

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

U.S. COMMODITY FUTURES
TRADING COMMISSION,
Plaintiff,

v.

Case No. 09-cv-3332 (MJD/FLN)

TREVOR COOK et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,
Plaintiff,

v.

Case No. 09-cv-3333 (MJD/FLN)

TREVOR G. COOK, et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,
Plaintiff,

v.

Case No. 11-cv-574 (MJD/FLN)

JASON BO-ALAN BECKMAN, et al.,
Defendants,

R.J. ZAYED,
Receiver.

DECLARATION OF RECEIVER R.J. ZAYED IN SUPPORT OF MOTION TO APPROVE THE PAYMENT OF FEES INCURRED BY THE RECEIVER THAT WERE NECESSARY TO ASSIST THE RECEIVER IN HIS DUTIES

I, R.J. Zayed, hereby declare as follows:

1. I am an attorney with the law firm of Dorsey & Whitney, LLP.
2. On November 23, 2009 the Court entered an order appointing me Receiver in the matter of *SEC v. Cook et al.*, 09-cv-3333, for (1) the estates of Defendants Trevor G. Cook, Patrick J. Kiley; (2) Defendants UBS Diversified Growth LLC, Universal Brokerage FX Management, LLC, Oxford Global Advisors, LLC, Oxford Global Partners, LLC; (3) Relief Defendants Basel Group, LLC, Crown Forex, LLC, Market Shot, LLC, PFG Coin and Bullion, Oxford Developers, S.A., Oxford FX Growth, L.P., Oxford Global Managed Futures Fund, UBS Diversified FX Advisors, LLC, UBS Diversified FX Growth L.P., and UBS Diversified FX Management LLC; (4) all funds, accounts, and other assets held by or for Relief Defendants Clifford Berg and Ellen Berg, which were received, directly or indirectly, from the Defendants or were acquired with funds or other assets received, directly or indirectly, from the Defendants; and (5) every other corporation, partnership, trust and/or other entity (regardless of form) which is directly or indirectly owned by or under the direct or indirect control of Cook and Kiley (collectively the "Receiver Estates"). *Order Appointing Receiver*, Docket No. 13, at 4 (Nov. 23, 2009); *see also Amended Order Appointing Receiver*, Docket No. 18, at 4 (Nov. 24, 2009); *Second Amended Order Appointing Receiver*, Docket No. 68 (Dec. 11, 2009).

3. On November 23, 2009 the Court also entered an order appointing me

Receiver in the matter of *CFTC v. Cook et al.*, 09-cv-3332, for Defendants Trevor Cook d/b/a Crown Forex, LLC, Patrick Kiley d/b/a Crown Forex, LLC, Universal Brokerage FX and Universal Brokerage FX Diversified, Oxford Global Partners, LLC, Oxford Global Advisors, LLC, Universal Brokerage FX Advisors, LLC f/k/a UBS Diversified FX Advisors, LLC, Universal Brokerage FX Growth, L.P. f/k/a UBS Diversified FX Growth, L.P., Universal Brokerage FX Management, LLC, f/k/a UBS Diversified FX Management, LLC, and UBS Diversified Growth, LLC, and their affiliates and subsidiaries, and all funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the Defendants individually or collectively, including, but not limited to, investors' funds. *Ex Parte Statutory Restraining Order*, Docket No. 21, at 7 (Nov. 23, 2009); *see also Order Continuing Appointment of Temporary Receiver*, Docket No. 96 (Dec. 11, 2009).

4. On March 8, 2011 the Court also entered an order appointing me Receiver in the matter of *SEC v. Beckman, et al.*, 11-cv-574, for (1) the estate of Jason Bo-Alan Beckman; (2) The Oxford Private Client Group, LLC; (3) all funds, accounts, and other assets held by or for the benefit of Relief Defendant Hollie Beckman which were received, directly or indirectly, from the Defendants or were acquired with funds or other assets received, directly or indirectly, from the Defendants; and (4) every other corporation, company, partnership, trust and/or other entity (regardless of form) which is directly or indirectly owned by or under the direct or indirect control of Defendant Beckman, Defendant Oxford PCG, or Relief Defendant Hollie Beckman (collectively the "Receiver Estates"). *Order Appointing Receiver*, Docket No. 10, at 1-2 (March 3, 2011).

5. The three receiverships are interrelated as they involve the same Ponzi scheme, the same set of co-conspirators, the same set of operative facts, a substantial overlap of victims, and the commingling of receivership funds and assets.

6. I make this declaration based on personal knowledge and offer it in support of the motion described more fully herein.

7. The motion seeks the Court's approval to pay two types of fees incurred by the Receiver, in or about the months of December 2013, and January and February 2014, that were necessary to assist the Receiver in his duties. Specifically the motion seeks Court approval:

(A) to pay outstanding bills. "Outstanding bills" are those for which the Receiver seeks Court authorization to pay directly out of assets of the Receivership; and

(B) to pay the legal fees and costs charged by Panamanian counsel in legal action involving Receivership assets in Panama.

(A) Outstanding Bills

i) Carlson Caspers' Attorneys' Fees and Costs

8. With the Court's approval, I retained the Carlson Caspers law firm to assist me in fulfilling my duties and obligations as Receiver. *Order Appointing Receiver*, 09-cv-3333, Docket No. 13, at 2 (Nov. 23, 2009); *Ex Parte Statutory Restraining Order*, 09-cv-3332, Docket No. 21, at 8 (Nov. 23, 2009); *see also Amended Order Appointing Receiver*, 09-cv-3333, Docket No. 18, at 2 (Nov. 24, 2009); *Second Amended Order Appointing Receiver*, 09-cv-3333, Docket No. 68, at 2 (Dec. 11, 2009); *Order Continuing Appointment of Temporary Receiver*, 09-cv-3332, Docket No. 96, at 4 (Dec. 11, 2009);

Order Appointing Receiver, 11-cv-574, Docket No. 10, at 2 (March 8, 2011).

9. I have received a statement from Carlson Caspers describing work performed in December 2013. I am submitting this statement to the Court under separate correspondence for *in camera* review. The statement includes the date when work was performed, the name of the person performing the work, the applicable discounted hourly rate, the time expended, and a detailed description of the tasks performed. The statement sets out the amount of compensation requested for the work performed. It reflects legal fees of \$12,044.25.

10. In the month of December 2013, Carlson Caspers continued efforts to clawback funds from “winning” investors, including continuing to draft complaints and negotiate and finalize settlements, and prepare and file various related pleadings. Carlson Caspers also continued to analyze the potential liability of third parties resulting from their interactions with the Ponzi scheme, including reviewing associated documents and examining the feasibility of bringing claims against certain third parties. Carlson Caspers also continued to respond to investor calls, update and maintain the database of investor information, update, and maintain the Receivership website. Carlson Caspers also continued to perform various other non-public asset recovery tasks.

11. I have received statements from various individuals and entities providing necessary services to the Receiver for the month of December 2013. These expenses are summarized on page 7 of Carlson Caspers invoice number 9525 under the heading “Disbursements.” I am submitting the invoiced bills to the Court under separate correspondence for *in camera* review, along with copies of checks showing payment

provided out of Carlson Caspers' operating account. The invoiced bills include the date the work was performed and a description of the tasks performed or the specific expense incurred. The statements set out the amount of compensation requested for the work performed. They reflect total costs of \$598.50. These disbursements include for postage, service of process, and accounting services.

12. I have received a statement from Carlson Caspers describing work performed in January 2014. I am submitting this statement to the Court under separate correspondence for *in camera* review. The statement includes the date when work was performed, the name of the person performing the work, the applicable discounted hourly rate, the time expended, and a detailed description of the tasks performed. The statement sets out the amount of compensation requested for the work performed. It reflects legal fees of \$28,041.75.

13. In the month of January 2014, Carlson Caspers continued to assist the Receiver in working to recover Receivership assets in Panama. Carlson Caspers also continued efforts to claw back Receivership funds from "winning" investors, including serving complaints, drafting and filing related pleadings and negotiating and finalizing settlements. Carlson Caspers also continued to assist the Receiver with the Receiver's claims in the Crown Forex SA liquidation proceedings in Switzerland. Carlson Caspers also continued to analyze the potential liability of other third parties resulting from their interactions with the Ponzi scheme, review associated documents, and examine the feasibility of bringing claims against certain third parties. Carlson Caspers also continued to respond to investor calls and to update and maintain the database of investor

information, as well as update and maintain the Receivership website. Carlson Caspers also continued to perform various other non-public asset recovery tasks.

14. I have received statements from various individuals and entities providing necessary services to the Receiver for the month of January 2014. These expenses are summarized on page 10 of Carlson Caspers invoice number 9596 under the heading “Disbursements.” I am submitting the invoiced bills to the Court under separate correspondence for *in camera* review, along with copies of checks showing payment provided out of Carlson Caspers’ operating account. The invoiced bills include the date the work was performed and a description of the tasks performed or the specific expense incurred. The statements set out the amount of compensation requested for the work performed. They reflect total costs of \$788.23. These disbursements include for postage, service of process, and accounting services.

15. I have also received a statement from Carlson Caspers describing work performed in February 2014. I am submitting this statement to the Court under separate correspondence for *in camera* review. The statement includes the date when work was performed, the name of the person performing the work, the applicable discounted hourly rate, the time expended, and a detailed description of the tasks performed. The statement sets out the amount of compensation requested for the work performed. It reflects legal fees of \$18,466.00.

16. In the month of February 2014, Carlson Caspers also continued efforts to claw back Receivership funds from “winning” investors, including drafting and filing various pleadings, responding to counterclaims, and negotiating and finalizing

settlements. Carlson Caspers also continued to analyze the potential liability of third parties resulting from their interactions with the Ponzi scheme, including reviewing associated documents and examining the feasibility of bringing claims against certain third parties. Carlson Caspers continued to assist the Receiver with respect to his claims against PFG. Carlson Caspers also continued to respond to investor calls, update and maintain the database of investor information, update, and maintain the Receivership website. Carlson Caspers also continued to perform various other non-public asset recovery tasks.

17. I have received statements from various individuals and entities providing necessary services to the Receiver for the month of February 2014. These expenses are summarized on page 9 of Carlson Caspers invoice number 9671, under the heading “Disbursements.” I am submitting the invoiced bills to the Court under separate correspondence for *in camera* review, along with copies of checks showing payment provided out of Carlson Caspers’ operating account. The invoiced bills include the date the work was performed and a description of the tasks performed or the specific expense incurred. The statements set out the amount of compensation requested for the work performed. They reflect total costs of \$68.26. These disbursements include fees related to service of process and website maintenance and hosting.

18. I have reviewed the itemized statement describing services provided by Carlson Caspers in the months of December 2013, and January and February 2014, and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

19. I am familiar with the rates charged in the local community by attorneys performing services similar to those provided by Carlson Caspers and certify that the requested rates are within the range charged by attorneys of comparable experience employed by comparable Minnesota law firms for work of a comparable nature and complexity.

20. I have also reviewed the itemized statement describing services provided to the Receivership in the months of December 2013, and January and February 2014, and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

21. I am familiar with the rates charged in the local community by service providers similar to those employed by the Receivership and certify that the requested rates are within the range charged by service providers of comparable experience for work of a comparable nature and complexity.

22. I request Court approval to pay Carlson Caspers \$12,044.25 in fees for December 2013 and costs for \$598.50; \$28,041.75 in fees and \$788.23 in costs for January 2014; and \$18,466.00 in fees and \$68.26 in costs for February 2014, out of the assets of the Receivership.

(B) Morgan & Morgan (Panamanian law firm)

23. Outside counsel for Oxford FX Growth retained Morgan & Morgan, a Panamanian law firm, prior to the date the Receivership was created for the purpose of obtaining the Panamanian court order freezing assets. With the Court's approval, the Receiver has assumed control of the Panamanian litigation and has continued using

Morgan & Morgan to help the Receiver repatriate assets located in Panama.

24. I have received a statement from Morgan & Morgan describing work performed from August 26, 2013 through September 23, 2013, including assisting the Receiver in resolving evidentiary issues and drafting pleadings. The statement includes the date when work was performed, the name of the person performing the work, the time expended, and a description of the tasks performed. The statement sets out the amount of compensation requested for the work performed.

25. Invoice no. 1282426 reflects total fees of \$587.50, expenses of \$3.75, and taxes of \$41.39 for a total bill of \$2,322.22. I have reviewed the itemized statement describing services provided by Morgan & Morgan and certify that all of the stated work was necessary to fulfill my duties and responsibilities as Receiver.

26. The applicable rates are within the range charged by attorneys of comparable experience employed by comparable Panamanian law firms for work of a comparable nature and complexity.

27. I have also received a statement from Morgan & Morgan describing work performed from October 29, 2013 through November 18, 2013, including assisting the Receiver in drafting and filing pleadings with the Panamanian court in support of efforts to recover certain Receivership assets in Panama. The statement includes the date when work was performed, the name of the person performing the work, the time expended, and a description of the tasks performed. The statement sets out the amount of compensation requested for the work performed.

28. Invoice no. 1297702 reflects total fees of \$2,837.50, expenses of \$57.88,

and taxes of \$198.83 for a total bill of \$3,094.21. I have reviewed the itemized statement describing services provided by Morgan & Morgan and certify that all of the stated work was necessary to fulfill my duties and responsibilities as Receiver.

29. The applicable rates are within the range charged by attorneys of comparable experience employed by comparable Panamanian law firms for work of a comparable nature and complexity.

30. I have also received a statement from Morgan & Morgan describing work performed from November 26, 2013 through December 18, 2013, including continuing to assist the Receiver in efforts to recover certain Receivership assets in Panama by pursuing a resolution of certain aspects of the litigation. The statement includes the date when work was performed, the name of the person performing the work, the time expended, and a description of the tasks performed. The statement sets out the amount of compensation requested for the work performed.

31. Invoice no. 1312959 reflects total fees of \$6,185.25, expenses of \$19.47, and taxes of \$434.05 for a total bill of \$6,634.77. I have reviewed the itemized statement describing services provided by Morgan & Morgan and certify that all of the stated work was necessary to fulfill my duties and responsibilities as Receiver.

32. The applicable rates are within the range charged by attorneys of comparable experience employed by comparable Panamanian law firms for work of a comparable nature and complexity.

33. I have also received a statement from Morgan & Morgan describing work performed from December 30, 2013 through January 16, 2014, including continuing to

assist the Receiver in efforts to recover certain Receivership assets in Panama by pursuing a resolution of certain aspects of the litigation. The statement includes the date when work was performed, the name of the person performing the work, the time expended, and a description of the tasks performed. The statement sets out the amount of compensation requested for the work performed.

34. Invoice no. 1319437 reflects total fees of \$425.00, expenses of \$5.17, and taxes of \$30.11 for a total bill of \$460.28. I have reviewed the itemized statement describing services provided by Morgan & Morgan and certify that all of the stated work was necessary to fulfill my duties and responsibilities as Receiver.

35. The applicable rates are within the range charged by attorneys of comparable experience employed by comparable Panamanian law firms for work of a comparable nature and complexity.

36. I request Court approval of the Receiver's fee application in favor of Morgan & Morgan in the total amount of \$10,821.90 for attorneys' fees and expenses incurred in September, October, November, December 2013, and January 2014 out of the assets of the Receivership.

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

Executed on: March 31, 2014

s/ R.J. Zayed

R.J. Zayed