



**Table of Contents**

I.	Overview and Work to Date .....	1
A.	Summary of December 2009 Receiver’s Report .....	1
B.	Summary of November 2010 Receiver’s Report.....	3
1.	Overview of Accounting Methodology & Its Limitations.....	4
2.	Amounts Invested in and Paid Out of the Ponzi Scheme .....	5
II.	Recent Work Undertaken by the Receiver.....	7
A.	Ancillary Claw Back Litigation.....	7
1.	Net Winning Investors .....	7
2.	Atlanta Northside Aviation.....	9
3.	Brokers.....	10
B.	Cooperation with Government Authorities.....	12
C.	Cooperation with St. Vincent Joint Provisional Liquidators .....	14
III.	Analysis of Investors’ Claims.....	14
IV.	Miscellaneous Asset Liquidation.....	15
V.	Remaining Tasks.....	16
VI.	Conclusion .....	16

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.

## **I. OVERVIEW**

This Receiver’s Report is the third 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, 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 first 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
- Establishment of 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, which are included later in this Report.

**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.

**1. OVERVIEW OF ACCOUNTING METHODOLOGY AND ITS LIMITATIONS**

As the Court is aware, 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 and are summarized below.

As detailed in the 2010 Report, the work by LSS&M revealed no investments by the Millennium Entities of the funds entrusted to them by investors. 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.

## 2. AMOUNTS INVESTED IN AND PAID OUT OF THE PONZI SCHEME

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 database of bank transactions created by LSS&M was instrumental to understanding the cash flow into and out of the Millennium Entities' bank accounts. Obtaining the documents necessary to create this database and reviewing and understanding the resulting analysis comprised a significant amount of the work performed by the Receiver and included in the 2010 Report. The following table, which was included in the 2010 Report, summarized the results of this work:

### Millennium Entities Cash Flow Analysis from 2010 Report

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><u>\$156.9M</u></b>
Bank Activity – Identifiable payouts to investors	<u>\$29.8M</u>
<b>Less: Money Paid Out to Investors</b>	<b><u>\$29.8M</u></b>
Bank Activity – Categorized Post-2004 Spending	\$70.6M
Bank Activity – Uncategorized Post-2004 Spending	<u>\$47.8M</u>
<b>Less: Post-2004 Unidentified or Non-Investor Spending</b>	<b><u>\$118.4M</u></b>
<b>Non-identifiable Pre-2004 Spending</b>	<b>\$8.7M</b>

As shown by the table, 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. The remaining \$29.4 million is an estimate of the amounts received by the Millennium Entities before 2004. Because of certain limitations of the records obtained by the Receiver, including the complete lack of a general ledger for the Millennium Entities, this \$29.4 million is the best estimate that the Receiver can currently provide of the pre-2004 deposits. A more complete breakdown of the deposit amounts is found at pages 6 to 8 of the 2010 Report.

The LSS&M database accounts for \$148.2 million in spending by the Millennium Entities that are supported by the Millennium Entities' bank records. This spending can be divided into three general categories. First, the bank records substantiate that a total of \$29.8 million was paid out to investors as principal and purported interest from 2004 until the Order Appointing Receiver was issued in March 2009. And these amounts are directly traceable to specific investors. Second, \$70.6 million was traced to spending by the Millennium Entities on various categories that do not appear directly related to the investors. Instead the Receiver believes that most, if not all, of this spending was used to support the lavish lifestyle of William Wise and the other parties responsible for the Ponzi scheme. LSS&M was able to divide the \$70.6 million into the following categories:



<u>Category of Spending</u>	<u>Money Spent</u>
Money to acquaintances <sup>1</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>2</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>

The final portion of the \$148.2 million in spending is \$47.8 million that cannot be categorized by LSS&M because of insufficient bank records. For example, illegible checks, missing cashier's checks, and incomplete details of wire transactions. The Receiver has made reasonable attempts to obtain additional paperwork to allow LSS&M to categorize these funds, but so far those attempts have proven unsuccessful. The Receiver evaluated the benefit of further pursuing additional documentation, but at this time it appears that the costs associated with doing so are likely to outweigh the possible benefit/recovery to the Estate.

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.

---

<sup>1</sup> Acquaintances included Wise's girlfriends, friends, and extended family members.

<sup>2</sup> Insiders included the individual Defendants and Relief Defendants, including Lynn Wise.

**II.**  
**RECENT WORK UNDERTAKEN BY THE RECEIVER**

Since the 2010 Report was filed, the Receiver's work has focused on initiating and prosecuting ancillary litigation against various parties that benefited from illegitimate transfers from the Millennium Entities, cooperation with government authorities, and, to a lesser extent, cooperating with the St. Vincent Joint Provisional Liquidators.

**A. ANCILLARY CLAWBACK LITIGATION**

In the course of the Receiver's work, some illegitimate transfers of funds have come 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 seeks to recoup those funds paid out to these certain individuals through ancillary litigation. In preparation of this litigation, the Receiver submitted his Motion to Approve Procedures for Recovery of Receivership Assets in Third-Party Litigation [Dkt. 149], which this Court granted in its Order Granting Receiver's Motion to Approve Procedures for Recovery of Receivership Assets in Third-Party Litigation [Dkt. 156]. These procedures were intended to permit the Receiver to pursue ancillary litigation in a cost-effective manner while maintaining adequate due-process protections for all parties. All of the ancillary litigation initiated by the Receiver has been, and will continue to be, prosecuted in accordance with the approved procedures.

**1. Net Winning Investors**

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”). In short, these Net Winning Investors received more monies from the Millennium Entities than they invested with the Millennium Entities. 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 deemed 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 initially 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. The Receiver received in excess of \$600,000 in response to the demand letter sent to Net Winning Investors. A number of Net Winning Investors have additionally agreed to repay amounts owed via installment plans over a twelve month period.

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 (*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.

After filing the Complaint, the Receiver began service on the 312 defendants pursuant to the terms of the Motion to Approve Procedures for Recovery of Receivership Assets in Third-Party Litigation [Dkt. 149] and Order Granting Receiver's Motion to Approve Procedures for Recovery of Receivership Assets in Third-Party Litigation [Dkt. 156]. To date, the Receiver has successfully served approximately 260 of the 312 Defendants, and he diligently continues to attempt to serve the remaining Defendants. Further, the Receiver has settled with approximately 83 defendants and brought more than \$1,225,000 into the Receivership Estate. Further, another 25 defendants have agreed to settlements and are paying out in installments over a twelve-month period. Because of the sheer number of Defendants, the Receiver has spent a considerable amount of time discussing and settling claims over the past twelve months. 41 of the Net Winning Investors have filed answers and 25 are continuing to contest the Receiver's claims at this time. Many of those who have filed answers are also currently negotiating settlements.

Many Defendants communicated with the Receiver in at least some manner, failed to reach a settlement, and did not file an answer with the Court. The Receiver gave these Defendants a sufficient opportunity to resolve his claim without litigation, but sought default judgments against these Defendants on January 24, 2012. In addition, there were numerous Defendants that had been served but have not responded in any way to the lawsuit and against whom the Receiver sought default on January 24, 2012. Trial is currently set for April 23, 2012. To date, the Receiver believes that only a handful of claims remain unsettled or unresolved following the Court's rulings on dispositive judgments. If a trial is necessary, it is likely only to involve one or two defendants.

Although the task of settling and prosecuting claims against the Net Winning Investors is a time-consuming task, the Receiver still believes that pursuing the more than \$5 million in net winnings will prove a significant net benefit to the Receivership Estate. The Receiver has already recouped amounts in excess of the fees associated with this ancillary litigation.

## **2. Atlanta Northside Aviation**

The Receiver's investigation also revealed that Atlanta Northside Aviation 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.

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 seeks to recover \$800,000 from ANA, alleging Actual and Constructive Fraudulent Transfer under Georgia's Uniform Fraudulent Transfer Act, unjust enrichment, and constructive trust. ANA filed its Answer on May 2, 2011. Since that time the parties have exchanged discovery and are continuing to pursue the litigation. At this time, it appears that a portion of the loan proceeds may have been repaid, but ANA still retains funds rightfully belonging to the Receivership Estate. On January 13, 2012, the Receiver filed his Motion for Summary Judgment against ANA. Also on January 13, 2012, ANA filed its Motion for Summary Judgment. Finally, on February 3, 2012, the Receiver filed

its response to ANA's Motion for Summary Judgment and Reply in support of his own motion. Trial is currently set for May 2, 2012. 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. The Receiver will now take steps to finalize that judgment and recover the funds for the benefit of the Receivership Estate.

### **3. Brokers**

Robert Kelty 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 Kelty or Jones may have known about the viability or illegitimacy of the investments. However, Kelty 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 Kelty 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 Kelty and Jones.

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.

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. Both Scott Christopher and Robert Kelty have answered the Receiver's complaint; David Jones has not. Instead, Jones filed for bankruptcy in Kentucky. The Receiver, assisted by Kentucky local counsel Bingham Greenebaum Doll LLP ("BGD"), appeared in the bankruptcy and opposed the discharge of the Receiver's claim. At this time, 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. Because of the bankruptcy, the Receiver's claims against the brokers have not moved at the same pace as the other ancillary litigation. Because of the recent developments in the Kentucky bankruptcy court, however, the

Receiver has resumed the prosecution of his claims against the brokers, and discovery is commencing in the case.

**B. 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 (especially without Wise himself). 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.

#### **C. 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 to 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.

### III. 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, more than 600 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. 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.

#### **IV. MISCELLANEOUS ASSET LIQUIDATION**

Most of the liquidation of known assets took place prior to this report. The sale of real and personal property as of December 2009 resulted in a gain of \$1,789,035.70 to the Receivership Estate. In 2010, the Receiver liquidated a 2009 Escalade for a net gain, after paying off a sizeable note, 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.

**V.  
REMAINING TASKS**

The primary tasks facing the Receiver to complete his duties are completing the ancillary litigation, and developing and executing a plan for distribution of funds to defrauded investors and other creditors.

Concerning the ancillary litigation, the Receiver will continue pursuing the claims against the Net Winning Investors, both in settlement discussions and pursuing the judgments entered thus far. At this point, trial is imminent, if necessary. Most of the investors have either settled or defaulted, or dispositive motions have been resolved in favor of the Receiver. The Receiver will also pursue the judgment rendered on his behalf against Atlanta Northside Aviation. The Receiver is in the beginning processes of the litigation against the Millennium Brokers, following his success in lifting a bankruptcy stay to be able to pursue the litigation.

Further, some additional accounting remains to be done regarding the known accounts and assets of the Defendants. 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.

**VI.  
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 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 after the fraudulent transfer litigation is completed. 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**

/s/ Jennifer Rudenick Ecklund

William L. Banowsky  
State Bar No. 01697125

Jennifer Rudenick Ecklund  
State Bar No. 24045626

1722 Routh Street  
One Arts Plaza, Suite 1500  
Dallas, Texas 75201  
Tel. (214) 969-1700  
Fax (214) 969-1751

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

**CERTIFICATE OF SERVICE**

On April 9, 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