

RECEIVER'S STATEMENT ON STATUS OF ASSET RECOVERY

One of the Receiver's tasks is to locate what, if any, assets exist in the United States or foreign countries in accounts or property held by the Defendants or Relief Defendants *and* to carefully analyze where investor money was transferred and how it was utilized over the entire course of the Defendants' alleged fraud.

The SEC, the United States Receiver and the St. Vincent Receiver have developed lists of the various bank accounts in the name of the Defendants and Relief Defendants (and other relevant non-parties) located in the United States as well as in foreign jurisdictions including Switzerland, China, St. Vincent, and more.

As previously disclosed, Defendants' bank accounts in the United States were frozen, have been seized, and all cash transferred to the Receiver's interest-bearing account.

Unfortunately despite ongoing investigations, very little cash has been located so far. Total cash existing in United States bank accounts for all Defendants and Relief Defendants at the time the SEC filed its complaint was limited; well less than one million dollars. While international asset search and recovery expert investigators are diligently assisting the Receiver in his efforts, there does not at this time appear to be significant cash in accounts maintained in foreign countries.

The Receiver has not been able to find evidence of a single investment made by the Defendants with investors' money. Further, it currently appears that the Defendants spent the majority of the money received from investors on their own personal expenses and luxuries. For instance, the following are just some (but not all) of the ways in which Mr. Wise – the chief architect and operator of the Ponzi scheme – spent investor money during the entire course of the Ponzi scheme:

- \$5,000,000 to \$7,000,000 for purchase and upgrades to property in St. Vincent;
- \$400,000 or more to pay off mortgage on Raleigh residence;
- \$12,000 per week to his wife, Lynn Wise;
- \$6,000 to \$10,000 per month / per female companion to one or more female companions at a time;
- \$40,000 per month toward interest owed on the note for a private airplane;
- \$19,000 per month for maintenance fees, costs, cleaning and landing fees for a private airplane;
- \$3,000 to \$5,000 per month for updated flight plans systems for a private airplane;

- \$90,000 for pilot training costs for a private airplane (spent on at least three pilots in 2008);
- \$25,000 – \$40,000 per month for airplane fuel (\$5.00 per air mile);
- \$1,000,000+ on wine;
- \$1,000,000+ to repay loan from Wise’s friend Trenholm Healy;
- \$450,000+ charged to American Express as of last statement before Receivership;
- \$450,000 to purchase three boats; and
- Unknown sums (still being determined) paid toward international travel, food, alcohol, entertainment and lodging for various business associates, friends, and female companions, primarily to St. Vincent but also to Europe, Asia, and beyond. This includes a trip for as many as fifty people to travel to St. Vincent for New Year’s Eve 2008.

The foregoing list is certainly not exhaustive; there are many ways in which all of the Defendants spent investor money on real and personal property, personal expenses, luxury items and more. This list is a conservative approach based on known information obtained from data review and witness and party interviews conducted so far. Given this conservative figure, it appears that similar expenditures over the entire course of the fraud will account for a very large portion of invested money by all investors.

While the Receiver can and will liquidate tangible goods purchased with proceeds of the fraud (vehicles, boats, real and personal property), investor money spent on travel, entertainment, training pilots, paying for professional and personal services, and all other intangible items are unrecoverable insofar as the money was already spent and there is nothing remaining to be seized and sold to recover those funds.

A more detailed list of such expenditures is being compiled through the course of the Receiver’s investigation and data review and will be submitted to the Court in a public filing that will also be shared with investors and other creditors of the Receivership Estate.