

LINDQUIST & VENNUM^{P L L P}

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March 11, 2011

VIA HAND DELIVERY

R. J. Zayed
Carlson, Caspers, Vandenburg & Lindquist
225 South Sixth Street, Suite 3200
Minneapolis, MN 55402

Re: **SEC v. Cook et al., (09-333) (D. Minn)**
CFTC v. Cook et al., 09-3332 (D. Minn)
SEC v. Beckman et al., 11-cv-00574 (D. Minn.)

Dear Mr. Zayed:

I am responding to your letter of March 9, 2011 requesting that counsel in the various arbitrations before the Financial Industry Regulatory Authority ("FINRA") involving Jason Bo Beckman voluntarily produce pleadings, applicable insurance policies, and settlement agreements entered into by the parties by close of business on March 11, 2011. Your letter also requested an accounting of all monies that have been exchanged or are in escrow with regard to these matters.

Lindquist & Vennum P.L.L.P. ("L&V") is counsel of record for two groups of claimants (the "Arbitration Claimants"), former clients of Mr. Beckman who initiated two FINRA Arbitrations against him and two of his former employers, NRP Financial, Inc. ("NRP") and Western International, Securities, Inc. ("Western") (collectively, the "Former Employers"). Copies of pleadings filed in both arbitrations are enclosed for your review along with the parties' settlement agreements, and the insurance policy U.S. Fire is making payment under. At present, L&V is holding in escrow \$500,000 in settlement funds it received from Western. These funds had already been distributed to our clients but at our request they returned the funds so that we could hold the funds in escrow pending resolution of the issues. No other settlement funds have been received in the two arbitrations.

Importantly, while we are voluntarily providing these documents and information to expedite release of the settlement funds from the Former Employers, U.S. Fire and Mr. Beckman, we take issue with your suggestion that the receivership may have potential claims against the Former Employers as a basis to somehow undo or block the settlements already reached between the parties.

R. J. Zayed
March 11, 2011
Page 2

A court-appointed receiver stands in the shoes of the individual or entity for whom the receiver has been appointed “with no greater or better rights than it had.” *Keyes v. First Nat. Bank*, 25 F.2d 684, 689 (8th Cir. 1928). This has been the law in the Eighth Circuit and elsewhere for nearly a century. *See id.*; *Lank v. New York Stock Exchange*, 548 F.2d 61, 67 (2d Cir. 1977) (“A receiver stands in the shoes of the corporation and can assert only those claims which the corporation could have asserted”); *Central Hanover Bank & Trust Co. v. President and Directors of Manhattan Co.*, 105 F.2d 130, 131 (2d Cir. 1939) (an equity receiver has no better title than the defendant whose possession he takes over). As the recently-appointed receiver for Mr. Beckman, Oxford Private Client Group and relief defendant Hollie Beckman (collectively the “Beckman Co-Defendants”), the Receiver has no greater claims against the Former Employers or any other third-party than those possessed by the Beckman Co-Defendants.

The Beckman Co-Defendants have no legally cognizable claims against the Former Employers. Mr. Beckman cannot claim that he was harmed by his Former Employers or that they failed to supervise him. Such an assertion by Mr. Beckman—that his Former Employers should have stopped him from committing fraud and that *Beckman* was harmed thereby—would be nonsensical. The Receiver, “standing in the shoes” of the Beckman Co-Defendants, has no better argument. Not surprisingly, Beckman has never made any such claim against his Former Employers. The Former Employers owed duties to the Arbitration Claimants but not to the Beckman Co-Defendants and, in any event, the Beckman Co-Defendants were in no way harmed by the Former Employers.

The Receiver also has no legal authority or control over the settlement funds to be paid by NRP, U.S. Fire and Western. The March 8, 2011 asset freeze order issued by Judge Davis limits the freeze to insurance policies or proceeds for which any “Defendant, Relief Defendant and/or Related Entity *is a covered person or beneficiary.*” (Asset Freeze Order at 9.; emphasis added.) The Beckman Co-Defendants are not covered persons or beneficiaries under the policy U.S. Fire is making payment under. Similarly, with respect to all other types of assets, the freeze is limited to only those assets that are under the control of, held in the name of, or otherwise being held on behalf of or for the benefit of the “Defendant, Relief Defendant and/or Related Entities.” (Id.)

For obvious reasons, the assets freeze is not applicable to the settlement funds at issue. The Former Employers and U.S. Fire are not defendants in the receivership. They are not “Related Entities.” (See Asset Freeze Order at 3; Order Appointing Receiver at 1-2.) The Beckman Co-Defendants do not have control over the settlement funds. The settlement funds were not held on behalf of, in the name of, or for the benefit of the Beckman Co-Defendants. And the Beckman Co-Defendants are not beneficiaries of the settlement proceeds. Western used its own money to fund its settlement. NRP used its own money to fund a portion of its settlement. And U.S. Fire has already informed the Receiver by letter dated March 3, 2011, that “the policy pursuant to which U.S. Fire states that it is making payment does not extend coverage to Mr. Beckman or any of the claimants ... [i]t is a first-party indemnity policy that provides coverage solely to NRP ... Mr. Beckman is not an insured under the policy ... [and] coverage under the policy is not available to the Receiver, Mr. Beckman, or any person other than NRP.” In fact, page 4 of Rider No. 9 to the policy states “[t]his Bond does not afford coverage in favor of any Registered Representative...”

R. J. Zayed
March 11, 2011
Page 3

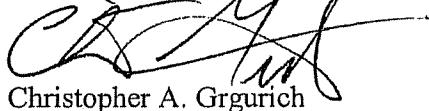
From an equity standpoint, the Arbitration Claimants must also not be penalized for having pursued Mr. Beckman and the Former Employers in arbitration where others chose more expensive litigation avenues or simply not to pursue litigation for nearly two years. Your office and the United States Securities and Exchange Commission have been aware of the pending arbitrations for many months and chose not to pursue claims against Mr. Beckman during this time. It was not until the eve of the first arbitration hearing that you notified counsel you believed the Receiver has claims against Mr. Beckman totaling \$140 million. And it was not until after the Former Employers and Mr. Beckman had already settled with the Arbitration Claimants that you were appointed Receiver for the Beckman Co-Defendants. It would be fundamentally unfair for the Arbitration Claimants to have to now give up the hard-earned fruits of their efforts, particularly after having spent considerable amounts of time and money in attorneys' fees and costs to resolve their claims.

For your convenience, I am attaching an index of the documents included with this letter. Because these documents are being provided voluntarily to save time and expense for all involved, please treat this letter and all enclosures as confidential. If you do not intend to do so, please return the documents immediately. It is unclear how your February 25th letter found its way into various media outlets within hours of delivery. But to avoid a similar occurrence here, I ask that you communicate *only with counsel of record* in the two arbitrations involving my clients.

Please let me know your intentions with respect to the settlements reached between the Arbitration Claimants, the Former Employers and Mr. Beckman as soon as possible. The funds from NRP and U.S. Fire are scheduled to be wired into my law firm's trust account shortly, and I plan to hold these funds and the funds already received from Western in escrow so that these issues may be resolved.

Very truly yours,

LINDQUIST & VENNUM PLLP



Christopher A. Grgurich

CAG/jed

c: Terrence J. Fleming

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March 17, 2011

R. J. Zayed
Carlson, Caspers, Vandeburgh & Lindquist
225 South Sixth Street, Suite 3200
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Re: **SEC v. Cook et al., (09-333) (D. Minn)**
CFTC v. Cook et al., 09-3332 (D. Minn)
SEC v. Beckman et al., 11-cv-00574 (D. Minn.)

Dear Mr. Zayed:

We have today received wired funds in the amount of \$1,400,000 from U.S. Fire for their settlement in this matter. As indicated by my colleague, Chris Grgurich's letter dated March 11, 2011, these funds have been placed in escrow pending resolution of these issues.

Very truly yours,

LINDQUIST & VENNUM PLLP



Terrence J. Fleming

TJF/jed

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March 21, 2011

VIA Facsimile and U.S. Mail

R. J. Zayed
Carlson, Caspers, Vandenburg & Lindquist
225 South Sixth Street, Suite 3200
Minneapolis, MN 55402

Re: **SEC v. Cook et al., (09-333) (D. Minn)**
CFTC v. Cook et al., 09-3332 (D. Minn)
SEC v. Beckman et al., 11-cv-00574 (D. Minn.)

Dear Mr. Zayed:

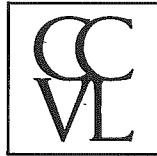
We have today received wired funds in the amount of \$1,500,000 from NRP Financial, Inc. for their settlement in this matter. As previously indicated, these funds have been placed in escrow pending resolution of these issues.

Very truly yours,

LINDQUIST & VENNUM PLLP


Terrence J. Fleming

TJF/jed



CARLSON, CASPERS, VANDENBURGH & LINDQUIST

INTELLECTUAL PROPERTY LITIGATION & COUNSELING

R.J. Zayed
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February 25, 2011

By Email and U.S. Mail

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Jeffery K. Compton
Markun Zusman & Compton, LLP
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Pacific Palisades, CA 90272

Re: SEC v. Cook et al., 09-3333; CFTC v. Cook et al., 09-3332

Dear Counsel,

I write as the Court appointed Receiver in the above-referenced actions. The Orders establishing the Receivership, as well as the associated Asset Freeze Orders, are enclosed for your reference.

By letter dated January 12, 2011, United States Fire Insurance Company ("U.S. Fire") advised me that arbitration claims involving Ronald Bisson, Sr.; Justin Bussler; David Dent; Laura and Robert Owen; Anne Quiggle; John and Lisa Sos; Dale and Ann Woodbeck; Susan Gorman and Evangeline Olson, individually and as trustees of the Arthur W. Quiggle Family Trust; Charlotte Olson, individually and as trustee of the Charlotte J. Olson Family Trust and the Charlotte J.

A Professional Corporation

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Exhibit 10

February 25, 2011

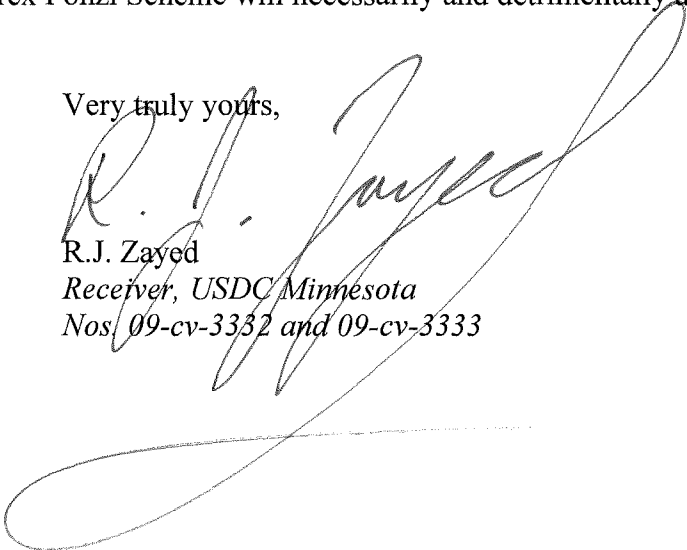
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Olson Charitable Remainder Trust; NRP Financial, Inc.; Oberlin Financial; U.S. Fire; and Bo Beckman were pending and may be settled by and among the parties.

The purpose of this letter is to notify all parties that the Receiver has claims in excess of \$140 million against Bo Beckman, as a NASD registered representative associated with NRP and Oberlin Financial, with respect to his role in the Trevor Cook/Crown Forex Ponzi scheme. As a NASD registered representative associated with NRP and Oberlin, Mr. Beckman wrongfully converted, in connection with that scheme, for more than \$140 million of Receivership funds from the Receivership Estates, including but not limited to Crown Forex, LLC; Oxford Global Advisors, LLC; PFG Coin & Bullion; UBS Diversified Growth, LLC; and Oxford FX Growth L.P.

Under the Court's Orders, "[a]ll investors, borrowers, creditors, and other persons, and all others acting on behalf of any such investor, borrower, creditor or other persons, including sheriffs, marshals, other officers, deputies, servants, agents, employees and attorneys, are stayed from," *inter alia*, "[c]ommencing, prosecuting, continuing or enforcing any suit or proceeding . . . **affecting** any of the Defendants, Relief Defendants, or Receiver Estates." *See* SEC v. Cook, Docket No. 68 at ¶ VII.A (emphasis added). Any payment of any funds to anyone other than the Receiver arising from any claim that Mr. Beckman wrongfully converted funds in connection with the Trevor Cook/Crown Forex Ponzi Scheme will necessarily and detrimentally affect the Receiver Estates.

Very truly yours,

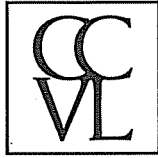

R.J. Zayed

Receiver, USDC Minnesota

Nos. 09-cv-3332 and 09-cv-3333

RJZ/dkk

Enclosures



CARLSON, CASPERS, VANDENBURGH & LINDQUIST

INTELLECTUAL PROPERTY LITIGATION & COUNSELING

R.J. Zayed
Direct Dial: 612-436-9643
E-mail: rzayed@ccvl.com

April 7, 2011

Christopher A. Grgurich
Lindquist & Vennum PLLP
4200 IDS Center
80 South 8th Street
Minneapolis, MN 55402-2274

**Re: CFTC v. Cook, et al., Court File No.: 09-cv-3332 (D. Minn.)
SEC v. Cook, et al., Court File No.: 09-cv-3333 (D. Minn.)
SEC v. Beckman et al, Court File No.: 11-cv-00574 (D. Minn.)**

Dear Mr. Grgurich:

I am writing in response to your March 25, 2011 letter. We have had an opportunity to review the materials you provided and analyze the issues concerning your client's FINRA arbitrations against NRP Financial, Inc. ("NRP"), Western International, Inc. ("Western"), and Jason Bo Beckman ("Beckman"). Please be advised that our review confirmed our belief that the funds being held in escrow by your firm relating to the settlements of the FINRA arbitrations are frozen pursuant to the Court's Order Imposing Asset Freeze and Other Ancillary Relief and Setting Hearing on Motion for Preliminary Injunction (Civil Action No. 11-CV-574) dated March 8, 2011 (Docket No. 9); Order Appointing Receiver (Civil Action No. 11-CV-574) dated March 8, 2011 (Docket No. 10); Order of Preliminary Injunction, Asset Freeze, and Other Ancillary Relief as to Defendant Jason Bo-Alan Beckman dated March 11, 2011 (Civil Action No. 11-CV-574) (Docket No. 20); Order Imposing Asset Freeze and Other Ancillary Relief and Setting Hearing on Motion for Preliminary Injunction (Civil Action No. 09-CV-3333) dated November 23, 2009 (Docket No. 14); and Order of Preliminary Injunction, Asset Freeze, and Other Ancillary Relief (Civil Action No. 09-CV-3333) dated December 8, 2009 (Docket No. 51); Second Amended Order Appointing Receiver (Civil Action No. 09-CV-3333) dated December 11, 2009 (Docket No. 68); Order Continuing Appointment of Temporary Receiver (Civil Action No. 09-CV-3332) dated December 11, 2009 (Docket No. 96). Similarly, any claim of your clients against Scottsdale Insurance Company and Everest Indemnity Insurance Company are stayed based on the same orders.

A Professional Corporation

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Exhibit 183

Christopher A. Grgurich
April 7, 2011
Page 2 of 3

The Cook Receivership and Beckman Receivership collectively have claims far in excess of \$140 million against, among others, NRP and Western. As you know, Mr. Beckman, through several Receivership entities, including Oxford Private Client Group LLC and Oxford Global Advisors, LLC, solicited millions of dollars from investors and diverted those funds into a Ponzi scheme. At all relevant times, Beckman was a FINRA associated person supervised by FINRA member firms NRP or Western. During the course of Beckman's conduct, Beckman made numerous blatant misrepresentations, (*e.g.*, he traded over \$1 billion in the currency trading program), that should have been flagged by NRP and Western and led them to investigate. Neither NRP nor Western did so. Mr. Beckman's activities, and NRP's and Western's failure to adequately supervise him, directly and proximately damaged entities subject to the Cook and Beckman Receiverships. NRP's and Western's negligence, extreme recklessness, and/or willful indifference permitted Beckman to aid and abet Cook to perpetrate a massive scheme and artifice to defraud and cause over \$140 million in losses to the Receivership entities and the entities' customers. NRP and Western are individually, jointly, and severally liable for such losses.

We intend to pursue claims against NRP and Western to recoup the losses that the Cook and Beckman Receiverships sustained. As you well know, NRP and Western do not have limitless resources; nor do their insurance policies have sufficient coverage to cover the full amount of the losses suffered by the Receivership entities. The settlement funds held by your firm from NRP, Western, and USIF are assets of the Receiverships. The claims underlying your clients' settlement are based on the same wrongful conduct by Beckman, NRP, and Western that give rise to the Receiverships' claims. Any money paid to your clients leaves NRP, Western, and their insurers with less money to pay the Receivership entities and therefore the other victims of the same misconduct. For example, one settlement in question requires United States Fire Insurance Company ("USFIC") to pay \$1.4 million under Financial Institution Bond, Number 626-032395-9. This policy indicates that there is a \$2 million single loss limit. Under the terms of the policy, USFIC could argue that any loss attributable to Beckman's role with the currency program constitutes a "single loss."¹ Your clients' settlement could thereby limit the available resources to compensate the Cook and Beckman Receiverships and accordingly, other victims of the fraud. It would be unfair and inconsistent with the purpose of the Court's orders to your clients to use self-help (and thereby effectively engage in an end-around of the Court's orders) to secure a greater share of Receivership assets than other victims who were defrauded by the same conduct. The harm by Beckman, NRP and Western was done to all and all should share in any recovery.

If you can obtain a written guarantee that is financially secured from NRP, Western, and the implicated insurers that your clients' settlements will not in any way adversely impact any future claims by the Cook and Beckman Receiverships, we would be willing to reconsider our

¹ The Cook and Beckman Receiverships disagree with this argument and will vigorously oppose it if asserted during the course of any litigation, arbitration, or other proceeding.

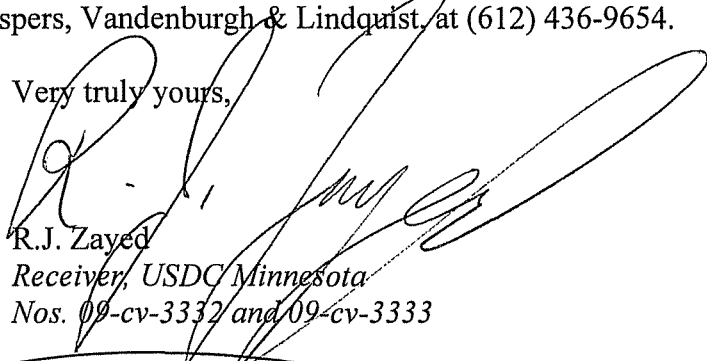
Christopher A. Grgurich
April 7, 2011
Page 3 of 3

position. For example, if your clients can secure a written financial-backed guarantee from all relevant insurance companies that the Receivership claims will be treated as separate and independent events (and losses) from those that form the bases for your clients' claims, and further secure written financial-backed guarantees from NRP and Western that they will not argue that the Receiverships' claims should be reduced by any settlement amount paid to your clients, we would be willing to discuss potential disbursements of the money in escrow. Absent such financial-backed guarantees, any distribution of the funds currently being held by Lindquist & Vennum would be in violation of the above-identified court orders.

Finally, we understand that your clients may have expended resources pursuing their claims against NRP, Western and their insurers, either through payment of your legal fees and costs or through a contingency arrangement. Please communicate to your clients that, should the Court rule that the Receiverships are entitled to the funds from NRP, Western and their insurers that are currently in your possession, we will recommend to the Court, as has been done on other occasions in this case, that the Court allow us to reimburse your clients for their reasonable attorneys' fees and expenses incurred while pursuing their FINRA arbitrations and settlements.

We understand that this is not the answer that your clients hoped to hear and we appreciate your cooperation with our requests for information so that we could sort through this matter without need for subpoenas and extended proceedings. If you do not agree that the settlement proceeds are subject to the Court's Orders, please advise us by Friday, April 8, 2011, so that we may discuss an orderly and efficient presentation of this matter to the Court. To the extent you have any questions or would like to discuss this matter further, please contact Sam Lockner, an associate at Carlson, Caspers, Vandenburg & Lindquist, at (612) 436-9654.

Very truly yours,


R.J. Zayed
Receiver, USDC Minnesota
Nos. 09-cv-3332 and 09-cv-3333

RJZ/STL/rd

White and Williams LLP



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Joseph M. Kuffler
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Direct Fax: 215.789.7559
kufflerj@whiteandwilliams.com

January 12, 2011

By E-Mail (jkaczrowski@ccvl.com)

Receiver in *SEC v. Cook et al.*, and *CFTC v. Cook et al.*
c/o Joseph Kaczrowski
CARLSON, CASPERS, VANDENBURGH & LINDQUIST
P.O. Box 2908
Minneapolis, MN 55402

RE: SEC v. Cook et al. (09-cv-3333)
CFTC v. Cook et al. (09-cv-3332)

U.S. Fire Insured: NRP Financial, Inc. f/k/a Oberlin Financial
U.S. Fire Claim No.: BDU00456375

Dear Joe:

I represent the subrogation interests of United States Fire Insurance Company (“U.S. Fire”) with respect to the above-referenced matters. As we discussed last week, I am submitting this letter to preserve U.S. Fire’s rights in lieu of the claim form provided on the Receiver’s website, as that form does not address several of the issues presented by U.S. Fire’s situation.

By way of brief background, NRP Financial, Inc. (“NRP”), which had previously acquired Oberlin Financial, was covered under U.S. Fire Financial Institution Bond No. 626-032395-9 (the “Bond”). Bo Beckman was a NASD registered representative associated with both NRP and Oberlin Financial. A copy of the Bond is attached for your reference. The Bond provided, among other things, \$2 million in coverage for “wrongful conversion” by registered representatives of NRP. See Bond at Rider 9.

When the Trevor Cook/Crown Forex Ponzi scheme was uncovered, a number of investors brought FINRA arbitration proceedings against NRP alleging that Mr. Beckman had misappropriated their funds by funneling them into Cook’s Ponzi scheme. These investors are:

- Ronald Bisson, Sr.;
- Justin Bussler;
- David Dent;

Berwyn, PA • Boston, MA • Cherry Hill, NJ • Conshohocken, PA • Lehigh County, PA
New York, NY • Paramus, NJ • Philadelphia, PA • Wilmington, DE

Receiver in *SEC v. Cook* and *CFTC v. Cook*

January 12, 2011

Page 2

- Laura and Robert Owen;
- Anne Quiggle;
- John and Lisa Sos;
- Dale and Ann Woodbeck;
- Susan Gorman and Evangeline Olson, individually and as trustees of the Arthur W. Quiggle Family Trust; and
- Charlotte Olson, individually and as trustee of the Charlotte J. Olson Family Trust and the Charlotte J. Olson Charitable Remainder Trust.

As we discussed, please let me know which, if any, of these claimants have not already submitted proof of their investments to the Receiver, and I will take appropriate steps to provide the relevant documentation.

U.S. Fire has agreed to contribute \$1.4 million to the settlement of these investors' claims against NRP. We understand NRP will pay an additional \$1.5 million towards the settlement. While the claimants have agreed to these amounts, the terms and conditions of the settlement are still in the process of being finalized, so U.S. Fire has not yet issued payment. I will provide a copy of the check as proof of payment as soon as it is available.

Once payment is made, U.S. Fire, pursuant to the terms of the Bond and under common law doctrine, will be subrogated to NRP's rights to recover from any party responsible for the loss, including Mr. Cook and the various defendants in the SEC and CFTC actions captioned above. Accordingly, U.S. Fire would be entitled to its *pro rata* share of any future distribution made by the Receiver subject to the condition in the Bond which provides that NRP is entitled to recover its loss above the \$2 million limits of the Bond before U.S. Fire may recover anything. Therefore, no distribution should be made to U.S. Fire unless and until NRP has recovered the \$900,000 of its loss above U.S. Fire's limits. Until that point is reached, the full \$2.9 million should be counted as NRP's loss for purposes of calculating any *pro rata* share of distribution to NRP. I would ask that I be kept informed of any distribution to NRP so that we may track/account for the remaining excess loss.

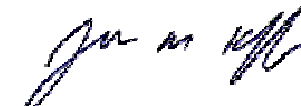
Receiver in *SEC v. Cook* and *CFTC v. Cook*
January 12, 2011
Page 3

Please let me know if you have any questions or require any additional information. I thank you for your consideration and cooperation in this matter.

Very truly yours,

WHITE AND WILLIAMS LLP

By:



Joseph M. Kuffler

JMK:jmk
Attachment