

**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.

SUMMARY PROCEEDING PETITION FOR RETURN OF RECEIVERSHIP ASSETS FROM DENNIS GORMAN AND PATRICIA EDENBORG-GORMAN

INTRODUCTION

R.J. Zayed, in his capacity as Receiver appointed by the Court in the above-captioned cases, hereby brings this Summary Proceeding Petition for Return of Receivership Assets from Dennis Gorman and Patricia Edenborg-Gorman (collectively, the “Gormans”) to recover at least \$153,071.20 in Receivership assets. The Gormans are among those in the inner circle of Jason Bo-Alan and Hollie Beckman (collectively, the “Beckmans”) who continue to hold Receivership assets in violation of this Court’s Orders. In this action, the Receiver seeks the return of those assets in a money judgment of at least \$153,071.20 and an Order establishing a constructive trust in favor of the Receiver over a home in Texas that was purchased with Receivership assets.

BACKGROUND

1. This matter arises out of one of the largest frauds in Minnesota history (the “Ponzi Scheme”).
2. Jason Bo-Alan Beckman (“Beckman”), along with Trevor Cook (“Cook”), Patrick Kiley (“Kiley”), Gerald Durand (“Durand”) and Christopher Pettengill (“Pettengill”) (collectively, the “Ponzi Felons”), stole hundreds of millions of dollars from investors by promising a guaranteed 10-12% return with total liquidity and segregated accounts in a foreign exchange currency trading program that did not exist.
3. While the Ponzi Felons and their families enjoyed the trappings of stolen wealth, unsuspecting investors suffered catastrophic losses. In the end, more than 700

investors lost nearly \$160 million in savings earned over lifetimes for basic needs such as food and housing, retirement, health care and education.

4. To date, investors have recovered 6.9 cents for every dollar they lost to this Ponzi Scheme. Declaration of Tara C. Norgard, Dec. 9, 2014, *SEC v. Cook et al.*, 09-cv-3333, Dkt. No. 1172.

5. Beckman, Kiley and Durand were indicted in the fraud. *See* Second Superseding Indictment, *United States v. Beckman et al.*, 11-cr-228, Dkt. No. 162. All three were found guilty after a six week jury trial. *See* Jury Verdicts, *id.* at Dkt. Nos. 303, 305 & 307.

6. Beckman was sentenced to thirty years in federal prison for his role in the crime. *See* Judgment, *United States v. Beckman et al.*, 11-cr-228, Dkt. No. 397. Durand and Kiley were sentenced to twenty years each. *See* Judgments, *id.* at Dkt. Nos. 392 & 438.

7. Cook pleaded guilty and is serving a twenty-five year sentence in federal prison. *See* Plea Agreement, *United States v. Cook*, 10-cr-75, Dkt. No. 7; Sentencing, *id.* at Dkt. No. 17.

8. Pettengill also pleaded guilty to the fraud and was sentenced to ninety months in federal prison. *See* Plea Agreement, *United States v. Christopher Pettengill*, 11-cr-192, Dkt. No. 6; Amended Judgment, *id.* at Dkt. No. 35.

9. The United States Securities and Exchange Commission (“SEC”) and the United States Commodity Futures Trading Commission (“CFTC”) also brought the above-captioned civil cases against the Ponzi Felons and the entities they used to

perpetrate the fraud.

10. As part of the civil cases, this Court appointed a Receiver over the estates of the Ponzi Felons, their fraudulent companies and related individuals and entities.

11. Specifically, on November 23, 2009, this Court appointed R.J. Zayed as Receiver over Cook, Kiley, and the numerous entities they operated (the “Cook Receivership”). Second Amended Order Appointing Receiver at 1-2, *SEC v. Cook et al.*, 09-cv-3333, Dkt. No. 68 (“Cook SEC Receivership Order”); Order Continuing Appointment of the Temporary Receiver at 1-3, *CFTC v. Cook et al.*, 09-cv-3332, Dkt. No. 96 (“Cook CFTC Receivership Order”).

12. On March 8, 2011, this Court appointed R.J. Zayed as Receiver over the estates of Beckman, The Oxford Private Client Group, LLC (“Oxford PCG”), and all funds, accounts, and other assets held by or for the benefit of Relief-Defendant Hollie Beckman that were received, directly or indirectly, from Beckman and/or Oxford PCG. Order Appointing Receiver at 1-2, *SEC v. Beckman et al.*, 11-cv-0574, Dkt. No. 10 (“Beckman Receivership Order”).

13. The Cook and Beckman Receiverships (collectively, the “Receivership”) are joined and interrelated as they both have the same nucleus of operative facts and the same set of co-conspirators.

14. The Court’s Receivership Orders require the Receiver to locate, preserve and recover the assets the Ponzi Felons stole and to facilitate the return of those assets to the hundreds of investors who were defrauded by this Ponzi Scheme. To fulfill his Court ordered mandate, the Receiver is authorized to, among other things, “take custody,

control and possession of all the funds, property, premises, leases, and other assets of or in the possession or under the direct or indirect control of the Receiver Estates . . . with full power to sue for and collect, recover, receive and take into possession all goods, chattels, rights, credits, monies, effects, lands, books and records of accounts and other papers of the Receiver Estates[.]” *See, e.g.*, Beckman Receivership Order at §I.C, 11-cv-0574, Dkt. 10.

15. The Receiver also is empowered “[t]o bring such legal actions based on law or equity in any state, federal, or foreign court as he deems necessary or appropriate in discharging his duties as Receiver.” *Id.* at §I.D-E.

16. The Court’s Receivership Orders extend to third parties. Anyone who possesses assets of the Receivership of any kind is required to turn those assets over to the Receiver. *Id.* at §IX & §XIII. Additionally, all persons are stayed from “[d]oing any act that may interfere with the taking control, possession, or management, by the Receiver, of any assets of the Receiver Estates, diminish the value of assets of the Receiver Estates, in any way interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receiver Estates.” *Id.* at §VII.D.

17. The Court also entered Asset Freeze Orders in conjunction with the Receivership Orders. Ex Parte Statutory Restraining Order, *CFTC v. Cook et al.*, 09-cv-3332, Dkt. No. 21-1 (“Cook CFTC Asset Freeze Order”); Order on Motion and Order of Preliminary Injunction, Asset Freeze, and Other Ancillary Relief, *SEC v. Cook et al.*, 09-cv-3333, Dkt. No. 51 (“Cook SEC Asset Freeze Order”); Order Imposing Asset Freeze

and Other Ancillary Relief, *SEC v. Beckman et al.*, 11-cv-0574, Dkt. No. 9 (“Beckman Asset Freeze Order”). These Orders freeze all assets of the Ponzi Scheme, including all “funds, accounts, and other assets to which Defendants’ offering can be traced or which were acquired with the proceeds of the Defendants’ offering.” Beckman Asset Freeze Order at 5; Cook SEC Asset Freeze Order at 5; *see also* Cook CFTC Asset Freeze Order at 9 (ordering return to the Receiver of “all funds and other assets[] belonging to customers or commodity pool participants as described in the complaint.”).

18. The Asset Freeze Order in the Beckman Receivership expressly includes “loans by any Defendant, Relief Defendant, and/or Related Entity to any family members, including but not limited to approximately \$110,000 loaned by Defendant Beckman or Relief Defendant Hollie Beckman to Relief Defendant Hollie Beckman’s aunt, uncle, and other family members.” Beckman Asset Freeze Order at 9. The present action relates to this loan, as well as other Receiver assets that the Beckmans transferred to the Gormans during the course of this Ponzi scheme.

19. Pursuant to 28 U.S.C. § 754, the Receiver filed the Receivership Orders, the Asset Freeze Orders, and the Complaints from these three cases in all United States Federal District Courts—including the Southern District of Texas, where the Gormans purchased a home with Receivership assets. *See, e.g., SEC v. Beckman et al.*, 11-mc-012 (S.D. Tex. Mar. 11, 2011).

20. In addition to the Receivership and Asset Freeze Orders, this Court has found that “[a]ll assets transferred from or by any Receivership entity . . . through November 2009, were transferred pursuant to the Ponzi scheme.” Order Allowing

Summary Proceedings at 3, *SEC v. Cook et al.*, 09-cv-3333, Dkt. No. 380 (“Summary Proceedings Order”). The Court further found that summary proceedings “are appropriate as a means to ensure consistent treatment of the various recipients of the transfers, promote judicial efficiency, and decrease litigation costs for the Receivership.” *Id.* at 4.

21. This petition is filed in accordance with the Court’s Receivership, Asset Freeze and Summary Proceeding Orders and all requirements stated therein.

PARTIES

22. The Petitioner is R.J. Zayed, in his capacity as the Court appointed Receiver in the above-captioned cases.

23. Respondents are Patricia Edenberg-Gorman and Dennis Gorman.

24. The Gormans are the Beckmans’ aunt and uncle. More specifically, Patricia Edenberg-Gorman is the sister of Hollie Beckman’s mother, Dianne Birk. Dianne Birk and her husband (and Hollie’s father), Robert Birk (collectively, “the Birks”), are defendants in a separate pending action brought by the Receiver for their refusal to return fraudulent profits that they received from the Ponzi Scheme. *Receiver v. Allen*, 13-cv-1896 (D. Minn.). The Birks are not parties to the presently filed action.

25. Upon information and belief, the Gormans are Minnesota residents or were Minnesota residents at all times relevant to this action.

26. Sherburne County (Minnesota) property tax records show the Gormans as the owners of a home located at 12095 Highland Rd. NW in Elk River, Minnesota (“Elk River Home”). Property tax records show the Elk River Home having a 2014 estimated

value of \$162,000.00. **(Ex. A.)**

27. Cass County (Minnesota) property tax records show the Gormans as owners of a home located at 1807 Birch Ln. NE in Longville, Minnesota (“Longville Home”). Property tax records show the Birch Lane Home having a 2014 estimated value of \$199,600.00. **(Ex. B.)**

28. Hildago County (Texas) property tax records show the Gormans as the owners of a home located at 1915 Kennedy Street in Mission, Texas (“Kennedy Street Home”). Property tax records show the Kennedy Street Home having a 2014 property tax appraised value of \$94,565.00. **(Ex. C.)**

29. The Kennedy Street Home is in the same area where the Beckmans and their extended family spent winters and vacations during the heyday of the Ponzi Scheme.

30. The Beckmans owned a luxurious vacation home for themselves in Mission. They also purchased a vacation home for Hollie Beckman’s parents, the Birks, in the same neighborhood. Both homes were purchased with Receivership assets. *See Order Confirming Sale of Paseo Del Lago Property and Order Confirming Sale of Golf Drive Property, SEC v. Beckman et al.*, 11-cv-0574, Dkt. No. 209-10. With the Court’s supervision and approval, the Receiver seized and liquidated these two homes for the benefit of the victims of this fraud. *Id.*

31. Like the Beckman and Birk homes, the Kennedy Street Home was purchased with Receivership assets. The Beckmans transferred funds for the purchase of the Kennedy Street Home directly to the title company at closing and the home was then

titled in the Gormans' names. (**Exs. C & D.**)

32. Upon information and belief, the Gormans already owned the Elk River and Longville Homes when the Beckmans funded the Gormans' purchase of the Kennedy Street Home.

33. Upon information and belief, the Gormans continue to spend the winter months at the Kennedy Street Home in Texas and return to Minnesota for the summer.

JURISDICTION AND VENUE

34. This Court has jurisdiction over this action, and venue is proper, under Section 22(a) of the Securities Act (15 U.S.C. § 77v(a)), Section 27 of the Exchange Act (15 U.S.C. § 78aa), Section 6d of the Commodity Exchange Act (7 U.S.C. § 13a-2(2)), Chapter 49 of Title 28, Judiciary and Judicial Procedure (28 U.S.C. § 754), Chapter 113 of Title 28, Judiciary and Judicial Procedure (28 U.S.C. § 1692), and Chapter 85 of Title 28, Judiciary and Judicial Procedure (28 U.S.C. § 1367(a)).

35. As the Court that appointed the Receiver, this Court also has jurisdiction over any claim brought by the Receiver in furtherance of his Receivership powers and duties. *See* Cook SEC Asset Freeze Order at 15.

36. Further, within ten days of his appointment, the Receiver filed the original Complaint and Order Appointing the Receiver in all United States Federal District Courts pursuant to 28 U.S.C. §§ 754 and 1692, giving this Court *in rem* and *in personam* jurisdiction in each such district, including the United States District Court for the Eastern District of Texas, where the Kennedy Street Home is located. *SEC v. Beckman et al.*, 11-mc-012 (S.D. Tex. Mar. 11, 2011).

37. This Court is the proper venue under 28 U.S.C. § 1391(a) because, upon information and belief, the Gormans are Minnesota residents and under 28 U.S.C. § 1391(b) because a substantial part of the events giving rise to the Receiver's claims occurred in Minnesota.

FACTS

A. The Beckmans Transferred At Least \$153,071.20 in Receivership Assets to the Gormans During the Course of the Ponzi Scheme

38. From September 18, 2008 to April 25, 2009, the Beckmans made a series of seven transfers of Receivership assets to and on behalf of the Gormans (the "Beckman-Gorman transfers"). Together these transfers totaled \$153,071.20.

39. Each of the seven Beckman-Gorman transfers originated from Wells Fargo bank account number XXX-8793 held in the name of Jason Bo-Alan and Hollie Beckman ("Beckman Account"). Beckman Asset Freeze Order at 5; Declaration of Luz M. Aguilar at ¶¶ 23-26, *SEC v. Beckman et al.*, 11-cv-0592, Dkt. No. 4 ("Aguilar Decl.").

40. The Court's Asset Freeze Orders expressly froze the Beckman Account. Beckman Asset Freeze Order at 5.

41. During the course of the Ponzi Scheme, the Beckman Account was funded with at least \$6,663,108.99 in Receivership assets stolen from defrauded investors. Aguilar Decl. at ¶¶ 23-25 & Ex. 4.

42. The Receivership assets deposited into the Beckman Account far exceeded deposits to that account from other sources. Aguilar Decl. at ¶ 25.

43. Specifically, during the course of this Ponzi Scheme, at least \$5,821,108.99

was deposited into the Beckman Account from an account at Associated Bank held in the name of Crown Forex, LLC. Aguilar Decl. at ¶¶ 23-25 & Ex. 4. Crown Forex, LLC is a Receiver Estate that was funded with money from defrauded investors. *Id.*; Beckman Receivership Order at 2; Cook SEC Asset Freeze Order at 2; Cook CFTC Receivership Order at 2-3.

44. During the course of this Ponzi Scheme, at least \$524,000.00 was deposited into the Beckman Account from an account at Wells Fargo bank held in the name of Oxford Global Advisors LLC. Aguilar Decl. at ¶¶ 23-25 & Ex. 4. Oxford Global Advisors LLC is a Receiver Estate that was funded with money from defrauded investors. *Id.*; Cook SEC Receivership Order at 1; Cook CFTC Receivership Order at 2-3.

45. During the course of this Ponzi Scheme, at least \$20,000.00 was deposited into the Beckman Account from an account at Wells Fargo bank held in the name of Oxford Global Holdings LLC. Aguilar Decl. at ¶¶ 23-25 & Ex. 4. Oxford Global Holdings is a Receiver Estate that was funded with money from defrauded investors. *Id.*; Cook SEC Receivership Order at 2; Cook CFTC Receivership Order at 2-3.

46. During the course of this Ponzi Scheme, at least \$298,000.00 was deposited into the Beckman Account from an account at Wells Fargo bank held in the name of UBS Diversified Growth LLC. Aguilar Decl. at ¶¶ 23-25 & Ex. 4. UBS Diversified Growth LLC is a Receiver Estate that was funded with money from defrauded investors. *Id.*; Cook SEC Receivership Order at 1; Cook CFTC Receivership Order at 2-3.

47. On or about September 18, 2008, a wire transfer in the amount of \$118,271.20 was made from the Beckman Account to Edwards Abstract and Title Co.

for credit to Dennis E. Gorman. **(Ex. D.)** The wire confirmation receipts identify Hollie J. Beckman as the originator of the wire. *(Id.)*

48. The \$118,217.20 wire transfer from the Beckman Account was applied as cash for the purchase of the Kennedy Street Home, which was then titled in the Gormans' names. **(Exs. C, D & E.)** Upon information and belief, the total cost for the purchase of the Kennedy Street Home, including closing and associated costs, was \$119,371.20. *(Id.)*

49. Upon information and belief, the \$118,371.20 wire transfer from the Beckman Account to Edwards Abstract and Title Co. was used to purchase the Kennedy Street Home outright, without a mortgage or any third party loan obligations.

50. On or about September 18, 2008, check no. 5962 was issued from the Beckman Account to "Patricia Edenborg Gorman" in the amount of \$21,500.00. **(Ex. F.)** The issuer signature on the check bears the name of Hollie J. Beckman. *(Id.)* The endorsement signature bears the name of Patricia Edenborg-Gorman and indicates that the check was cashed on or about September 22, 2008. *(Id.)*

51. On or about November 1, 2008, check no. 6025 was issued from the Beckman Account to "Patricia Edenborg-Gorman" in the amount of \$6,000.00. **(Ex. F.)** The issuer signature on the check bears the name of Hollie J. Beckman. The endorsement signature bears the name of Patricia Edenborg-Gorman and indicates the check was cashed on or about November 10, 2008. *(Id.)*

52. On or about December 1, 2008, check no. 6068 was issued from the Beckman Account to "Patricia Edenborg Gorman" in the amount of \$1,000.00. **(Ex. F.)** The issuer signature on the check bears the name of Hollie J. Beckman. The

endorsement signature bears the name of Patricia Edenborg-Gorman and indicates the check was cashed on or about December 8, 2008. (*Id.*).

53. On or about December 22, 2008, check no. 6119 was issued from the Beckman Account to “Patricia Gorman” in the amount of \$1,000.00. (**Ex. F.**) The issuer signature on the check bears the name of Hollie J. Beckman. (*Id.*) The endorsement signature bears the name of Patricia Edenborg-Gorman and indicates the check was cashed on or about January 7, 2009. (*Id.*).

54. On or about January 30, 2009, check no. 6158 was issued from the Beckman Account to “Patricia Edenborg” in the amount of \$1,200.00. (**Ex. F.**) The issuer signature on the check bears the name of Hollie J. Beckman. (*Id.*) The endorsement signature bears the name of Patricia Edenborg-Gorman and indicates the check was cashed on or about March 10, 2009. (*Id.*).

55. On or about April 25, 2009, check no. 6276 was issued from the Beckman Account to “Patricia Edenborg-Gorman” in the amount of \$4,000.00. (**Ex. F.**) The issuer signature on the check bears the name of Hollie J. Beckman. (*Id.*) The endorsement signature bears the name of Patricia Edenborg-Gorman and indicates the check was cashed on or about May 8, 2009. (*Id.*).

B. Ms. Edenborg-Gorman Made a Claim for Losses to the Receiver Without Disclosing the \$153,071.20 in Receivership Funds She and Her Husband Received from the Beckmans

56. After the Receivership was established, Ms. Edenborg-Gorman made a claim for losses to the Receiver. Ms. Edenborg-Gorman’s claim was based on documents she submitted to the Receiver showing an investment in her name with Crown Forex

dated on or about June 3, 2009.

57. At no point in making her claim for losses to the Receiver did Ms. Edenberg-Gorman disclose the \$153,071.20 in Receivership assets she and her husband received from the Beckmans.

58. The Receiver initially recognized Ms. Edenberg-Gorman's claim in the amount of \$101,580.00. Declaration of Tara C. Norgard, Ex. A at entry 145, March 15, 2011, *SEC v. Cook et al.*, 09-cv-3333, Dkt. No. 714-1.

59. On or about November 10, 2010, the Receiver sent Ms. Edenberg-Gorman a check in the amount of \$238.49 as part of the Receiver's First Interim Distribution to the victims of this fraud. Notice of Mailing of Receiver's Interim Distribution, *SEC v. Cook et al.*, 09-cv-3333, Dkt. No. 581.

60. Upon information and belief, on or about November 10, 2010, Ms. Edenberg-Gorman also received a check in the amount of \$238.49 from the United States District Court as restitution from the criminal cases associated with this Ponzi scheme. This criminal restitution was funded with Receiver funds.

61. After these checks were issued, the Receiver discovered that the Beckmans had transferred at least \$153,071.20 to the Gormans during the course of the Ponzi Scheme.

62. On August 1, 2011 the Court excluded Ms. Edenberg-Gorman from further distributions from the Receiver. First Amended Order Approving Second Interim Distribution, *SEC v. Beckman et al.*, 11-cv-574, Dkt. No. 152.

C. The Receiver Has Demanded the Return of the Receivership Assets that the Gormans Continue to Hold

63. On or about April 1, 2011, the Receiver served the Gormans with copies of the Receiver Order and the Asset Freeze Order in the case of *SEC v. Beckman et al.*, and a subpoena for documents and things pertaining to the Beckmans, The Oxford Private Client Group, LLC and the money that the Beckmans transferred to the to the Gormans.

(Ex. G.)

64. In the cover letter serving the Court Orders and subpoena, the Receiver noted that the Receivership Orders required the Gormans' full cooperation and that they were prohibited from doing "any act that may interfere with the taking control, possession, or management, by the Receiver, of any assets of the Receiver Estates, diminish the value of the assets of the Receiver Estates, in any way interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receiver Estates." The letter further highlighted that "all assets received from the named Defendants or Relief-Defendants are frozen and must be returned to the Receivership." (*Id.*)

65. Representative of the Receiver's office have corresponded and spoken with the Gormans on numerous occasions since the April 2011 subpoena in an effort to obtain the return of the Receivership assets that the Gormans received from the Beckmans.

D. The Gormans And The Beckmans Have Stated That The Majority of the Beckman-Gorman Transfers Was A Loan

66. In an email to the Receiver dated June 17, 2011, the Gormans stated that of the \$153,071.20 in Receivership assets they received from the Beckmans, \$139,871.20

was a loan with no due date required. (**Ex. H.**)

67. In a sworn financial statement to the SEC, the Beckmans listed among their assets an outstanding loan to the Gormans in the amount of \$144,000.00. (**Ex. I.** at 7)

68. The Gormans have not produced any documents regarding the loan of Receivership assets they received from the Beckmans for the purchase of the Kennedy Street Home.

69. The Receiver has not uncovered any documents, beyond the bank records and correspondence described and incorporated into this Petition, regarding the loan of Receivership assets the Gormans received from the Beckmans for the purchase of the Kennedy Street Home.

E. The Gormans Have Stated that the Balance of the Beckman-Gorman Transfers Was Repayments For Expenses

70. In their June 17, 2011 email to the Receiver, the Gormans stated that the balance of the transfers they received from the Beckmans, beyond the loan, constituted reimbursements for items the Gormans purchased at the Beckmans' request. (**Ex. H.**)

71. The Gormans have not produced any documentation to support their assertion that any of the Beckman-Gorman transfers were reimbursements.

72. The Receiver has not uncovered any documentation to support the Gormans' assertion that any of the Beckman-Gorman transfers were reimbursements.

F. The Beckman-Gorman Transfers Were Not Returns on Ms. Edenborg-Gorman's Investment With Crown Forex

73. The transfers that the Gormans received from the Beckmans were not returns on the investment that Ms. Edenborg-Gorman made with Crown Forex.

74. The Gormans do not assert that any portion of the Beckman-Gorman transfers was a return on the investment that Ms. Edenborg-Gorman made with Crown Forex. To the contrary, the Gormans state that of the \$153,071.20 in Receivership assets they received from the Beckmans, \$139,871.20 was a loan and that the balance was reimbursements. **(Ex. H.)**

75. As a matter of chronological fact, it would have been impossible for the Beckman-Gorman transfers to be a return on Ms. Edenborg-Gorman's investment. The Beckmans transferred \$153,071.20 in Receiver assets to the Gormans from September 2008 to April 2009. Ms. Edenborg-Gorman did not invest with Crown Forex until on or about June 3, 2009, well after she and her husband had received the Beckman-Gorman transfers.

76. Upon information and belief, the Gormans never requested a withdrawal or return of the funds that Ms. Edenborg-Gorman invested with Crown Forex.

77. Under no circumstance should Ms. Edenborg-Gorman's June 2009 investment be credited against the \$153,071.20 the Beckmans transferred to the Gormans before that investment was made.

G. The Court's Orders Require the Gormans To Return the \$153,071.20 in Receivership Funds That They Received From the Beckmans

78. The \$153,071.20 in Receivership assets that the Beckmans transferred to

the Gormans was stolen from investors in this Ponzi Scheme. That money was not the Beckmans to give and it must be returned to the Receiver for equitable distribution to the victims of this fraud.

79. The Court's Receivership Orders, which were served on the Gormans on April 1, 2011, require that "[a]ll persons . . . are ordered to turn over to the Receiver and all property of any nature . . . and any other assets of any kind which any of the Receiver's Estates are the owners of or have an interest in immediately upon receiving notice of the entry of this Order." Beckman Receivership Order at §XI; *see also id* at §XII.

80. As of the date of this filing, the Gormans have not returned any of the Receivership assets they received from the Beckmans.

COUNT I
UNJUST ENRICHMENT

81. The Receiver realleges and adopts by reference the allegations contained in all paragraphs above as if stated herein.

82. The Gormans have been unjustly enriched by the receipt of at least \$153,071.20 in Receivership funds from the Beckmans.

83. The Gormans have been further enriched with the enjoyment of six and a half years of rent-free living at the Kennedy Street Home, which was purchased with Receiver funds.

84. The Gormans' retention of the \$153,071.20 in Receivership funds, and the Kennedy Street Home that was purchased with those funds, is at the expense of the

investors from whom that money was stolen and violates fundamental principles of justice, equity and good conscience.

85. The doctrine of unjust enrichment and the principles of justice, equity and good conscience require the Gormans to return \$153,071.20 to the Receiver for equitable distribution the defrauded investors and other creditors.

86. The Receiver has no adequate remedy at law to recover the \$153,071.20 in Receiver assets that the Gormans refuse to return.

COUNT II
CONSTRUCTIVE TRUST

87. The Receiver realleges and adopts by reference the allegations contained in all paragraphs above as if stated herein.

88. A constructive trust arises where a person holding title to property is subject to an equitable duty to convey it to another on the ground that he or she would be unjustly enriched if permitted to retain it.

89. The Kennedy Street home was purchased with Receivership assets.

90. The Gormans have not repaid any of the Receivership assets that were used to purchase the Kennedy Street Home.

91. As such, the Gormans are not rightful owners of the Kennedy Street Home.

92. It is against principles of justice, equity and good conscience for the Gormans to retain the Kennedy Street Home at the expense of the investors whose stolen funds were used to purchase it.

93. Because the Gormans purchased the Kennedy Street Home with Receivership assets, and no such funds have not been repaid, the Court should establish a constructive trust over that property in favor of the Receiver to prevent unjust enrichment to the Gormans at the expense of the victims of this Ponzi Scheme.

94. The Gormans have or will continue to have an unconscionable advantage over the losing investors in this Ponzi Scheme if title to the Kennedy Street Home is not conveyed to the Receiver so that it may be liquidated for the benefit of the investors in this Ponzi Scheme.

PRAYER FOR RELIEF

WHEREFORE, the Receiver respectfully requests the Court enter an Order:

- A. Declaring that funds the Beckmans transferred to and on behalf of the Gormans are assets of the Receivership;
- B. Declaring that the Gormans were unjustly enriched by at least \$153,071.20 in Receivership assets that they received from the Beckmans during the course of this Ponzi Scheme;
- C. Declaring that the Gormans hold the Kennedy Street Home in constructive trust for the Receiver;
- D. Compelling the Gormans to convey legal title of the Kennedy Street Home to the Receiver;
- E. Entering Judgment against the Gormans in an amount equal to all funds the Beckmans transferred to or on behalf of the Gormans during the course of this Ponzi Scheme, and no less than \$153,071.20; and

F. Granting such other further relief as the Court deems proper under the circumstances.

Respectfully submitted,

Dated: April 9, 2015

s/ Tara C. Norgard
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