

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

U.S. COMMODITY FUTURES
TRADING COMMISSION,
Plaintiff,

v.

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

TREVOR COOK et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,
Plaintiff,

v.

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

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.

DECLARATION OF RECEIVER R.J. ZAYED IN SUPPORT OF MOTION TO APPROVE THE PAYMENT OF FEES INCURRED BY THE RECEIVER THAT WERE NECESSARY TO ASSIST THE RECEIVER IN HIS DUTIES

I, R.J. Zayed, hereby declare as follows:

1. I am a partner with the law firm of Carlson, Caspers, Vandenburg & Lindquist (“CCVL”).
2. On November 23, 2009 the Court entered an order appointing me Receiver in the matter of *SEC v. Cook et al.*, 09-cv-3333, for (1) the estates of Defendants Trevor G. Cook, Patrick J. Kiley; (2) Defendants UBS Diversified Growth LLC, Universal Brokerage FX Management, LLC, Oxford Global Advisors, LLC, Oxford Global Partners, LLC; (3) Relief Defendants 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, UBS Diversified FX Advisors, LLC, UBS Diversified FX Growth L.P., and UBS Diversified FX Management LLC; (4) all funds, accounts, and other assets held by or for Relief Defendants Clifford Berg and Ellen Berg, which were received, directly or indirectly, from the Defendants or were acquired with funds or other assets received, directly or indirectly, from the Defendants; and (5) every other corporation, partnership, trust and/or other entity (regardless of form) which is directly or indirectly owned by or under the direct or indirect control of Cook and Kiley (collectively the “Receiver Estates”). *Order Appointing Receiver*, Docket No. 13, at 4 (Nov. 23, 2009); *see also Amended Order Appointing Receiver*, Docket No. 18, at 4 (Nov. 24, 2009); *Second Amended Order Appointing Receiver*, Docket No. 68 (Dec. 11,

2009).

3. On November 23, 2009 the Court also entered an order appointing me Receiver in the matter of *CFTC v. Cook et al.*, 09-cv-3332, for Defendants 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, Universal 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, and their affiliates and subsidiaries, and all funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the Defendants individually or collectively, including, but not limited to, investors' funds. *Ex Parte Statutory Restraining Order*, Docket No. 21, at 7 (Nov. 23, 2009); *see also Order Continuing Appointment of Temporary Receiver*, Docket No. 96 (Dec. 11, 2009).

4. On March 8, 2011 the Court also entered an order appointing me Receiver in the matter of *SEC v. Beckman, et al.*, 11-cv-574, for (1) the estate of Jason Bo-Alan Beckman; (2) The Oxford Private Client Group, LLC; (3) all funds, accounts, and other assets held by or for the benefit of Relief Defendant Hollie Beckman which were received, directly or indirectly, from the Defendants or were acquired with funds or other assets received, directly or indirectly, from the Defendants; and (4) 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 Defendant

Beckman, Defendant Oxford PCG, or Relief Defendant Hollie Beckman (collectively the “Receiver Estates”). *Order Appointing Receiver*, Docket No. 10, at 1-2 (March 3, 2011).

5. The three receiverships are interrelated as they involve the same Ponzi scheme, the same set of operative facts, a substantial overlap of victims, and the commingling of receivership funds and assets.

6. I make this declaration based on personal knowledge and offer it in support of the motion described more fully herein.

7. The motion seeks the Court’s approval to pay two types of fees incurred by the Receiver, in or about March 2011, that were necessary to assist the Receiver in his duties. Specifically the motion seeks Court approval:

(A) to pay outstanding bills. “Outstanding bills” are those for which the Receiver seeks Court authorization to pay directly out of assets of the Receivership; and

(B) to pay CCVL’s attorneys’ fees and reimburse CCVL for the necessary costs incurred and paid by CCVL.

(A) Outstanding Bills

i) WayPoint, Inc.

8. With the Court’s approval, I retained private investigators Rick Ostrom and Dennis Sackreiter and their firm WayPoint, Inc. to assist me in fulfilling my duties and obligations as Receiver. Waypoint assisted the Receiver in locating, securing, and taking possession of property located in Texas, Florida, and Minnesota owned by Jason Bo-Alan Beckman. Waypoint also created inventories of the Beckman properties that have been seized by the Receiver. WayPoint also continued to conduct background checks and

asset searches of individuals suspected of holding Receivership assets. Waypoint also assisted the Receiver in reviewing and locating documents in connection with the Receiver's ongoing investigations.

9. I have received invoice number 2011033 from WayPoint, Inc., describing investigative work performed from February 15, 2011 through March 4, 2011. I have also received invoice number 2011034 from WayPoint, Inc., describing investigative work performed from March 8, 2011 through March 31, 2011. I am submitting these statements to the Court under separate correspondence for *in camera* review. The statements include the date when work was performed, the name of the person performing the work, the applicable hourly rate, the time expended, a description of the tasks performed, and a description of additional expenses. The statements reflect the amount of compensation requested for the work performed by WayPoint, Inc. Invoice number 2011033 sets forth \$6,050.43 in total fees. Invoice number 2011034 sets forth \$24,258.19 in total fees.

10. I am familiar with the rates charged in the local community by other firms offering investigative services similar to those provided by WayPoint, Inc. and certify that the requested rates are within the range charged by investigative firms with comparable experience employed for work of a comparable nature and complexity.

11. I have reviewed the itemized statements describing services provided by WayPoint, Inc. and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

12. I therefore request Court approval to pay WayPoint, Inc. a total of \$30,308.62 out of the assets of the Receivership.

ii) Dorsey & Whitney LLP

13. With the Court's approval, I retained the Dorsey & Whitney law firm ("Dorsey") to assist with insurance law issues related to the Receiver's settlement negotiations with Mesa Holdings, Inc. and Ed Baker.

14. I have received a statement from Dorsey describing work performed from March 1, 2011 through March 31, 2011 concerning the Receiver's claims against Ed Baker and insurance related issues, including preparing and revising a Miller-Shugart complaint to be filed against the insurance carrier. I am submitting this statement to the Court under separate correspondence for *in camera* review. The statement includes the date when work was performed, the name of the person performing the work, the applicable hourly rate, the time expended, a description of the tasks performed, and a description of additional expenses. The statement reflects the amount of compensation requested for the work performed by Dorsey. The statement sets forth \$2,914.50 in total fees and expenses.

15. I am familiar with the rates charged in the local community by other firms offering legal services similar to those provided by Dorsey and certify that the requested rates are within the range charged by law firms with comparable experience employed for work of a comparable nature and complexity.

16. I have reviewed the itemized statements describing services provided by Dorsey and certify that all of the stated work was actually performed and was necessary

to fulfill my duties and responsibilities as Receiver.

17. I therefore request Court approval to pay Dorsey a total of \$2,914.50 out of the assets of the Receivership.

iii) Computer Forensic Services

18. With the Court's approval, I retained Computer Forensic Services to assist me in fulfilling my duties as Receiver by imaging and verifying nine hard drives found on March 18, 2011 at Beckman properties seized by the Receiver.

19. I have received an invoice from Computer Forensic Services describing the work it performed in March 2010. The invoice also reflects costs for the purchase of the external hard drive used to deliver the imaged hard drives to the Receiver. I am submitting this document to the Court under separate correspondence for *in camera* review. The invoice includes a description of when work was performed and a description of the tasks performed. The invoice reflects the amount of compensation requested for the work performed by Computer Forensic Services. The invoice sets forth \$7,424.99 in total fees.

20. I am familiar with the rates charged in the local community by other firms offering hard drive imaging and inventorying services similar to those provided by Computer Forensic Services and certify that the requested rates are within the range charged by such services with comparable experience employed for work of a comparable nature and complexity.

21. I have reviewed the invoice describing the services provided by Computer Forensic Services and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

22. I therefore request Court approval to pay Computer Forensic Services \$7,424.99 out of the assets of the Receivership.

iv) Willeke & Daniels

23. With the Court's approval, I retained the Willeke & Daniels law firm to assist with real estate law issues related to clearing title to Beckman properties in Florida, Texas, and Minnesota that have been seized by the Receiver. Willeke & Daniels also assisted the Receiver with real estate law issues related to clearing title to property of a former Cook employee that has been seized by the Receiver.

24. I have received an invoice for matter number 7376-01 from Willeke & Daniels, describing work performed from March 10, 2011 through March 31, 2011. I have also received an invoice for matter number 7376-02 from Willeke & Daniels, describing work performed from February 23, 2011 through March 31, 2011. I have also received an invoice for matter number 7376-03 from Willeke & Daniels, describing work performed from March 21, 2011 through March 31, 2011. I am submitting these statements to the Court under separate correspondence for *in camera* review. The statements include the date when work was performed, the name of the person performing the work, the applicable hourly rate, the time expended, a description of the tasks performed, and a description of additional expenses—including the cost of obtaining title reports. The statements reflect the amount of compensation requested for

the work performed by Willeke & Daniels. The statement for matter number 7376-01 sets forth \$280.00 in total fees; the statement for matter number 7376-02 sets forth \$815.00 in total fees; and the statement for matter number 7376-03 sets forth \$645.00 in total fees.

25. I am familiar with the rates charged in the local community by other firms offering legal services similar to those provided by Willeke & Daniels and certify that the requested rates are within the range charged by law firms with comparable experience employed for work of a comparable nature and complexity.

26. I have reviewed the itemized statements describing services provided by Willeke & Daniels and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

27. I therefore request Court approval to pay Willeke & Daniels a total of \$1,740.00 out of the assets of the Receivership.

v) Leonard, O'Brien, Spencer, Gale & Sayre

28. With the Court's approval, I retained the Leonard, O'Brien, Spencer, Gale & Sayre law firm ("Leonard") to assist the Receiver with bankruptcy law issues related to the Receiver's claims against Ed Baker.

29. I have received a statement from Leonard describing work performed from March 1, 2011 through March 31, 2011, including assisting the Receiver in working with the bankruptcy trustee to finalize the settlement with Ed Baker. I am submitting this statement to the Court under separate correspondence for *in camera* review. The statement includes the date when work was performed, the name of the person performing the work, the applicable hourly rate, the time expended, a description of the

tasks performed, and a description of additional expenses. The statement reflects the amount of compensation requested for the work performed by Leonard. The statement sets forth \$79.00 in total fees and expenses.

30. I am familiar with the rates charged in the local community by other firms offering legal services similar to those provided by Leonard and certify that the requested rates are within the range charged by law firms with comparable experience employed for work of a comparable nature and complexity.

31. I have reviewed the itemized statements describing services provided by Leonard and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

32. I therefore request Court approval to pay Leonard a total of \$79.00 out of the assets of the Receivership.

(B) CCVL Attorneys' Fees and Costs

33. With the Court's approval, I retained the CCVL law firm to assist me in fulfilling my duties and obligations as Receiver. *Order Appointing Receiver*, 09-cv-3333, Docket No. 13, at 2 (Nov. 23, 2009); *Ex Parte Statutory Restraining Order*, 09-cv-3332, Docket No. 21, at 8 (Nov. 23, 2009); *see also Amended Order Appointing Receiver*, 09-cv-3333, Docket No. 18, at 2 (Nov. 24, 2009); *Second Amended Order Appointing Receiver*, 09-cv-3333, Docket No. 68, at 2 (Dec. 11, 2009); *Order Continuing Appointment of Temporary Receiver*, 09-cv-3332, Docket No. 96, at 4 (Dec. 11, 2009); *Order Appointing Receiver*, 11-cv-574, Docket No. 10, at 2 (March 8, 2011).

34. I have received a statement from CCVL describing work performed by me

and my agents from March 1, 2011 through March 31, 2011. I am submitting this statement to the Court under separate correspondence for *in camera* review. The statement includes the date when work was performed, the name of the person performing the work, the applicable discounted hourly rate, the time expended, and a detailed description of the tasks performed. The statement sets out the amount of compensation requested for the work performed. It reflects legal fees of \$153,053.30.

35. I have reviewed the itemized statement describing services provided by CCVL and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

36. CCVL assisted the Receiver in continuing efforts to claw back profits received by “winning” investors in Trevor Cook’s scheme, including fielding calls from “winning” investors, continuing to negotiate and finalize settlements, and drafting and sending letters confirming settlement. CCVL also assisted the Receiver in investigating and resolving disputed claims for restitution filed by investors. CCVL also assisted the Receiver in seizing and securing property owned by Jason Bo-Alan Beckman in connection with the SEC lawsuit against Beckman, including locating, investigating, and inspecting Beckman real estate and personal property located in Florida, Texas, and Minnesota, locating, inspecting and taking possession of vehicles owned by Beckman, locating and securing computer hard drives found at Beckman properties, filing notices of the Beckman receivership in every federal District Court, and investigating issues related to mortgages on the Beckman real property. CCVL also finalized a settlement with respect to the Receiver’s legal action to claw back Receivership funds from New York

Community Bank. CCVL also continued work on the Receiver's legal action seeking to claw back Receivership funds from David Buysse, Steven and Pamela Cheney, Walter Defiel, John Dzik, Terry Frahm, Steven and Jenene Fredell, William Harris, Michael and Jennifer Heise, Michael and Cynthia Hillesheim, Larry Hopfenspirger, Steven Kautzman, James McIntosh, George and Karen Morrisset, Reynold Sundstrom, and Dot Anderson, including responding to the Respondents' Objections to Magistrate Judge Noel's Report and Recommendation recommending that the Respondents' motions to dismiss be denied. CCVL also continued to respond to investor calls and to update and maintain the database of investor information. CCVL also assisted the Receiver in continuing efforts to sell personal property seized from Trevor Cook. CCVL also continued to perform various other asset recovery tasks which are in their initial, and non-public, stages.

37. I am familiar with the rates charged in the local community by attorneys performing services similar to those provided by CCVL and certify that the requested rates are within the range charged by attorneys of comparable experience employed by comparable Minnesota law firms for work of a comparable nature and complexity.

38. I have received statements from various individuals and entities providing necessary services to the Receiver and related to preserving the Receivership properties for the month of March 2010. These expenses are summarized on pages 12-15 of CCVL invoice number 7427, under the heading "Disbursements." I am submitting the invoiced bills to the Court under separate correspondence for *in camera* review, along with copies of checks showing payment provided out of CCVL's operating account. The invoiced bills include the date the work was performed and a description of the tasks performed or

the specific expense incurred. The statements set out the amount of compensation requested for the work performed. They reflect total costs of \$28,445.51. These disbursements include, among other things, payments to contract attorneys, rent and support costs for independent contractors, fees for accounting services, fees for service of process, filing fees associated with filing notice of the Beckman receivership in every federal District Court, and fees associated with obtaining transcripts of court proceedings.

39. I have reviewed the itemized statement describing services provided to the Receivership and certify that all of the stated work was actually performed and was necessary to fulfill my duties and responsibilities as Receiver.

40. I am familiar with the rates charged in the local community by service providers similar to those employed by the Receivership and certify that the requested rates are within the range charged by service providers of comparable experience for work of a comparable nature and complexity.

41. I request Court approval to pay CCVL \$153,053.30 in fees and \$28,445.51 in costs, for a total of \$181,498.81 out of the assets of the Receivership.

Executed on: May 3, 2011

s/ R.J. Zayed

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