
UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

U.S. COMMODITY FUTURES
TRADING COMMISSION,

Plaintiff(s)

Case No: 09-cv-3332 MJD/JJK

v.

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, UNIVERAL
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,

Defendant(s)

R.J. ZAYED,

Receiver.

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Case No: 09-cv-3333 MJD/JJK

Plaintiff(s)

v.

TREVOR G. COOK,
PATRICK J. KILEY,
UBS DIVERSIFIED GROWTH, LLC,
UNIVERSAL BROKERAGE FX
MANAGEMENT, LLC,
OXFORD GLOBAL ADVISORS, LLC,
and OXFORD GLOBAL PARTNERS, LLC,

Defendants

and

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, L.P., UBS DIVERSIFIED
FX ADVISORS, LLC, UBS DIVERSIFIED
FX GROWTH, L.P., UBS DIVERSIFIED
FX MANAGEMENT, LLC, CLIFFORD
BERG, and ELLEN BERG,

Relief Defendants.

R.J. ZAYED,

Receiver.

**FIFTH STATUS REPORT OF RECEIVER R.J. ZAYED IN
CFTC v. COOK, et. al. (09-cv-3332) AND
SEC v. COOK, et. al. (09-cv-3333)**

R. J. Zayed, the Receiver for Defendants and Relief Defendants in these cases, submits this Fifth Report summarizing the major activities that he has undertaken since the filing of the Fourth Status Report on July 16, 2010. This Fifth Report covers the period from July 17, 2010 through September 13, 2010.

A. U.S. Properties

1. 12644 Tiffany Court, Burnsville, MN 55437 (“Tiffany Court”)

Even though the price has been significantly reduced from the original listing price, no acceptable offers have been made to date. The property has a mortgage of approximately \$344,000 and \$20,000 in Receivership funds were used for new carpeting, interior painting and touch-up, minor repairs, and staging. With a six-percent commission, closing costs and anticipated legal fees, the break-even selling price is approximately \$398,000.

Over the last several months, the real estate agent appointed by the Court has made strong efforts to sell the property. Despite the stagnant condition of the Minnesota real estate market, the Receiver received two offers for the property over the last two months. The first offer was made in early August, and a purchase agreement eventually was signed for approximately \$398,000. The prospective buyers, however, subsequently cancelled their offer on August 16, 2010 by invoking the inspection contingency. The second offer was for \$390,000. It contained an inspection contingency and required the

Receiver to pay the buyers' closing costs. Because the offer fell below the break-even point, the Receiver has rejected the offer.

In the meantime, the Receiver is currently litigating a claim against the mortgage company to retrieve the Receivership's funds that Cook used to pay for the property. The details of this lawsuit are set forth in the "Receiver Filings" section on the Receiver's website. In addition, the Receiver is currently weighing other options.

2. 12744 Dover Drive, Apple Valley, MN 55437 ("Apple Valley")

As with Tiffany Court, the Receiver is currently litigating a legal claim against the mortgage company to retrieve the Receivership's funds that Cook used to pay for the property. The details of this lawsuit are set forth in the "Receiver Filings" section on the Receiver's website. In addition, the Receiver has concluded that the home is probably worth less than the outstanding mortgage on the property. Accordingly, the Receiver is in negotiations with Gina Cook concerning the ultimate disposition of the home and the Receivership's claims against her.

B. Canadian Property

The Receiver has entered into a purchase agreement to sell the Rainy Lake, Ontario property for \$375,000 Canadian. The offer is in cash. The prospective buyer is James Busch.

The property has a right of first refusal that was originally granted by Cook to Alexander English. English subsequently assigned that right to RMJ Capital. The right of first refusal grants the holder 60 days in which to match any outstanding offer. On August 24, 2010, the Receiver notified RMJ Capital of the offer from James Busch. RMJ

Capital has until October 22, 2010 to match the offer. Thereafter, RMJ Capital's right of first refusal will be extinguished.

C. Panamanian Property

The Receiver has presented the Court, the SEC, the CFTC, and the United States Attorney's office with a detailed memorandum concerning the Receivership assets in Panama and the various options available to the Receiver. The Receiver is awaiting input from the agencies and the Court concerning the best and most cost-effective strategy for the securing, liquidating and repatriating the assets to the United States. In the meantime, the Receiver has been able to extend the time for the commencement of the next phase of the litigation in Panama. The extension expires September 13, 2010.

D. Cash in Receivership Accounts

As of the date of this report and after the payment of all expenses and fees through July 31, 2010, the Receiver has a cash balance of \$3,355,868.35 in the Receiver's bank account, \$571,397.98 in the Court's registry, \$300,000 in an NFA account, \$200,000 posted as bond in Panama, and approximately \$1,000,000 frozen in a Swiss bank account.

Through July 31, 2010, the Receiver has paid \$2,281,519.47 in expenses and fees in locating, marshalling, and preserving the assets of the Receivership, settling claims with trade creditors and in fulfilling his duties and obligations under the law and the Court's Orders. The expenses and fees include \$190,497.87 that the Court ordered the Receiver to pay to Masserli & Kramer, Kelley & Berens, and Greene Espel pursuant to their petitions to the Court for the payment of their fees.

In sum, the Receiver has collected, liquidated and frozen approximately \$7,708,784 in cash and spent \$2,281,519. The balance is \$5,427,265.

E. Other Assets

As noted on the Receiver's website, on July 23, 2010, the FBI and IRS seized \$202,400 in cash and approximately \$230,000 in gold and silver coins from Cook's brother. The Receiver deposited the cash in the bank and has filed a motion with the Court for permission to sell the coins to the highest bidder among four coin dealers. The details are set forth in the "Receiver Filings" section on the Receiver's website.

F. Other Legal Proceedings

To date, the Receiver has instituted claw-back procedures against Wells Fargo Home Mortgage, New York Community Bank, Gina Cook, William Harris, David Buysse, Steven and Pamela Cheney, Walter Defiel, Terry Frahm, Steven and Jenene Fredell, Michael and Jennifer Heise, Michael and Cynthia Hillesheim, Larry Hopfenspirger, Steven Kautzman, James McIntosh, George and Karen Morrisset, Reynold Sundstrom and Dot Anderson. The details of these proceedings are set forth in the "Receiver Filings" section of the Receiver's website.

The Receiver has settled his claim against John Dzik for \$687,900. The details of the settlement are set forth in the "Receiver Filings" section of the Receiver's website. The Receiver also is negotiating with Gina Cook and anticipates reaching a settlement with her in the near future.

G. 1-800 Number

The Receiver continues to operate local (612-436-9664) and toll-free (877-316-6129) numbers for investor inquiries. The Receiver is still handling numerous investor calls per day.

H. Receiver Website

The Receiver also continues to operate a website for investors and other members of the public at www.cookkileyreceiver.com. As a means to address commonly asked questions and to improve communications with investors, the Receiver has agreed to post on a periodic basis responses to investor questions. To date the Receiver has posted forty two responses on the website.

The Court has also posted a web site for this case, which can be found at www.mnd.uscourts.gov.

I. Taxes

The Receiver is continuing discussions through Ernst & Young with the Internal Revenue Service and Minnesota Department of Revenue in an effort to minimize any filing and tax obligations that might be applicable to the Receivership Entities.

J. Cook Sentencing and Criminal Restitution

Judge Rosenbaum sentenced Cook in the criminal case on August 24, 2010. Judge Rosenbaum imposed a 25 year prison sentence and ordered Cook to pay restitution. Per the schedule referenced in the judgment in the Cook criminal case, as it was most recently amended, the number of victims is approximately 813 with a total loss of approximately \$160,084,135.20.

The criminal restitution order is separate from any civil restitution order that Chief Judge Davis will enter in the civil SEC and CFTC cases. The number of victims and the total amount of the losses in the criminal restitution order will not necessarily match the number of victims and the total amount of the losses in the restitution orders in the civil cases. This is because the Receiver has a number of clawback actions in progress and anticipates bringing more such actions in the future. There are also a number of victims who received Receivership funds in terms of salaries, commissions, health benefits, mortgage payments and other compensation. The Receiver will adjust the amount of loss of those victims who received compensation or other benefits from the Receivership Estates to reflect the amount of Receivership funds that they have already received. Identification of victims who received Receivership funds in the form of compensation and other benefits is ongoing.

The current amount available for criminal restitution is \$362,700. That is the amount that Cook, through intermediaries, turned over to the FBI at the time that he entered his guilty plea in April 2010. Although the funds Cook turned over are Receivership assets, Chief Judge Davis has allowed the government to use the money for purposes of criminal restitution in the criminal case. The \$362,700 will be distributed by the Clerk of the Court on a pro-rata basis to the victims identified on the amended schedule referenced in the Criminal Judgment against Cook. The receiver will reduce each investor's remaining loss by the amount received through the criminal restitution payout.

Judge Rosenbaum did not give Cook any credit for the time Cook has spent in jail as a result of Chief Judge Davis's civil contempt order. Cook has since filed a motion with Chief Judge Davis to vacate the civil contempt order. That hearing is presently scheduled for September 29, 2010 at 3:00 p.m.

In the meantime, the Receiver has requested further interviews with Cook. The Receiver has informed Cook that further debriefing sessions, including detailed accounting sessions and follow-up requests overseas, will be necessary before the Receiver can properly assess whether Cook can or cannot comply with the Court's civil contempt order.

K. Interim Civil Distribution

In addition to the \$362,700 that will be distributed through the Clerk of Court for purposes of criminal restitution in the Cook criminal case, Chief Judge Davis has directed the Receiver to make an interim distribution of \$2,250,000 in the SEC and CFTC civil cases through the Clerk of Court. Every effort will be made to make the civil interim distribution coincide with the distribution in the criminal case. The Receiver anticipates that the Clerk of Court will be able to commence distributions by the end of the year.

CONCLUSION

The Receiver will submit a report approximately every 60 days to summarize his ongoing activities since the last report.

Dated: September 13, 2010

Respectfully submitted,

s/ R.J. Zayed

R.J. Zayed, Receiver

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