bank records provided in response to the subpoenas issued by the Receiver. When the uncategorized spending is subtracted from the unaccounted for \$56.5 million, a total of \$8.7 million remains. However, the Receiver has no records pre-dating 2004 which would document the amount of money spent until that point. From 2004-2009, Wise and his associates were spending approximately \$28.2 million per year. If money paid to investors is not considered, Wise and his associates were spending money at a rate of almost \$22.5 million per year. At this rate, it seems likely that Wise and his associates spent the \$8.7 million that cannot be accounted for between 2001 and 2004. The Receiver currently does not believe there is another source of funds or other assets unknown to him. Rather, it seems likely that the money has simply been spent.

It is possible that Wise took money in cash to hide elsewhere. The cash withdrawals, cashier's checks, and ATM withdrawals detailed above comprise a significant portion of the money withdrawn from the Millennium Entities' bank accounts, a total of \$21,182,820.01. However, Wise has never been available for questioning, and the efforts of the Receiver and his forensic agents in attempting to locate any additional bank accounts which may hold this money have been futile.

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<sup>4</sup> Part II, Section D of this Report explains why the Receiver believes "uncategorized spending" includes significant monies returned to investors.

**D. Accounting issues & caveats**

The figures detailed in this Report are necessarily inexact, but reflect conservative estimates of the net amounts *spent* in each category. The amount of effort required to produce these numbers has been significant, and still the process has yielded more than 11,000 transactions that the forensic accountants cannot identify without further research and analysis. The Receiver did attempt to obtain additional information from the various banks so that some of the most significant transactions of unknown origin and destination could be classified. However, the numbers discussed in this Report provide the Court with a general estimate of the money spent, based on what is clear to the accountants at this time. Currently, it seems that much more accounting research and work may not be productive or in the best interest of the Receivership Estate, because the work itself is costly and the completed work has not yielded any additional sources of recoverable funds.

Another significant caveat to these numbers is that detail on transactions less than \$1000 was frequently not provided pursuant to the bank subpoenas. Practically, this means that checks or other debits of a relatively low amount are not properly categorized in the total money paid out described above. This may be most relevant with regard to “interest” payments made to certain investors who may have received such payments on a monthly or periodic basis. It is possible that the money paid out to investors would actually register significantly higher were these periodic payments accurately reflected in the accountants’ breakdown. Simply put, many investors likely received checks under \$1000 on a regular basis, but because the accountants lack sufficient detail to attribute those amounts to specific investors, the estimate of cash paid to investors is realistically

*higher*, not lower than what is estimated here. The databases maintained by Defendants suggest that the total “interest” actually paid out to investors was \$31,425,861.05. This number is *exclusive* of amounts paid to refund principal amounts upon redemption of CDs. The \$29.8 million figure reflected in the accounting includes the return of principal to investors. Therefore, the Receiver believes that the actual total cash out to investors is significantly higher than our accountants can report based on the bank detail available, and that some portion of the “uncategorized spending” listed above actually includes additional money paid to investors over time.

One other aspect of note is that the amount of money withdrawn from the bank accounts in cash may belong in another category of spending, but more specific categorization cannot be substantiated from bank records. For example, it is possible that William Wise withdrew cash funds to pay sums to girlfriends or family, or to his employees, but those transactions cannot be categorized. What the bank accounts can and do clearly show is \$118.4 million was paid *out* of Millennium accounts from 2004 forward. With funds paid out to investors, the total cash paid out from 2004 through commencement of this proceeding in March 2009 was \$148.2 million.

### **III. COOPERATION WITH GOVERNMENT AUTHORITIES**

Since the onset of the first orders in this case, the Receiver has worked extensively with agents of the SEC, IRS, FBI, U.S. Attorneys’ offices, Secret Service, and state securities boards, in order to assist with their various investigations. This cooperation has involved sharing information, documents, background research, interviews, computer files, databases, accounting results, and numerous meetings and calls to aid government officials in their work for their respective agencies. Because

numerous investigations have been undertaken and are ongoing, the Receiver and his counsel have gone to great lengths to provide those materials which will further each investigation in the hopes of coordinating the best possible effort and result on behalf of the Receivership Estate and the aggrieved investors it should benefit.

The investigative process has been more complex in this case because of the complete disorganization and lack of accounting records or corporate structure of the Defendant Entities. In order to perpetuate the fraud and keep others in the dark, it appears that Wise controlled all money deposited into or withdrawn from the scheme at his sole direction, ensuring that unraveling the source and location of all funds would be difficult. What is easy to understand is that no real business took place—money came into Millennium Bank and the other entities from defrauded investors, and that money was simply moved to other accounts and spent. While there is no indication that any investment ever took place (and Wise has admitted as much to his wife's attorney in this matter), funds were intermingled and moved from account to account only to be spent by Wise himself. The complexity arising from all of this movement has made it difficult for the Receiver (and presumably other government agents) to fully discover the extent of the fraud.

To that end, the Receiver's counsel and forensic accountants undertook great effort to quantify what amounts were paid in by investors, spent by Wise and his associates, and returned to certain investors in perpetration of the Ponzi scheme. This knowledge is integral to the Receiver's ability to document and report to the Court whether or not other assets are believed to exist, and what steps could be taken to retrieve and liquidate them. This information is also essential to the government's ability to

prove the fraud in a criminal context. Information-sharing is thus central to the Receiver's responsibility to the Court and investors in the pursuit of those responsible for the fraud, and this task has been and continues to be taken very seriously by the Receiver.

However, despite his cooperation and communication with the agencies described above, the Receiver is not privy to the status or intent of any government investigation, and cannot report to this Court or investors as to what steps will be taken on behalf of criminal or civil authorities outside the scope of this SEC action. The Receiver can only confirm that he will continue to provide any assistance requested of him by government authorities. The Receiver understands that William Wise has not yet been apprehended. Questioning of William Wise could be extremely helpful to locate any additional funds or assets which have been hidden and remain unknown to the Receiver at this time.

#### **IV. COOPERATION WITH ST. VINCENT JOINT PROVISIONAL LIQUIDATORS**

The Receiver has been in contact with KPMG Bermuda, who was appointed in St. Vincent and the Grenadines to handle the tasks of liquidating the Millennium Bank entity and assets there. The Receiver further understands that KPMG has solicited investor claims and is conducting its own claims and estate distribution process. The Receiver has no access or authority over the funds held by KPMG for the benefit of its own liquidation estate. At this time, the Receiver does not know how much money has been recovered pursuant to the JPL's authority in St. Vincent, or how much will be available for return to defrauded investors. The Receiver will *not* be able to exercise any discretion or authority over the liquidation process in St. Vincent, nor the ultimate distribution of funds there.

## V. ANCILLARY LITIGATION

In the course of the Receiver's work, some illegitimate transfers of funds have come to light. The 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. Resource Development International, LLC*, 487 F.3d 295, 301 (5<sup>th</sup> Cir. 2007); *Warfield v. Byron*, 436 F.3d 551, 559 (5<sup>th</sup> Cir. 2006). Because those transactions amount to "fraudulent transfers" under the applicable law, the Receiver intends to seek to recoup those funds paid out to these certain individuals as detailed below.

### A. Trenholm Healy

Trenholm Healy has been identified as a friend and possible accomplice of William Wise in perpetrating the Ponzi scheme. The Receiver believes that Healy received in excess of \$980,000 from Wise and Millennium Entities. Some interviews suggest that Healy may have "loaned" money to Wise during the course of the fraud, but the Receiver cannot substantiate a reasonably equivalent exchange at this time. Further, based on his close friendship with Wise, the Receiver believes that Healy may have had knowledge of and/or been complicit in the fraud. Because Healy is in possession of funds ultimately traceable to investors, the Receiver intends to file a lawsuit against him, if possible, to recoup funds which should rightly be a part of the Receivership Estate and available for distribution to defrauded investors. Additional investigation is necessary in order to fully flesh out the manner in which Healy may have been involved in the ongoing scheme.

**B. Scott Christopher**

Scott Christopher is another person to whom Wise and the Millennium entities paid substantial money, ostensibly in commissions for the sale of fraudulent CDs. While the complete extent of the amounts paid to Christopher is unknown, the Receiver understands that he worked alongside Wise for years, selling CDs and traveling extensively between Napa and St. Vincent to visit Wise, with and on behalf of numerous investors. Christopher was compensated according to a formula devised by Wise, and had direct communication with Wise during most of the course of the Ponzi scheme.

Scott Christopher is also the ex-husband of Defendant Kristi Christopher (Kristi Hoegel). He has undertaken direct communications with various investors and groups of investors since the Receivership began in efforts to incite additional frustration and place blame on others. However, the Receiver believes that Scott Christopher received investor funds throughout the course of the Ponzi scheme for no reasonably equivalent exchange, and those funds should properly be restored to the Receivership Estate. Further, the evidence may establish that Scott Christopher had knowledge of the fraud, in which case *any* monies received by him from Defendants as a part of the Ponzi scheme would be recoverable for distribution to defrauded investors through the Receivership Estate. The Receiver anticipates filing a lawsuit to recover monies fraudulently transferred to Christopher in the near future.

**C. Atlanta Northside Aviation**

Atlanta Northside Aviation has been identified as a business that received significant funds from the Millennium Entities during the course of the Ponzi Scheme. While some funds may have been provided in exchange for services, the Receiver has



identified two unusual transactions through which Atlanta Northside Aviation received large amounts of cash from Millennium which were denominated as “loans.” Those loans should be repaid to the Receivership Estate, and the funds recoverable for administration of the Estate and ultimately, for distribution to investors. A lawsuit to recoup these fraudulently transferred funds will be instituted shortly.

**D. Brokers**

Robert Keltly and David Jones were the two primary brokers working to sell Millennium CD products over the years Wise perpetuated his Ponzi scheme. At this time, the Receiver is uncertain how much Keltly or Jones may have known about the viability or illegitimacy of the investments. However, Keltly and Jones sold hundreds of CDs to unknowing investors, and received ongoing commissions for each CD they sold. The Receiver believes, according to the work done by his forensic accountants, that Keltly received more than \$750,000 in commissions, and Jones received over \$620,000. This money represents investor funds that are no longer available for distribution, having been fraudulently transferred to Keltly and Jones. The Receiver intends to file suit to retrieve this money for the benefit of defrauded investors.

**E. Net Winning Investors**

Finally, the Receiver has 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”). While the Receiver does not wish to inflict any additional difficulty on any of the investors, the fact remains that certain investors receiving “interest” were really just receiving money belonging to other investors. Because no investments were made and most of the Ponzi

scheme money was spent, the Receiver deems it necessary to seek to retrieve those funds denominated as “interest,” which were really just fictitious profits provided to some in order to keep the Ponzi scheme afloat.

Because no reasonably equivalent exchange was made for those interest payments, the Receiver has asked those winning investors to return the gains they received so that the monies may be distributed equitably among all investors who experienced a loss. To date, the Receiver has received in excess of \$599,852.32 in response to a demand letter sent to Net Winning Investors. A number of Net Winning Investors have additionally agreed to repay amounts owed via installment plans over the next twelve months. Those who do not respond to the Receiver’s request or refuse to comply will be named in a lawsuit to recover the fictitious interest to be filed shortly in this Court. The Receiver believes that the fictitious interest paid to winning investors who have not paid back the amounts requested totals \$5,241,683.50, which would be the largest source of potential recovery for those investors who lost most, if not all, of their investments.

Each of these “clawback” complaints will be filed in this Court, either contemporaneously with this Report or shortly thereafter. The Receiver undertakes this ancillary litigation in pursuit of the tasks assigned to him by the Court, namely to recoup as many assets and funds possible on behalf of the Receivership Estate to best ameliorate the effects of the Defendants’ fraud. The Receiver, in accordance with the Receivership Order entered by this Court, will litigate these matters in an attempt to bring additional funds back into a Receivership Estate that is comprised of very little in relation to the Defendants’ ultimate fraud. While William Wise reaped the benefit of over

\$100,000,000, only a fraction of that remains to return to defrauded investors. These clawback lawsuits are brought in an effort to restore more money to those to whom it truly belongs.

## VI. 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, 637 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. An analysis of the amounts owed to each investor is ongoing. Further, the Receiver has to match bank records showing amounts *paid* to each investor with these claims in order to ensure that all investors are treated fairly according to their actual, real dollars left in the Ponzi scheme.

The analysis of investor claims is a time-consuming and detail-oriented process, and one which will not be completed for some time. Currently, the Receiver is primarily focused on getting as many assets into the Estate as possible, and determining where all other funds and assets ended up so that the Court (and the investors) can understand the

extent of the loss in this matter. Once this liquidation and accounting process is fully complete, the Receiver will turn to completing the analysis of investor claims and proposing an equitable plan for distribution of Receivership funds. Because certain investors lost far more than others, a pro rata plan is currently envisioned. However, because the losses at this point are obviously inequitable among the investors, the Receiver is reserving a comprehensive analysis of their claims until such time as distribution is on the horizon.

#### **VII. MISCELLANEOUS ASSET LIQUIDATION**

Most of the liquidation of known assets took place before the Receiver's last report to this Court. The sale of real and personal property as of December 2009 resulted in a gain of \$1,789,035.70 to the Receivership Estate. Since the beginning of this year, the Receiver additionally liquidated another of William Wise's automobiles, a 2009 Escalade which was sold for \$50,000. Wise owed \$42,309.69 on the note, so the sale resulted in a gain of \$7,690.31 for the Receivership Estate.

One additional piece of real property owned by the Hoegels exists in Washington State. The Receiver has seized this property; however, the Hoegels have no equity in the property given the depressed real estate economy, and it is worth only a few thousand dollars currently. This property will be disposed of in the most efficient way possible in order to maximize any value to the Receivership Estate.

#### **VIII. REMAINING TASKS**

The Receiver is moving toward the process of developing a plan for distribution of funds to defrauded investors and other creditors. While some additional accounting remains to be done regarding the known accounts and assets of the Defendants, the

Receiver anticipates that his next steps are to commence and complete the third-party litigation discussed herein, and to propose an equitable plan for distribution of funds among defrauded investors and other creditors. The distribution plan will require a complete analysis of all claims made against the Receivership Estate. The distribution of funds must wait until the completion of the third-party litigation in order to get as much money into the Estate as possible.

#### **IX. CONCLUSION**

The Receiver has devoted the bulk of his time since his last report to this Court to analyzing as completely as possible how and where money was spent in the course of the Millennium Ponzi scheme in order to provide as clear a picture as possible to this Court and to defrauded investors. 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 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. But unfortunately, unless new information is located, based on the accounting analysis to date, the Receiver does not anticipate that additional meaningful assets will be available for distribution to claimants. Once the remaining questions related to this accounting are answered, the Receiver anticipates turning his attention to a distribution plan for claimants, and continuing the ongoing work of responding to requests for information from investors and government authorities.

Respectfully submitted,

**THOMPSON & KNIGHT, LLP**

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

**CERTIFICATE OF SERVICE**

On November 22, 2010, 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