

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.

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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.

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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.

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**ELEVENTH STATUS REPORT OF RECEIVER R.J. ZAYED IN  
CFTC v. COOK, et. al. (09-cv-3332),  
SEC v. COOK, et. al. (09-cv-3333), and SEC v. BECKMAN, et. al. (11-cv-574)**

R. J. Zayed, the Receiver for Defendants and Relief Defendants in these cases, submits this Eleventh Report summarizing the major activities that he has undertaken since the filing of the Tenth Status Report on September 13, 2011.

This Eleventh Report covers the period from September 14, 2011 through November 22, 2011.

**A. U.S. Properties**

The Receiver has sold the South Haven, MN property (formerly owned by Grant Grzybowski) and the Paseo Del Lago and Golf Drive properties in Mission, TX (formerly owned by Jason Bo-Alan Beckman). The Receiver received, after paying all mortgages, taxes, commissions and closing costs, \$260,846.91 for the South Haven property, \$541,593.85 for the Paseo Del Lago property, and \$104,436.06 for the Golf Drive property. The Receiver also released the property in Plymouth, MN (formerly owned by Beckman) to Beckman because that property is worth substantially less than what could reasonably be obtained through a sale.

**B. Panamanian Property**

There have been no new developments since the Receiver's Tenth Status Report.

**C. Cash in Receivership Accounts**

The Receiver has paid \$4,866,055.75 in expenses and fees. These expenses are through August 31, 2011. The details of these expenses can be found on the Receiver's website under fee petitions. This amount includes the Receiver's loan, pursuant to Court order, of \$5,151.20 to Jason Beckman on April 4, 2011 for living expenses. The Receiver has a cash balance of \$2,029,040.83 in the Receiver's bank account and \$200,000 posted as bond in Panama.

In sum, the Receiver has collected, liquidated or frozen approximately \$10,909,361.22, spent \$4,866,055.75, and released \$3,814,479.96 for distribution to the victims of the Ponzi scheme.

**D. Distributions to Investor Victims of Ponzi Scheme**

Pursuant to the Court's Orders, the Receiver has distributed the following to the investor victims of the Ponzi scheme (1) \$2,250,000.00 on or about November 12, 2010; (2) \$39,820.48 to the employee investor victims on or about November 29, 2010; (3) \$133,230.44 to additional victims who were identified after the initial distribution and to victims whose claims were adjusted by the Receiver; and (4) \$1,027,729.04 on or about August 2, 2011. The Receiver also released \$363,700.00 for purposes of criminal restitution. In sum, the Receiver has distributed \$3,814,479.96 to the investor victims of the Ponzi scheme. This amount equals about 2.52 cents per every dollar stolen.

**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, Capricorn, Crown Forex, Shadi Swais, Ibrahim Hasanein, Gary Saunders, Holger Bauchinger, Jason “Bo” Beckman, Chris Pettengill, Gerald Durand, and Pat Kiley.

The Receiver is also investigating possible claims against various third parties who may have aided and abetted the fraud that was perpetrated against the Receivership Estates. Two of those parties are NRP and Western. The details of the Receiver’s potential claims against NRP and Western are set forth in the Receiver’s motion to enjoin the distribution of settlement proceeds to certain FINRA Claimants which is posted on the Receiver’s website. The Court has scheduled a hearing on this matter for January 6, 2012. The Receiver also is actively investigating potential claims against other third parties including financial institutions and brokerage firms.

The Receiver entered into a Miller-Shugart settlement with Ed Baker and his companies. Pursuant to the rights acquired under that settlement, the Receiver filed suit against the insurance carrier, Arch Insurance. That litigation is in the fact discovery phase.

The Receiver also filed a lawsuit against Michael Kabarec based on Receivership funds that went to Baker’s company, Mesa Holdings. This lawsuit has been settled, with Kabarec agreeing to pay the Receiver \$55,000.00 in two

installments. Kabarec paid the first installment of \$20,000 on August 17, 2011. The second installment of \$35,000.00 is due by December 1, 2011.

Details of the Baker settlement, the complaint against Arch and the complaint against Kabarec are set forth under the “Receiver Filings” tab of the Receiver’s web site.

The Receiver is continuing to receive monthly payments from Jared Jenkins pursuant to an agreement to pay back a loan he received from Trevor Cook prior to the Receivership.

The Receiver has settled with JP Fund Services. JP Fund Services has agreed to pay the Receiver \$350,000.00 in fourteen monthly installments beginning December 1, 2011, and has agreed to submit to the jurisdiction of the Court for purposes of enforcing the settlement.

The Receiver has settled with William Harris, one of “the Berg Investors.” Harris has agreed to pay the Receiver \$206,250.00 by January 3, 2012. Harris previously voluntarily returned the “overages” or “profits” that he received from the Ponzi scheme, amounting to another \$38,600.00.

**F. Other Legal Proceedings**

The Receiver is continuing to litigate claw-back claims against 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. Fact and expert discovery are closed and the Receiver has secured a hearing date to present his motions for summary judgment. That date is Friday, January 20, 2012 at 9:30 a.m. before Judge Susan Richard Nelson in Courtroom 7B, United States Courthouse, 316 North Robert Street, St. Paul, MN 55101.

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 Berg Investors and Anderson against whom the Receiver has filed Summary Proceedings Action in that the Receiver does not currently believe that these investors had an inside connection or received preferential treatment in withdrawing the money after the SEC began 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. Thirty "winning investors" have either not responded or have rejected the Receiver's demand. The Receiver anticipates filing clawback actions against this last group of "winning investors."

To date, "winning investors" have pledged to repay \$810,659.00. Of this, \$666,715.06 has already been received and deposited in the Receivership's bank account.

**G. Outside Counsel**

On October 19, 2011, the Court granted the Receiver's motion to retain outside counsel for purposes of pursuing claims against third parties. The Receiver negotiated a structure where outside counsel would pursue claims on behalf of the Receiver in exchange for a fair and reasonable contingency fee to be paid solely from the proceeds of a judgment or settlement, with outside counsel assuming all costs of the anticipated litigation. Pursuant to the Court's Order, the Receiver has retained Reid Collins & Tsai LLP.

**H. 1-800 Number**

The Receiver continues to operate local (612-436-9664) and toll-free (877-316-6129) numbers for investor inquiries.

**I. Receiver Website**

The Receiver continues to operate a website for investors and other members of the public at [www.cookkileyreceiver.com](http://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 107 responses on the website. The Court has also posted a web site for this case, which can be found at [www.mnd.uscourts.gov/sec-cftc/index.shtml](http://www.mnd.uscourts.gov/sec-cftc/index.shtml).

**J. 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.

**CONCLUSION**

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

Dated: November 22, 2011

Respectfully submitted,

*s/ R.J. Zayed*

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R.J. Zayed, Receiver

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