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15 **UNITED STATES DISTRICT COURT**  
 16 **CENTRAL DISTRICT OF CALIFORNIA**  
 17 **WESTERN DIVISION**

18 SECURITIES AND EXCHANGE  
 19 COMMISSION,

20 Plaintiff,

21 v.

22 NATIONWIDE AUTOMATED  
 23 SYSTEMS, INC.; JOEL GILLIS; and  
 24 EDWARD WISHNER,

25 Defendants,

26 OASIS STUDIO RENTALS, LLC;  
 27 OASIS STUDIO RENTALS #2, LLC;  
 28 and OASIS STUDIO  
 RENTALS #3, LLC,

Relief Defendants.

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

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

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

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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 sixth report on his activities, as well as his recommendations for the continued  
7 administration of the receivership estate ("Report"). This Report focuses on the  
8 Receiver's activities during the fourth quarter of 2015.

### 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 The Receiver spent significant time in the fourth quarter on (a) pursuing  
17 Clawback Claims (as defined below) in the form of demand letters, Court-  
18 authorized settlements, and complaints filed against investors and other third parties  
19 who received profits from the Ponzi scheme ("Net Winners"); (b) efforts to identify,  
20 recover, and protect the assets of the Oasis Studio Rentals entities and their  
21 affiliates, including efforts to recover amounts owed to the entities or transferred  
22 from them to third parties; (c) preparing financial statements for 2015 and  
23 reconstructing financial statements for pre-receivership tax years for the  
24 receivership entities, (d) communication with investors and reviewing documents  
25 provided, and (e) reconstruction of accounting necessary for Clawback Claims.

26 The Receiver has continued his forensic accounting and investigation as  
27 necessary and appropriate to identify assets and potential claims to recover investor  
28 profits, referral fees, and other transfers to third parties ("Clawback Claims"). In

1 April 2015, the Receiver obtained authority from the Court to pursue Clawback  
2 Claims, as well as approval of proposed procedures for such claims. To date, the  
3 Receiver has settled with 28 Net Winners pursuant to the Court-approved settlement  
4 procedures, for a total recovery of \$10,916,670.16, with another \$1,713,221.43 due  
5 in settlement payments still to be made. Amounts recovered from Net Winners,  
6 through the pursuit of Clawback Claims, will provide a measure of recovery for  
7 investor victims of the Ponzi scheme, *i.e.* net losers. Accordingly, the pursuit of  
8 Clawback Claims, which to date has been very successful, should continue to be a  
9 primary focus.

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

## 15 II. ATM OPERATIONS

16 The Receiver has continued operations of the NASI ATM machines, which  
17 consist of 205 ATMs operating at various hotels and other locations around the  
18 country and 36 non-operating ATMs that are outdated or need substantial repairs.  
19 Further, the Receiver's staff has continued business relationships with the ATM  
20 service vendors and the ATM locations to maximize the revenue into the  
21 receivership estate.

22 Revenue and expenses from ATM operations vary on a monthly basis  
23 depending on the amount of transactions for each ATM. Gross revenues for  
24 October, November, and December 2015 were \$155,903.00, \$163,133.00 and  
25 \$144,924.00, respectively. The monthly net income from ATM operations (after  
26 payments to the ATM servicers and locations) was \$23,697.00, \$31,733.00, and  
27 \$19,862.00, respectively, for a total of \$75,292.00. The average monthly net  
28 income for the quarter was \$25,097.33.

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

### 4 III. OASIS STUDIO RENTALS

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

13 On November 18, 2014, the Court entered its Order Approving the Receiver's  
14 First Report and Recommendations, which confirmed that the Oasis Entities are  
15 affiliates of NASI, and therefore within the scope of the receivership. Accordingly,  
16 the Receiver immediately took steps to identify, locate, and secure the assets of the  
17 Oasis Entities. Although the exact location and revenue generated by each vehicle  
18 is still being investigated, the Receiver continues to take necessary actions with the  
19 goals of: (1) identifying all vehicles purchased with NASI or Oasis funds, (2) tracing  
20 the purchase and sale of each vehicle to and from the Oasis Entities, (3) identifying  
21 income generated from vehicles owned or leased by the Oasis Entities and the  
22 recipients of these funds, (4) obtaining possession of the vehicles owned by Oasis  
23 Entities, (5) pursuing potential claims against third parties who improperly benefited  
24 from the leasing and/or sale of vehicles owned by Oasis Entities, and (6) selling  
25 vehicles owned by the Oasis Entities to maximize the recovery for the receivership  
26 estate.

27 In order to achieve the goals outlined above, the Receiver has (a) worked with  
28 the Receiver's counsel to subpoena records from numerous financial institutions and

1 other sources, (b) provided significant forensic accounting and analysis of multiple  
2 bank accounts, cleared checks, wire transfers, checks deposited and existing  
3 contracts, (c) requested, obtained and reviewed DMV records showing the chain of  
4 registered title of vehicles identified by the Receiver, (d) reviewed and analyzed  
5 subpoena responses and supporting documents from dozens of suspected affiliated  
6 entities, including Fiji Rentals, LLC, and (e) worked to settle potential claims.

7 Prior to the receivership, the day-to-day operations of Oasis vehicles,  
8 including the arrangements to lease trailers to the studios, were managed by Robert  
9 Keller, Jr. ("Keller") with assistance from Defendant Ed Wishner's staff. The  
10 Receiver's counsel has served over a dozen subpoenas to parties associated with  
11 Keller, including the current entity Keller leases vehicles with studios, Fiji Rentals.  
12 The Receiver has received partial accounting and documents from a few parties, but  
13 significant accounting and requested documentation has not been provided. The  
14 Receiver has taken several depositions in order to gather more facts relating to  
15 potential claims against Keller, Fiji Rentals, and Fiji Rentals' principal, Damian  
16 Perillo. Among other things, it appears Keller and Perillo have taken trailers that  
17 were being managed by Oasis pursuant to leases with their owners and converted  
18 the management/rental of those trailers to Fiji Rentals. In the next week, the  
19 Receiver will issue a demand to Keller, Perillo, and Fiji Rentals for recovery of  
20 large amounts wrongfully taken from NASI and Oasis and will proceed with an  
21 action to recover such amounts if a settlement is not promptly reached.

22 **A. Studios Maui**

23 In a meeting with the Receiver, Wishner stated the Oasis Entities have as  
24 many as six trailers located in Hawaii under the name Studios Maui Productions  
25 ("Studios Maui"). The Receiver traced and confirmed the purchase of a business  
26 owning up to four vehicles, Akamai RV, from accounts owned by Oasis and NASI  
27 that were leased by Studios Maui. During a discussion between the Receiver's staff  
28 and counsel and Wishner, Wishner confirmed (a) the purchase of Akamai RV,

1 (b) the shipment of two additional trailers owned by Oasis Entities from California  
2 to Hawaii and leased by Studios Maui, and (c) two additional trailers may have been  
3 purchased by Studios Maui. The day-to-day operations of Studios Maui were  
4 handled by Branscombe Richmond ("Richmond"), who resides in Hawaii.

5 After numerous attempts to contact Richmond and obtain information, the  
6 Receiver filed a motion to confirm the status of Studios Maui as an affiliate of NASI  
7 and the Oasis Entities, and therefore a receivership entity. Dkt. No. 93. The motion  
8 also asked for an order directing Richmond to turn over the assets, accounts, and  
9 records of Studios Maui to the Receiver. After the motion was filed, Richmond  
10 engaged counsel, who contacted the Receiver's counsel. Through counsel, the  
11 Receiver was able to arrange for Richmond to produce documents and information,  
12 as well as for an appraiser to inspect the trailers located in Hawaii. The motion was  
13 then granted on September 15, 2015. Dkt. No. 97. The appraiser was able to  
14 inspect the trailers on January 10, 2016, and January 12, 2016. The Receiver  
15 continues to communicate with Richmond to preserve and ascertain the value of  
16 Studios Maui's assets and maximize the recovery therefrom.

#### 17 **IV. FORENSIC ACCOUNTING**

18 The Preliminary Injunction Order requires the Receiver to "make an  
19 accounting, as soon as practicable, to the Court and the SEC of the assets and  
20 financial condition of Defendant Nationwide Automated Systems, Inc." Dkt.  
21 No. 42, Part XII.E. Accordingly, the Receiver has undertaken to perform such an  
22 accounting. The Receiver has made progress in the review of available financial,  
23 accounting and banking records to reconstruct transactions of NASI, the Oasis  
24 Entities and other affiliated entities.

25 Reconstruction of financial and accounting documents is a central task (a) to  
26 determine who received funds from the Receivership Entities and how much they  
27 received, (b) to prepare necessary tax filings, and (c) to determine the proper amount  
28 of investor claims. The Receiver's accounting personnel has worked diligently to

1 create an accurate check register showing the checks paid by NASI to investors that  
2 cleared, not bounced, which is a critical and time-consuming task.

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

11 A substantial amount of time was spent by the Receiver's staff to reconstruct  
12 banking activity during 2005, 2006 and 2007. Banking records for these years are  
13 no longer kept by financial institutions, which are only required to keep account  
14 records going back seven years. Reconstruction and analysis of the payments from  
15 NASI to investors and third parties in 2005, 2006 and 2007 is essential to the  
16 calculation of Clawback Claims.

17 In order to pursue Clawback Claims, an accurate accounting of transactions  
18 between NASI and the applicable transferees is necessary. During the fourth  
19 quarter, the Receiver's staff was able to complete the payment and deposit  
20 reconstruction necessary to pursue additional Clawback Claims against select  
21 investors and third parties. The Receiver will continue to complete the forensic  
22 accounting required to pursue Clawback Claims for investor profits, referral fees,  
23 and other transfers.

## 24 V. TAX RETURNS

25 In April 2015, the Receiver filed extensions for the 2014 federal and state tax  
26 returns for the Receivership Entities. Upon completion of reconstruction of the  
27 financial statements and accounting in 2014, the Receiver filed the 2014 federal and  
28 state tax returns. The Receiver reconstructed the financial statements of the

1 Receivership Entities on a cash basis by preparing receipts and disbursements and  
2 separating business income and expenses from personal and non-business  
3 transactions. Given the large amount of transactions in 2014 and the need for a  
4 transaction-by-transaction review, substantial time was required to complete the  
5 financial statements.

6 Tax returns filed by Defendants prior to 2014 were significantly inaccurate,  
7 making it necessary to reconstruct prior financial statements and tax return  
8 schedules, including depreciation schedules. In order to provide the most accurate  
9 information to the IRS and California Franchise Tax Board ("FTB"), the Receiver:  
10 (a) identified actual assets in possession of the Receiver and their tax basis and  
11 accumulated depreciation, (b) identified actual assets not in possession of the  
12 Receiver that were previously depreciated, (c) reconciled fictitious assets previously  
13 depreciated, and (d) traced and verified loans owed to and from the Receivership  
14 Entities to related entities and third parties.

15 The Receiver also communicated with the IRS and FTB to determine  
16 outstanding tax returns, taxes, and fees owed by the Receivership Entities. The  
17 Receiver took appropriate actions to resolve outstanding issues, including payment  
18 of outstanding taxes and fees.

19 Pursuant to the authority granted to him in the Preliminary Injunction Order,  
20 the Receiver engaged a tax accounting firm, Duffy, Kruspodin & Company  
21 ("Duffy") to prepare and file the 2014 federal and state tax returns for the  
22 Receivership Entities. Duffy will file a fee application for approval of its fees and  
23 costs contemporaneously with the fee applications of the Receiver and his counsel  
24 for fees and costs incurred in the fourth quarter, if any.

## 25 VI. CRIMINAL CASE

26 On December 16, 2014, Gillis and Wishner were indicted on federal criminal  
27 charges of mail fraud, wire fraud, conspiracy, and aiding and abetting. Gillis and  
28 Wishner entered guilty pleas and were sentenced on November 16, 2015.

**VII. PENDING CLAWBACK CASES**

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As discussed above, the Receiver has settled with 28 Net Winners for a total recovery to the receivership estate of \$10,916,670.16, with another \$1,713,221.43 due in settlement payments still to be made. Another 26 demand letters to Net Winners are currently outstanding. The rate of settlements in relation to total demand letters sent to Net Winners is high - 51.8% (26 settlements without a complaint being filed and 2 settlements after a complaint was filed). Of course, not all Net Winners accept the Court-approved settlement proposal included in the demand letter and therefore complaints must be filed. To date, nine complaints have been filed.

In one case, the defendants (which include individuals and their entities) evaded service and did not respond, the individual defendants filed bankruptcy in Nevada, service on the affiliated entities was completed by publication, and an application for default judgment against the entities will be filed shortly. In six other cases, Financial Hardship Applications have been submitted by the defendants and negotiations have taken place to try and resolve the cases. One of these cases has already been dismissed pursuant to a Court-approved hardship settlement, one involves a settlement that is currently pending Court approval (Dkt. No. 112), one involves a verbal settlement that has been reached where the parties are working to document the agreement, one Financial Hardship Application was declined and the case then settled at the Court-approved 80% settlement threshold,<sup>1</sup> and one Financial Hardship Application was declined and a default judgment was entered. That leaves one case in which a Financial Hardship Application has been submitted that does not appear likely to settle and two cases in which the defendants, at least for now,

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<sup>1</sup> The demand letter sent to Net Winners prior to a complaint being filed gives Net Winners a 60-day window to settle the claims for 70% of the profit they received if they pay in one lump sum or 75% if they pay in 12 monthly installments. Once a complaint is filed, the minimum settlement amount goes up to 80% of the profit amount.

1 have chosen to contest the Receiver's claims. The Receiver anticipates a mediation  
2 will take place in March in one of the two contested cases.

3 Overall, the rate of cases filed (nine) in relation to total claims (including  
4 settlements and outstanding demands) is remarkably low – only 16.7%. Further, the  
5 rate of currently active cases (three) in relation to total claims is even lower –  
6 only 5.5%. Accordingly, the Receiver's pursuit of Clawback Claims has not only be  
7 very successful to date, but has also been extremely efficient.

### 8 **VIII. CLAIMS AGAINST CITY NATIONAL BANK**

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

16 The Receiver's counsel, Allen Matkins, has a potential conflict in representing  
17 the Receiver against CNB. Accordingly, the Receiver has interviewed several other  
18 qualified firms about potentially acting as special counsel to pursue claims against  
19 CNB. If a favorable arrangement can be reached with one of these firms, the  
20 Receiver will seek authorization from the Court to engage the firm as special  
21 counsel to pursue claims against CNB.

### 22 **IX. POST-RECEIVERSHIP RECEIPTS AND DISBURSEMENTS**

23 At the time the Receiver was appointed on September 30, 2014, NASI had  
24 approximately \$461,000 in cash. By the end of 2014, the balance in the receivership  
25 estate had increased to approximately \$553,000. As of June 30, 2015, the balance  
26 had increased to \$596,553.46, and by the end of the third quarter, the balance had  
27 increased again to \$2,163,622.32.

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1 During the fourth quarter, business operations received positive cash flow of  
2 \$73,031.03 (total business income of \$463,960.10 minus total business expenses of  
3 \$390,929.07), and the Receiver obtained a total of \$3,817,087.31 from third-party  
4 recoveries (\$3,811,087.31 from Clawback Claims and \$6,000.00 in funds returned  
5 to the Oasis Entities), and paid total disbursements of \$344,169.91 to the Receiver,  
6 his counsel and Duffy for Court-approved fees and expenses incurred during the  
7 third quarter 2015 (their fourth fee applications, which were approved during the  
8 fourth quarter), leaving an ending balance of \$5,695,473.18, as of  
9 December 31, 2015. A Standardized Fund Accounting Report is attached hereto as  
10 Exhibit A.

11 In addition, the Receiver has already had significant recoveries from  
12 Clawback settlements in the first quarter of 2016. An additional \$5,198,266.52 has  
13 already been recovered, with another \$1,713,221.43 due in future monthly  
14 settlement payments.

#### 15 X. INVESTOR COMMUNICATIONS

16 The Receiver has taken many steps to inform investors about the receivership,  
17 including establishing a website ([www.nasi-receivership.com](http://www.nasi-receivership.com)), a dedicated  
18 telephone line (858-242-1161), and a dedicated e-mail address ([receiver@nasi-](mailto:receiver@nasi-receivership.com)  
19 [receivership.com](mailto:receiver@nasi-receivership.com)). The website is designed to be investors' primary source of  
20 information about the receivership and provides basic information about  
21 receiverships, answers to commonly asked questions, status updates, pleadings filed  
22 in the case, and Court orders. In addition, the website has an investor questionnaire  
23 designed to obtain information from investors, including their contact information,  
24 investment amounts, ATM locations, and price paid per ATM. The investor  
25 questionnaire is a cost-effective method of obtaining information from investors,  
26 which the Receiver can then cross-reference and confirm or supplement with  
27 existing information. Thus far, 1,261 investors have completed and submitted  
28 investor questionnaires. The Receiver will continue to update the receivership

1 website and review information and documents provided by investors. The  
2 Receiver's staff will also continue to monitor the Receivership's voicemail line,  
3 email address, fax line, and website questionnaires and respond accordingly.  
4 Investors are reminded to promptly contact the Receiver's office and provide their  
5 new contact information if their contact information changes.

## 6 **XI. RECOMMENDATIONS**

7 The Receiver recommends the receivership continue and his investigation and  
8 accounting be allowed to proceed.

### 9 **A. ATM Operations**

10 As discussed above, the ATM operations generate a modest amount of net  
11 revenue (\$25,097.33 per month during the fourth quarter). This revenue stream  
12 should be preserved until the ATM business can be marketed and sold.  
13 Accordingly, the Receiver intends to continue operating the ATMs pursuant to  
14 existing agreements with the Servicers and ATM Locations.

### 15 **B. Clawback Claims**

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

### 22 **C. Claims Process**

23 The Receiver will evaluate the most efficient and effective method of  
24 receiving and analyzing investor and creditor claim information and, at the  
25 appropriate time, will seek Court approval of procedures for the administration of  
26 claims.

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**XII. CONCLUSION**

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

Dated: February 17, 2016

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

By: \_\_\_\_\_ /s/ Ted Fates  
TED FATES  
Attorneys for Receiver  
William Hoffman

# **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 10/01/2015 to 12/31/2015

Fund Accounting (See Instructions):

		<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Line 1	Beginning Balance (As of 10/01/2015)	\$ 2,163,622		
	Increases in Fund Balance			
Line 2	Business Income	\$ 463,960		
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	\$ 3,810,787		
Line 8	Miscellaneous - Other	\$ -		
	<b>Total Funds Available (Lines 1-8)</b>			<b>\$ 6,438,370</b>
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements to Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ (344,170)		
Line 10b	Business Asset Expenses	\$ (390,929)		
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	\$ (7,798)		
	<b>Total Disbursements for Receivership Operations</b>		<b>\$ (742,897)</b>	
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>			
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			

	<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
<b>Line 12</b>	<b>Disbursements to Court/Other:</b>		
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees		
Line 12b	Federal Tax Payments		
	<b>Total Disbursements to Court/Other:</b>		
	<b>Total Funds Disbursed (Lines 9-11):</b>		\$ (742,897)
<b>Line 13</b>	<b>Ending Balance (As of 12/31/15)</b>		<u>\$ 5,695,473</u>
<b>Line 14</b>	<b>Ending Balance of Fund - Net Assets</b>		
Line 14a	Cash & Cash Equivalents	\$ 5,695,473	
Line 14b	Investments		
Line 14c	Other Assets or Uncleared Funds		
	<b>Total Ending Balance of Fund - Net Assets</b>		<u>\$ 5,695,473</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: February 16, 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 February 17, 2016, I served on interested parties in said action the within:

➤ **RECEIVER'S SIXTH 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 Attorney for Third Party Claimant  
Jeffrey D Nadel Law Offices Alejandro "Alex" Trejo  
16000 Ventura Boulevard, Suite 908  
Encino, California 91436 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 February 17, 2016, at San Diego, California.

Ted Fates  
\_\_\_\_\_  
(Type or print name)

/s/ Ted Fates  
\_\_\_\_\_  
(Signature)