
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.

**EIGHTH 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 Eighth Report summarizing the major activities that he has undertaken since the filing of the Seventh Status Report on January 14, 2011. This Eighth Report covers the period from January 15, 2011 through April 7, 2011.

A. U.S. Properties

1. 12744 Dover Drive, Apple Valley, MN 55437 (“Apple Valley”)

On November 5, 2010, the Receiver filed a summary proceeding action against the mortgage company, New York Community Bank (“NYCB”) 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. On March 30, 2011, the Receiver settled with NYCB for \$105,000 and dismissed his claims against it.

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. at closing. Another \$90,000 U.S. was held in escrow pending review of the transaction by the Canadian taxing authorities to ensure that no capital gains were realized. The Canadian taxing authority thereafter concluded that no capital gains taxes

were required and the balance held in escrow has been released to the Receiver and deposited into the Receivership account.

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 January 31, 2010, the interim distribution of \$2,289,820 million as restitution in the SEC and CFTC civil cases, and the release of \$363,700 for use as restitution in the criminal case against Trevor Cook, the Receiver has a cash balance of \$2,180,399 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 January 31, 2010, the Receiver has paid \$3,440,020 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 addition to the foregoing expenses, pursuant to Court Order, the Receiver loaned \$5151.20 to Jason Beckman on April 4, 2011 for living expenses. Details of the loan and its terms are set forth under the “Receiver Filings” tab of the Receiver’s web site.

In sum, the Receiver has collected, liquidated or frozen approximately \$9,475,477 in cash, spent \$3,445,171, 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, 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 entered into a Miller-Shugart settlement with Ed Baker and his companies. Details of the settlement are set forth under the “Receiver Filings” tab of the Receiver’s web site.

The Receiver also is collecting on loans that were made by Trevor Cook prior to the Receivership. Jared Jenkins is continuing to make monthly payments to the Receiver for one such loan.

A second loan was made by Trevor Cook to Grant Grzybowski. Grzybowski used the money to purchase property in South Haven, Minnesota. Grzybowski agreed to repay the loan to the Receivership, with interest, in exchange for his continued occupancy of the property. As of April 1, 2011, the balance on the loan is \$315,644. Under the terms

of the agreement, Grzybowski agreed to convey the property to the Receiver if he failed to make his payments. Grzybowski has failed to make his payments and the Receiver has given him 30 days to vacate the property. The Receiver also has demanded that Grzybowski convey the property to the Receiver. The Receiver expects to file a motion that will allow for the sale of this property.

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 be found on the Receiver's website in the "Receiver's Filings" section. On March 15, 2011, the Court granted the Receiver's motion to sell these coins and foreign currency. The sale netted \$92,932.00 to the Receivership.

On February 28, 2011, the remaining personal property from the Cook Receivership was sold at auction. The auction yielded \$23,953.77 to the Receivership.

F. Other Legal Proceedings

The Receiver is continuing to litigate claw-back claims against 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 (collectively, the "Berg Investors") and Dot Anderson. The motions to dismiss filed by the Berg Investors and Dot Anderson were denied in a Report and Recommendation by Magistrate Judge Franklin L. Noel on February 25, 2011. The Berg

Investors and Ms. Anderson have appealed that decision by filing objections to the Report and Recommendation on March 11, 2011. The Receiver filed his responses to those objections on March 25, 2011. The details of these proceedings are set forth in “Receiver Filings” and “News & Updates” sections of the Receiver’s website.

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 Action because 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. Of those who received letters, 28 provided third party documentation to show that they were not, in fact, winning investors. Ninety-one of those who were winning investors have accepted the Receiver’s settlement offer.

To date, “winning investors” have pledged to repay \$810,659.00. Of this, \$487,863.39 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 80 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. 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 \$2,250,000.00). 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 \$39,820.00). The total interim civil distribution to date is \$2,289,820.00.

Interim civil distribution checks were accompanied by a letter from the Receiver explaining each investor's recognized claim amount, how that amount was used to calculate the investor's *pro rata* share of the interim distribution, and the process investors could use to challenge the recognized claim amount, should they wish to do so. Challenging investors were given 30 days to submit a sworn statement to the Receiver detailing the basis for the challenge and the dates and amounts of all deposits to, and receipts from, the Receive Estates, along with supporting documentation.

On March 15, 2011, the Receiver filed a Motion for an Order Entering Recognized Claim Amounts and Approving the Process for Judicial Resolution of Disputed Claims. The details of that filing are available under the "Receiver Filings" tab of the Receiver's web site. On April 5, 2011, the Court granted the Receiver's motion. In sum, the Order entered 715 recognized claim amounts as final for purposes of calculating the amount of civil restitution to these claimants. Those claims represent \$157,373,027.34 in losses. The Order also set forth the process for pending challenges to be resolved by the Court. Of the claimants who have filed challenges with the Receiver, only eight remain for judicial resolution. All others have been resolved.

With respect to the challenges that have been resolved, the Court has directed the Receiver to supplement the interim distribution to those investors so that they receive their *pro rata* share of the interim distribution based on their final recognized claim amounts.

J. Beckman Receivership

On March 7, 2011, the SEC filed suit against Defendants Jason Bo-Alan Beckman and The Oxford Private Client Group, LLC, and Relief Defendant Hollie Beckman. Details of the case, *SEC v. Beckman et al.*, 11-cv-0574 (D. Minn.), can be found in the “News & Updates” and “Receiver Filings” sections of the Receiver’s web site. In conjunction with that suit, the Court appointed R.J. Zayed as Receiver for the Defendants and Relief Defendant, and every other corporation, company, partnership, trust and/or other entity (regardless of form) which is directly or indirectly owned by or under the direct or indirect control of the Defendants or Relief Defendant. The investors and issues in the Beckman Receivership are all part of the Cook Receivership and accordingly, these two Receiverships will be managed together and treated as one.

On March 11 and 14-16, 2011, the Receiver conducted an inspection of four residences owned by the Beckmans: one in Plymouth, Minnesota; two in Mission, Texas; and one in Palm City, Florida. The Receiver also took detailed inventories of all personal property, and forensic images of nine computers and drives located in those premises. On March 25, 2011, the Receiver filed a motion to Release the Palm City Property from the Receivership and Asset Freeze Orders because the Receiver concluded that there is no demonstrable benefit to investors in maintaining that property. The

details of this motion can be found on the “Receiver Filings” page of the Receiver’s web site.

The Receiver continues to assess the value of the remaining assets in the Beckman Receivership.

CONCLUSION

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

Dated: April 7, 2011

Respectfully submitted,

s/ R.J. Zayed

R.J. Zayed, Receiver

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