

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. 14-CV-80468-MIDDLEBROOKS/BRANNON

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JCS ENTERPRISES, INC. d/b/a JCS
ENTERPRISES SERVICES, INC., T.B.T.I., INC.,
JOSEPH SIGNORE, and PAUL L. SCHUMACK, II,

Defendants.

**RECEIVER'S MOTION TO (1) APPROVE DETERMINATION AND PRIORITY
OF CLAIMS, (2) APPROVE PLAN OF DISTRIBUTION, AND (3) ESTABLISH
OBJECTION PROCEDURE, WITH SUPPORTING MEMORANDUM OF LAW**

James D. Sallah, Esq., not individually, but solely in his capacity as the Court-appointed Receiver (the "Receiver") for JCS Enterprises Inc., d/b/a JCS Enterprises Services Inc. ("JCS"), T.B.T.I. Inc. ("TBTI"), My Gee Bo, Inc. ("Gee Bo"), JOLA Enterprise Inc. ("JOLA"), and PSCS Holdings, LLC ("PSCS") (collectively, the "Receivership Entities" or "Receivership Estate"), through undersigned counsel, respectfully moves this Court for an Order: (1) approving his determination and priority of claims as set forth in this Motion and the attached Exhibits A through D; (2) approving a plan of distribution; and (3) establishing a procedure for objections to the Receiver's determination of claims, claim priority, and plan of distribution.

The ultimate objective of this Motion is to ensure a fair and orderly claims administration (including allowance and disallowance) of the nearly 700 submitted investor and creditor claims. It is worth emphasizing the last prong of the requested relief: the Receiver seeks to establish an objection procedure that will allow the Receiver and the Court to efficiently address any

objections to claim determinations, claim priority, and plan of distribution in an orderly and fair process that brings finality to the submitted claims and will thereafter allow the Receiver to promptly make a first distribution to claimants with allowed claims.¹ The below-proposed process will allow the Receiver to attempt to resolve many claim objections before they are submitted to the Court for consideration, which will avoid inefficient piecemeal adjudication of objections and conserve both the Court's and the Receivership's time and resources. Accordingly, any claimant's objection to claim determinations, claim priority, or the plan of distribution directly filed with the Court in response to this Motion should be denied without prejudice. As discussed in more detail in Section VI, *infra*, of this Motion, the Receiver will attempt to resolve any objection to the claims determination directly with the claimant(s). If such efforts are unsuccessful, only then will the dispute be submitted to the Court in accordance with the proposed procedures discussed herein.

I. BACKGROUND

A. The Receiver's Appointment

On April 7, 2014, the United States Securities and Exchange Commission (the "SEC") commenced an action against JCS, TBTI, and two individuals, Joseph Signore ("Signore") and Paul L. Schumack, II ("Schumack") in this case. On April 7, 2014, the Court issued an Amended Receivership Order and appointed the Receiver over JCS and TBTI (DE 19). On April 14, 2014, the Court expanded the Receivership over Gee Bo (DE 26). On December 11, 2014, the Court expanded the Receivership over JOLA and PSCS (DE 168). On December 12, 2014, the Court reappointed the Receiver for the Receivership Entities (DE 173).

¹ As of this Motion, the Receiver has approximately \$10 million in cash in all Receivership accounts.

Pursuant to the Order Appointing Receiver, the Receiver was obligated to take possession of the Receivership Entities' assets for the benefit of the defrauded investors. The Receiver's goal has been to marshal, liquidate, and ultimately distribute the Receivership's assets to investors with allowed claims in a fair and equitable manner.²

B. The JCS-TBTI Ponzi Scheme

JCS manufactured and marketed VCMs, which are free-standing or wall-mounted, ATM-like machines that were promised to be placed at various locations to enable businesses to advertise their products and services via touch screen and printable tickets or coupons which were dispensed from the VCMs. In 2011, JCS and TBTI entered into an agreement whereby TBTI would be the sales agent for JCS and its Virtual Concierge program.

From at least as early as 2011 through April 7, 2014, Signore operated JCS. From at least as early as 2011 through April 7, 2014, Schumack operated TBTI. Signore and Schumack offered and sold investments in JCS's VCMs, which would purportedly pay income to investors from advertising revenues generated by the VCMs. JCS and TBTI, combined, raised approximately \$80.8 million from at least 1,800 investors by selling contracts for more than 22,500 VCMs. These sales to investors were documented through contracts with JCS and TBTI, and those contracts represented that advertising revenue would provide investors with a return of

² The Receiver has filed six reports (DE 107-1, 200-1, 235-1, 326-1, 370-1, and 404-1), along with a recent interim report (DE 406-1), which detail the Receiver's efforts and accomplishments since his appointment. All of the Receiver's efforts and accomplishments will not be listed in this Motion because such have already been listed in several reports and other filings, as well as the fact that this Motion is a voluminous filing of proposed claim recommendations and claims procedures.

\$300 per month for thirty-six (36) to forty-eight (48) months, or a return of at least \$10,800 over a 36-month period. However, advertising revenues were de minimis and grossly insufficient to pay the promised returns to investors. During the relevant time period from 2011 through April 7, 2014, JCS and TBTI, combined, earned a total of approximately \$21,000 in advertising revenue from these machines.

To put things into perspective, the advertising revenue actually generated by VCMs would not even have supported the obligations for two (2) VCMs that were sold under the shorter, 36-month contracts, let alone more than 22,000 VCMs. Moreover, based on a conservative calculation assuming that the payment stream would be limited to 36 months, JCS and TBTI would have been obligated to pay more than \$243.4 million to investors during the duration of these investment contracts, or \$6.75 million per month. Besides approximately \$21,000 in advertising revenue, JCS and TBTI generated no other meaningful source of revenue or cash inflows from which to pay investors.

In order to maintain the fiction that the investment was valid and make these payments to investors, Signore and Schumack caused JCS and TBTI, respectively, to use new investor funds to make so-called “returns” to earlier investors in the total amount of \$49.7 million. While Signore operated JCS and Schumack operated TBTI, they caused JCS and TBTI to transfer monies: (1) as returns and/or redemptions to earlier investors; (2) for commissions paid to agents who perpetuated their scheme; and (3) for their own use, including diverting funds to themselves or other companies they controlled or were affiliated with. These transfers were made almost exclusively from: (1) principal money from new investors; (2) existing investors’ principal investment money; and/or (3) additional principal investment money from existing investors.

All transfers that Signore wrongfully caused JCS to make as returns and/or redemptions to investors and as commissions paid to agents were diverted and misappropriated by Signore in furtherance of his scheme. Similarly, all transfers that Schumack wrongfully caused TBTI to make as returns and/or redemptions to investors and as commissions paid to agents were diverted and misappropriated by Schumack in furtherance of his scheme. As a result, Signore operated JCS as a Ponzi scheme. Similarly, as a result, Schumack operated TBTI as a Ponzi scheme.

Indeed, regarding this Ponzi scheme, on December 7, 2015, a jury sitting in the United States District Court for the Southern District of Florida found Signore and Schumack guilty of multiple crimes, including conspiracy to commit wire or mail fraud; mail fraud; wire fraud; conspiracy to commit money laundering; promotional money laundering; concealment money laundering; and transactional money laundering. *See United States of America v. Joseph Signore, Paul Lewis Schumack II, and Laura Grande-Signore*, Jury Verdicts (DE 677, 678), Case No. 9:14-cr-80081-HURLEY (S.D. Fla. Dec. 7, 2015).

II. PROCEDURAL BACKGROUND

A. The Claims Process

On April 3, 2017, the Court issued an Order granting the Receiver's Motion to Approve Claim Form, Manner and Notice of Claim Form, and Claims Bar Date filed on March 31, 2017 (DE 377). Subsequently on July 20, 2017, the Court issued an Order permitting the Receiver to make a minor amendment to the claim form (DE 386). In accordance with these Orders, the Receiver did the following: (1) published the proof of claim form in *The Palm Beach Post* once a week for four (4) consecutive weeks; (2) provided the claim form along with an explanatory cover letter to all known or potential claimants via U.S. Mail and email, if known; (3) provided notice of the claim form on the Receivership website; and (4) requested that notice of the claim

form be posted on the investors' page on Facebook. Specifically, the Receiver mailed the cover letter and claim form to at least 1,030 potential claimants and/or creditors for whom the Receiver had gathered contact information.

The Receiver's notice made clear that the Claims Bar date was November 27, 2017. In response, the Receiver received a total of 690 claim forms (most of which contained supporting documentation) either prior to or after the Claims Bar date. The submitted claims seek a total of \$35,421,668.30.

Beginning in December 2017, the Receiver's professionals and staff began reviewing the submitted claim forms and supporting documents. That was a time-consuming, tedious process that involved, among other things, the Receiver and his forensic accountants comparing documents submitted with the proof of claim forms to the financial reconstruction of the Receivership Entities' bank and financial accounts and other records under his control.

B. Pooling Receivership Assets into One Estate

On March 31, 2017, the Receiver filed a Motion to Pool Receivership Entities' Assets into One Estate for a Future, Approved Claims and Distribution Process (DE 372). Signore objected to this Motion (DE 380), and the Receiver filed a Reply (DE 381). After consideration, on May 4, 2017, the Court granted the Receiver's Motion over Signore's objection (DE 382).

In accordance with the Court's Order, all of the assets of JCS, TBTI, Gee Bo, JOLA, and PSCS will be pooled into one receivership estate for Court-approved distributions. The Receiver will also consolidate any future collected assets, as per the Order, into one estate.³

C. Summary of the Claim Forms and Analysis to Date⁴

1. Allowed Claims

Of the claim forms submitted and reviewed, the Receiver has determined that he recommends to "allow" a total of 415 (60.14%) of the submitted claims. The recommended allowed claims are listed in Exhibit A by claim number.⁵ By "allowed," the Receiver means that the total amount sought on the claim form is consistent with the amount that the Receiver and his professionals determined from the financial reconstruction. The total amount of such allowed claims is \$11,968,435.44.

To the extent that an investor's claim is allowed, the Receiver will be moving separately in the future to make a first distribution to that investor upon Court-approval. The total dollar amount of allowed claims currently exceeds the amount of money in the Receivership Estate available for distribution; therefore, investors with allowed claims will receive a distribution below their claim amount, while others with allowed claims may not receive a distribution at all for the reasons discussed in Section V, *infra*. Although these amounts remain undermined at this

³ For accounting and tax purposes, the Receiver has continued to segregate the activity of each entity and bank accounts until such time as there is a Court-approved distribution, at which time the Receiver will consolidate the accounts.

⁴ All proposals in this Motion are subject to the below discussed and recommended procedures, including objection procedure. Nothing in this Motion entitles, at this time, any investor and/or creditor of the Receivership Estate to a future distribution, or payment, of any money.

⁵ For privacy considerations, only the claim number of each claimant are included in Exhibit A.

time, it is highly probable that the total allowed claims after all claims are resolved will exceed the total amount of funds available for distribution.

2. Disputed Claims

Based on the Receiver's comparison of the claim forms to the Receiver's financial reconstruction, the Receiver has determined that he recommends to "dispute" a total of 240 (34.78%) of the submitted claims because the financial reconstruction and the submitted claim forms, including any supporting documentation, could not be reconciled. For example, in many instances, the Receiver determined that the claim forms neglected to include funds received either from a Receivership Entity or from a collateral source (*i.e.*, chargebacks). Other disputed claims involve other claim deficiencies, including, but not limited to, inadequate identification, investing in a different receivership proceeding, net profiteer/fully repaid, previously settling the claim, claimant's/beneficiary's identification does not match the Receiver's records, late claim, or some other material basis to deny or dispute the claim.

In total, the disputed claims amount to \$12,835,995.51. The Receiver believes that the total amount of such claims should be \$8,290,564.89, which places a difference of \$4,545,430.62 in dispute. The recommended disputed claims are listed in Exhibit B by claim number.⁶

While the Receiver agrees that some of the investors with disputed claims may be entitled to some distribution based on the claim amount that agrees with the Receiver's financial reconstruction, the Receiver recommends that a portion of their claim be disallowed because it is

⁶ Again, for privacy considerations, only the claim number of each claimant are included in Exhibit B. However, as discussed in Section VI, *infra*, if any claimant wishes to litigate the Receiver's objection, that claimant's identity will then be subject to disclosure in the Court's record.

disputed. As explained above, if some portion of a disputed claim is allowed, any potential distribution will be based upon a portion of the allowed claim (*i.e.*, \$8,290,564.89).

3. Fictitious Profits

Of the 690⁷ claim forms submitted, a total of 28 (4.06%) seek “fictitious” profits. By fictitious, these claimants seek the profits, or investment returns, promised to them by the Defendants either orally or by contract, or both. The investors seeking fictitious profits are seeking a total of \$2,514,136.20. After reviewing their claims with his professionals, the Receiver determined that an amount of only \$393,390.00 should be allowed claims, which places a total of \$2,120,746.20 in dispute. The fictitious profits claims that the Receiver is disputing are listed in Exhibit C by claim number.⁸

4. Subordinated Claims

The Receiver received 6 claims from claimants that he characterizes as “trade creditors,” and 1 similar claim from the State of Montana. The Receiver has determined that he recommends to “subordinate” these 7 claims to the allowed claims submitted by aggrieved investor victims. As discussed in Section IV.B, *infra*, the case law supports this recommendation, particularly in the context of an equity receivership (such as this proceeding). The trade creditors’ claims total \$7,957,443.55 and the State of Montana’s claim totals \$145,657.60, and, if given equal status to the allowed claims, would substantially dilute

⁷ A few claim forms were inadvertently numbered twice, which is why the last numbered claim number is 699 on Exhibit B.

⁸ Again, for privacy considerations, only the claim number of each claimant are included in Exhibit C, and if any claimant wishes to litigate the Receiver’s objection, that claimant’s identity will then be subject to disclosure in the Court’s record.

distributions to the investor victims. The recommended subordinated claims are listed in Exhibit D by claim number.⁹

D. Anticipated Future First Distribution

The Court should be aware that the Receiver or someone at his direction have spoken numerous times with numerous investors and creditors who are curious when the Receiver will be making a first distribution of monies. The first distribution is anticipated to occur in the future (and as soon as possible) by separate motion.

Typically, the Receiver would recommend that the Court authorize a first distribution with a reserve for disputed and/or subordinated claims and future expenses. However, from the Receiver's review of the claim forms (as summarized above), the magnitude of the disputed and/or subordinated claims have such a significant impact on the Receivership Estate that it would be unfair and uneconomical to make a first distribution until such time as the Court decides all disputed and subordinated claims according to the below proposed procedures, including the objection procedure.

E. Notice of This Motion

After filing this Motion, the Receiver will promptly mail a letter giving notice of this Motion to all claimants at the mailing address provided on each of their respective submitted claim forms, and to their attorneys, if any were identified. The letter will inform the claimants that this Motion is available on the Receiver's website or, upon request, from the Receiver's office. The letter will also advise each claimant of his, her, or its respective claim number.

⁹ Other than the State of Montana, a non-private actor, only the claim number of each claimant are included in Exhibit D. If any claimant wishes to litigate the Receiver's objection, that claimant's identity will then be subject to disclosure in the Court's record.

III. OVERVIEW OF THE RECEIVER'S DETERMINATION OF CLAIMS AND CLAIM PRIORITY

Any properly completed and timely submitted proof of claim should be allowed if it is established that: (1) the claim arises out of any Receivership Entity's activities; (2) losses resulted from such activities; (3) any alleged claim and losses are consistent with the books and records gathered by the Receiver; and (4) no other ground exists for denying the claim. The Receiver has carefully and thoroughly reviewed and considered all 690 submitted claims. The Receiver has determined that each claim falls within one of the four above-discussed categories:

- (1) Investor claims which should be allowed and should receive the highest priority among claims (Exhibit A);
- (2) Investor claims which should be disputed because the Receiver's financial reconstruction and the submitted claim forms, including any supporting documentation, could not be reconciled; the claims should be allowed in part up to the amount supported by the Receiver's financial reconstruction and also should receive the highest priority among claims (Exhibit B);
- (3) Investor claims which should be disputed because the investor seeks fictitious profits; the claims should exclude fictitious profits, should be allowed in part up to the amount supported by the Receiver's financial reconstruction, and also should receive the highest priority among claims (Exhibit C); and
- (4) Trade creditor claims which should be subordinated and/or denied, and should therefore receive the lowest to no priority among claims (Exhibit D).

As detailed in Exhibits A through C, the Receiver has proposed a Recommended Amount of Allowed Claim¹⁰ for each claim. The Receiver's determination of a claimant's Recommended

¹⁰ This is the amount of a claim to which the Receiver has determined the claimant is entitled and will serve as the basis for determining a claimant's ultimate distribution of the Receivership's assets.

Amount of Allowed Claim is not indicative of the amount of money the claimant will receive through distributions of the Receivership's assets. Rather, each claimant holding an allowed claim with a positive Recommended Amount of Allowed Claim will be eligible for distributions based on the below recommended distribution plan depending on its allowed status, and ultimately will likely only receive a percentage of its Recommended Amount of Allowed Claim.

The Receiver considered each submitted claim to determine its claim category according to Exhibits A through D, with the goal that distribution of the Receivership's assets be equitable and fair among all claimants. It is through the Receiver's review and assessment of information each claimant provided, the books and records of the Receivership Entities, and information obtained from non-parties that the Receiver established the categories of claimants in Exhibits A through D to ensure fair and equitable treatment.

The Receiver asks the Court to approve his recommended claim determinations as set forth in Exhibits A through D and, in certain instances, discussed in more detail below. Further, as the Claims Bar Date has passed and all claimants and other potential creditors have had ample notice of the claims process and an opportunity to submit claims, the Receiver asks the Court to issue an Order (1) confirming that no further claims will be considered after the filing of this Motion and (2) barring any future claims against the Receivership Entities, Receivership property, the Receivership Estate, or the Receiver, and any proceedings or other efforts to enforce or otherwise collect on any lien, debt, or other asserted interest in or against the Receivership Entities, Receivership property, the Receivership Estate, or the Receiver. Such an Order is important to bring finality and to allow distributions to proceed, and is warranted given the ample time that has been available to address such matters.

A. Allowed Investor Claims, Which Should Receive Highest Priority

Highest priority should be given to claims submitted by investors who were victims of the JCS Ponzi scheme. Specifically, these investors invested a principal amount in the scheme which exceeded any distributions they received from the scheme. As stated above, the Receiver has determined that 415 claims are investor claims that should be allowed. These claims are identified in Exhibit A and are consistent with the Receivership Entities' books and records and other documents recovered by the Receiver (collectively, "Receivership Records"). Accordingly, the Court should allow each of these claims in the Recommended Amount of Allowed Claim as set forth in Exhibit A.¹¹

B. Allowed in Part Investor Claims, Which Also Should Receive Highest Priority

The Receiver received investor claims that, because of various factors, should be allowed in part and also disputed in part. These claims, and the factors impacting each claim, are set forth in Exhibits B and C, and discussed below.

1. Investor Claims for Amounts That Are Inconsistent with the Amounts Reflected in Receivership Records Should Be Allowed Only in the Amount Reflected in Receivership Records

As stated above, 240 claims are disputed, many of which because the requested claim amount is inconsistent with Receivership Records and should be allowed only in the appropriate amount reflected in those records. Other disputed claims involve other claim deficiencies, including, but not limited to, inadequate identification, investing in a different receivership proceeding, net profiteer/fully repaid, previously settling the claim, claimant's/beneficiary's

¹¹ As stated above, the total amount of such allowed claims is \$11,968,435.44.

identification does not match Receivership Records, or some other material basis to deny or dispute the claim.

The Receiver has thoroughly reviewed these subject claims and Receivership Records, and those records support the Recommended Amount of Allowed Claim set forth in Exhibit B for each of these claims. Many of these claims have nothing (“-”) for the Recommended Amount of Allowed Claim for the obvious reason – the claim should be fully denied. Accordingly, the Court should allow these claims only for a positive Recommended Amount of Allowed Claim as specified in Exhibit B.¹²

2. Investor Claims for “Fictitious” Profits Should Be Allowed Only in the Amount Reflected in Receivership Records and without Any Profits

As a general rule of thumb, investors in a receivership are not entitled to false or fictitious profits. Fictitious profits represent the purported appreciation in an investment from purported investment activities as reflected in account statements, contracts, and/or verbal statements to investors. However, there are no profits actually earned in a Ponzi scheme, and therefore the reported profits are a fiction. Fictitious profits are only on “paper” because the investors associated with those accounts did not ask for distributions of those purported profits and thus did not receive any money purportedly representing those fictitious profits.

As stated above, 28 claims seek fictitious profits. The Receiver’s determination of the Recommended Amount of Allowed Claim for each of these claims reflects their allowed amounts based on Receivership Records, but does not include their fictitious profits.

¹² As stated above, the Receiver determined that certain claim forms neglected to include funds received either from a Receivership Entity or from a collateral source (*i.e.*, chargebacks). In total, the disputed claims amount to \$12,835,995.51. The Receiver believes that the total amount of such claims should be \$8,290,564.89, which places a difference of \$4,545,430.62 in dispute.

Accordingly, the Court should allow each of those claims only for a positive Recommended Amount of Allowed Claim as specified in Exhibit C.¹³

C. Creditor Claims That Should Be Subordinated and/or Denied

The Receiver received 6 claims from claimants that are “trade creditors.” Another similar creditor claim was from the State of Montana.¹⁴ The trade creditors’ claims total \$7,957,443.55 and the State of Montana’s claim totals \$145,657.60, and, if given equal status to the allowed claims, would substantially dilute distributions to the investor victims.

Therefore, and as stated above, the Receiver recommends, at a minimum, to subordinate these 7 creditor claims to the allowed claims submitted by aggrieved investor victims. At a maximum, the Court should deny these claims outright. As discussed in Section IV.B, *infra*, the case law supports these recommendations.

All of this essentially means that, at best for these 7 claims, these 7 claims should receive the lowest priority among allowed and allowed in part claims, such that these 7 claims are paid

¹³ Again, the investors seeking fictitious profits are seeking a total of \$2,514,136.20. After reviewing their claims with his professionals, the Receiver determined that an amount of only \$393,390.00 should be allowed, which places a total of \$2,120,746.20 as sought-after fictitious profits in dispute.

¹⁴ The State of Montana is a non-private actor and is therefore discussed herein. The State of Montana submitted a claim for reimbursement for \$145,657.60 that it paid out to Montana resident investors, pursuant to its Securities Restitution Assistance Fund Act of Montana (the “Act”), Mont. Code. Ann. §§ 30-10-1001 to -1008 (2017). Pursuant to the Act, Montana has created and continually maintains a fund that it utilizes to reimburse Montana-approved residents who are victims of an investment fraud. As stated in Exhibit D, the Receiver recommends that the Montana claim should be subordinated, as the Receivership Estate should not be required to reimburse the State of Montana because of a mandate created by the Montana legislature, and through a claims and distribution process not approved by the Court.

only after the Recommended Amount of Allowed Claim of all allowed investor claims have been paid in full. The subordinated claims are listed in Exhibit D.¹⁵

IV. THE RECEIVER'S DETERMINATION OF CLAIMS AND CLAIM PRIORITY IS FAIR AND EQUITABLE¹⁶

Section III, *supra*, provided an overview of the Receiver's determination of claims and claim priority. This Section provides additional information, including additional support for the basis of how the Receiver determined claims, priority of claims, and other matters affecting claims consistent with the goal of making distributions fair and equitable.

A. Priority of Claims

As discussed above, the Receiver has established four categories of claims, one of which should be allowed in full (Exhibit A), two of which should be allowed in part (certain claimants in Exhibits B and C that have a positive Recommended Amount of Allowed Claim), and one of which should be, at a minimum, subordinated until full payment of the allowed claims in Exhibits A through C, or denied in full, at a maximum. From these categories, the Receiver has determined the fair and equitable priority for each of these claims' participation in future Court-approved distributions. The highest priority should be afforded to all investor claims which are

¹⁵ One trade creditor, specifically the one that has submitted a claim for more than \$7.3 million, has previously provided its position to the Receiver that it believes it is not a trade creditor but an investor. The Receiver disagrees for the reasons stated in Exhibit D and has likewise previously corresponded with this trade creditor regarding same.

¹⁶ This Section (and below Sections) include legal briefing, and thus a memorandum of law, for purposes of this Motion.

allowed (Exhibit A) and allowed in part (certain claimants in Exhibits B and C that have a positive Recommended Amount of Allowed Claim).¹⁷

Lowest to no priority should be afforded to the 7 subordinated claims (Exhibit D). Such claimants, at a minimum, should only participate in future Court-approved distributions only after all Recommended Amount of Allowed Claim for allowed claims have been paid in full. Alternatively, at a maximum, these claims should be fully denied.

B. Receivership Case Law Supports Subordinating Trade Creditors and Other Non-Investor Creditors

The Court's power to approve the Receiver's claim determinations and priority of claims is settled. *See SEC v. Elliot*, 953 F. 2d 1560, 1566 (11th Cir. 1992) (District Courts have "broad powers and wide discretion" to ensure equitable distributions). Further, District Courts have consistently found that treating similarly situated parties alike in claims processes is fair and equitable. *Id.* at 1570; *United States v. Petters*, 2011 WL 281031, *7 (D. Minn. 2011) (citing

¹⁷ Regarding the claimants seeking fictitious profits (Exhibit C), fictitious profits should not factor into the determination of an allowed amount because they do not reflect actual profits. Rather, they simply reflected numbers made up by Signore and/or Schumack. A Ponzi scheme is an illegal endeavor and thus creates no legal entitlement to profits or interest for its investors. *Warfield v. Carnie*, 2007 WL 1112591, *12-13 (N.D. Tex. 2007) (referencing *In re United Energy Corp.*, 944 F.2d 589, 595 (9th Cir. 1991)). As a fraudulent scheme, a Ponzi scheme has no legitimate investment appreciation or interest, and "recognizing profits or other earnings in claims for distribution would be to the detriment of later investors and would therefore be inequitable." *CFTC v. Equity Fin'l Group, LLC*, 2005 WL 2143975, *23 (D.N.J. 2005). Early investors would have the benefit of many more months of fictitious profits to inflate their claim while more recent investors who lost the same amount of actual dollars would have far less of a claim because they had less time to accumulate those purported profits. Further, if such "paper profits" were recognized, early investors could potentially experience no actual losses as a result of receiving distributions over the years and yet still have a claim to fictitious profits to the detriment of later investors who did not have the time to recoup their investment or accrue "profits."

SEC v. Credit Bancorp, Ltd., 2000 WL 1752979, *28 (S.D.N.Y. 2000)). There is no requirement, however, that all claimants be treated in the same manner; rather, fairness only requires that similarly situated claimants should be treated alike. *See, e.g., Quilling v. Trade Partners, Inc.*, 2006 WL 3694629, *1 (W.D. Mich. 2006) (distinguishing between fraud victims and general creditors); *SEC v. Byers*, 637 F. Supp. 2d 166, 184 (S.D.N.Y. 2009) (“The Receiver’s proposal to treat differently those involved in the fraudulent scheme when distributions are being made is eminently reasonable and is supported by caselaw.”). Further, no specific plan or method of distribution is required; the plan of distribution should simply be “fair and equitable.” *SEC v. P.B. Ventures*, 1991 WL 269982, *2 (E.D. Pa. 1991). In the end, “[a]n equitable plan is not necessarily a plan that everyone will like.” *Credit Bancorp*, 2000 WL 1752979 at *29. Indeed, “when funds are limited, hard choices must be made.” *Byers*, 637 F. Supp. 2d at 176 (quoting *Official Comm. of Unsecured Creditors of WorldCom, Inc. v. SEC*, 467 F.3d 73, 84 (2d Cir. 2006)).

Investor claims should be given highest priority. Typically, payment to claimants whose property was unlawfully taken from them, such as investors who had no reason to know of the scheme, is given a higher priority than payment to general creditors. *SEC v. HKW Trading LLC*, 2009 WL 2499146, *3 (M.D. Fla. 2009); *Trade Partners, Inc.*, 2006 WL 3694629 at *1 (“As an equitable matter in receivership proceedings arising out of a securities fraud, the class of fraud victims takes priority over the class of general creditors with respect to proceeds traceable to the fraud.”); *see also* III Clark on Receivers § 667 at 1154 (Anderson 3d ed. 1959). This is the appropriate priority because “[t]he equitable doctrine of constructive trusts gives ‘the party injured by the unlawful diversion a priority of right over the other creditors of the possessor.’”

Id. (quoting Clark on Receivers § 662.1 at 1174); *see also SEC v. Megafund Corp.*, 2007 WL 1099640, *2 (N.D. Tex. 2007) (holding that general creditors “will not be paid until all defrauded investors are fully compensated”); *CFTC v. PrivateFX Global One*, 778 F. Supp. 2d 775, 786-87 (S.D. Tex. 2011) (overruling objection of bank that extended line of credit and adopting receiver’s argument that “courts regularly grant defrauded investors a higher priority than defrauded creditors”).

In *SEC v. Mutual Benefits Corp.*, Case No. 0:04-cv-60573, Order Granting Receiver’s Motion For Final Determination Of Allowed Claims at 3 (S.D. Fla. Oct. 23, 2008), attached as Exhibit E, the District Court identified additional factors that weighed in favor of giving priority to investor claims:

(1) this is an SEC enforcement action designed to protect the *investors*, not the creditors, (2) [the receivership entity’s] fraudulent conduct was directed toward its *investors*, not its creditors (which were paid substantial amounts already), [and] (3) the investors as a whole are less able to bear the financial costs of [the receivership entity’s] conduct than are the creditors. . . .

See also Trade Partners, Inc., 2006 WL 3694629 at *1 (noting “there is no evidence that there was an attempt to defraud [the objecting general creditor]”).

Each of the above factors applies equally here. Signore and Schumack focused the JCS Ponzi scheme on the investors. The Ponzi scheme depended on investors’ capital infusions to survive, and when the scheme could no longer attract enough additional investments to cover losses, pay bogus gains, return existing investors’ funds or cover other improper diversions of investors’ money, the scheme collapsed. In addition, the funds available for distribution by the Receiver consist of proceeds of the JCS Ponzi scheme: they mainly consist of false profits recovered from investors and money the Receiver raised through the sale of property that was

purchased or financed with investors' funds. Therefore, as a matter of equity, defrauded investors should be compensated before general creditors.¹⁸

V. THE PROPOSED DISTRIBUTION PLAN IS FAIR AND EQUITABLE

A. The Receiver Recommends a "Rising Tide" Plan

The Receiver, after consulting with his legal counsel and forensic accountants, has determined that the most fair and equitable approach to making distributions in this Receivership is through a "rising tide" plan of distribution. The first allowed investors to receive a distribution will be those who did not receive any payments from the Receivership Entities. Such investors will receive distributions until they have received a percentage return equal to the percentage return of the investors with the lowest non-zero percentage return. Thereafter, investors who did not receive any payments from the Receivership Entities, together with the investors with the lowest non-zero percentage return will receive distributions until they have received a percentage return equal to the percentage return of investors with the second lowest non-zero percentage return. This method will be followed until distribution funds are exhausted or until all allowed investors have received a 100% percentage return, whichever occurs first.

The rising tide method is appropriate because the Receiver previously forensically determined that there were 1,776 investors, of which 1,381 were net losers. Out of the 1,381

¹⁸ "Equitable subordination does not deal with the existence or non-existence of the debt, but rather involves the question of order of payment." *In re Lockwood*, 14 B.R. 374, 380-81 (Bankr. E.D.N.Y. 1981). "The fundamental aim of equitable subordination is 'to undo or offset any inequality in the claim position of a creditor that will produce injustice or unfairness to other creditors. . . .'" *Id.* (quoting *In re Westgate Cal. Corp.*, 642 F.2d 1174, 1177 (9th Cir. 1981)). "Subordination is an equitable power and is therefore governed by equitable principles." *Westgate Cal. Corp.*, 642 F.2d at 1177.

investors who were net losers, 927 lost more than 50% of their investment. Out of these 927 investors who lost more than 50% of their investment, approximately 423 lost more than 80% of their investment. Out of these 423 investors who lost more than 80% of their investment, approximately 141 lost everything they invested. Given so many net losers, including those who lost everything or almost everything, the rising tide method is appropriate to use here.

The following chart is for illustration purposes:

Investor	Investment	Return Prior to Receivership	Percentage Return
A	\$100,000.00	\$0.00	0%
B	\$200,000.00	\$40,000.00	20%
C	\$100,000.00	\$80,000.00	80%

Investor A would be the first to receive a distribution. Investor B will not receive a distribution unless and until Investor A has received 20% in distributions or distributions of \$20,000.00 ($\$100,000.00 \times 20\%$). In the event Investor A receives \$20,000.00 in distributions and there remain additional funds to distribute, Investor B will begin receiving distributions with Investor A proportionate to their respective adjusted investor claims. Investors A and B will receive distributions to the exclusion of Investor C until Investors A and B have both received 80% of their investment in distributions. In the event Investors A and B receive distributions of 80% and there remain additional funds to distribute, Investor C will begin receiving distributions with Investors A and B proportionate to their respective adjusted investor claims.

B. Receivership Case Law Supports the Proposed Rising Tide Plan

The Receiver believes that the proposed rising tide plan will provide a fair, equitable, and efficient method for distributing the proceeds of the Receivership Estate to defrauded investors. Generally, the District Court has broad powers and wide discretion to grant relief in an equity receivership, including in approving and implementing a claims process and plan of distribution. *See SEC v. Infinity Group Co.*, 226 Fed. Appx. 217, 218 (3d Cir. 2007) (“District Courts have wide equitable discretion in fashioning distribution plans in receivership proceedings, and we review the District Court’s order only for abuse of that discretion.”) (citations omitted); *SEC v. Forex Asset Mgmt., LLC*, 242 F.3d 325, 331 (5th Cir. 2001) (finding that a District Court has wide latitude when it exercises its inherent equitable power to approve a plan to distribute receivership assets and that such approval is reviewed for abuse of discretion). When approving a distribution plan, the District Court has the authority to approve any plan provided it is fair and equitable. *See Byers*, 637 F. Supp. 2d at 174 (citing *SEC v. Wang*, 944 F.2d 80, 81 (2d Cir. 1991)).

An equity receiver has discretion to fashion a distribution plan or method that maximizes the number of investors who receive a distribution. *See SEC v. Huber*, 702 F.3d 903, 907 (7th Cir. 2012). Specifically, a receiver also has discretion to formulate a distribution plan that follows the rising tide method, which provides for initial *pro-rata* distributions based on net losses to those who suffered the greatest losses and then, only after those claimants’ losses are brought to the level of those who suffered the less significant losses, subsequent *pro-rata* distributions based on net losses to all investors on that level, and so on until all receivership assets are distributed or all claimants are paid in

full. *Id.* at 904 (approving the use of the rising tide method to allocate returns and losses). Indeed, a receiver may make a distinction among investors who received back a portion of their investment before the scheme was exposed if this would produce a more equitable result. *See id.*; *see also CFTC v. Lake Shore Asset Mgmt. Ltd.*, No. 07C3598, 2010 WL 960362, *9 (N.D. Ill. Mar. 15, 2010) (approving rising tide method because it prevents investors who previously withdrew funds from benefitting at the expense of other investors).

Here, the proposed rising tide plan is appropriate. There are insufficient funds to return principal investments to all investors. In addition, given so many net losers, including those who lost everything or almost everything, the rising tide method is appropriate to use here. Similarly, the proposed rising tide method prevents investors who have already received a return of funds prior to the Receivership from benefitting at the expense of other investors who received nothing. *See Lake Shore Asset Mgmt. Ltd.*, 2010 WL 960362 at *9. Applying other distribution plans such as a pure net loss/net investment method would not require investors to account for returns, but most importantly would not help the investors who suffered the most (*i.e.*, lost their entire investment). Therefore, the Receiver believes the rising tide plan is the most fair and equitable approach and will ensure that distributions will be made first to investors with the greatest percentage of loss until all other investors reach the same percentage of loss or the funds available for distributions are used up in distributions.

Accordingly, the Receiver requests that the Court exercise its discretion to approve the proposed rising tide distribution plan.

VI. THE RECEIVER'S PROPOSED PROCEDURE FOR OBJECTIONS IS LOGICAL, FAIR, AND REASONABLE

A. The Proposed Objection Procedure

For efficiency, the Court should adopt a formal procedure to handle instances where a claimant does not agree with the Receiver's recommended determination of the claimant's claim or objects to the Receiver's proposed claim priority or his proposed plan of distribution. The objection procedure recommended below allows the Receiver to (1) address any disputed matters in a fair and efficient manner and (2) present any unresolved objections to the Court in an organized and, if appropriate, consolidated manner that will be efficient and, to the extent possible, avoid the Court's receipt of objections on a piecemeal basis. The procedure also provides each claimant with notice and an opportunity to be heard in accordance with applicable due process obligations.

The Receiver respectfully requests that the Court adopt the following procedure (the "Proposed Objection Procedure"):

- a) A copy of this Motion shall be posted promptly after it is filed on the Receivership website, www.jcs-tbtireceivership.com. A notice letter shall also be mailed by United States First Class Mail to each claimant at the address provided on the proof of claim form regarding notice of this Motion and that the Motion may be viewed on the Receivership website or, upon request, from the Receiver's office. The letter shall also advise each claimant of his, her, or its respective claim number.
- b) Within three (3) business days after the date of the Order on this Motion, the Receiver shall post the Order on the Receivership website.
- c) Within twenty (20) business days after the date of the Order on this Motion, the Receiver shall mail each claimant by United States First Class Mail at the address provided on the proof of claim form a letter setting forth the procedure for objecting to the Receiver's determination of a claim, claim priority, or plan of distribution (collectively, the "Receiver's Determination"). The letter shall remind the claimant of his, her, or its claim number and provide notice that the

Court's Order on this Motion is available on the Receiver's website. The letter shall further provide that a claimant may contact the Receiver's office for a copy of the Order.

- d) Any claimant that is dissatisfied with the Receiver's Determination must serve the Receiver (c/o Jeffrey L. Cox, Esq., Sallah Astarita & Cox, LLC, 3010 N. Military Trail, Suite 210, Boca Raton, FL 33431), in accordance with the service requirements of Rule 5 of the Federal Rules of Civil Procedure with a written response within forty-five (45) calendar days from the date of the notice letter of the Order. During this 45-day period, each claimant shall have the opportunity to cure the claim deficiency and/or to respond and contest in writing the Receiver's Determination.
- e) Claimant objections should not be filed with the Court. Claimant objections shall clearly state the nature and basis of the objection, and provide all supporting statements and documents the claimant wishes the Receiver and the Court to consider.
- f) If any claimant wishes to contest the Receiver's Determination, that claimant's identity shall then be subject to disclosure in the Court's record in this case.
- g) If a claimant adequately and timely cures the claim deficiency, or otherwise settles with the Receiver, the Receiver shall deem the claimant a holder of an allowed claim without further Order from the Court.
- h) If a claimant responds and does not adequately cure the claim deficiency, the claimant's claim shall be subject to the objection procedure discussed herein.
- i) Failure to properly and timely serve an objection to the Receiver's Determination shall permanently waive the claimant's right to object to or contest the Receiver's Determination, and the final claim amount shall be set as the Recommended Amount of Allowed Claim as set forth in the Exhibits attached to this Motion as approved by the Court. In other words, if a claimant does not respond within the time provided, the Receiver's Determination as to that claimant shall be deemed sustained and adjudicated with prejudice.
- j) The Receiver shall file periodic status reports with the Court as to claimants who have cured, claimants who have responded but have not adequately cured, and claimants who have not responded in any

manner (and whose claim shall be treated in accordance with the Receiver's Determination);

- k) After a claimant's response/objection is served in writing on the Receiver, the claimant and the Receiver shall have one hundred and twenty (120) calendar days from the date of the Receiver's notice letter to conduct any discovery permitted under the Federal Rules of Civil Procedure and Local Rules of this Court, including producing documents and taking depositions, file discovery motions (such as motions to compel) and file any dispositive motions (such as motions for summary adjudication of the claim).
- l) Pursuant to the executed proof of claim forms, claimants have already submitted to the exclusive jurisdiction of this Court and also have waived the right to a jury trial, and therefore any discovery and/or dispositive motions in regards to objections shall be conducted and resolved by the Court in a summary proceeding. All depositions shall be conducted at the Receiver's counsel's office: Sallah Astarita & Cox, LLC, 3010 N. Military Trail, Suite 210, Boca Raton, FL 33431.
- m) The Court may make a final claim determination based on the submissions identified above or may set the matter for hearing and, following the hearing, make a final determination on the specific claim. The claimant shall have the burden of proof. The Receiver shall provide notice of any hearing to the specific claimant.
- n) A person serving a response/objection to the Receiver's Determination shall be entitled to notice, but only as it relates to adjudication of the particular objection and the claim to which the objection is directed.
- o) The Receiver may attempt to settle any claim or objection without further Order from the Court.

As stated above, the Receiver has reviewed the submitted proof of claim forms. Some have a deficiency that the Receiver believes can be easily cured by the claimant, such as providing proof of identity. In addition, many investors have an incorrect claim amount that may be easily cured by the claimant by simply accepting the Receiver's Recommended Amount of Allowed Claim. In short, the Receiver is hopeful that the 45-day cure period contained in the foregoing process will result in less litigation with claimants.

The Proposed Objection Procedure promotes judicial efficiency; reduces litigation costs for the Receivership; is logical, fair, and reasonable; and is in the Receivership Estate's best interests.

B. Receivership Case Law Supports the Proposed Objection Procedure

The Proposed Objection Procedure satisfies due process. Due process essentially requires that the proceeding be fair and that affected parties be given notice and an opportunity to be heard. *See Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 542 (1985); *Elliott*, 953 F.2d at 1566. The use of summary proceedings to implement claims procedures is customary in receiverships and satisfies due process requirements when claimants receive an opportunity to be heard, to object to their claim determination, and to have their claims considered by a court. *See Elliott*, 953 F.2d at 1566; *Basic Energy*, 273 F.3d at 668-71. The Proposed Objection Procedure achieves each of these requirements.

FDIC v. Bernstein noted:

One common thread keeps emerging out of the cases involving equity receiverships – that is, a district court has extremely broad discretion in supervising an equity receivership and in determining the appropriate procedures to be used in its administration.

In keeping with this broad discretion, “the use of summary proceedings in equity receiverships as opposed to plenary proceedings under the Federal Rules of [Civil Procedure] is within the jurisdictional authority of a district court.” Such procedures “avoid formalities that would slow down the resolution of disputes. This promotes judicial efficiency and reduces litigation costs to the receivership,” thereby preserving receivership assets for the benefit of creditors.

786 F. Supp. 170, 177-78 (E.D.N.Y. 1992) (citations omitted). Under applicable law, the Court should approve the Proposed Objection Procedure because it satisfies due process and is logical, fair, and reasonable. *See Elliott*, 953 F.2d at 1567 (summary proceedings are appropriate where

party has full and fair opportunity to present claims and defenses). Specifically, the Proposed Objection Procedure provides for (1) notice to claimants of the Receiver's determination of their claims, claim priority, and plan of distribution; (2) the opportunity for claimants to object to these matters; and (3) the review of unresolved objections by the Court.

Importantly, the Proposed Objection Procedure eliminates the need for any objections to be filed with the Court in direct response to this Motion. In turn, that will preclude inefficient piecemeal presentation and adjudication of objections by the Court. Such a piecemeal process would result in an inefficient claims process for both the Court and the Receivership. As such, the Proposed Objection Procedure promotes judicial efficiency; reduces litigation costs for the Receivership; is logical, fair, and reasonable; and meets due process requirements.

VII. THE COURT SHOULD FOREVER BAR LATE CLAIMS SUBMITTED AFTER THIS FILING

Because the Claims Bar Date has long passed, the Court should order that any late claims submitted after this Motion are barred and precluded from asserting a claim or any further claim against the Receiver, the Receivership Estate, or the Receivership Entities. *See Callahan v. Moneta Capital Corp.*, 415 F.3d 114, 117-18 (1st Cir. 2005) (potential claimants that did not submit claims by bar date lacked "standing to object to the adjudication of a pending claim in the Claims Disposition Order"); *SEC v. Princeton Econ. Int'l Ltd.*, 2008 WL 7826694, *4 (S.D.N.Y. 2008) ("All persons or entities with a claim that failed to file a proof of claim prior to the Bar Date and were not excused from filing a proof of claim under the Plan are forever barred, estopped, and permanently enjoined."); *CFTC v. Wall St. Underground, Inc.*, 2007 WL 1531856, *4 (D. Kan. 2007) (same). Enforcement of the Claims Bar Date against any future claim is

necessary to allow the Receiver to proceed with his plan of distribution as discussed in Section V, *supra*.

VIII. CONCLUSION

For the above reasons, the Receiver respectfully requests that the Court enter an Order:¹⁹

- 1) Approving the Receiver's determination of claims and claim priority as set forth above and in the attached Exhibits A through D;
- 2) Approving the plan of distribution as set forth above;
- 3) Approving the Proposed Objection Procedure as set forth above; and
- 4) Precluding further claims against the Receivership Entities, Receivership property, the Receivership Estate, or the Receiver by any claimant and precluding any proceedings or other efforts to enforce or otherwise collect on any lien, debt, or other asserted interest in or against the Receivership Entities, Receivership property, the Receivership Estate, or the Receiver.

LOCAL RULE 7.1(a)(3) CERTIFICATE

The undersigned has conferred with:

- 1) Anthony Natale, Esq., counsel for Paul L. Schumack, II, who without admitting or denying any of the allegations in this Motion or any findings in the proposed Order, does not oppose the requested relief;
- 2) Russell Koonin, Esq., counsel for the U.S. Securities and Exchange Commission, which does not oppose this Motion; and

¹⁹ A proposed Order granting this Motion is attached as Exhibit F.

3) Assistant United States Attorney Ellen Cohen, counsel for the United States of America, which does not oppose this Motion.

The undersigned counsel has been unable to confer with Non-Party Christine Schumack. In addition, the undersigned has been unable to confer with Defendant Joseph Signore and Non-Party Laura Grande, who are both incarcerated.

Dated: November 30, 2018

Respectfully Submitted,

SALLAH ASTARITA & COX, LLC

Counsel for the Receiver

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on November 30, 2018, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or *pro se* parties and non-parties who may have an interest in the Motion identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties or non-parties who are not authorized to receive electronically Notices of Electronic Filing.

/s/Patrick J. Rengstl

SERVICE LIST

Securities and Exchange Commission v. JCS Enterprises, Inc. et al.
Case No. 14-80468-CIV-MIDDLEBROOKS

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Counsel for Non-Party Chad Matsen

EXHIBIT A

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
1	\$ 44,500.00	\$ 49,000.00	\$ 4,500.00	Allowed	\$ 44,500.00
2	66,000.00	105,000.00	39,000.00	Allowed	66,000.00
3	84,574.00	105,000.00	20,426.00	Allowed	84,574.00
5	30,000.00	30,000.00	-	Allowed	30,000.00
7	13,000.00	17,500.00	4,500.00	Allowed	13,000.00
8	181,200.00	276,000.00	94,800.00	Allowed	181,200.00
9	18,800.00	35,000.00	16,200.00	Allowed	18,800.00
11	41,500.00	70,000.00	28,500.00	Allowed	41,500.00
12	4,000.00	7,000.00	3,000.00	Allowed	4,000.00
16	188,400.00	265,500.00	77,100.00	Allowed	188,400.00
18	4,000.00	70,000.00	66,000.00	Allowed	4,000.00
19	32,400.00	54,000.00	21,600.00	Allowed	32,400.00
20	27,000.00	40,500.00	13,500.00	Allowed	27,000.00
24	7,200.00	10,800.00	3,600.00	Allowed	7,200.00
25	4,500.00	9,000.00	4,500.00	Allowed	4,500.00
26	17,100.00	24,300.00	7,200.00	Allowed	17,100.00
27	64,000.00	70,000.00	6,000.00	Allowed	64,000.00
28	85,500.00	135,000.00	49,500.00	Allowed	85,500.00
30	9,500.00	24,500.00	15,000.00	Allowed	9,500.00
31	5,800.00	13,600.00	7,800.00	Allowed	5,800.00
32	6,400.00	28,000.00	21,600.00	Allowed	6,400.00
35	5,800.00	7,000.00	1,200.00	Allowed	5,800.00
36	12,900.00	15,000.00	2,100.00	Allowed	12,900.00
38	15,600.00	42,090.00	26,490.00	Allowed	15,600.00
40	14,000.00	14,000.00	-	Allowed	14,000.00
41	17,500.00	17,500.00	-	Allowed	17,500.00
42	76,800.00	84,000.00	7,200.00	Allowed	76,800.00
43	3,300.00	6,000.00	3,000.00	Allowed	3,300.00
46	9,600.00	10,500.00	900.00	Allowed	9,600.00
47	2,000.00	3,500.00	1,500.00	Allowed	2,000.00
48	20,400.00	45,500.00	25,100.00	Allowed	20,400.00
49	46,000.00	70,000.00	24,000.00	Allowed	46,000.00
50	17,500.00	17,500.00	-	Allowed	17,500.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
52	3,200.00	3,500.00	300.00	Allowed	3,200.00
53	164,839.05	448,000.00	283,160.95	Allowed	164,839.05
54	19,000.00	38,500.00	19,500.00	Allowed	19,000.00
55	43,500.00	120,000.00	76,500.00	Allowed	43,500.00
58	25,700.00	65,000.00	39,300.00	Allowed	25,700.00
59	13,500.00	15,000.00	1,500.00	Allowed	13,500.00
60	15,600.00	15,600.00	-	Allowed	15,600.00
60	9,700.00	13,000.00	3,300.00	Allowed	9,700.00
61	29,700.00	49,500.00	19,800.00	Allowed	29,700.00
62	6,600.00	7,200.00	600.00	Allowed	6,600.00
63	10,500.00	30,000.00	19,500.00	Allowed	10,500.00
64	23,000.00	35,000.00	12,000.00	Allowed	23,000.00
67	14,845.00	17,545.00	2,700.00	Allowed	14,845.00
69	7,200.00	9,000.00	1,800.00	Allowed	7,200.00
72	24,300.00	27,000.00	2,700.00	Allowed	24,300.00
73	6,000.00	6,000.00	-	Allowed	6,000.00
75	8,100.00	9,000.00	900.00	Allowed	8,100.00
77	14,000.00	26,000.00	12,000.00	Allowed	14,000.00
78	28,000.00	52,000.00	24,000.00	Allowed	28,000.00
81	213,375.00	447,125.00	233,750.00	Allowed	213,375.00
85	28,200.00	78,000.00	49,800.00	Allowed	28,200.00
86	73,050.00	175,015.00	101,965.00	Allowed	73,050.00
87	96,000.00	105,000.00	9,000.00	Allowed	96,000.00
89	35,000.00	35,000.00	-	Allowed	35,000.00
91	9,900.00	18,000.00	8,100.00	Allowed	9,900.00
92	14,400.00	14,400.00	-	Allowed	14,400.00
93	27,000.00	30,000.00	3,000.00	Allowed	27,000.00
94	41,600.00	45,500.00	3,900.00	Allowed	41,600.00
95	19,800.00	21,000.00	1,200.00	Allowed	19,800.00
96	3,500.00	3,500.00	-	Allowed	3,500.00
97	27,500.00	35,000.00	7,500.00	Allowed	27,500.00
98	72,800.00	87,500.00	14,700.00	Allowed	72,800.00
99	8,100.00	10,500.00	2,400.00	Allowed	8,100.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
101	4,600.00	7,000.00	2,400.00	Allowed	4,600.00
102	31,800.00	166,015.00	134,215.00	Allowed	31,800.00
103	29,400.00	204,180.00	174,780.00	Allowed	29,400.00
107	8,430.00	17,030.00	8,600.00	Allowed	8,430.00
112	58,600.00	91,000.00	32,400.00	Allowed	58,600.00
114	7,800.00	12,000.00	4,200.00	Allowed	7,800.00
115	47,700.00	76,500.00	28,800.00	Allowed	47,700.00
116	12,000.00	12,000.00	-	Allowed	12,000.00
117	25,200.00	42,000.00	16,800.00	Allowed	25,200.00
118	99,400.00	122,500.00	23,100.00	Allowed	99,400.00
119	16,200.00	18,000.00	1,800.00	Allowed	16,200.00
121	45,800.00	140,000.00	94,200.00	Allowed	45,800.00
122	41,600.00	45,500.00	3,900.00	Allowed	41,600.00
123	5,200.00	42,000.00	36,800.00	Allowed	5,200.00
125	4,200.00	6,000.00	1,800.00	Allowed	4,200.00
126	7,500.00	9,000.00	1,500.00	Allowed	7,500.00
127	1,100.00	3,500.00	2,400.00	Allowed	1,100.00
129	83,700.00	105,000.00	21,300.00	Allowed	83,700.00
130	18,000.00	36,000.00	18,000.00	Allowed	18,000.00
131	42,000.00	63,000.00	21,000.00	Allowed	42,000.00
136	7,500.00	13,500.00	6,000.00	Allowed	7,500.00
138	36,700.00	70,000.00	33,300.00	Allowed	36,700.00
139	8,000.00	21,000.00	13,000.00	Allowed	8,000.00
140	30,000.00	30,000.00	-	Allowed	30,000.00
141	5,460.00	14,000.00	8,540.00	Allowed	5,460.00
142	2,700.00	3,000.00	300.00	Allowed	2,700.00
143	4,000.00	7,000.00	3,000.00	Allowed	4,000.00
144	19,000.00	28,000.00	9,000.00	Allowed	19,000.00
146	9,000.00	10,800.00	1,800.00	Allowed	9,000.00
147	21,000.00	21,000.00	-	Allowed	21,000.00
149	73,500.00	90,000.00	16,500.00	Allowed	73,500.00
150	16,200.00	18,000.00	1,800.00	Allowed	16,200.00
155	72,000.00	90,000.00	18,000.00	Allowed	72,000.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
156	78,000.00	180,000.00	102,000.00	Allowed	78,000.00
158	15,000.00	33,000.00	18,000.00	Allowed	15,000.00
159	9,000.00	12,000.00	4,200.00	Allowed	9,000.00
163	31,400.00	35,000.00	3,600.00	Allowed	31,400.00
164	23,100.00	177,900.00	154,800.00	Allowed	23,100.00
165	3,500.00	17,560.00	3,600.00	Allowed	3,500.00
166	9,800.00	23,000.00	13,200.00	Allowed	9,800.00
168	24,400.00	42,015.00	17,615.00	Allowed	24,400.00
169	18,000.00	44,000.00	26,000.00	Allowed	18,000.00
170	9,600.00	10,500.00	900.00	Allowed	9,600.00
171	111,100.00	154,000.00	42,900.00	Allowed	111,100.00
174	7,000.00	7,000.00	-	Allowed	7,000.00
177	63,600.00	90,000.00	26,400.00	Allowed	63,600.00
179	4,200.00	6,000.00	1,800.00	Allowed	4,200.00
180	7,200.00	12,000.00	4,800.00	Allowed	7,200.00
181	78,000.00	105,000.00	27,000.00	Allowed	78,000.00
184	48,000.00	52,500.00	4,500.00	Allowed	48,000.00
186	43,300.00	49,000.00	5,700.00	Allowed	43,300.00
187	9,000.00	9,000.00	-	Allowed	9,000.00
191	36,000.00	45,000.00	9,000.00	Allowed	36,000.00
193	7,800.00	9,000.00	1,200.00	Allowed	7,800.00
194	21,555.00	143,500.00	121,245.00	Allowed	21,555.00
197	13,800.00	36,000.00	22,200.00	Allowed	13,800.00
199	14,500.00	17,500.00	3,000.00	Allowed	14,500.00
200	29,000.00	35,000.00	6,000.00	Allowed	29,000.00
201	8,000.00	14,000.00	6,000.00	Allowed	8,000.00
203	40,000.00	70,000.00	30,000.00	Allowed	40,000.00
204	35,400.00	42,000.00	6,600.00	Allowed	35,400.00
206	14,700.00	22,500.00	7,800.00	Allowed	14,700.00
211	21,000.00	31,500.00	10,500.00	Allowed	21,000.00
214	8,000.00	14,000.00	6,000.00	Allowed	8,000.00
215	58,200.00	96,000.00	37,800.00	Allowed	58,200.00
216	52,500.00	52,500.00	-	Allowed	52,500.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
218	10,000.00	17,500.00	7,500.00	Allowed	10,000.00
219	10,000.00	17,500.00	7,500.00	Allowed	10,000.00
221	72,000.00	90,000.00	18,000.00	Allowed	72,000.00
222	45,900.00	72,000.00	26,100.00	Allowed	45,900.00
223	2,200.00	4,000.00	1,800.00	Allowed	2,200.00
224	34,800.00	54,000.00	19,200.00	Allowed	34,800.00
226	542,400.00	912,000.00	369,600.00	Allowed	542,400.00
227	5,000.00	8,000.00	3,000.00	Allowed	5,000.00
228	34,000.00	70,000.00	36,000.00	Allowed	34,000.00
229	2,200.00	4,000.00	1,800.00	Allowed	2,200.00
230	13,800.00	60,000.00	46,200.00	Allowed	13,800.00
231	84,000.00	120,000.00	36,000.00	Allowed	84,000.00
232	31,200.00	39,000.00	7,800.00	Allowed	31,200.00
234	3,200.00	17,530.00	14,330.00	Allowed	3,200.00
235	16,400.00	24,500.00	8,100.00	Allowed	16,400.00
236	9,440.00	59,500.00	50,060.00	Allowed	9,440.00
237	30,000.00	36,000.00	6,000.00	Allowed	30,000.00
238	2,700.00	6,700.00	4,000.00	Allowed	2,700.00
239	41,600.00	68,900.00	27,300.00	Allowed	41,600.00
242	102,000.00	105,000.00	3,000.00	Allowed	102,000.00
243	43,500.00	52,500.00	9,000.00	Allowed	43,500.00
245	7,200.00	12,000.00	4,800.00	Allowed	7,200.00
247	2,300.00	3,500.00	1,200.00	Allowed	2,300.00
249	12,000.00	12,000.00	-	Allowed	12,000.00
251	10,800.00	12,000.00	1,200.00	Allowed	10,800.00
252	23,800.00	115,900.00	92,100.00	Allowed	23,800.00
253	10,800.00	13,500.00	2,700.00	Allowed	10,800.00
254	3,600.00	4,500.00	900.00	Allowed	3,600.00
255	42,900.00	58,500.00	15,600.00	Allowed	42,900.00
257	16,000.00	28,000.00	12,000.00	Allowed	16,000.00
258	38,000.00	56,000.00	18,000.00	Allowed	38,000.00
260	3,000.00	3,000.00	-	Allowed	3,000.00
262	17,900.00	38,515.00	13,800.00	Allowed	17,900.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
263	27,000.00	45,000.00	18,000.00	Allowed	27,000.00
265	10,800.00	12,000.00	1,200.00	Allowed	10,800.00
266	2,100.00	3,000.00	900.00	Allowed	2,100.00
267	2,100.00	3,000.00	900.00	Allowed	2,100.00
268	2,100.00	3,000.00	900.00	Allowed	2,100.00
269	6,300.00	9,000.00	2,700.00	Allowed	6,300.00
271	2,400.00	n/a	20,100.00	Allowed	2,400.00
274	32,000.00	35,000.00	3,000.00	Allowed	32,000.00
276	3,600.00	4,500.00	900.00	Allowed	3,600.00
277	10,500.00	10,500.00	-	Allowed	10,500.00
278	57,500.00	177,500.00	120,000.00	Allowed	57,500.00
279	2,400.00	3,600.00	1,200.00	Allowed	2,400.00
280	35,000.00	35,000.00	-	Allowed	35,000.00
281	9,000.00	9,000.00	-	Allowed	9,000.00
282	9,000.00	9,000.00	-	Allowed	9,000.00
283	27,000.00	30,000.00	3,000.00	Allowed	27,000.00
284	25,200.00	31,500.00	6,300.00	Allowed	25,200.00
285	8,400.00	13,500.00	5,100.00	Allowed	8,400.00
289	20,000.00	35,000.00	15,000.00	Allowed	20,000.00
291	8,300.00	14,000.00	5,700.00	Allowed	8,300.00
293	13,800.00	120,000.00	106,200.00	Allowed	13,800.00
296	64,200.00	90,000.00	25,800.00	Allowed	64,200.00
297	15,000.00	15,000.00	-	Allowed	15,000.00
299	3,200.00	3,500.00	300.00	Allowed	3,200.00
300	8,000.00	21,200.00	13,200.00	Allowed	8,000.00
302	17,400.00	21,000.00	3,600.00	Allowed	17,400.00
303	10,500.00	10,500.00	-	Allowed	10,500.00
304	4,800.00	6,000.00	1,200.00	Allowed	4,800.00
305	35,100.00	90,000.00	54,900.00	Allowed	35,100.00
308	3,500.00	3,500.00	-	Allowed	3,500.00
309	9,500.00	20,000.00	10,500.00	Allowed	9,500.00
310	47,650.00	102,250.00	54,600.00	Allowed	47,650.00
311	12,000.00	15,000.00	3,000.00	Allowed	12,000.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
313	3,500.00	3,500.00	-	Allowed	3,500.00
321	4,100.00	6,500.00	2,400.00	Allowed	4,100.00
323	65,000.00	65,000.00	-	Allowed	65,000.00
324	12,800.00	14,000.00	1,200.00	Allowed	12,800.00
325	15,700.00	28,000.00	12,300.00	Allowed	15,700.00
327	9,000.00	12,000.00	3,000.00	Allowed	9,000.00
330	15,400.00	28,000.00	12,600.00	Allowed	15,400.00
331	4,200.00	12,000.00	7,800.00	Allowed	4,200.00
332	139,500.00	147,000.00	7,500.00	Allowed	139,500.00
333	12,600.00	48,000.00	35,400.00	Allowed	12,600.00
334	43,200.00	52,500.00	9,300.00	Allowed	43,200.00
335	30,000.00	45,000.00	15,000.00	Allowed	30,000.00
336	11,400.00	18,000.00	6,600.00	Allowed	11,400.00
337	24,000.00	30,000.00	6,000.00	Allowed	24,000.00
338	3,900.00	9,015.00	2,100.00	Allowed	3,900.00
339	8,100.00	12,015.00	900.00	Allowed	8,100.00
340	13,500.00	52,500.00	39,000.00	Allowed	13,500.00
341	19,000.00	35,000.00	16,000.00	Allowed	19,000.00
342	9,000.00	12,000.00	3,000.00	Allowed	9,000.00
343	68,000.00	144,000.00	75,900.00	Allowed	68,000.00
344	33,000.00	52,500.00	19,500.00	Allowed	33,000.00
348	8,400.00	9,000.00	600.00	Allowed	8,400.00
350	11,300.00	20,000.00	8,700.00	Allowed	11,300.00
351	5,800.00	7,000.00	1,200.00	Allowed	5,800.00
352	24,225.00	75,075.00	43,500.00	Allowed	24,225.00
355	42,200.00	70,000.00	27,800.00	Allowed	42,200.00
356	13,500.00	15,000.00	1,500.00	Allowed	13,500.00
359	16,800.00	21,600.00	4,800.00	Allowed	16,800.00
361	2,700.00	3,600.00	900.00	Allowed	2,700.00
362	103,500.00	157,500.00	54,000.00	Allowed	103,500.00
363	33,700.00	38,500.00	4,800.00	Allowed	33,700.00
364	500,000.00	500,000.00	-	Allowed	500,000.00
365	6,400.00	7,000.00	600.00	Allowed	6,400.00

EXHIBIT A

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
366	2,900.00	3,500.00	600.00	Allowed	2,900.00
367	58,500.00	60,000.00	1,500.00	Allowed	58,500.00
368	16,800.00	21,000.00	4,200.00	Allowed	16,800.00
370	23,000.00	35,000.00	12,000.00	Allowed	23,000.00
371	15,400.00	49,000.00	33,600.00	Allowed	15,400.00
372	15,750.00	17,250.00	1,500.00	Allowed	15,750.00
373	10,800.00	21,000.00	10,200.00	Allowed	10,800.00
374	34,100.00	37,400.00	3,300.00	Allowed	34,100.00
375	2,300.00	3,500.00	1,200.00	Allowed	2,300.00
377	12,600.00	18,000.00	5,400.00	Allowed	12,600.00
378	10,500.00	10,500.00	-	Allowed	10,500.00
379	2,950.00	3,250.00	300.00	Allowed	2,950.00
380	5,900.00	6,500.00	600.00	Allowed	5,900.00
382	13,000.00	17,500.00	-	Allowed	13,000.00
383	8,700.00	27,000.00	18,300.00	Allowed	8,700.00
384	6,700.00	73,515.00	66,815.00	Allowed	6,700.00
385	2,600.00	6,500.00	3,900.00	Allowed	2,600.00
386	3,250.00	3,250.00	-	Allowed	3,250.00
388	11,200.00	16,000.00	4,800.00	Allowed	11,200.00
389	32,000.00	35,000.00	3,000.00	Allowed	32,000.00
390	16,000.00	17,500.00	1,500.00	Allowed	16,000.00
391	17,500.00	17,500.00	-	Allowed	17,500.00
392	2,950.00	3,250.00	300.00	Allowed	2,950.00
393	3,250.00	3,250.00	-	Allowed	3,250.00
394	4,650.00	13,000.00	8,350.00	Allowed	4,650.00
395	2,200.00	4,000.00	1,800.00	Allowed	2,200.00
397	14,000.00	35,000.00	21,000.00	Allowed	14,000.00
403	16,200.00	31,500.00	15,300.00	Allowed	16,200.00
404	3,000.00	6,000.00	3,000.00	Allowed	3,000.00
405	9,615.00	24,515.00	14,900.00	Allowed	9,615.00
408	10,800.00	12,000.00	1,200.00	Allowed	10,800.00
409A	14,400.00	18,000.00	3,600.00	Allowed	14,400.00
409B	14,400.00	18,000.00	3,600.00	Allowed	14,400.00

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
411	219,998.66	346,590.00	126,591.34	Allowed	219,998.66
413	6,400.00	7,000.00	600.00	Allowed	6,400.00
414	14,300.00	24,500.00	10,200.00	Allowed	14,300.00
415	17,500.00	17,500.00	-	Allowed	17,500.00
416	12,200.00	14,000.00	1,800.00	Allowed	12,200.00
417	14,000.00	14,000.00	-	Allowed	14,000.00
419	6,900.00	24,000.00	17,100.00	Allowed	6,900.00
422	15,200.00	32,000.00	16,800.00	Allowed	15,200.00
424	36,900.00	57,000.00	20,100.00	Allowed	36,900.00
427	63,000.00	90,000.00	27,000.00	Allowed	63,000.00
428	7,000.00	7,000.00	-	Allowed	7,000.00
429	2,700.00	3,000.00	300.00	Allowed	2,700.00
430	1,200.00	6,000.00	4,800.00	Allowed	1,200.00
433	34,700.00	45,500.00	10,800.00	Allowed	34,700.00
434	68,900.00	98,000.00	29,100.00	Allowed	68,900.00
435	242,050.00	334,750.00	92,700.00	Allowed	242,050.00
436	165,000.00	975,000.00	810,000.00	Allowed	165,000.00
437	54,000.00	60,000.00	6,000.00	Allowed	54,000.00
439	45,900.00	51,000.00	5,100.00	Allowed	45,900.00
440	36,000.00	45,000.00	9,000.00	Allowed	36,000.00
441	112,900.00	259,000.00	146,100.00	Allowed	112,900.00
443	1,500.00	3,000.00	1,500.00	Allowed	1,500.00
444	17,800.00	28,000.00	10,200.00	Allowed	17,800.00
445	1,900.00	4,000.00	2,100.00	Allowed	1,900.00
446	20,000.00	32,000.00	12,000.00	Allowed	20,000.00
451	37,800.00	52,500.00	14,700.00	Allowed	37,800.00
454	1,900.00	4,000.00	2,100.00	Allowed	1,900.00
456	3,500.00	35,000.00	-	Allowed	3,500.00
457	90,000.00	90,000.00	-	Allowed	90,000.00
459	30,000.00	30,000.00	-	Allowed	30,000.00
461	33,000.00	45,000.00	12,000.00	Allowed	33,000.00
468	71,300.00	89,900.00	18,600.00	Allowed	71,300.00
469	24,500.00	24,500.00	-	Allowed	24,500.00

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
470	10,400.00	14,000.00	3,600.00	Allowed	10,400.00
473	64,400.00	89,000.00	24,600.00	Allowed	64,400.00
474	30,000.00	30,000.00	-	Allowed	30,000.00
476	6,300.00	9,000.00	2,700.00	Allowed	6,300.00
477	43,500.00	72,000.00	28,500.00	Allowed	43,500.00
478	5,400.00	27,000.00	21,600.00	Allowed	5,400.00
480	3,400.00	7,000.00	3,600.00	Allowed	3,400.00
481	3,400.00	7,000.00	3,600.00	Allowed	3,400.00
483	5,400.00	12,000.00	6,600.00	Allowed	5,400.00
484	123,600.00	402,000.00	278,400.00	Allowed	123,600.00
486	96,000.00	105,000.00	9,000.00	Allowed	96,000.00
491	2,300.00	3,500.00	1,200.00	Allowed	2,300.00
495	8,100.00	9,000.00	900.00	Allowed	8,100.00
498	4,200.00	18,000.00	13,800.00	Allowed	4,200.00
499	55,500.00	97,200.00	41,700.00	Allowed	55,500.00
500	2,818.73	7,000.00	4,181.73	Allowed	2,818.73
502	6,700.00	7,000.00	300.00	Allowed	6,700.00
504	67,000.00	70,000.00	3,000.00	Allowed	67,000.00
507	14,100.00	15,000.00	900.00	Allowed	14,100.00
508	4,600.00	10,500.00	5,900.00	Allowed	4,600.00
512	1,800.00	9,000.00	7,200.00	Allowed	1,800.00
513	31,200.00	52,500.00	21,300.00	Allowed	31,200.00
515	6,600.00	9,000.00	2,400.00	Allowed	6,600.00
517	9,900.00	66,000.00	56,100.00	Allowed	9,900.00
518	18,000.00	24,000.00	6,000.00	Allowed	18,000.00
519	336,000.00	420,000.00	84,000.00	Allowed	336,000.00
520	2,500.00	4,000.00	1,500.00	Allowed	2,500.00
523	4,600.00	7,000.00	2,400.00	Allowed	4,600.00
525	2,000.00	3,500.00	1,500.00	Allowed	2,000.00
529	2,400.00	6,000.00	3,600.00	Allowed	2,400.00
530	3,600.00	6,000.00	2,400.00	Allowed	3,600.00
531	3,500.00	3,500.00	-	Allowed	3,500.00
532	24,500.00	24,500.00	-	Allowed	24,500.00

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
533	10,500.00	10,500.00	-	Allowed	10,500.00
535	10,000.00	17,500.00	7,500.00	Allowed	10,000.00
536	16,800.00	21,000.00	4,200.00	Allowed	16,800.00
537	26,000.00	35,000.00	9,000.00	Allowed	26,000.00
539	5,800.00	7,000.00	1,200.00	Allowed	5,800.00
540	4,200.00	6,000.00	1,800.00	Allowed	4,200.00
545	48,600.00	73,500.00	24,900.00	Allowed	48,600.00
546	31,560.00	90,060.00	58,500.00	Allowed	31,560.00
549	10,500.00	10,500.00	-	Allowed	10,500.00
551	50,000.00	103,000.00	53,000.00	Allowed	50,000.00
552	7,800.00	10,500.00	2,700.00	Allowed	7,800.00
553	56,400.00	60,000.00	3,600.00	Allowed	56,400.00
554	25,500.00	135,000.00	109,500.00	Allowed	25,500.00
555	13,300.00	17,500.00	4,200.00	Allowed	13,300.00
556	4,400.00	6,500.00	2,100.00	Allowed	4,400.00
558	39,000.00	52,500.00	13,500.00	Allowed	39,000.00
560	3,600.00	12,000.00	8,400.00	Allowed	3,600.00
562	12,000.00	12,000.00	-	Allowed	12,000.00
563	1,500.00	3,000.00	1,500.00	Allowed	1,500.00
564	1,500.00	3,000.00	1,500.00	Allowed	1,500.00
570	43,500.00	52,500.00	9,000.00	Allowed	43,500.00
572	4,500.00	15,000.00	10,500.00	Allowed	4,500.00
573	5,200.00	7,000.00	1,800.00	Allowed	5,200.00
575	8,850.00	9,750.00	900.00	Allowed	8,850.00
576	3,250.00	3,250.00	-	Allowed	3,250.00
577	3,250.00	3,250.00	-	Allowed	3,250.00
579	1,750.00	3,250.00	1,500.00	Allowed	1,750.00
580	68,500.00	71,500.00	3,000.00	Allowed	68,500.00
581	6,700.00	13,000.00	6,300.00	Allowed	6,700.00
582	5,500.00	13,000.00	7,500.00	Allowed	5,500.00
583	4,100.00	6,500.00	2,400.00	Allowed	4,100.00
584	4,100.00	6,500.00	2,400.00	Allowed	4,100.00
585	4,100.00	6,500.00	2,400.00	Allowed	4,100.00

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
586	4,100.00	6,500.00	2,400.00	Allowed	4,100.00
588	99,800.00	140,000.00	40,200.00	Allowed	99,800.00
590	27,000.00	30,000.00	3,000.00	Allowed	27,000.00
591	8,100.00	21,000.00	12,900.00	Allowed	8,100.00
595	4,300.00	7,000.00	2,700.00	Allowed	4,300.00
598	115,950.00	708,050.00	592,100.00	Allowed	115,950.00
600	6,400.00	7,000.00	600.00	Allowed	6,400.00
605	50,200.00	120,000.00	-	Allowed	50,200.00
607	29,000.00	35,000.00	6,000.00	Allowed	29,000.00
608	6,000.00	6,000.00	-	Allowed	6,000.00
609	51,000.00	60,000.00	9,000.00	Allowed	51,000.00
611	12,000.00	18,000.00	6,000.00	Allowed	12,000.00
613	41,000.00	138,075.00	70,150.00	Allowed	41,000.00
614	64,300.00	126,000.00	61,700.00	Allowed	64,300.00
624	20,800.00	28,000.00	7,200.00	Allowed	20,800.00
626	13,200.00	18,000.00	4,800.00	Allowed	13,200.00
627	10,400.00	14,000.00	3,600.00	Allowed	10,400.00
628	8,700.00	10,500.00	1,800.00	Allowed	8,700.00
629	8,700.00	10,500.00	1,800.00	Allowed	8,700.00
633	10,000.00	17,500.00	7,500.00	Allowed	10,000.00
634	15,000.00	33,000.00	18,000.00	Allowed	15,000.00
637	39,000.00	60,000.00	21,000.00	Allowed	39,000.00
638	11,400.00	32,400.00	21,000.00	Allowed	11,400.00
639	35,000.00	35,000.00	-	Allowed	35,000.00
642	8,700.00	10,500.00	1,800.00	Allowed	8,700.00
644	4,600.00	7,000.00	2,400.00	Allowed	4,600.00
645	13,500.00	27,000.00	4,500.00	Allowed	13,500.00
646	5,000.00	8,000.00	3,000.00	Allowed	5,000.00
647	9,900.00	21,000.00	11,100.00	Allowed	9,900.00
649	72,600.00	91,500.00	18,900.00	Allowed	72,600.00
650	23,200.00	28,000.00	4,800.00	Allowed	23,200.00
652	10,500.00	10,500.00	-	Allowed	10,500.00
660	11,500.00	17,500.00	6,000.00	Allowed	11,500.00

Allowed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Recommended Disposition	Recommended Amount of Allowed Claim
662	9,000.00	10,500.00	1,500.00	Allowed	9,000.00
664	3,300.00	6,000.00	2,700.00	Allowed	3,300.00
665	61,750.00	61,750.00	3,000.00	Allowed	61,750.00
666	12,800.00	14,000.00	1,200.00	Allowed	12,800.00
667	7,800.00	24,000.00	16,200.00	Allowed	7,800.00
668	8,100.00	13,500.00	5,400.00	Allowed	8,100.00
669	9,800.00	14,000.00	4,200.00	Allowed	9,800.00
671	6,000.00	15,000.00	9,000.00	Allowed	6,000.00
672	2,700.00	3,000.00	300.00	Allowed	2,700.00
673	16,000.00	32,000.00	16,000.00	Allowed	16,000.00
675	14,400.00	18,000.00	3,600.00	Allowed	14,400.00
676	24,000.00	30,000.00	6,000.00	Allowed	24,000.00
677	12,600.00	18,000.00	5,400.00	Allowed	12,600.00
678	9,600.00	10,500.00	900.00	Allowed	9,600.00
679	13,500.00	15,000.00	1,500.00	Allowed	13,500.00
680	23,650.00	70,300.00	44,150.00	Allowed	23,650.00
681	2,400.00	4,500.00	2,100.00	Allowed	2,400.00
682	33,700.00	52,500.00	18,800.00	Allowed	33,700.00
687	26,000.00	26,000.00	-	Allowed	26,000.00
	\$ 11,968,435.44	\$ 20,636,330.00	\$ 8,519,215.02		\$ 11,968,435.44

EXHIBIT B

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
4	\$ 122,277.00	\$ 214,801.00	\$ 92,500.00	Wrong case, invested in ABEO	Wrong Case	Disputed	\$ -
6	14,500.00	17,500.00	3,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show that claimant received an additional \$4,500 in returns)	Claim for more than Receiver's records	Disputed	10,000.00
10	31,500.00	39,000.00	7,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show an additional return)	Claim for more than Receiver's records	Disputed	30,000.00
13	13,800.00	21,000.00	7,200.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	13,500.00
14	29,700.00	40,500.00	10,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show an additional return)	Claim for more than Receiver's records	Disputed	27,000.00
15	192,500.00	192,500.00	39,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	153,500.00
17	281,824.00	293,823.00	12,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	205,200.00
22	33,700.00	34,000.00	300.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	31,000.00
23	106,600.00	154,000.00	47,400.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Incomplete records attached to claim, Incomplete answer(s) to question(s)	Claim for more than Receiver's records	Disputed	94,600.00
29	13,300.00	91,000.00	77,700.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim, Inadequate identification	Claim for more than Receiver's records	Disputed	9,600.00
34	19,400.00	24,500.00	5,100.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	6,930.00
37	70,500.00	72,000.00	19,500.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	52,500.00
39	490,000.00	490,000.00	-	Claim for more money than reflected in Receiver's records, Inadequate identification	Claim for more than Receiver's records	Disputed	231,000.00
45	180,475.00	206,620.00	26,145.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	162,900.00
51	175,000.00	175,000.00	36,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns), Incomplete answer(s) to question(s)	Claim for more than Receiver's records	Disputed	139,000.00
56	46,500.00	147,000.00	100,500.00	Claim for more money than reflected in Receiver's records, Incomplete answer(s) to question(s)	Claim for more than Receiver's records	Disputed	36,000.00
57	26,100.00	70,000.00	43,900.00	Received Montana restitution of \$5,000 and did not reduce claim (see claim 569). Recommended amount reduced for restitution received by claimant.	Received Montana Restitution	Disputed	21,100.00
65	10,400.00	14,000.00	3,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	9,200.00
66	6,000.00	6,000.00	600.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	5,400.00

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
68	1,779.70	3,000.00	1,220.30	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim (missing pages of claim)	Claim for more than Receiver's records	Disputed	1,500.00
70	16,000.00	42,000.00	26,000.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	13,600.00
71	97,500.00	262,500.00	165,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	87,500.00
74	12,078.05	12,000.00	2,700.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns and included shipping)	Claim for more than Receiver's records	Disputed	9,300.00
79	82,300.00	107,500.00	27,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	74,500.00
80	9,900.00	24,000.00	14,100.00	Claim for more money than reflected in Receiver's records (Receiver's records show investment of \$21,500), Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	7,400.00
82	45,000.00	45,000.00	49,500.00	Claim for more money than reflected in Receiver's records (received a return for more than amount invested - profiteer and repaid Receiver the profit of \$4,500), Incomplete records attached to claim, Inadequate identification	Claim for more than Receiver's records	Disputed	-
83	10,700.00	67,300.00	57,000.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim (claim includes \$3,000 for relative)	Claim for more than Receiver's records	Disputed	7,700.00
84	23,672.71	21,000.00	-	Claim for more money than reflected in Receiver's records (claim included interest of 4% per year)	Claim for more than Receiver's records	Disputed	21,000.00
88	35,000.00	70,000.00	40,000.00	Claim for more money than reflected in Receiver's records (claim included legal fees for \$5,000)	Claim for more than Receiver's records	Disputed	30,000.00
90	72,100.00	140,000.00	67,900.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim, Claim amount left blank (Receiver determined claim amount by deducting amount returned from amount invested)	Claim for more than Receiver's records	Disputed	45,900.00
100	11,600.00	17,515.00	5,915.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	10,100.00
104	35,000.00	35,000.00	-	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	30,200.00
105	4,996.00	7,000.00	3,600.00	Claim for more money than reflected in Receiver's records (difference is interest claimed)	Claim for more than Receiver's records	Disputed	3,400.00
106	62,500.00	80,500.00	18,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	55,600.00
108	136,772.09	136,772.09	10,000.00	Alleged Beneficiary for investor without supporting records, Name of claimant does not match Receiver's records, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	-
109	12,900.00	28,000.00	15,100.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	12,100.00

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
110	189,700.00	163,900.00	36,300.00	Claim for more money than reflected in Receiver's records (investor is claiming penalty for early IRA withdrawal; claim did not deduct returns)	Claim for more than Receiver's records	Disputed	122,200.00
111	15,100.00	17,500.00	2,400.00	Received Montana restitution of \$4,799.11 and did not reduce claim (see claim 569). Recommended amount reduced for restitution received by claimant.	Received Montana Restitution	Disputed	10,300.89
113	58,200.00	81,000.00	22,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	50,700.00
120	15,045.00	18,045.00	3,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	14,145.00
124	26,000.00	35,000.00	9,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	24,800.00
128	99,457.00	99,457.36	32,997.47	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	66,000.00
132	6,200.00	14,000.00	7,800.00	Claim for more money than reflected in Receiver's records (chargebacks not included in claim - profiteer per Receiver's records)	Claim for more than Receiver's records	Disputed	-
133	1,625.00	16,625.00	15,000.00	Claim for more money than reflected in Receiver's records (investor paid A-1 Merchant Services \$16,625 but the Receiver only shows A-1 Merchant Services paying \$13,750 to TBTI - Profiteer)	Claim for more than Receiver's records	Disputed	-
134	49,134.45	51,300.00	7,200.00	Claim for more money than reflected in Receiver's records (claim included a \$34.45 shipping fee and a \$5,000 penalty)	Claim for more than Receiver's records	Disputed	44,100.00
137	686,000.00	686,000.00	162,175.62	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	177,905.00
145	35,000.00	35,000.00	-	Claim for more money than reflected in Receiver's records (Receiver's records show a return for \$6,000 that is not included in claim)	Claim for more than Receiver's records	Disputed	29,000.00
148	71,952.64	145,589.00	73,636.36	Claim for more money than reflected in Receiver's records (second investment not included in Receiver's records), Investment made through claimant's company via another investor, Invested in Virtual Concierge Solutions, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	1,140.00
151	8,100.00	8,100.00	1,200.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	5,700.00
152	-	-	-	Incomplete records attached to claim, Incomplete answer(s) to question(s), Other (page 3 of claim form not included; claim question 12 left blank)	Other	Disputed	6,900.00
153	30,000.00	30,000.00	-	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	19,800.00
154	65,400.00	84,000.00	18,600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	58,200.00
157	42,000.00	52,500.00	4,400.00	Claim for more money than reflected in Receiver's records, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	27,000.00
161	15,000.00	21,000.00	6,000.00	Claim for more money than reflected in Receiver's records, Inadequate identification	Claim for more than Receiver's records	Disputed	13,200.00

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
162	43,800.00	72,000.00	28,200.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	42,300.00
167	3,200.00	3,500.00	300.00	Claim for more money than reflected in Receiver's records (Receiver's records show an additional \$900 return)	Claim for more than Receiver's records	Disputed	2,300.00
172	10,700.00	24,500.00	13,800.00	Claim for more money than reflected in Receiver's records (received chargebacks and more returns than reflected in claim; profiteer)	Claim for more than Receiver's records	Disputed	-
173	88,200.00	351,000.00	262,800.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	86,100.00
175	57,000.00	120,000.00	69,900.00	Claim for more money than reflected in Receiver's records (math is incorrect)	Claim for more than Receiver's records	Disputed	50,100.00
176	48,200.00	90,000.00	46,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	41,400.00
182	48,700.00	63,000.00	14,300.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	32,500.00
183	3,600.00	4,500.00	900.00	Claim for more money than reflected in Receiver's records (Receiver's records show returns totaling \$1,200)	Claim for more than Receiver's records	Disputed	3,300.00
185	180,472.64	182,000.00	118,800.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	39,500.00
188	126,000.00	171,000.00	45,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	123,000.00
192	95,400.00	164,500.00	78,900.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	81,700.00
195	7,532.00	178,500.00	170,968.00	The Receiver sued this claimant's mother, and in exchange for withdrawing claims against her, this claimant agreed to extinguish his claim against the Receivership Estate.	Settlement with Receiver	Disputed	-
196	21,000.00	21,000.00	1,200.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	19,800.00
198	24,000.00	30,000.00	6,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	21,000.00
202	8,500.00	14,500.00	6,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Inadequate identification, Incomplete records attached to claim	Claim for more than Receiver's records	Disputed	7,300.00
205	44,400.00	54,000.00	9,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	40,800.00
207	14,925.00	125,950.00	111,025.00	Claim for more money than reflected in Receiver's records (Receiver's records show that claimant received an additional \$900)	Claim for more than Receiver's records	Disputed	14,025.00
208	103,457.22	127,457.22	24,000.00	Claim for more money than reflected in Receiver's records, Documents are not clear on what amount claimant is claiming	Claim for more than Receiver's records	Disputed	94,800.00

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
209	41,000.00	87,500.00	46,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Inadequate identification	Claim for more than Receiver's records	Disputed	35,000.00
210	30,000.00	28,000.00	-	Claim for more money than reflected in Receiver's records (claimant is claiming more money than total investment)	Claim for more than Receiver's records	Disputed	25,600.00
213	10,800.00	12,000.00	1,200.00	Claim for more money than reflected In Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	8,400.00
217	14,000.00	14,000.00	2,400.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	11,600.00
220	260,300.00	405,225.00	144,925.00	Claim for more money than reflected in Receiver's records (Receiver's records include more chargebacks)	Claim for more than Receiver's records	Disputed	186,400.00
233	37,522.00	44,322.00	6,800.00	Wrong case, invested in ABEO	Wrong Case	Disputed	-
240	9,700.00	16,000.00	6,300.00	Other (\$53,700 plus half of joint investment of \$2,150 - See also claim 241)	Other	Disputed	55,850.00
241	145,100.00	212,000.00	66,900.00	Other (\$72,800 plus half of joint investment of \$2,150 - See also claim 240)	Other	Disputed	74,950.00
244	13,000.00	35,000.00	17,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show additional return of \$1,500)	Claim for more than Receiver's records	Disputed	11,500.00
246	180,266.00	263,766.00	83,500.00	Wrong case, invested in ABEO	Wrong Case	Disputed	-
248	4,000.00	7,000.00	3,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show additional return of \$1,200), Inadequate identification	Claim for more than Receiver's records	Disputed	2,800.00
250	82,800.00	103,500.00	20,700.00	Claim for more money than reflected in Receiver's records (Receiver's records show additional return of \$6,900)	Claim for more than Receiver's records	Disputed	75,900.00
256	31,800.00	33,000.00	1,200.00	Claim for more money than reflected in Receiver's records (Receiver's records show \$12,060 in credit card chargebacks)	Claim for more than Receiver's records	Disputed	16,800.00
259	95,600.00	119,000.00	23,400.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns), Claim is for company, not individual	Claim for more than Receiver's records	Disputed	86,900.00
261	21,000.00	21,000.00	1,800.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	19,200.00
264	46,542.00	105,000.00	27,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show \$9,600 in additional returns and a \$15,000 chargeback)	Claim for more than Receiver's records	Disputed	35,900.00
270	2,200.00	7,000.00	4,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show there was a chargeback of \$2,200 that was not reported by the investor)	Claim for more than Receiver's records	Disputed	-

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
272	30,000.00	30,000.00	15,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns), Inadequate identification	Claim for more than Receiver's records	Disputed	15,000.00
273	18,000.00	49,000.00	31,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return of \$2,600)	Claim for more than Receiver's records	Disputed	15,400.00
275	13,500.00	15,000.00	1,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received an additional return of \$1,500)	Claim for more than Receiver's records	Disputed	12,000.00
286	3,500.00	3,500.00	-	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received an additional return of \$900)	Claim for more than Receiver's records	Disputed	2,600.00
287	2,100.00	3,600.00	1,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received an additional return of \$600)	Claim for more than Receiver's records	Disputed	1,400.00
288	32,600.00	56,000.00	23,400.00	Claim for more money than reflected in Receiver's records (Receiver's records show the claimant invested \$4,000 less than what is included on the claim form)	Claim for more than Receiver's records	Disputed	28,600.00
290	6,000.00	6,000.00	-	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received a \$600 return that was not on the claim form)	Claim for more than Receiver's records	Disputed	5,400.00
292	14,343.00	30,000.00	18,900.00	Received Montana restitution of \$5,000 and did not reduce claim (see claim 569) (recommended amount is reduced for restitution received by claimant, claimant included interest in claim)	Received Montana Restitution	Disputed	6,100.00
295	8,100.00	9,000.00	900.00	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received an additional return of \$900)	Claim for more than Receiver's records	Disputed	7,200.00
298	11,400.00	31,600.00	-	Claim for more money than reflected in Receiver's records (Receiver's records show claimant's total investment amount was \$100 less than claim form, and had \$25,500 in returns)	Claim for more than Receiver's records	Disputed	6,000.00
301	276,400.00	350,200.00	73,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show less money invested and more money returned)	Claim for more than Receiver's records	Disputed	142,900.00
306	6,800.00	45,500.00	38,700.00	Claim for more money than reflected in Receiver's records (Receiver's records show a gain of \$3,700; no record of \$10,500 investment included in claim)	Claim for more than Receiver's records	Disputed	-
307	41,850.00	77,000.00	35,150.00	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received returns of \$3,700)	Claim for more than Receiver's records	Disputed	38,150.00
312	27,600.00	72,000.00	44,400.00	Claim for more money than reflected in Receiver's records (difference due to chargeback), Inadequate identification	Claim for more than Receiver's records	Disputed	24,300.00

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
314	24,700.00	24,700.00	3,900.00	Claim for more money than reflected in Receiver's records (investor is claiming that the returns were reinvested but there is no supporting evidence of this), Inadequate identification	Claim for more than Receiver's records	Disputed	16,900.00
315	51,600.00	51,600.00	9,900.00	Claim for more money than reflected in Receiver's records (investor is claiming that the returns were reinvested but there is no supporting evidence of this), Inadequate identification	Claim for more than Receiver's records	Disputed	31,800.00
316	51,600.00	51,600.00	9,900.00	Claim for more money than reflected in Receiver's records (investor is claiming that the returns were reinvested but there is no supporting evidence of this), Inadequate identification	Claim for more than Receiver's records	Disputed	31,800.00
317	364,450.00	364,450.00	105,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns and added back returns as reinvestment without reinvestment support)	Claim for more than Receiver's records	Disputed	152,650.00
318	388,650.00	345,750.00	42,900.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns and added back returns as reinvestment without reinvestment support)	Claim for more than Receiver's records	Disputed	300,525.00
320	352,200.00	352,200.00	41,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	248,100.00
322	64,100.00	80,000.00	15,900.00	Claim for more money than reflected in Receiver's records (Receiver's records show \$45 more in total investment and \$1,500 more in returns)	Claim for more than Receiver's records	Disputed	62,645.00
326	17,400.00	21,000.00	3,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return of \$1,800)	Claim for more than Receiver's records	Disputed	15,600.00
328	10,500.00	10,500.00	-	Claim for more money than reflected in Receiver's records (Receiver's records show an additional return of \$900), Inadequate identification	Claim for more than Receiver's records	Disputed	9,600.00
329	31,184.79	31,500.00	6,300.00	Claim for more money than reflected in Receiver's records (claim includes \$5,984.79 life insurance company surrender charge)	Claim for more than Receiver's records	Disputed	25,200.00
345	203,100.00	409,500.00	206,400.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	132,200.00
346	6,900.00	10,500.00	3,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received an additional return of \$2,700)	Claim for more than Receiver's records	Disputed	4,200.00
347	8,100.00	10,500.00	2,400.00	Claim for more money than reflected in Receiver's records (Receiver's records show the investor received an additional return of \$900)	Claim for more than Receiver's records	Disputed	7,200.00
349	140,000.00	175,000.00	35,500.00	Claim for more money than reflected in Receiver's records, Inadequate identification	Claim for more than Receiver's records	Disputed	139,450.00
353	12,300.00	15,000.00	2,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	3,300.00
354	11,500.00	30,000.00	18,500.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	8,200.00

EXHIBIT B

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
357	39,480.13	39,000.00	3,900.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	35,100.00
358	60,000.00	105,000.00	45,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	51,000.00
360	40,500.00	54,000.00	13,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	39,000.00
369	30,000.00	52,500.00	22,500.00	Claim for more money than reflected in Receiver's records (claim did not deduct chargeback)	Claim for more than Receiver's records	Disputed	28,000.00
376	83,700.00	115,500.00	31,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	73,170.00
381	21,000.00	21,000.00	3,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	12,000.00
387	60,000.00	105,000.00	45,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	51,000.00
396	41,000.00	56,000.00	15,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	40,100.00
398	16,000.00	16,000.00	1,200.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	3,600.00
399	15,600.00	18,000.00	2,400.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	11,400.00
400	32,800.00	66,500.00	33,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	1,500.00
401	109,547.61	175,090.00	65,542.39	Claim for more money than reflected in Receiver's records (Receiver's records show more returns / chargebacks)	Claim for more than Receiver's records	Disputed	82,200.00
402	127,900.00	461,615.00	331,715.00	Claim for more money than reflected in Receiver's records (claimant received \$335,915 in chargebacks and is a profiteer)	Claim for more than Receiver's records	Disputed	-
406	32,300.00	35,000.00	2,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	19,200.00
407	91,400.00	124,000.00	32,600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	75,400.00
410	1,900.00	5,500.00	3,600.00	This claimant worked in Richard Renshaw's office and received commissions for selling VCMs.	Renshaw Related	Disputed	-
418	38,500.00	38,500.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	22,298.00
420	24,000.00	49,500.00	25,500.00	This claimant is Richard Renshaw's mother or ex-wife. Either way, the money this claimant invested came from Richard Renshaw or could be traced to him.	Renshaw Related	Disputed	-
421	1,300.00	5,500.00	4,200.00	This claimant is Richard Renshaw's son who worked in his office, sold VCMs, and/or received commissions or other benefits for selling VCMs.	Renshaw Related	Disputed	-
423	11,600.00	14,000.00	3,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	9,800.00
425	39,200.00	68,000.00	28,800.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	34,100.00

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
426	30,700.00	87,560.00	57,420.00	Claim for more money than reflected in Receiver's records (recommended claim amount reduced by credit card fees included in claim)	Other	Disputed	30,140.00
431	14,015.00	-	-	Claim for more money than reflected in Receiver's records, Incomplete answer(s) to question(s)	Claim for more than Receiver's records	Disputed	9,615.00
432	21,400.00	38,500.00	17,100.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	17,900.00
442	31,200.00	31,500.00	300.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	24,600.00
448	5,745.00	9,000.00	3,300.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	3,630.00
449	62,900.00	194,000.00	131,500.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	50,400.00
450	30,000.00	51,000.00	18,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	21,000.00
452	53,825.00	97,025.00	43,200.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	41,275.00
453	2,375.00	9,575.00	7,200.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	1,475.00
455	21,000.00	21,000.00	-	Claim for more money than reflected in Receiver's records (claim form left blank; email attached to claim says claim amount is between \$21,000 and \$25,000; no support included)	Claim for more than Receiver's records	Disputed	10,400.00
458	80,150.00	129,000.00	63,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	60,650.00
460	8,700.00	12,000.00	3,300.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	5,701.00
462	71,800.00	175,000.00	82,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns; math error)	Claim for more than Receiver's records	Disputed	55,150.00
463	10,600.00	19,000.00	8,400.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	9,400.00
464	73,700.00	150,500.00	76,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns)	Claim for more than Receiver's records	Disputed	72,800.00
466	22,500.00	22,500.00	6,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	15,000.00
467	22,500.00	22,500.00	6,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	18,000.00
471	24,900.00	54,000.00	35,100.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	18,900.00
472	13,185.00	15,000.00	6,030.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	12,915.00
475	98,231.00	87,411.00	-	Wrong case, invested in ABEO	Wrong Case	Disputed	-
479	4,200.00	15,000.00	10,800.00	Claim for more money than reflected in Receiver's records (received two chargebacks and an additional return)	Claim for more than Receiver's records	Disputed	900.00

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
482	5,100.00	27,500.00	21,900.00	Claim for more money than reflected in Receiver's records (Receiver's records show more returns - profiteer of \$300)	Claim for more than Receiver's records	Disputed	-
489	28,300.00	88,000.00	59,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	27,800.00
490	21,600.00	42,000.00	20,400.00	Claim for more money than reflected in Receiver's records (claim did not deduct chargeback)	Claim for more than Receiver's records	Disputed	13,600.00
492	11,600.00	14,000.00	1,200.00	Gary Scheer was a subagent who worked at first with Richard Renshaw and then with JCS as an agent. He received commissions for selling VCMs and then took that income to invest on behalf of his family, including this claimant.	Renshaw Related	Disputed	-
493	14,000.00	14,000.00	-	Gary Scheer was a subagent who worked at first with Richard Renshaw and then with JCS as an agent. He received commissions for selling VCMs and then took that income to invest on behalf of his family, including this claimant.	Renshaw Related	Disputed	-
494	14,000.00	14,000.00	-	Gary Scheer was a subagent who worked at first with Richard Renshaw and then with JCS as an agent. He received commissions for selling VCMs and then took that income to invest on behalf of his family, including this claimant.	Renshaw Related	Disputed	-
496	30,800.00	35,000.00	4,200.00	Claim for more money than reflected in Receiver's records (Receiver's records show additional return for \$2,100 and a \$10,500 check for "buyback of vc's/program canceled")	Claim for more than Receiver's records	Disputed	18,200.00
503	unclear	unclear	unclear	Unclear /incomplete answer(s) to question(s), Receiver's records show claimant as profiteer, Claim did not deduct chargebacks, Claim for a different investor name	Other	Disputed	-
506	37,500.00	63,000.00	25,500.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	34,500.00
509	15,387.48	30,000.00	15,000.00	Claim for more money than reflected in Receiver's records (includes a \$387.48 charge from the IRS for a 1099)	Claim for more than Receiver's records	Disputed	15,000.00
510	49,500.00	153,000.00	103,500.00	Claim for more money than reflected in Receiver's records, Incomplete support	Claim for more than Receiver's records	Disputed	9,210.00
511	3,000.00	3,000.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	2,400.00
514	86,400.00	105,000.00	18,600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	79,500.00
516	12,400.00	22,000.00	9,600.00	This claimant is Richard Renshaw's mother or ex-wife. Either way, the money this claimant invested came from Richard Renshaw or could be traced to him.	Renshaw Related	Disputed	-
521	267,800.00	372,200.00	104,400.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	222,000.00
524	67,500.00	351,000.00	283,500.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	43,500.00
526	28,500.00	39,000.00	10,500.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	19,500.00
527	7,000.00	7,000.00	3,800.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	5,900.00

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
528	33,000.00	60,000.00	27,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	19,200.00
534	17,800.00	17,800.00	1,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	200.00
537	52,000.00	70,000.00	18,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	50,000.00
538	19,300.00	38,500.00	19,200.00	Claim for more money than reflected in Receiver's records (Receiver's records show an additional return)	Claim for more than Receiver's records	Disputed	17,200.00
541	17,300.00	21,000.00	3,700.00	Received Montana restitution of \$10,000 and did not reduce claim (see claim 569). Recommended amount reduced for restitution received by claimant. Incomplete records attached to claim	Received Montana Restitution	Disputed	7,300.00
542	54,200.00	77,000.00	22,800.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	28,200.00
543	65,800.00	80,500.00	14,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	62,300.00
544	11,500.00	15,000.00	4,500.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	9,000.00
547	30,000.00	42,300.00	12,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	20,100.00
548	24,400.00	36,000.00	12,600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	18,000.00
550	14,000.00	14,000.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	5,000.00
557	30,000.00	30,000.00	15,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	15,000.00
559	27,000.00	90,000.00	63,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	25,500.00
561	29,400.00	33,000.00	3,600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	29,100.00
565	56,000.00	56,000.00	3,600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	52,400.00
571	10,200.00	12,000.00	1,800.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	7,200.00
578	2,865.00	9,765.00	6,900.00	Claim for more money than reflected in Receiver's records (Receiver's records show additional chargebacks; profiteer)	Claim for more than Receiver's records	Disputed	-
587	45,000.00	51,000.00	6,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	44,700.00
589	60,000.00	202,605.00	49,200.00	Claim for more money than reflected in Receiver's records (returns do not agree)	Claim for more than Receiver's records	Disputed	56,805.00
592	24,300.00	98,000.00	73,700.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	16,200.00

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
593	-	3,500.00	-	Incomplete records attached to claim, Incomplete answer(s) to question(s); Question 7 is blank and said invested \$3,500 plus two units without support / claim did not deduct returns	Other	Disputed	6,900.00
594	7,800.00	21,000.00	13,200.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	3,900.00
596	120,000.00	210,000.00	90,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	102,000.00
597	35,000.00	35,000.00	-	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	29,000.00
599	146,554.00	171,000.00	48,834.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	113,765.00
601	2,912.00	3,500.00	600.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	2,900.00
602	280,000.00	280,000.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	90,325.00
603	21,000.00	21,000.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	14,400.00
604	17,500.00	17,500.00	n/a	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	11,500.00
610	39,000.00	48,000.00	9,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct chargebacks)	Claim for more than Receiver's records	Disputed	34,000.00
612	65,000.00	65,000.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	9,600.00
615	33,500.00	65,000.00	31,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return of \$1,200), Inadequate identification	Claim for more than Receiver's records	Disputed	32,300.00
616	20,900.00	24,500.00	3,600.00	Claim for more money than reflected in Receiver's records (Receiver's records show that that investor received an additional return of \$12,600)	Claim for more than Receiver's records	Disputed	8,300.00
617	10,600.00	32,500.00	21,900.00	Claim for more money than reflected in Receiver's records (Receiver's records show different total investment and return amounts)	Claim for more than Receiver's records	Disputed	9,400.00
618	31,450.00	33,250.00	1,800.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return of \$1,800)	Claim for more than Receiver's records	Disputed	30,250.00
621	14,000.00	14,000.00	-	This claimant was a subagent who worked at first with Richard Renshaw and then with JCS as an agent. He received commissions for selling VCMs and then took that income to invest on behalf of his family.	Renshaw Related	Disputed	-
622	11,600.00	14,000.00	2,400.00	Gary Scheer was a subagent who worked at first with Richard Renshaw and then with JCS as an agent. He received commissions for selling VCMs and then took that income to invest on behalf of his family, including this claimant.	Renshaw Related	Disputed	-

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
625	3,200.00	3,500.00	300.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return of \$300)	Claim for more than Receiver's records	Disputed	2,900.00
630	18,500.00	24,500.00	6,000.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return of \$600)	Claim for more than Receiver's records	Disputed	17,900.00
632	10,500.00	10,500.00	300.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received an additional return)	Claim for more than Receiver's records	Disputed	9,600.00
640	75,900.00	75,900.00	6,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	68,850.00
641	372,600.00	372,600.00	30,000.00	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	342,600.00
651	35,000.00	70,000.00	15,000.00	Other (claim amount on claim form does not equal amount invested less amount returned - math error)	Other	Disputed	53,605.00
655	43,500.00	129,000.00	85,500.00	Claim for more money than reflected in Receiver's records (Receiver's records show that the investor received a \$6,000 chargeback)	Claim for more than Receiver's records	Disputed	37,500.00
656	13,080.00	14,000.00	1,200.00	Claim for more money than reflected in Receiver's records (Receiver reduced claim for fees included in claim of \$280)	Claim for more than Receiver's records	Disputed	12,800.00
661	3,000.00	3,000.00	-	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	2,400.00
674	13,510.00	21,010.00	7,500.00	Claim for more money than reflected in Receiver's records (chargeback of \$2,990 not included in claim)	Claim for more than Receiver's records	Disputed	10,520.00
684	13,200.00	16,200.00	3,000.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	7,250.00
685	7,000.00	7,000.00	-	Claim for more money than reflected in Receiver's records (claim did not deduct returns)	Claim for more than Receiver's records	Disputed	4,600.00
688	18,100.00	49,000.00	30,900.00	Claim for more money than reflected in Receiver's records	Claim for more than Receiver's records	Disputed	17,800.00
689	36,400	49,000	12,600	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
690	9,600	24,000	14,400	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
691	34,000	29,600	4,400	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
692	5,700	12,000	6,300	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
693	28,500	36,000	7,500	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
694	1,900	4,000	2,100	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
695	66,000	66,000	-	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
696	7,300	16,000	8,700	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-

Disputed Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Bucket	Recommended Disposition	Recommended Amount of Allowed Claim
697	60,000	84,000	23,400	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
698	14,000	14,000	2,100	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
699	9,900	10,500	600	Late claim form submitted after the Court-approved, mandatory Claims Bar Date	Late claim form	Disputed	-
	\$ 12,835,995.51	\$ 18,534,773.67	\$ 6,519,899.14				\$ 8,290,564.89

EXHIBIT C

Claims for Fictitious Profits

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Recommended Disposition	Recommended Amount of Allowed Claim
21	\$ 12,832.00	\$ 7,000.00	\$ 1,800.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	\$ 5,200.00
33	11,400.00	4,500.00	3,000.00	Claim for fictitious profits or interest, Incomplete records attached to claim	Disputed/ Fictitious profits	2,400.00
44	134,500.00	295,150.00	250,000.00	Claim for fictitious profits or interest, Claim for more money than reflected in Receiver's records, Incomplete records attached to claim	Disputed/ Fictitious profits	10,000.00
76	11,400.00	4,500.00	3,000.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	2,400.00
135	52,500.00	22,500.00	1,500.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	18,000.00
189	467,100.00	30,000.00	9,300.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	20,700.00
190	34,200.00	6,000.00	600.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	5,400.00
212	57,600.00	12,000.00	-	Claim for fictitious profits or interest	Disputed/ Fictitious profits	12,000.00
225	75,600.00	18,000.00	10,800.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	3,000.00
294	57,600.00	12,000.00	-	Claim for fictitious profits or interest	Disputed/ Fictitious profits	12,000.00
412	129,448.20	199,248.20	69,800.00	Claim for fictitious profits or interest, Claim for more money than reflected in Receiver's records	Disputed/ Fictitious profits	38,500.00
465	174,000.00	30,000.00	-	Claim for fictitious profits or interest	Disputed/ Fictitious profits	30,000.00
485	108,000.00	30,000.00	3,600.00	Claim for fictitious profits or interest, Claim for more money than reflected in Receiver's records	Disputed/ Fictitious profits	27,300.00
487	9,000.00	4,500.00	1,800.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	2,700.00
488	34,800.00	6,000.00	-	Claim for fictitious profits or interest	Disputed/ Fictitious profits	6,000.00
497	43,600.00	14,000.00	8,000.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	-
501	72,000.00	17,500.00	-	Claim for fictitious profits or interest (claim did not include \$1,500 return)	Disputed/ Fictitious profits	16,000.00
505	35,200.00	7,000.00	600.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	6,400.00
522	281,100.00	70,075.00	6,900.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	63,175.00
566	119,456.00	33,500.00	8,700.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	6,000.00
567	70,400.00	14,000.00	1,200.00	Claim for fictitious profits or interest, Claim for more money than reflected in Receiver's records	Disputed/ Fictitious profits	12,800.00
568	179,100.00	45,000.00	36,900.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	6,915.00
635	12,900.00	3,000.00	1,500.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	4,500.00
636	50,100.00	12,000.00	7,500.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	1,500.00
643	18,200.00	7,000.00	7,000.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	3,400.00
653	108,000.00	30,000.00	3,600.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	27,300.00

EXHIBIT C

Claims for Fictitious Profits

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Recommended Disposition	Recommended Amount of Allowed Claim
670	83,900.00	23,500.00	16,900.00	Claim for fictitious profits or interest	Disputed/ Fictitious profits	6,600.00
686	70,200.00	54,000.00	-	Claim for fictitious profits or interest	Disputed/ Fictitious profits	43,200.00
	\$ 2,514,136.20	\$ 1,011,973.20	\$ 454,000.00			\$ 393,390.00

EXHIBIT D

EXHIBIT D

Trade Creditor Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Recommended Disposition	Recommended Amount of Allowed Claim
160	\$ 353,268.54	\$ -	\$ -	<p>This claimant is a trade creditor whose claim should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion. This trade creditor was a litigation target of the Receiver that – before submitting its claim – signed with the Receiver a settlement agreement with releases and paid the Receiver \$100,000 after receiving more than \$2.7 million (net of credits) in transfers from funds derived from the defrauded investors. Therefore, it would be improper and inequitable to pay back this trade creditor/pre-suit receivership target a distribution under such circumstances.</p> <p>In addition, the account on which this trade creditor seeks a distribution is a personal credit card/account for Joseph Signore, is a personal liability of Mr. Signore (as opposed to a liability of the Receivership Entities), and therefore is not a compensable claim for distributions by the Receiver.</p> <p>Finally, this trade creditor submitted its claim prematurely before the Receiver did the formal mail-out of claim forms to potential investors and creditors, and therefore the submission of the claim failed to follow the Court-approved procedures for submitting claims to the Receiver.</p>	Disputed / Subordinated - Trade Creditor	\$ -
438	253,987.48	-	-	<p>This claimant is a trade creditor whose claim should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion. This trade creditor was the landlord for the premises leased by the Receivership Entities. The alleged unpaid rent is based on a pre-receivership contract between this trade creditor and the Receivership Entities that has not been ratified or assumed by the Receiver, and therefore the Receiver is not bound to repaying this trade creditor.</p>	Disputed / Subordinated - Trade Creditor	-
447	13,539.91	-	-	<p>This claimant is a trade creditor whose claim should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion. This trade creditor is a graphic design company that allegedly provided graphic design services on behalf of JCS. The alleged unpaid invoices are based on a pre-receivership agreement between this trade creditor and JCS that has not been ratified or assumed by the Receiver, and therefore the Receiver is not bound to repaying this trade creditor.</p>	Disputed / Subordinated - Trade Creditor	-
569	145,657.60	880,300.00	389,850.00	<p>This claimant is a creditor whose claim should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion. The State of Montana is a non-private actor and is therefore discussed openly herein. The State of Montana submitted a claim for reimbursement for \$145,657.60 that it paid out to Montana resident investors, pursuant to its Securities Restitution Assistance Fund Act of Montana (the "Act"), Mont. Code. Ann. §§ 30-10-1001 to -1008 (2017). Pursuant to the Act, Montana has created and continually maintains a fund that it utilizes to reimburse Montana-approved residents who are victims of an investment fraud. This claim should be subordinated or disallowed, as the Receivership Estate should not be required to reimburse the State of Montana because of a mandate created by the Montana legislature, and through a claims and distribution process not approved by the Court.</p>	Disputed - Montana Claim	-
574	40% of client's recovery	-	-	<p>This claimant is a trade creditor whose claim should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion. This trade creditor is a law firm that previously represented clients who filed lawsuits against TBTI that were ultimately stayed under the stay provision of the Receivership Order. This trade creditor is now seeking a charging lien for prior legal services pursuant to its engagement letter with its clients, who are purported defrauded investors. The engagement letter is not a contract that the Receiver has ratified or assumed, and therefore the Receiver is not bound to any pre-receivership engagement letter with this trade creditor law firm. The law firm's recovery, if any, should be solely against its clients, not the Receivership Estate.</p> <p>In addition, to the extent this trade creditor law firm has an enforceable interest against the Receivership Estate (it should not for the above reasons), such interest should be limited to the extent that (i) its client(s) submitted a claim, (ii) it client(s) have an allowed claim, and (iii) its client(s) ultimately receive a distribution from the Receiver.</p>	Disputed / Subordinated - Trade Creditor	-
606	21,000.00	45,000.00	24,000.00	<p>This claimant was an equity shareholder in JCS whose claim, which includes alleged non-shareholder investments, should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion.</p> <p>In addition, any equity investor in JCS (such as this claimant) should be automatically disqualified from receiving distributions for the obvious reason – the claimant was a shareholder of a Ponzi scheme. It would be improper and inequitable to pay back this creditor under such circumstances.</p>	Disputed / Subordinated - Trade Creditor	-

Trade Creditor Claims

Claim No.	Claim Amount (per Claim Question 7)	Amount Invested (per Claim Question 9)	Amount Returned (per Claim Question 12)	Basis for Objection	Recommended Disposition	Recommended Amount of Allowed Claim
631	7,315,647.62	7,315,647.62	-	<p>This claimant is a trade creditor whose claim should be subordinated or disallowed for the reasons stated on pages 11 - 20 of the attached Motion and for the reasons stated in the Receiver's letter dated August 31, 2018. This trade creditor is a merchant processing company seeking more than \$7.3 million for unreimbursed chargebacks that it claims that it paid to investor-cardholders. Such chargebacks are based on a pre-receivership contract (Merchant Agreement and Card Brand rules) between this trade creditor and JCS that has not been ratified or assumed by the Receiver, and therefore the Receiver is not bound to repaying this trade creditor.</p> <p>In addition, this trade creditor, in its role as a merchant processing company that provided bankcard processing services, provided a means for JCS to conduct and continue the scheme. Therefore, this trade creditor is not an "involuntary investor" and undisputedly never invested money as a typical investor in the JCS Ponzi scheme. It would be improper and inequitable to pay back this trade creditor under such circumstances.</p> <p>This trade creditor, which the Receiver submits was on inquiry notice of the fraud, also knew or should have known that JCS was a Ponzi scheme and/or exhibited multiple red flags of improprieties, as admitted by this trade creditor on pages 13-15 of its claim form. It would be improper and inequitable to pay back this trade creditor under such circumstances.</p> <p>Finally, for the above reasons, this trade creditor is not entitled to priority treatment under equitable subrogation.</p>	Disputed / Subordinated - Trade Creditor	-
	\$ 8,103,101.15	\$ 8,240,947.62	\$ 413,850.00			\$ -

EXHIBIT E

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA
Miami Division

Case Number: 04-60573-CIV-MORENO

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

MUTUAL BENEFITS CORP., *et al.*,

Defendants,

VIATICAL BENEFACTORS, LLC, *et al.*,

Relief Defendants,

**ORDER GRANTING RECEIVER'S MOTION FOR
FINAL DETERMINATION OF ALLOWED CLAIMS**

THIS CAUSE came before the Court upon Receiver's Final Omnibus Report on Claims and Motion for Final Determination of Allowed Claims (**D.E. No. 2172**), filed on **October 14, 2008**.

THE COURT has considered the motion, the oral argument of the parties, and the pertinent portions of the record, and being otherwise fully advised in the premises, it is

ADJUDGED that the motion is **GRANTED** as follows.

I. Applicable Basis for Investors' Claims

The Court adopts the Receiver's position regarding the applicable basis for the investors' claims. The Receiver shall use the initial dollar amount invested with MBC as the basis for the allowed amount of each investor's claim (the "dollars invested" approach) as it is the most equitable and practical basis for determining investors' claims in this Receivership. It is also the most common and most generally recognized approach to treatment of investor claims in an equitable receivership or bankruptcy proceeding involving a fraudulent investment scheme.

II. Disputed Claims and Miscellaneous Issues

The Court adopts the Receiver's position regarding the disputed claims and miscellaneous issues as the Receiver's recommendations are in the best interest of the investors and will result in the equitable distribution of the receivership estate. Specifically, the Court finds as follows.

(1) Claims for Investment Return

These are claims where the investors have sought the amount they expected to earn on their investment with MBC (in addition to the amount invested). These claims are disallowed as the promised returns were the product of fraud and claims for "profits" in Ponzi-scheme receiverships are generally rejected by the courts.

(2) Claims for Delay/Interest/Lost Time Value of Money

These are claims where the investors have sought damages for the delay in their policies maturing "on time" in the form of interest or some other form of opportunity cost. These claims are disallowed as it would be inequitable and contrary to the case law to recognize claims based upon the fraudulent representations made in a Ponzi-scheme. Moreover, even if the business of MBC had been conducted lawfully, the investors had no guarantee that an investment in a policy would mature at the time projected in the life expectancy estimate.

(3) Claims for Premiums Paid and/or Administrative Fees Paid

These are claims where the "Keeping Investors" have sought to recover the administrative fees and/or premiums paid to keep their policies in force since the disposition process for all of the policies was concluded. These claims are disallowed as the "Keeping Investors" specifically agreed to take on the administrative expense and shared premium burden for their policies when they opted to attempt to mitigate their losses by voting to keep their policies.

(4) Claims are Unstated or Unexplained or Non-Responsive

These are claims where the investors indicated that they did not agree with the recommended claim amount, but did not explain why or indicate the additional amount sought. These claims are disallowed as there is no practical way to give these investors an additional amount without a description of what additional amount is claimed.

(5) Claims for Consequential Damages

These are claims where the investors have sought some form of consequential damages as a result of their investment with MBC (e.g. payments to an attorney or other professional, pain and suffering). These claims are disallowed as recognizing them would be impractical (as the existence and amount of the claims are difficult to verify) and inequitable (as investors made different personal choices).

(6) Claims from Trade Creditors

Six of the trade creditors responded to the Receiver's notice by indicating that they wished to preserve their claims despite the Receiver's objections. The creditors' claims shall be subordinated to the individual investors' claims because, among other things, (1) this is an SEC enforcement action designed to protect the *investors*, not the creditors, (2) MBC's fraudulent conduct was directed towards its *investors*, not its creditors (which were paid substantial amounts already), (3) the investors as a whole are less able to bear the financial costs of MBC's conduct than are the creditors, and (4) four of these creditors provided lobbying or legal services to MBC, helping to keep it in business, thereby prolonging the fraud. The Court also disallows (1) Holland & Knight's Claim No. 3049061 to the extent it relates to work that was performed post-Receivership, (2) Aaron Reed & Associates, LLC's Claim No. 3048058 to the extent it includes a retainer fee for the month of April 2004, and (3) Franklin Trade Graphics's Claim No. 3048110 to the extent it includes post-Receivership finance charges.


(7) On-Going Maturities

Additional policies will inevitably mature between this ruling and actual receivership estate distribution. In order to prevent an investor from receiving the death benefits on their investment *and* their *pro rata* share of the receivership estate distribution, any claims on policies that mature before the distribution date shall be disallowed (as the investor will already receive the death benefits on the policy).

(8) Estate of Sally G. Richardson

This investor signed an irrevocable offer to sell her policy interest to another investor on her policy. By error, the death benefit proceeds were sent to Mrs. Richardson, instead of to the investor who bought her interest in the policy. The Receiver notified Mrs. Richardson of the error, but she has not responded. Instead, she has submitted claims on five other policies through the Claims Process. These claims are denied and any amount she would have received shall be transferred to the investor who should have received the death benefit proceeds on the sold policy. (Any amount that may be transferred to the investor shall not exceed the amount that the investor should have received from the sold policy.)

DONE AND ORDERED in Chambers at Miami, Florida, this 22nd day of October, 2008.



FEDERICO A. MORENO
UNITED STATES DISTRICT JUDGE

Copies provided to:
Counsel of Record

EXHIBIT F

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. 14-CV-80468-MIDDLEBROOKS/BRANNON

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JCS ENTERPRISES, INC. d/b/a JCS
ENTERPRISES SERVICES, INC., T.B.T.I., INC.,
JOSEPH SIGNORE, and PAUL L. SCHUMACK, II,

Defendants.

**ORDER GRANTING RECEIVER'S MOTION TO (1) APPROVE
DETERMINATION AND PRIORITY OF CLAIMS, (2) APPROVE
PLAN OF DISTRIBUTION, AND (3) ESTABLISH OBJECTION PROCEDURE**

THIS CAUSE came before the Court upon the Receiver's Motion to (1) Approve Determination and Priority of Claims, (2) Approve Plan of Distribution, and (3) Establish Objection Procedure (the "Motion") (DE 413). Having reviewed the Motion and the record in this case, the Court finds granting the Motion to be in the Receivership Estate's best interests. Accordingly, it is hereby

ORDERED AND ADJUDGED as follows:

1. The Motion (DE 413) is **GRANTED**.
2. For the reasons discussed in the Motion and under the circumstances of this Receivership, the Receiver's determination of claims and priority of claims as set forth in the Motion and in Exhibits A through D attached to the Motion is fair and equitable, and is approved.

3. For the reasons discussed in the Motion and under the circumstances of this Receivership, the rising tide method is the appropriate method or plan for making distributions, and the plan of distribution is fair and equitable, and is approved.

4. For the reasons discussed in the Motion and under the circumstances of this Receivership, the Proposed Objection Procedure (as defined in the Motion) is logical, fair and reasonable, and is approved.

5. To bring finality to these matters and allow the Receiver to proceed with distributions of the Receivership's assets, any and all further claims against the Receivership Entities, Receivership property, the Receivership Estate, or the Receiver by any claimant, taxing authority, or any public or private person or entity and any proceedings or other efforts to enforce or otherwise collect on any lien, debt, or other asserted interest in or against the Receivership Entities, Receivership property, the Receivership Estate, or the Receiver are hereby barred and enjoined absent further Order from the Court.

DONE AND ORDERED in Chambers at West Palm Beach, Florida this ____ day of _____, 201_.

DONALD M. MIDDLEBROOKS
UNITED STATES DISTRICT JUDGE

Copies furnished to:

Counsel and Parties of Record