
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.

**SEVENTH 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 Seventh Report summarizing the major activities that he has undertaken since the filing of the Sixth Status Report on November 15, 2010. This Seventh Report covers the period from November 16, 2010 through January 14, 2011.

A. U.S. Properties

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

The property was sold for \$398,000.00 and the Receiver netted \$30,867.58. The Receiver also settled a claim against the mortgage company, Wells Fargo, for \$10,827.47. This amount reflects the aggregate amount of the payments received by Wells Fargo from sources other than Cook, in his individual capacity as the borrower and mortgagor of the property.

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

The Receiver is currently litigating a legal claim against the mortgage company to retrieve the Receivership funds that Cook, who was not a borrower or mortgagor on the property, used to pay for the property. The details of this lawsuit are set forth in the “Receiver Filings” and “News & Updates” sections on the Receiver’s website.

B. Canadian Property

The Receiver sold the Rainy Lake property in Canada for \$375,000 Canadian. After payment of all commissions, sales taxes and fees, the Receiver received \$249,184.83 U.S. in cash. Another \$90,000 U.S. is being held in escrow pending review of the transaction by the Canadian taxing authorities to ensure that no capital gains were realized. The Receiver does not believe that there have been any capital gains realized because the improvements that Cook made to the property after he purchased it exceeded the selling price. The Receiver anticipates receiving the full \$90,000.00 U.S. less legal expenses once the review is complete.

C. Panamanian Property

The Receiver is awaiting a ruling from the Panamanian Court on what evidence will be admissible in the case. The Receiver is also awaiting the issuance of a scheduling order which will establish the schedules for hearings, expert reports, and trial. Given the caseload in Panama, the Receiver does not expect a scheduling order from the Panamanian judge until late this year (approximately November 2011).

D. Cash in Receivership Accounts

As of the date of this report and after the payment of all expenses and fees through November 30, 2010, the interim distribution of \$2,289,820 million as restitution in the SEC and CFTC civil cases, the release of \$363,700 for use as restitution in the criminal case against Trevor Cook, the Receiver has a cash balance of \$2,030,179 in the Receiver's bank account, \$200,000 posted as bond in Panama, and approximately \$1,000,000 frozen in a Swiss bank account.

Through November 30, 2010, the Receiver has paid \$3,093,866 in expenses and fees in locating, marshalling, and preserving the assets of the Receivership, settling claims with trade creditors, processing the victims' civil restitution claims, making the interim distributions, 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 Messerli & 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 or frozen approximately \$9,063,952 in cash, spent \$3,093,866 in fees and expenses, and released \$2,653,520 for distribution to the victims of Cook's fraud in the civil and criminal cases.

E. Other Assets

The Receiver is still investigating the disposition of other Receivership assets including those that were given to, among others, James Pieron, JDFX, Mesa Holdings, JP Fund Services, Capricorn, Crown Forex, Shadi Swais, Ibrahim Hasanein, Gary Saunders, Holger Bauchinger, Jason "Bo" Beckman, Chris Pettengill, Gerald Durand, and Pat Kiley.

The Receiver settlement discussions with Ed Baker may be at an impasse if the remaining issue concerning Baker's attorneys' fees cannot be resolved.

The Receiver has recently recovered additional Receivership assets from Darren Jorgenson (another \$3000). The Receiver is continuing to receive monthly payments from Jared Jenkins and Grant Grzybowski.

On January 11, 2011, the IRS turned over to the Receiver various gold and platinum coins and foreign currency that it had seized and administratively forfeited from Jon Greco. These assets were found at a storage locker at the Mall of America on July 24, 2010. The details of the IRS's seizure can found on the Receiver's website in the "Receiver's Filings" section.

F. Other Legal Proceedings

The Receiver is continuing to litigate claw-back claims against New York Community Bank, 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 "Receiver Filings" and "News & Updates" sections of the Receiver's website. The motions to dismiss filed by the Berg Investors and Dot Anderson were heard by Magistrate Judge Noel on December 17, 2010.

In December 2010, the Receiver sent out approximately 150 demand letters to individuals who, according to bank records, received more money from Receivership Entities than they invested. These individuals are situated differently than the Investor Respondents against whom the Receiver has filed Summary Proceedings; in that the Receiver does not currently have any information that these investors had an inside connection or received preferential treatment in withdrawing the money after the SEC announced its investigation.

The Receiver's demand letters informed these "winning investors" of the claims the Receiver has against them and offered to settle these claims for the investors' profits. To date, approximately fifty investors have either accepted the settlement offer or provided documentation sufficient to show that they did not, in fact, profit from the scheme. Approximately fifty additional investors have contacted the Receiver and engaged in settlement discussions, requested further information about required documentation, or expressed their intent to accept the settlement offer by the January deadline. The remaining approximately fifty investors have not yet responded to the Receiver's demand letter. In total, "winning investors" have pledged to repay \$470,402. Of this, \$226,719 has already been received and deposited in the Receivership's bank account.

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 investor calls and email inquiries on a daily basis.

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 Seventy nine 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. The Receiver has posted a number of responses to frequently asked questions regarding taxes under the “FAQs” section of the Receiver’s website.

J. Cook’s Motion to Purge Contempt

The Court purged Cook of his contempt on December 6, 2010. The order can be found in the “Receiver’s Filings” section of the Receiver’s website.

K. Interim Civil Distribution

On November 1, 2010, the Court approved the Receiver’s interim distribution plan and claim finalization process. On November 12, 2010, the Clerk of Court mailed the interim distribution checks to 668 victims (totaling \$2,250,000). On or about November 24, 2010, the Court instructed the Receiver to make interim distributions to the employee investors, upon verification by the Receiver of the losses claimed by the employee investors and without deduction for employee compensation. Based on the Court’s instructions, on or about November 29, 2010, the Receiver sent interim distributions to 12 separate employee investors (totaling \$39,820). The total interim civil distribution to date is \$2,289,820.

To date, 43 victims have challenged the Receiver’s recognized claim amounts. The Receiver has resolved 15 challenges, finding that the victim’s had sufficient independent support for the amounts that they were claiming and has adjusted their

recognized claim amounts. The Receiver is investigating the remaining challenged claims further.

As of the Court-approved Claim Bar Date of January 14, 2011, victims have submitted approximately 700 claims to the Receiver with losses totaling \$148 million.

CONCLUSION

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

Dated: January 14, 2011

Respectfully submitted,

s/ R.J. Zayed

R.J. Zayed, Receiver

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