

1 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
2 DAVID R. ZARO (BAR NO. 124334)
TIM C. HSU (BAR NO. 279208)
3 515 South Figueroa Street, Ninth Floor
Los Angeles, California 90071-3309
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
thsu@allenmatkins.com

6 EDWARD G. FATES (BAR NO. 227809)
7 501 West Broadway, 15th Floor
San Diego, California 92101-3541
8 Phone: (619) 233-1155
Fax: (619) 233-1158
9 E-Mail: tfates@allenmatkins.com

10 Attorneys for Receiver
WILLIAM J. HOFFMAN

11
12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **WESTERN DIVISION**

15 SECURITIES AND EXCHANGE
COMMISSION,

16 Plaintiff,

17 v.

18 NATIONWIDE AUTOMATED
19 SYSTEMS, INC.; JOEL GILLIS; and
EDWARD WISHNER,

20 Defendants,

21 OASIS STUDIO RENTALS, LLC;
22 OASIS STUDIO RENTALS #2, LLC; and
23 OASIS STUDIO RENTAL #3, LLC,

24 Relief Defendants.

Case No. CV-14-07249-SJO (FFMx)

**RECEIVER'S SEVENTH
INTERIM REPORT AND
RECOMMENDATIONS**

Ctrm: 1 - 2nd Floor
Judge: Hon. S. James Otero

1 William Hoffman ("Receiver"), the Court-appointed receiver for Defendant
2 Nationwide Automated Systems, Inc. ("NASI"), Relief Defendants Oasis Studio
3 Rentals, LLC, Oasis Studio Rentals #2, LLC, and Oasis Studio Rentals #3, LLC
4 ("Relief Defendants"), and their subsidiaries and affiliates, including Studios Maui
5 Productions, LLC dba Akamai RV ("Receivership Entities"), hereby submits this
6 seventh report on his activities and findings to date, as well as his recommendations
7 for the continued administration of the receivership estate ("Report"). This Report
8 focuses on the Receiver's activities during the first quarter of 2016.

9 **I. EXECUTIVE SUMMARY**

10 The Receiver has continued to carry out his duties under the Court's
11 Preliminary Injunction Order, including taking necessary and appropriate actions to
12 secure, preserve, and protect the assets of the Receivership Entities. The Receiver
13 has also continued operations of NASI's ATM business, as authorized by the Court.
14 As previously discussed, the ATM business generates a steady, but modest amount
15 of revenue.

16 As he did in the fourth quarter of 2015, the Receiver spent significant time in
17 the first quarter of 2016 on (a) pursuing Clawback Claims (as defined below) in the
18 form of demand letters, Court-authorized settlements, and complaints filed against
19 investors and other third parties who received profits from the Ponzi scheme ("Net
20 Winners"); (b) efforts to identify, recover, and protect the assets of the Oasis Studio
21 Rentals entities and their affiliates, including efforts to recover amounts owed to the
22 entities or transferred from them to third parties; (c) preparing financial statements
23 for 2015 and reconstructing financial statements for pre-receivership tax years for
24 the receivership entities, (d) communication with investors and reviewing
25 documents provided, (e) reconstruction of accounting necessary for Clawback
26 Claims, and (f) coordinating the sale of Defendant Joel Gillis' residence pursuant to
27 the Order Approving Joint Stipulation entered on January 28, 2016.

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1 The Receiver has continued his forensic accounting and investigation as
2 necessary and appropriate to identify assets and potential claims to recover investor
3 profits, referral fees, and other transfers to third parties ("Clawback Claims"). In
4 April 2015, the Receiver obtained authority from the Court to pursue Clawback
5 Claims, as well as approval of proposed procedures for such claims. To date, the
6 Receiver has settled with 41 Net Winners pursuant to the Court-approved settlement
7 procedures, for a total recovery of \$13,924,461.03, with another \$2,375,571.86 due
8 in settlement payments, and another \$1,690,000 in settlement pending Court
9 approval. Recoveries from Net Winners, through the pursuit of Clawback Claims,
10 will likely make up the majority of what is available to distribute to investors from
11 the receivership estate. Accordingly, the pursuit of Clawback Claims, which to date
12 has been very successful, should continue to be a primary focus.

13 As discussed below, the Receiver recommends the receivership remain in
14 place as he continues to manage the ATM operations, investigate and recover assets,
15 pursue Clawback Claims and settlements as necessary and appropriate, all with the
16 goal of maximizing the value in the receivership estate for the benefit of investor
17 victims.

18 **II. ATM OPERATIONS AND POTENTIAL SALE**

19 The Receiver has continued operations of the NASI ATM machines, which
20 consist of 182 ATMs operating at various hotels and other locations around the
21 country and 57 non-operating ATMs that are outdated or need substantial repairs.
22 Further, the Receiver's staff has continued business relationships with the ATM
23 service vendors and the ATM locations to maximize the revenue into the
24 receivership estate.

25 Revenue and expenses from ATM operations vary on a monthly basis
26 depending on the amount of transactions for each ATM. During the first quarter,
27 21 ATMs were removed from hotel and other locations due to terminated leases and
28 age of the ATM machines. The costs of upgrading these ATM machines would

1 likely exceed the revenue from them, so the Receiver determined not to upgrade
2 them.

3 Gross revenues for January, February and March 2016 were \$139,893.00,
4 \$138,812.00 and \$136,688.00, respectively. The monthly net income from ATM
5 operations (after payments to the ATM servicers and locations) was \$18,133.00,
6 \$16,457.00 and a loss of \$3,328.00, respectively, for a total of \$31,262.00. The
7 average monthly net income for the quarter was \$10,420.66. The loss during
8 March 2016 was due to an adjustment payment of \$17,838.07 to a hotel chain that
9 hosts numerous ATMs, pursuant to an amendment to the lease executed prior to the
10 Receiver's appointment. Without this adjustment, net income from ATM operations
11 would have been \$14,510.07 for the month, consistent with net income in
12 March 2015 (\$14,950.00).

13 The revenue and net income is seasonal and was substantially higher during
14 the second and third quarters as compared to the first and fourth quarters. This is
15 due to higher demand resulting from summer vacations and travel.

16 **III. OASIS STUDIO RENTALS**

17 The Oasis Studio Rentals entities ("Oasis Entities") ran a business whereby
18 they leased mobile dressing rooms (trailers) and trucks to transport the trailers to
19 film and television studios to be used by actors and others on set during production.
20 The Oasis Entities appear to have been funded almost entirely by NASI. At one
21 point in time, the Oasis Entities owned most of the trucks and trailers. However,
22 some of the trucks and trailers were apparently sold to various third parties with
23 leaseback agreements to the Oasis Entities. The Receiver continues to investigate
24 the true ownership and location of certain trucks and trailers.

25 On November 18, 2014, the Court entered its Order Approving the Receiver's
26 First Report and Recommendations, which confirmed that the Oasis Entities are
27 affiliates of NASI, and therefore within the scope of the receivership. Accordingly,
28 the Receiver immediately took steps to identify, locate, and secure the assets of the

1 Oasis Entities. Although the exact location and revenue generated by each vehicle
2 is still being investigated, the Receiver continues to take necessary actions with the
3 goals of: (1) identifying all vehicles purchased with NASI or Oasis funds, (2) tracing
4 the purchase and sale of each vehicle to and from the Oasis Entities, (3) identifying
5 income generated from vehicles owned or leased by the Oasis Entities and the
6 recipients of these funds, (4) obtaining possession of the vehicles owned by Oasis
7 Entities, (5) pursuing potential claims against third parties who improperly benefited
8 from the leasing and/or sale of vehicles owned by Oasis Entities, and (6) selling
9 vehicles owned by the Oasis Entities to maximize the recovery for the receivership
10 estate.

11 In order to achieve the goals outlined above, the Receiver has (a) worked with
12 the Receiver's counsel to subpoena records from numerous financial institutions and
13 other sources, (b) provided significant forensic accounting and analysis of multiple
14 bank accounts, cleared checks, wire transfers, checks deposited and existing
15 contracts, (c) requested, obtained and reviewed DMV records showing the chain of
16 registered title of vehicles identified by the Receiver, (d) reviewed and analyzed
17 subpoena responses and supporting documents from dozens of suspected affiliated
18 entities, including Fiji Rentals, LLC, and (e) worked to settle potential claims.

19 Prior to the receivership, the day-to-day operations of Oasis vehicles,
20 including the arrangements to lease trailers to the studios, were managed by Robert
21 Keller, Jr. ("Keller") with assistance from Defendant Ed Wishner's staff. The
22 Receiver's counsel has served over a dozen subpoenas to parties associated with
23 Keller, including the current entity Keller leases vehicles with studios, Fiji Rentals.
24 The Receiver has received partial accounting and documents from a few parties, but
25 significant accounting and requested documentation has not been provided. The
26 Receiver has taken several depositions in order to gather more facts relating to
27 potential claims against Keller, Fiji Rentals, and Fiji Rentals' principal, Damian
28 Perillo. Among other things, it appears that Keller and Perillo have taken trailers

1 that were being managed by Oasis pursuant to leases with their owners and
2 converted the management/rental of those trailers to Fiji Rentals.

3 The Receiver has prepared a complaint and issued a demand to Keller,
4 Perillo, and Fiji Rentals for recovery of large amounts wrongfully taken from NASI
5 and Oasis. In response to the letter, Perillo and Fiji Rentals have stated that they
6 wish to resolve the matter and have produced additional documents. The Receiver
7 has made a follow up demand for further documents necessary to evaluate a
8 potential settlement. The Receiver will file the complaint if the necessary
9 documents are not produced and a settlement is not promptly reached.

10 **A. Studios Maui**

11 In a meeting with the Receiver, Wishner stated the Oasis Entities have as
12 many as six trailers located in Hawaii under the name Studios Maui Productions
13 ("Studios Maui"). The Receiver traced and confirmed the purchase of a business
14 owning up to four vehicles, Akamai RV, from accounts owned by Oasis and NASI
15 that were leased by Studios Maui. During a discussion between the Receiver's staff
16 and counsel and Wishner, Wishner confirmed (a) the purchase of Akamai RV,
17 (b) the shipment of two additional trailers owned by Oasis Entities from California
18 to Hawaii and leased by Studios Maui, and (c) two additional trailers may have been
19 purchased by Studios Maui. The day-to-day operations of Studios Maui were
20 handled by Branscombe Richmond ("Richmond"), who resides in Hawaii.

21 After numerous attempts to contact Richmond and obtain information, the
22 Receiver filed a motion to confirm the status of Studios Maui as an affiliate of NASI
23 and the Oasis Entities, and therefore a receivership entity. Dkt. No. 93. The motion
24 also asked for an order directing Richmond to turn over the assets, accounts, and
25 records of Studios Maui to the Receiver. After the motion was filed, Richmond
26 engaged counsel, who contacted the Receiver's counsel. Through counsel, the
27 Receiver was able to arrange for Richmond to produce documents and information,
28 as well as for an appraiser to inspect the trailers located in Hawaii. The motion was

1 then granted on September 15, 2015. Dkt. No. 97. The appraiser completed the
2 appraisal during the first quarter of 2016 and the Receiver continues to communicate
3 with Richmond to reach a settlement or sell the vehicles through a third-party re-
4 seller to maximize the recovery therefrom.

5 **IV. FORENSIC ACCOUNTING**

6 The Preliminary Injunction Order requires the Receiver to "make an
7 accounting, as soon as practicable, to the Court and the SEC of the assets and
8 financial condition of Defendant Nationwide Automated Systems, Inc." Dkt.
9 No. 42, Part XII.E. Accordingly, the Receiver has undertaken to perform such an
10 accounting. The Receiver has made progress in the review of available financial,
11 accounting and banking records to reconstruct transactions of NASI, the Oasis
12 Entities and other affiliated entities.

13 Reconstruction of financial and accounting documents is a central task (a) to
14 determine who received funds from the Receivership Entities and how much they
15 received, (b) to prepare necessary tax filings, (c) to determine the proper amount of
16 profits of investors, and (d) determine the proper amounts of losses of investors.
17 The Receiver's accounting personnel has worked diligently to create an accurate
18 check register showing the checks paid by NASI to investors that cleared, not
19 bounced, which is a critical and time-consuming task.

20 Due to the large size and length of time the Ponzi scheme operated, an
21 enormous amount of information is required to be traced and verified. Reliable
22 information about NASI's check register and similar information was either not
23 available or not accurate, which required the Receiver's accounting personnel to
24 reconstruct the ledger of transactions. Information from bank statements and
25 cleared checks were used to create a schedule of checks paid by NASI to investors.
26 On average, over 2,000 checks were paid by NASI to investors on a monthly basis
27 in 2014.

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1 In addition to the ongoing accounting of transactions in order to pursue
2 Clawback Claims against select investors and third parties, the Receiver's staff is
3 working to determine the amounts of losses later investors sustained. The Receiver
4 will continue to complete the forensic accounting required to pursue Clawback
5 Claims for investor profits, referral fees, and other transfers, as well as the investor
6 loss analysis.

7 **V. TAX RETURNS**

8 The Receiver received notices and payment demands from the IRS and
9 Franchise Tax Board ("FTB") regarding a variety of tax issues for years prior to the
10 Receivership. In order to resolve these issues, the Receiver's staff spent significant
11 time researching and reviewing available documents. The Receiver reconstructed
12 the financial statements of the Receivership Entities on a cash basis by preparing
13 receipts and disbursements and separating business income and expenses from
14 personal and non-business transactions. Given the large amount of transactions in
15 relevant prior years and the need for a transaction-by-transaction review, substantial
16 time was required to complete the financial statements. The Receiver
17 communicated with the IRS and FTB to resolve the outstanding tax returns, taxes,
18 and fees owed by the Receivership Entities.

19 **VI. SALE OF GILLIS' RESIDENCE**

20 On January 25, 2016, a Joint Stipulation Re: Real Property Owned by
21 Defendant Joel Barry Gillis ("Stipulation") was entered into by the Commission, the
22 Receiver, Defendant Joel Gillis, and Gillis' spouse, Carol Gillis. Dkt. No. 110. The
23 Stipulation provided the Receiver with the authority to (1) supervise the hiring of a
24 real estate broker, Douglas Elliman ("Broker"), (2) review and approve all offers
25 and counter-offers related to the purchase of the property, (3) coordinate the payoff
26 of all liens encumbering the property and the close of escrow, and (4) hold the sale
27 proceeds in an account separate from the assets of the receivership estate, and
28 (5) distribute the sale proceeds to the victims of the NASI scheme as identified in

1 the restitution order entered in the criminal case, Case No. 2:14-cr-00712-SJO, once
2 such distribution has been authorized and approved by the Court.

3 The Receiver's staff coordinated with the Broker to immediately list the
4 property with the Multiple Listing Service on January 22, 2016. The Receiver's
5 staff researched comparable properties to determine the fair market value and, with
6 the advice of Broker, listed the property for \$1,199,000.00. The Broker held open
7 houses and received interest from several potential buyers and received eight written
8 offers to purchase the property. The Receiver's staff reviewed all written offers and
9 advised the Broker on the selection of the offers with the best terms and most
10 qualified buyers to maximize the sale proceeds from the property. Counter-offers
11 were then made to five potential buyers. After further negotiations, a buyer was
12 selected with a sale price of \$1,265,000.00.

13 Escrow was opened on February 29, 2016, and the Receiver's staff
14 communicated frequently with Broker, Mrs. Gillis' counsel, and the escrow and title
15 company to complete the sale. Escrow closed on April 18, 2016, and the Receiver
16 received net proceeds of \$396,752.29, which is being held in a segregated account to
17 be distributed at a later date consistent with the terms of the Stipulation.

18 **VII. PENDING CLAWBACK CASES**

19 As discussed above, the Receiver has settled with 41 Net Winners for a total
20 recovery to the receivership estate of \$13,924,461.00, with another \$2,375,571.86
21 due in settlement payments still to be made. Another 36 demand letters to Net
22 Winners are currently outstanding. The rate of settlements in relation to total
23 demand letters sent to Net Winners is relatively high – 52.6% (40 settlements
24 without a complaint being filed and five settlements after a complaint was filed). Of
25 course, not all Net Winners accept the Court-approved settlement proposal included
26 in the demand letter and therefore complaints must be filed. To date, 12 complaints
27 have been filed.

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1 Of the 12 cases filed, four have been dismissed as the result of settlements
2 and two more have been settled subject to Court approval. One case was dismissed
3 after a default judgment was entered, one case has been stayed due to the
4 bankruptcy case of the defendant, one case involves a Financial Hardship
5 Application, and three cases are otherwise pending.

6 Overall, the rate of cases filed (12) in relation to total claims (including
7 settlements and outstanding demands) is remarkably low – only 15.8%. Further, the
8 rate of currently active cases (3) in relation to total claims is even lower –
9 only 3.9%. Accordingly, the Receiver's pursuit of Clawback Claims has not only
10 been very successful to date, but has also been extremely efficient.

11 **VIII. CLAIMS AGAINST CITY NATIONAL BANK**

12 For almost the entire duration of the NASI Ponzi scheme, which started in the
13 late 1990s, the company ran its banking transactions through accounts at City
14 National Bank ("CNB"). In addition, at least two CNB executives invested, directly
15 or through a related entity, in NASI and therefore became familiar with NASI's
16 operations and purported investment returns. In light of these facts, the Receiver
17 has gathered documents and investigated potential claims against City National
18 Bank.

19 The Receiver's counsel, Allen Matkins, has a potential conflict in representing
20 the Receiver against CNB. Accordingly, the Receiver interviewed other qualified
21 firms about acting as special counsel to pursue claims against CNB. With the
22 Court's permission, a motion for authority to pursue claims against CNB and for
23 authority to engage special counsel was filed under seal on April 8, 2016. Dkt.
24 No. 139. Pursuant to the Court's instructions, a supplemental brief in support of the
25 motion was filed under seal on April 29, 2016. Dkt. No. 143. The motion was
26 approved on May 4, 2016. Dkt. No. 150.

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1 **IX. POST-RECEIVERSHIP RECEIPTS AND DISBURSEMENTS**

2 At the time the Receiver was appointed on September 30, 2014, NASI had
3 approximately \$461,000 in cash. By the end of 2014, the balance in the receivership
4 estate had increased to approximately \$553,000. As of June 30, 2015, the balance
5 had increased to \$596,553.46, by the end of the third quarter, the balance had
6 increased to \$2,163,622.32, and by the end of the fourth quarter, the balance had
7 increased to \$5,695,473.18.

8 During the first quarter, business operations received positive cash flow of
9 \$31,262.00 (total business income of \$415,393.00 minus total business expenses of
10 \$394,714.00), and the Receiver obtained a total of \$7,210,319.68 from third-party
11 recoveries (\$7,207,319.68 from Clawback Claims and \$3,000.00 in funds returned
12 to the Oasis Entities), and paid total disbursements of \$316,596.00 to the Receiver
13 and his counsel for Court-approved fees and expenses incurred during the fourth
14 quarter 2015 (their fifth fee applications, which were approved during the first
15 quarter), resulting in an ending balance of \$12,597,772.00, as of March 31, 2016. A
16 Standardized Fund Accounting Report is attached hereto as Exhibit A.

17 In addition, the Receiver has already had significant recoveries from
18 Clawback settlements in April 2016. An additional \$1,002,037.71 has been
19 recovered.

20 **X. INVESTOR COMMUNICATIONS**

21 The Receiver has taken many steps to inform investors about the receivership,
22 including establishing a website (www.nasi-receivership.com), a dedicated
23 telephone line (858-242-1161), and a dedicated e-mail address ([receiver@nasi-](mailto:receiver@nasi-receivership.com)
24 [receivership.com](mailto:receiver@nasi-receivership.com)). The website is designed to be investors' primary source of
25 information about the receivership and provides basic information about
26 receiverships, answers to commonly asked questions, status updates, pleadings filed
27 in the case, and Court orders. In addition, the website has an investor questionnaire
28 designed to obtain information from investors, including their contact information,

1 investment amounts, ATM locations, and price paid per ATM. The investor
2 questionnaire is a cost-effective method of obtaining information from investors,
3 which the Receiver can then cross-reference and confirm or supplement with
4 existing information. Thus far, 1,261 investors have completed and submitted
5 investor questionnaires. The Receiver will continue to update the receivership
6 website and review information and documents provided by investors. The
7 Receiver's staff will also continue to monitor the Receivership's voicemail line,
8 email address, fax line, and website questionnaires and respond accordingly.
9 Investors are reminded to promptly contact the Receiver's office and provide their
10 new contact information if their contact information changes.

11 **XI. RECOMMENDATIONS**

12 The Receiver recommends the receivership continue and his investigation and
13 accounting be allowed to proceed.

14 **A. ATM Operations**

15 As discussed above, the ATM operations generate a modest amount of net
16 revenue (\$10,420.66 per month during the first quarter). This revenue stream
17 should be preserved for as long as the ATM business generate positive revenue.
18 Accordingly, the Receiver intends to continue operating the ATMs pursuant to
19 existing agreements with the Servicers and ATM Locations.

20 **B. Clawback Claims**

21 The Court has authorized the Receiver to pursue Clawback Claims and
22 approved the Receiver's proposed procedures for prosecuting such claims. As
23 discussed above, recoveries from Clawback settlements have been very successful
24 to date. The Receiver will continue to pursue such claims and file complaints
25 against profiting investors who choose not to accept the Court-approved settlement
26 offer.

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1 **C. Claims Process**

2 The Receiver will evaluate the most efficient and effective method of
3 receiving and analyzing investor and creditor claim information and, at the
4 appropriate time, will seek Court approval of procedures for the administration of
5 claims.

6 **XII. CONCLUSION**

7 Based on the foregoing, the Receiver requests an order approving this Report
8 and his recommendations discussed above.

9
10 Dated: May 5, 2016

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: _____ /s/ Edward Fates

EDWARD G. FATES
Attorneys for Receiver
William Hoffman

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EXHIBIT A

STANDARDIZED FUND ACCOUNTING REPORT for
 Equity Receivership over Nationwide Automated Systems, et al. - Cash Basis
 Receivership; Civil Court Docket No. 44
 Reporting Period 01/01/2016 through 03/31/2016

Fund Accounting (See Instructions):

		<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Line 1	Beginning Balance (As of 01/01/2016)	\$ 5,695,473		
	Increases in Fund Balance			
Line 2	Business Income	\$ 415,393		
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income			
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	\$ 7,210,320		
Line 8	Miscellaneous - Other	\$ 3,385.72		
	Total Funds Available (Lines 1-8)			\$ 13,324,572
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements to Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ (316,596)		
Line 10b	Business Asset Expenses	\$ (394,714)		
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	<u>Total Third-Party Litigation Expenses</u>			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments	\$ (15,490)		
	Total Disbursements for Receivership Operations		\$ (726,800)	
Line 11	Disbursements for Distribution Expenses Paid by the Fund			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees			
	Fund Administrator			
	Distribution Agents			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	<u>Total Plan Development Expenses</u>			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agents			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	<u>Total Plan Implementation Expenses</u>			
	Total Disbursements for Distribution Expenses Paid by the Fund			

	<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Line 12	Disbursements to Court/Other:		
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees		
Line 12b	Federal Tax Payments		
	Total Disbursements to Court/Other:		
	Total Funds Disbursed (Lines 9-11):		\$ (726,800)
Line 13	Ending Balance (As of 03/31/2016)		<u>\$ 12,597,772</u>
Line 14	Ending Balance of Fund - Net Assets		
Line 14a	Cash & Cash Equivalents	\$ 12,597,772	
Line 14b	Investments		
Line 14c	Other Assets or Uncleared Funds		
	Total Ending Balance of Fund - Net Assets		<u>\$ 12,597,772</u>

Other Supplemental Information:

Report Items NOT To Be Paid by the Fund:

Line 15 Disbursements for Plan Administration Expenses Not Paid by the Fund:

- Line 15a Plan Development Expenses Not Paid by the Fund:
1. Fees
 - Fund Administrator
 - IDC
 - Distribution Agents
 - Consultants
 - Legal Advisors
 - Tax Advisors
 2. Administrative Expenses:
 3. Investor Identification:
 - Notice/Publishing Approved Plan
 - Claimant Identification
 - Claims Processing
 - Web Site Maintenance/Call Center
 4. Fund Administrator Bond
 5. Miscellaneous
 6. FAIR Reporting Expenses
- Total Plan Implementation Expenses Not Paid by the Fund

Line 15c Tax Administrators Fees & Bonds Not Paid by the Fund

Total Disbursements for Plan Administration Expenses Not Paid by the Fund

Line 16 Disbursements to Court/Other Not Paid by the Fund:

- Line 16a Investment Expenses/CRIS Fees
- Line 16b Federal Tax Payments

Total Disbursements to Court/Other Not Paid by the Fund

Line 17 DC & State Tax Payments

Line 18 No. of Claims:

- Line 18a # of Claims Received This Reporting Period
- Line 18b # of Claims Received Since Inception of Fund

Line 19 No. of Claimants/Investors:

- Line 19a # of Claimants/Investors Paid This Reporting Period
- Line 19b # of Claimants/Investors Paid Since Inception of Fund

Receiver:



 William J. Hoffman of Trigild, Inc.

Date: April 27, 2016

PROOF OF SERVICE

I am employed in the County of San Diego, State of California. I am over the age of 18 and not a party to the within action. My business address is 501 West Broadway, 15th Floor, San Diego, California 92101-3541.

On May 5, 2016, I served on interested parties in said action the within:

➤ **RECEIVER'S SEVENTH REPORT AND RECOMMENDATIONS**

BY U.S. MAIL: by placing a true copy thereof in sealed envelope(s), addressed as indicated below. I am readily familiar with this firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service in San Diego County on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Jeffrey D. Nadel
Jeffrey D Nadel Law Offices
16000 Ventura Boulevard, Suite 908
Encino, California 91436

Attorney for Third Party Claimant
Alejandro "Alex" Trejo
Tel: (818) 784-4914

BY OVERNIGHT DELIVERY: by placing a true copy thereof in sealed envelope(s), addressed as indicated below. I am readily familiar with this firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited in a box or other facility regularly maintained by express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelopes or packages designated by the express service carrier, with fees for overnight delivery paid or provided for.

BY ELECTRONIC MAIL: by electronic mail direct to the attorney(s) of records and/or the person or persons as stated above. I am readily familiar with this firm's Microsoft Outlook electronic mail system and this document/these documents were duly served electronically on the date stated above, and the transmission was reported as complete and without error.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on May 5, 2016, at San Diego, California.

Edward G. Fates

(Type or print name)

/s/ Edward Fates

(Signature)