
**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.

**ORDER APPROVING PARTIAL SETTLEMENT WITH FINRA CLAIMANTS,
RELEASING CERTAIN FUNDS FROM ESCROW AND
APPROVING THIRD INTERIM DISTRIBUTION**

THIS MATTER came before the Court upon the Receiver's Motion to approve the partial settlement with Dale Woodbeck, Ann Woodbeck, David Dent, Justin Bussler, Laura Owen, Ronald Bisson, Sr., Anne E. Quiggle, Susan R. Gorman and Evangeline M. Olson, individually and as Trustees on behalf of the Arthur W. Quiggle Family Trust, and Charlotte Olson, individually and as Trustee on behalf of the Charlotte J. Olson Family Trust and the Charlotte J. Olson Charitable Remainder Trust (collectively, the "FINRA Claimants"), to release the NRP Settlement Amount (defined below) from escrow, with such funds to be allocated between the Receiver and FINRA Claimants as described below, and to approve the Receiver's plan to distribute the funds as part of the Receiver's Third Interim Distribution. The Settlement Agreement that is the subject of this Order, which partially resolves the outstanding dispute between the Receiver and the FINRA Claimants, is filed at *SEC v. Cook et al.*, 09-cv-3333, Docket No. 929-1, Exhibit A, *CFTC v. Cook et al.*, 09-cv-3332, Docket No. 895-1, Exhibit A, and *SEC v. Beckman et al.*, 11-cv-574, Docket No. 257-1, Exhibit A.

A. R.J. Zayed (hereafter "Receiver") was appointed by this Court as Receiver for the estates of Trevor G. Cook ("Cook"), Patrick J. Kiley ("Kiley"), Jason Bo-Alan Beckman ("Beckman"), The Oxford Private Client Group, LLC ("PCG"), Oxford Global Advisors, LLC ("OGA"), Oxford Global Partners, LLC ("OGP"), and various other entities controlled by them (the "Receivership Entities"), in the cases of *SEC v. Cook, et al.*, 09-cv-3333 (D. Minn.), and

CFTC v. Cook, et al., 09-cv-3332 (D. Minn.), and *SEC v. Beckman, et al.*, 11-cv-574 (D. Minn.). *Order Appointing Receiver*, No. 09-cv-3333, Doc. 13 (D. Minn. Nov. 23, 2009); *Ex Parte Statutory Restraining Order*, No. 09-cv-3332, Doc. 21 (D. Minn. Nov. 23, 2009); *Second Amended Order Appointing Receiver*, No. 09-cv-3333, Doc. 68 (D. Minn. Dec. 11, 2009); *Order Continuing Appointment of the Temporary Receiver*, No. 09-cv-3332, Doc. 96 (D. Minn. Dec. 11, 2009); *Order Appointing Receiver*, No. 11-cv-574, Doc. 10 (D. Minn. Mar. 8, 2011) (collectively “Receivership Orders”).

B. The Receiver asserted that several of the Receivership Entities, including PCG, OGA, and OGP, had legally cognizable claims against Western International Securities, Inc. (“Western”) and has legally cognizable claims against NRP Financial, Inc. (“NRP”) arising out of acts and/or omissions in providing substantial assistance to Beckman in his proliferation and operation of the Ponzi scheme.

C. The FINRA Claimants pursued and settled claims through FINRA arbitrations against NRP, Western, and Beckman before the Receiver pursued his own claims against NRP and Western. The FINRA Claimants obtained from NRP \$2,900,000 (“NRP Settlement Amount”). The NRP Settlement Amount is currently being held in escrow by the law firm of Lindquist & Vennum.¹

D. Because the Receiver asserted that the FINRA Claimants were not permitted under the Receivership Orders to pursue and settle their own claims against Western, NRP and Beckman ahead of the Receiver pursuing his own claims, he filed a

¹ The FINRA Claimants also secured from Western International Securities, Inc. (“Western”) a total of \$495,500, which is also held in escrow and remains in dispute.

motion to enjoin the FINRA Claimants from taking possession of the settlement proceeds, including the NRP Settlement Amount (*i.e.*, the \$2,900,000 of escrowed funds). *See Motion to Enjoin Distribution of Settlement Proceeds to the FINRA Claimants*, No. 09-cv-3332, Docket No. 731 (April 29, 2011); No. 09-cv-3333, Docket No. 774 (April 29, 2011); No. 11-cv-0574, Docket No. 65 (April 29, 2011)

E. Although the FINRA Claimants dispute the Receiver's position and have opposed his motion, *see Opposition to Receiver's Motion to Enjoin Distribution of Settlement Proceeds to the FINRA Claimants*, No. 11-cv-0574, Docket No. 76 (May 13, 3011); No. 09-cv-3332, Docket No. 755 (May 13, 3011); No. 09-cv-3333, Docket No. 796 (May 13, 3011), they have agreed to enter into a Settlement Agreement to resolve the parties' dispute as to the NRP Settlement Amount.

F. The Receiver seeks to distribute to the investors the NRP Settlement Amount and the additional funds that remain in the Court's Registry account – approximately \$99,766 – from the repatriated Swiss funds described in the Paragraph 6 of the Court's *First Amended Order Approving Second Interim Distribution*, 09-cv-3333 Docket No. 867, 09-cv-3332 Docket No. 832 & 11-cv-574 Docket No. 152 (Aug. 1, 2011).

Based on the Agreement between the parties and all of the files and documents in these cases, the Court being duly advised on the premises, **HEREBY ORDERS AS FOLLOWS:**

1. The Court approves the Settlement Agreement between the Receiver and the FINRA Claimants that is filed at *SEC v. Cook et al.*, 09-cv-3333, Docket No. 929-1,

Exhibit A, *CFTC v. Cook et al.*, 09-cv-3332, Docket No. 895-1, Exhibit A, and *SEC v. Beckman et al.*, 11-cv-574, Docket No. 257-1, Exhibit A, which partially resolves the outstanding dispute between the Receiver and the FINRA Claimants.

2. The NRP Settlement Amount shall be released from escrow for allocation as expressed in paragraphs 3(a)-(b) of the Settlement Agreement filed at *SEC v. Cook et al.*, 09-cv-3333, Docket No. 921-2, Exhibit A, *CFTC v. Cook et al.*, 09-cv-3332, Docket No.887-2, Exhibit A, and *SEC v. Beckman et al.*, 11-cv-574, Docket No. 248-2, Exhibit A.

3. The FINRA Claimants, and each of their agents, successors, assigns (if any), attorneys, insurers, agents, heirs, and estates, are hereby barred from any claims as set forth in Paragraph 4 of the Settlement Agreement.

4. The Receiver, on his own behalf, and on behalf of the Receivership Entities and any and all of their agents, advisors, employees, successors, personal representatives, and assigns (if any), and each of them hereby barred from any claims as set forth in Paragraph 5 of the Settlement Agreement.

5. The Receiver shall make a Third Interim Distribution as follows:
- a. The Clerk of Court is hereby authorized to accept funds from the Receiver in the amount of approximately \$1,279,028 into the Court Registry in an interest bearing account;
 - b. The Receiver shall distribute the approximately \$1,279,028 referenced in Paragraph 3(b) of the Settlement Agreement and the approximately \$99,766 described in Paragraph F above;

- c. The funds shall be distributed to all claimants identified in the *Receiver's First Amended Final Claims List*, (09-cv-3333 Docket No. 851-1, 09-cv-3332 Docket No. 817-1 & 11-cv-574 Docket No. 133-1 (Jul. 1, 2011)), with the following exceptions:
 - i. Robert and Dianne Birk; and
 - ii. Patricia Edenborg-Gorman;
- d. The Receiver's Third Interim Distribution shall adjust the *pro rata* shares of the claimants identified in Paragraph 5(c) such that the total restitution received by all claimants from all sources is approximately equal;
- e. The FINRA Claimants shall not receive additional funds from the Receiver until the median recovery rate by all other investors reaches the same *pro rata* recovery rate obtained by the FINRA Claimants through this settlement and any previous distributions they received;
- f. Any claimant whose overall recovery rate exceeds the median recovery rate for all claimants shall have future distributions reduced or otherwise adjusted until such time that his or her overall recovery rate is on par with the overall recovery rate of the remaining claimants;

- g. The Receiver's Third Interim Distribution shall be effectuated through the Clerk of Court for the United States District Court for the District of Minnesota ("Clerk of Court");
- h. In accordance with the plan described herein, the Receiver shall submit to the Clerk of Court a list of the claimants to be included in the Third Interim Distribution, along with their *pro rata* shares of the available funds; and
- i. Upon receipt of the Receiver's list described in Paragraph 5(h) of this Order, the Clerk of Court shall issue a check to each of the identified claimants in the *pro rata* amount calculated by the Receiver.

SO ORDERED.

Dated: February 24, 2012.

s/ Michael J. Davis
The Honorable Michael J. Davis
CHIEF JUDGE
UNITED STATES DISTRICT COURT