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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 EIGHTH  
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 eighth 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 second 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 first quarter of 2015, the Receiver spent significant time in  
17 the second quarter on (a) pursuing Clawback Claims (as defined below) in the form  
18 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 62 Net Winners pursuant to the Court-approved settlement  
7 procedures, for a total recovery of \$18,475,105, with another \$2,227,715 due in  
8 settlement payments, and another \$1,300,000 in settlements pending Court approval.  
9 Recoveries from Net Winners, through the pursuit of Clawback Claims, will likely  
10 make up the majority of what is available to distribute to investors from the  
11 receivership estate. Accordingly, the pursuit of Clawback Claims, which to date has  
12 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 176 ATMs operating at various hotels and other locations around the  
21 country and 63 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 second quarter,  
27 6 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 April, May, and June 2016 were \$151,288, \$150,365 and  
4 \$151,923, respectively. The monthly net income from ATM operations (after  
5 payments to the ATM servicers and locations) was \$22,681, \$23,651 and \$26,323,  
6 respectively, for a total of \$72,655. The average monthly net income for the quarter  
7 was \$24,218.

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

### 11 **III. OASIS STUDIO RENTALS**

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

20 On November 18, 2014, the Court entered its Order Approving the Receiver's  
21 First Report and Recommendations, which confirmed that the Oasis Entities are  
22 affiliates of NASI, and therefore within the scope of the receivership. Accordingly,  
23 the Receiver immediately took steps to identify, locate, and secure the assets of the  
24 Oasis Entities. Although the exact location and revenue generated by each vehicle  
25 is still being investigated, the Receiver continues to take necessary actions with the  
26 goals of: (1) identifying all vehicles purchased with NASI or Oasis funds, (2) tracing  
27 the purchase and sale of each vehicle to and from the Oasis Entities, (3) identifying  
28 income generated from vehicles owned or leased by the Oasis Entities and the

1 recipients of these funds, (4) obtaining possession of the vehicles owned by Oasis  
2 Entities, (5) pursuing potential claims against third parties who improperly benefited  
3 from the leasing and/or sale of vehicles owned by Oasis Entities, and (6) selling  
4 vehicles owned by the Oasis Entities to maximize the recovery for the receivership  
5 estate.

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

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

26 The Receiver prepared a complaint and issued a demand to Keller, Perillo,  
27 and Fiji Rentals for recovery of large amounts wrongfully taken from NASI and  
28 Oasis. In response to the letter, Perillo and Fiji Rentals produced certain requested

1 documents. The Receiver then made a follow up settlement demand, which Keller,  
2 Perillo, and Fiji Rentals did not accept. Accordingly, the Receiver filed his  
3 complaint in Los Angeles Superior Court on July 12, 2016.

4 **A. Studios Maui**

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

15 After numerous attempts to contact Richmond and obtain information, the  
16 Receiver filed a motion to confirm the status of Studios Maui as an affiliate of NASI  
17 and the Oasis Entities, and therefore a receivership entity. Dkt. No. 93. The motion  
18 also asked for an order directing Richmond to turn over the assets, accounts, and  
19 records of Studios Maui to the Receiver. After the motion was filed, Richmond  
20 engaged counsel, who contacted the Receiver's counsel. Through counsel, the  
21 Receiver was able to arrange for Richmond to produce documents and information,  
22 as well as for an appraiser to inspect the trailers located in Hawaii. The motion was  
23 then granted on September 15, 2015. Dkt. No. 97. The appraiser completed the  
24 appraisal during the first quarter of 2016 and the Receiver continues to communicate  
25 with Richmond to reach a settlement or sell the vehicles through a third-party  
26 reseller to maximize the recovery therefrom.

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1 **IV. FORENSIC ACCOUNTING**

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

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

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

24 In addition to the ongoing accounting of transactions in order to pursue  
25 Clawback Claims against select investors and third parties, the Receiver's staff is  
26 working to determine the amounts of losses later investors sustained. The Receiver  
27 will continue to complete the forensic accounting required to pursue Clawback  
28

1 Claims for investor profits, referral fees, and other transfers, as well as the investor  
2 loss analysis.

3 **V. TAX RETURNS**

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

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

16 On January 25, 2016, a Joint Stipulation Re: Real Property Owned by  
17 Defendant Joel Barry Gillis ("Stipulation") was entered into by the Commission, the  
18 Receiver, Defendant Joel Gillis, and Gillis' spouse, Carol Gillis. Dkt. No. 110. The  
19 Stipulation provided the Receiver with the authority to (1) supervise the hiring of a  
20 real estate broker, Douglas Elliman ("Broker"), (2) review and approve all offers  
21 and counter-offers related to the purchase of the property, (3) coordinate the payoff  
22 of all liens encumbering the property and the close of escrow, (4) hold the sale  
23 proceeds in an account separate from the assets of the receivership estate, and  
24 (5) distribute the sale proceeds to the victims of the NASI scheme as identified in  
25 the restitution order entered in the criminal case, Case No. 2:14-cr-00712-SJO, once  
26 such distribution has been authorized and approved by the Court.

27 The Receiver's staff coordinated with the Broker to immediately list the  
28 property with the Multiple Listing Service on January 22, 2016. The Receiver's

1 staff researched comparable properties to determine the fair market value and, with  
2 the advice of Broker, listed the property for \$1,199,000. The Broker held open  
3 houses and received interest from several potential buyers and received eight written  
4 offers to purchase the property. The Receiver's staff reviewed all written offers and  
5 advised the Broker on the selection of the offers with the best terms and most  
6 qualified buyers to maximize the sale proceeds from the property. Counter-offers  
7 were then made to five potential buyers. After further negotiations, a buyer was  
8 selected with a sale price of \$1,265,000.

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

#### 14 **VII. PENDING CLAWBACK CASES**

15 As discussed above, the Receiver has settled with 62 Net Winners for a total  
16 recovery to the receivership estate of \$18,475,105, with another \$2,227,715 due in  
17 settlement payments still to be made. Another 60 demand letters to Net Winners are  
18 currently outstanding, including demand letters issued in the last 60 days. The rate  
19 of settlements in relation to total demand letters sent to Net Winners is relatively  
20 high – 62% (57 settlements without a complaint being filed and five settlements  
21 after a complaint was filed). Of course, not all Net Winners accept the Court-  
22 approved settlement proposal included in the demand letter and therefore complaints  
23 must be filed. To date, 21 complaints have been filed and 14 cases remain active  
24 (five cases having settled and two having been stayed due to bankruptcies).

25 Overall, the rate of cases filed (21) in relation to total claims (including  
26 settlements and outstanding demands for which the 60-day settlement period has  
27 expired or a financial hardship application has been submitted) is remarkably low –  
28 only 22.8%. Further, the rate of currently active cases (14) in relation to total claims

1 is even lower – only 15.2%. Only one case has made it past the pleading stage and  
2 into discovery without being settled. Accordingly, the Receiver's pursuit of  
3 Clawback Claims has not only been very successful to date, but has also been  
4 extremely efficient.

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

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

13 On May 4, 2016, the Court approved the Receiver's engagement of Newhouse  
14 Law Group and Girardi Keese LLP as co-special counsel to represent the Receiver  
15 in pursuing claims against CNB and related parties. Dkt. No. 150. On June 21,  
16 2016, the Receiver filed his complaint against CNB, Royal Bank of Canada, Patrick  
17 Brian Fitzwilliams, and Betty Saleh Fitzwilliams in Los Angeles Superior Court. As  
18 previously communicated to the Court, for efficiencies' sake, special counsel has  
19 continued to work closely and coordinate efforts with class counsel in the pending  
20 matters of *Nairn v. City National Bank* and *Madison v. City National Bank*, and is in  
21 active negotiations with counsel for City National Bank to conduct a global early  
22 mediation in August or September.

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

24 At the time the Receiver was appointed on September 30, 2014, NASI had  
25 approximately \$461,000 in cash. Since then, the balance in the receivership estate  
26 has grown rapidly, primarily due to recoveries through Clawback Claims. By the  
27 end of 2015, the balance had increased to \$5,695,473.18, and by the end of the first  
28 quarter of 2016, the balance had grown to \$12,597,772.

1 During the second quarter, business operations received positive cash flow of  
2 \$72,655 (total business income of \$453,576 minus total business expenses of  
3 \$380,921), and the Receiver obtained a total of \$5,186,336 from third-party  
4 recoveries (\$4,788,084 from Clawback Claims, \$396,752 from the sale of Defendant  
5 Joel Gillis' former residence, and \$1,500 in funds returned to the Oasis Entities), and  
6 paid total disbursements of \$366,613 to the Receiver and his counsel for Court-  
7 approved fees and expenses incurred during the first quarter 2016 (their sixth fee  
8 applications,<sup>1</sup> which were approved during the second quarter), resulting in an  
9 ending balance of \$17,489,655, as of June 30, 2016. A Standardized Fund  
10 Accounting Report is attached hereto as Exhibit A.

11 In addition, the Receiver has already had significant recoveries from  
12 Clawback settlements in July 2016. An additional \$764,598 has been recovered.

13 **X. INVESTOR COMMUNICATIONS**

14 The Receiver has taken many steps to inform investors about the receivership,  
15 including establishing a website ([www.nasi-receivership.com](http://www.nasi-receivership.com)), a dedicated  
16 telephone line (858-242-1161), and a dedicated e-mail address ([receiver@nasi-](mailto:receiver@nasi-receivership.com)  
17 [receivership.com](mailto:receiver@nasi-receivership.com)). The website is designed to be investors' primary source of  
18 information about the receivership and provides basic information about  
19 receiverships, answers to commonly asked questions, status updates, pleadings filed  
20 in the case, and Court orders. In addition, the website has an investor questionnaire  
21 designed to obtain information from investors, including their contact information,  
22 investment amounts, ATM locations, and price paid per ATM. The investor  
23 questionnaire is a cost-effective method of obtaining information from investors,  
24 which the Receiver can then cross-reference and confirm or supplement with  
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26 <sup>1</sup> The Receiver discovered that certain time entries in the bills attached to his sixth  
27 interim fee application were inadvertently included twice. The total fees  
28 associated with these duplicate time entries were \$5,422.50, of which 80% or  
\$4,338 was approved and paid to the Receiver. Upon discovering the issue, the  
Receiver promptly returned the \$4,338 in fees to the receivership estate, which  
occurred on May 17, 2016.

1 existing information. Thus far, 1,263 investors have completed and submitted  
2 investor questionnaires. The Receiver will continue to update the receivership  
3 website and review information and documents provided by investors. The  
4 Receiver's staff will also continue to monitor the Receivership's voicemail line,  
5 email address, fax line, and website questionnaires and respond accordingly.  
6 Investors are reminded to promptly contact the Receiver's office and provide their  
7 new contact information if their contact information changes.

## 8 **XI. RECOMMENDATIONS**

9 The Receiver recommends the receivership continue and his investigation and  
10 accounting be allowed to proceed.

### 11 **A. ATM Operations**

12 As discussed above, the ATM operations generate a modest amount of net  
13 revenue (\$24,218 per month during the second quarter). This revenue stream should  
14 be preserved for as long as the ATM business generates positive revenue.  
15 Accordingly, the Receiver intends to continue operating the ATMs pursuant to  
16 existing agreements with the Servicers and ATM Locations.

### 17 **B. Clawback Claims**

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

### 24 **C. Claims Process**

25 The Receiver will evaluate the most efficient and effective method of  
26 receiving and analyzing investor and creditor claim information and, at the  
27 appropriate time, will seek Court approval of procedures for the administration of  
28 claims. At this time, accounting work as to investor net losses is continuing.

1 **XII. CONCLUSION**

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

4  
5 Dated: July 22, 2016

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

6  
7 By:           /s/ Edward Fates          

8 EDWARD G. FATES  
9 Attorneys for Receiver  
10 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 04/01/2016 through 06/30/2016

Fund Accounting (See Instructions):

		<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Line 1	Beginning Balance (As of 04/01/2016)	\$ 12,597,772		
	<b>Increases in Fund Balance</b>			
Line 2	Business Income	\$ 453,576		
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	\$ 5,089		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	\$ 4,789,584		
Line 8	Miscellaneous - Other (Sale of Gillis' Residence - USAO)	\$ 396,752		
	<b>Total Funds Available (Lines 1-8)</b>			<b>\$ 18,242,773</b>
	<b>Decreases in Fund Balance:</b>			
Line 9	Disbursements to Investors			
Line 10	<b>Disbursements to Receivership Operations</b>			
Line 10a	<i>Disbursements to Receiver or Other Professionals</i>	\$ (366,613)		
Line 10b	<i>Business Asset Expenses</i>	\$ (386,505)		
Line 10c	<i>Personal Asset Expenses</i>			
Line 10d	<i>Investment Expenses</i>			
Line 10e	<i>Third-Party Litigation Expenses</i>			
	1. Attorney Fees			
	2. Litigation Expenses			
	<u>Total Third-Party Litigation Expenses</u>			
Line 10f	<i>Tax Administrator Fees and Bonds</i>			
Line 10g	<i>Federal and State Tax Payments</i>			
	<b>Total Disbursements for Receivership Operations</b>		<b>\$ (753,118)</b>	
Line 11	<b>Disbursements for Distribution Expenses Paid by the Fund</b>			
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>		\$ (753,118)
<b>Line 13</b>	<b>Ending Balance (As of 06/30/2016)</b>		<u>\$ 17,489,655</u>
<b>Line 14</b>	<b>Ending Balance of Fund - Net Assets</b>		
Line 14a	Cash & Cash Equivalents	\$ 17,489,655	
Line 14b	Investments		
Line 14c	Other Assets or Uncleared Funds		
	<b>Total Ending Balance of Fund - Net Assets</b>		<u>\$ 17,489,655</u>

**Other Supplemental Information:**

*Report Items NOT To Be Paid by the Fund:*

<b>Line 15</b>	<b>Disbursements for Plan Administration Expenses Not Paid by the Fund:</b>		
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		
	<u>Total Plan Implementation Expenses Not Paid by the Fund</u>		
Line 15c	Tax Administrators Fees & Bonds Not Paid by the Fund		
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>		
<b>Line 16</b>	<b>Disbursements to Court/Other Not Paid by the Fund:</b>		
Line 16a	Investment Expenses/CRIS Fees		
Line 16b	Federal Tax Payments		
	<b>Total Disbursements to Court/Other Not Paid by the Fund</b>		
<b>Line 17</b>	<b>DC &amp; State Tax Payments</b>		
<b>Line 18</b>	<b>No. of Claims:</b>		
Line 18a	# of Claims Received This Reporting Period . . . . .		
Line 18b	# of Claims Received Since Inception of Fund . . . . .		
<b>Line 19</b>	<b>No. of Claimants/Investors:</b>		
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: July 18, 2016

**PROOF OF SERVICE**

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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 July 22, 2016, I served on interested parties in said action the within:

➤ **RECEIVER'S EIGHTH 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 July 22, 2016, at San Diego, California.

Edward G. Fates  
\_\_\_\_\_  
(Type or print name)

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