

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

U.S. COMMODITY FUTURES
TRADING COMMISSION,

Plaintiff,

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

v.

TREVOR COOK et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

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

v.

TREVOR G. COOK et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

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

v.

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

R.J. ZAYED,
Receiver.

**DECLARATION OF ANGELA J. SOMERS IN SUPPORT OF MOTION
SEEKING APPROVAL OF SALE OF THE RECEIVER ESTATES' CLAIM IN
THE PEREGRINE FINANCIAL GROUP, INC. BANKRUPTCY**

The undersigned, Angela J. Somers, makes this declaration pursuant to 28 U.S.C. § 1746 under penalty of perjury and states as follows:

1. I am Of Counsel at the law firm of Reid Collins & Tsai LLP (“**Receiver’s Counsel**”), counsel to R.J. Zayed, in his capacity as court-appointed receiver (the “**Receiver**”) for the Estates of Trevor G. Cook, Patrick J. Kiley, Jason Bo-Alan Beckman, UBS Diversified Growth, LLC, Market Shot, LLC, Oxford Global Advisors, LLC, Oxford Global Partners, LLC, Oxford Global FX, LLC, Oxford Growth FX L.P., and various other individuals and entities controlled by them (the “**Receiver Estates**”).

2. I am an attorney admitted to practice law in the State of New York. In addition, I am duly admitted and in good standing to practice before the United States District and Bankruptcy Courts for the Eastern and Southern Districts of New York. My office is located at One Penn Plaza, 49th floor, New York, New York 10119.

3. This declaration is submitted in support of the Motion Seeking Approval of the Sale of the Receiver Estates’ Claim in the Peregrine Financial Group, Inc. Bankruptcy (Bankr. N.D. Ill. 12-27488) to the highest bidder at the auction, Tangerine Funding, LLC, pursuant to the terms of the Stalking Horse Agreement and the Terms and Conditions of Auction Sale of Peregrine Financial Group, Inc. Claim, both executed on July 28, 2014.

Pre-Auction Activities

4. In July 2014, Tangerine Funding, LLC (“**Stalking Horse Bidder**”) agreed to serve as the stalking horse bidder for the Auction (defined below). On July 28, 2014, the Stalking Horse Bidder executed a stalking horse agreement (“**Stalking Horse**

Agreement”) and the Terms and Conditions of Auction Sale of the Peregrine Financial Group, Inc. Claim (the “Terms of Sale”).

5. On July 29, 2014, the Receiver filed a motion (the “Auction Motion”) seeking, among other relief, the entry of an order authorizing the Receiver to sell the Receiver Estates’ claim against the estate of Peregrine Financial Group, Inc. (the “Allowed PFG Claim”) at an auction to the bidder with the highest or best offer pursuant to 28 U.S.C. § 2001 and 28 U.S.C. § 2004.

6. On August 12, 2014, the Court heard oral argument on the Auction Motion and subsequently entered an order (the “Auction Order”) which (a) approved the Terms of Sale, (b) authorized the Receiver to sell the Allowed PFG Claim at an auction to be held in September 2014 pursuant to the Terms of Sale (the “Auction”), (c) approved the Receiver’s entry into the Stalking Horse Agreement with the Stalking Horse Bidder, and (d) ordered that after the Auction, the Receiver was required to submit a motion seeking approval of the sale of the Allowed PFG Claim (“Sale Motion”). Pursuant to the Auction Order, the Receiver must include the following with the Sale Motion: (i) a report of sale, (ii) a declaration or affidavit describing in detail (1) the marketing efforts undertaken by the Receiver for the Auction, (2) the bids received at the Auction Sale, and (3) the identity and amount bid by the Successful Bidder at the Auction Sale; and (iii) a proposed order. The Report of Sale is attached hereto as **Exhibit A** and this declaration shall serve as evidence detailing the events surrounding the Auction.

7. The Auction Order also explicitly provided that the Receiver is selling the Allowed PFG Claim free and clear of liens, claims, encumbrances, and interests, with such liens, claims, encumbrances, and interests to attach to the proceeds of the sale.

8. Following this Court's entry of the Auction Order, the Receiver began marketing the Allowed PFG Claim to potential purchasers. The Receiver posted a notice of the Auction and the Terms of Sale on the Receiver's website. He also advertised the Auction by placing a notice in the *Star Tribune* on August 20 and August 27, 2014. The notice published in the *Star Tribune* and an affidavit from Karen Greenhoe of the Star Tribune attached hereto as **Exhibit B**. On August 20, 2014, the Receiver further advertised the Auction by releasing a notice via PR Newswire's US1 distribution list and posting the notice on PR Newswire's public website, www.prnewswire.com. A copy of the notice published with PR Newswire is attached hereto as **Exhibit C**. Moreover, Receiver's Counsel Reid Collins & Tsai LLP reached out to over fifteen parties believed to be engaged in the claims trading industry and followed-up with the parties that inquired about the claim as a result of the published notices (all together "**Market Participants**"). A list of the Market Participants is attached hereto as **Exhibit D**.

9. On September 11, 2014, Solus LP ("**Solus**") submitted an executed copy of the Terms of Sale and Receiver's counsel determined that Solus was qualified to bid at the Auction.

10. On September 12, 2014, Deutsche Bank Securities, Inc. ("**DB**") submitted an executed copy of the Terms of Sale and Receiver's counsel determined that DB was qualified to bid at the Auction.

Auction

11. On Tuesday, September 16, 2014, a public auction was held at the offices of Reid Collins & Tsai, LLP. It began about 1:00 p.m. EDT. Three Qualified Bidders attended the Auction: the Stalking Horse Bidder, Solus and DB.

12. I, as counsel for the Receiver, acted as auctioneer for the Auction. Prior to commencing the Auction, I provided a brief background of the claim and the procedures to be followed at the Auction. At the end of my comments, DB informed me that it was unable to bid because of its own internal compliance issues. I then opened up bidding at \$1,380,000.00 (\$25,000.00 more than the Opening Bid as defined in the Terms of Sale). Solus agreed to bid \$1,380,000.00 for the Allowed PFG Claim. Following Solus' bid, I asked if anyone was willing to bid \$1,405,000.00 for the Allowed PFG Claim. I waited a few minutes but no bidder responded. Pursuant to the rules introduced at the beginning of the Auction, bidders were allowed to call "time" if they needed time to consider making an additional bid. No time was requested. I provided notice of the closing of the Auction by stating "I do not have a bid for \$1.405 million." Then I called "going once, going twice... The highest bid that's resulting from the auction will be \$1.380 million." A transcript of the Auction is attached hereto as **Exhibit E**.

13. Following the Auction, the Stalking Horse Bidder decided to exercise its Topping Option in the amount of the highest bid plus \$50,000.00. Therefore, the Stalking Horse Bidder agreed to purchase the Allowed PFG Claim for \$1,430,000.00. A copy of the Memorandum of Bid executed by the Stalking Horse Bidder and the Receiver is attached hereto as **Exhibit F**.

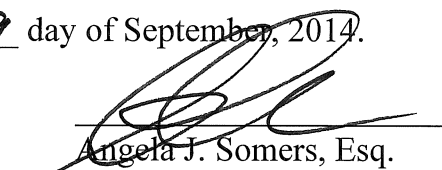
14. Upon receipt of the Stalking Horse Bidder's Memorandum of Bid, Receiver's counsel emailed all participants in the Auction notifying them of the Stalking Horse Bidder's decision to exercise its Topping Option and identifying Solus as the Second Highest Bidder with a bid of \$1,380,000.00. Since there was no third bidder at the Auction, Receiver's counsel was unable to identify a Third Highest Bidder. A copy of the email sent to participating parties is attached hereto as **Exhibit G**.

15. On the day following the Auction, the Stalking Horse Bidder remitted a deposit in the amount of \$143,000.00 (the "**Deposit**") into the Receiver's bank account in accordance with the Terms of Sale. Evidence of the deposit can be found on the Receiver's bank account statement attached hereto in redacted form as **Exhibit H**. The Receiver is now holding the Deposit in its bank account.

16. To the best of my knowledge, the Stalking Horse Bidder is prepared to consummate the Sale by remitting the balance of the purchase price for the Allowed PFG Claim upon entry of the Order by this Court approving the Sale and in accordance with the further time periods provided by the Terms of Sale.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in New York, NY on this 29 day of September, 2014.


Angela J. Somers, Esq.