

May 12, 2012 Status Report and Update

CIVIL AND CRIMINAL SUITS AGAINST WILLIAM WISE

In the last Status Report and Update, the Receiver reported that the SEC obtained a judgment against William Wise in the underlying receivership action for \$75,544,722.03 and that Wise was still at large. On February 21, 2012, a federal grand jury returned a 23-count indictment, charging William Wise and Jacqueline Hoegel with conspiracy, mail fraud, and wire fraud.

After the arrest and initial appearance of Jacqueline Hoegel, she was released on bond. On April 17, 2012, Wise turned himself in and appeared in court in San Francisco. The Receiver is hopeful that Wise's arrest will provide the Receiver with additional information about missing money and assets.

The criminal charges against Wise and Hoegel are separate from the civil suit filed by the Receiver in the United States District Court for the Northern District of Texas. The Receiver is only involved in the government's investigation per the request of the U.S. Attorney's office and federal agents and cannot comment on the status of the criminal case against Wise or Hoegel because the Receiver is not privy to such information. The Receiver is also not apprised of court dates in the criminal trial. If you have questions regarding the criminal charges, please contact the U.S. Attorney's office in San Francisco.

ANCILLARY LITIGATION AGAINST THE NET WINNERS

As discussed in the last Status Report and Update, the Receiver determined that a number of investors actually received more from the Millennium Entities than they invested as "Net Winners." The Receiver contacted more than 300 Net Winners. Further, the Receiver filed a clawback proceeding against over 200 Net Winners, seeking more than \$5,000,000 in net winnings.

The Receiver effectively completed settlement of the claims against 104 of the Net Winners. The Court granted default judgment against 58 of the Net Winners and summary judgment against 16 of the Net Winners, which the Receiver will pursue in execution. To date, the Receiver has collected \$1,542,333.94 from a number of the Net Winners.

To review the Receiver's April 25, 2012 Status Report to the Court, please [click here](#).

ANCILLARY LITIGATION AGAINST ATLANTA NORTHSIDE AVIATION

Based on his review of the Millennium Entities' records, the Receiver filed suit against Atlanta Northside Aviation ("ANA"), seeking to avoid two loans made by Millennium to ANA. The Receiver was awarded a summary judgment in the ancillary litigation against ANA for the recovery of \$445,000 in transfers that were made to ANA.

To review the Court's Order of summary judgment against ANA, please [click here](#).

ANCILLARY LITIGATION AGAINST BROKERS

On March 1, 2011, the Receiver also brought suit against David Jones, Robert Kelty, and Scott Christopher ("the Brokers"). Each of the Brokers received significant commissions from their respective sales of the Millennium Entities' fraudulent certificates of deposit to investors. The Receiver began the prosecution of his claims against the Brokers. Due to the bankruptcy of one of the Brokers, the suit was briefly stayed, which the Court has since lifted. The Receiver is currently in the discovery phase of the litigation against the brokers, which is set for trial in the Spring of 2013.

CLAIMS PROCESS

The Receiver is still in the process of clawing back monies that were distributed from the Ponzi scheme to the Net Winners and Brokers. Once the Receiver is satisfied that he has collected all available assets, he will begin the process of preparing a distribution plan for claimants.

To review the Receiver's April 9, 2012 Report to the Court regarding the status of the receivership, please [click here](#).

The distribution process, which must be approved by the Receivership Court, will attempt to equitably distribute available funds of the Receivership Estate, if any, to investors and other claimants. The amount that a net-losing investor will receive will be dependent on proceeds received from the sale of assets under the control of the Receiver and the amount of claims received against those proceeds.

The Receiver's goal throughout his administration of the Receivership has been, and continues to be, to maximize the amount available to distribute to investors. The Receiver continues to receive and process claims. For more information, please find the following link: http://www.tklaw.com/millennium_bank_receivership.cfm.