UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA	)	No. 06 CR 964
	)	
v.	)	Judge Ronald Guzman
	)	
MICHAEL E. KELLY	)	

FIFTEENTH STATUS REPORT OF THE SPECIAL MASTER

Douglas A. Doetsch, the Court-appointed special master (the "Special Master") in the case of *United States of America v. Michael E. Kelly*, hereby submits this Fifteenth Status Report of the Special Master, pursuant to the Court's Order Appointing Douglas A. Doetsch As Special Master, dated February 10, 2009 (the "Order"), to update the Court and interested parties on the status of the Special Master's progress from the date of the Special Master's appointment through December 31, 2013, with respect to the goals of his appointment: namely, preserving and repatriating Assets (as defined below) potentially subject to forfeiture, administering their liquidation and distributing restitution proceeds to the victims of the late Michael Eugene Kelly (the "Defendant").

This report addresses: (a) the restitution that has been made to victims to date and the amount of and timing for a future distribution to victims; (b) the complex nature of the Defendant's companies and Assets as of the date of the Special Master's appointment in 2009; (c) the commercial terms of the Special Master's Asset sales; (d) the remaining Assets to be sold by the Special Master; (e) the Special Master's efforts to resolve in a cost-efficient manner various tax, labor and social security liabilities under Mexican or Panamanian law that attached to the Defendant's companies and/or Assets and (f) the money-tracing activities of the Special Master.

I. VICTIM RESTITUTION

Under the Order, the Special Master presented a plan of action to the Court on June 19, 2009, to: (a) advise the Court of the Special Master's appraisal and valuation of the assets subject to liquidation for restitution (the "Assets"); (b) determine whether additional funds would be necessary to make full restitution to the victims and pay the fees and expenses of the Special Master and his retained professionals; (c) if necessary, advise the Court as to additional steps that might be required to investigate, evaluate, obtain and liquidate such Assets; and (d) recommend a methodology, timetable and approximate cost associated with the control, possession and liquidation of the Assets with an end-goal of making restitution to the victims.

On July 17, 2009, the Special Master, with the assistance of Jáuregui, Navarrete y Del Valle, S.C. (formerly Jáuregui y Navarrete), special Mexican counsel to the Special Master, and Arias, Fábrega & Fábrega, special Panamanian counsel to the Special Master, formed a trust governed under Mexican law into which the Defendant's family members, associates and Defendant-linked companies (the "Kelly Settlors") conveyed their shares in seven (7)

Panamanian companies and eleven (11) Mexican companies. Over the course of the next year, the Kelly Settlors conveyed six (6) additional Mexican companies to the same trust (the "Restitution Trust"), which, after all conveyances, contained a total of twenty-four (24) companies (the "Grupo Kelly Restitution Trust Companies"). To the best of the Special Master's knowledge, by the end of 2010, all of the Defendant's material Assets had come under the control of the Special Master, who served as the administrator of the Restitution Trust. The Special Master, after consulting with the United States Attorneys' Office (the "USAO"), also decided that certain less valuable Assets be sold outside of the Restitution Trust to spare the cost of transferring such Assets to the Restitution Trust. In these limited cases, proceeds from sales would be turned over to the Special Master to be applied to victim restitution.

From July 17, 2009 through December 31, 2013, the Special Master sold nearly all of the Assets in the Restitution Trust (as described in Article IV below). As a result, the Special Master has, to date, distributed checks totaling $50,000,000 in restitution proceeds to 7,078 victims, made in a single distribution on December 11 and December 12, 2012 (the "First Distribution"). The amount of the First Distribution was equal to 14.6% of the total claims of the victims of $342,143,221.14. Of the 7,078 checks distributed to victims for the First Distribution, 145 checks totaling $879,478.98 had not been cashed as of December 31, 2013. Therefore, as of December 31, 2013, victims had cashed checks in the amount of $49,120,521.02.

II. EXPECTED SECOND DISTRIBUTION TO VICTIMS

The Special Master expects to make a second distribution to victims of between $19,000,000 and $20,000,000 during the first half of 2014 (the "Second Distribution"). The Second Distribution will be funded by the sales of the Assets described in detail below in Article IV.

The Special Master has arrived at this projection based on the amount of funds he currently maintains in a bank account used to fund victim restitution (the "Victim Proceeds Account") and from projections of Net Proceeds (as defined in Article IV) from Assets that have not yet been sold (as described in Article V below). As of December 31, 2013, the Victim Proceeds Account had a balance of approximately $18,480,000.

III. BACKGROUND

A. Grupo Kelly

This section describes the structure and operations of Grupo Kelly (as defined below) at the outset of the Special Master's appointment. In February 2009, the Grupo Kelly companies consisted of a complex group of Mexican and Panamanian holding and operating companies with payment obligations to each other, sub-developers, customers, suppliers and to various other private creditors; high administrative and overhead costs; implicated in tax investigations; faced with, and threatened by, litigation and labor disputes; facing local administrative proceedings that could lead to large fines; and with roughly 1,000 employees, many of whom were unionized and most of whom were eligible for statutory severance payments—and, in the case of certain long-standing Grupo Kelly executives, very large severance payments—under Mexican or Panamanian labor law.

This meshwork of foreign companies was comprised of the twenty-four (24) Grupo Kelly Restitution Trust Companies and nineteen (19) other Defendant-linked Mexican companies (together with the Grupo Kelly Restitution Trust Companies, "Grupo Kelly"). In addition, Grupo Kelly had kept poor accounting and financial records, especially in Panama, which made it difficult for the Special Master and his retained professionals to ascertain how money had been spent by the Defendant and his associates and for what purposes. Financial controls within Grupo Kelly were also virtually non-existent. It was common practice for Grupo Kelly companies to transfer funds to each other to meet short-term expenses, creating a web of intercompany debt. Due to this practice, tax liability would be generated as a result of any debt cancellation among the Grupo Kelly companies. Between 2009 and 2010, the Special Master and his retained professionals focused much of their efforts on analyzing this group of foreign companies to be in a position to eventually sell the Defendant's Assets at the highest possible net values (*i.e.*, net of transaction-specific taxes, transaction-specific legal fees, legal settlements, employee severance payments, payments to vendors and/or service providers, brokerage fees, among any other transaction costs).

B. Major Assets

This section describes Grupo Kelly's major Assets and the efforts of the Special Master to preserve the value of these Assets and to prepare them for sale. A chart summarizing the proceeds from the sales of these Assets is provided in Article IV below.

1. Puerto Cancun Project

The Puerto Cancun mixed-use development project ("Puerto Cancun") represented both the most valuable and the most complicated Asset. The project was designed as an 808-acre land development community comprised of residential lots, mixed-use lots, hotel lots, a marina, a golf course and beach clubs. The project was developed by Promotora de Desarollos de Puerto Cancun, S.A. de C.V. ("Promotora")—one of the Defendant's most important companies—in a joint venture with FONATUR, Mexico's National Trust Fund for Tourism Development. When the Special Master took control of Promotora in July 2009, the unfinished project required significant investments in construction and maintenance, raising questions as to whether optimal restitution to victims would favor making such investments as opposed to selling the property on an as-is basis. Additionally, Promotora had certain obligations to customers who had purchased lots and to sub-developers, who in turn had certain obligations to Promotora and to their own third-party customers.

The Special Master restructured Promotora's obligations to many of these sub-developers and undertook costs to prepare the project for market, including connecting the development to the city of Cancun for water, sewage and electricity. The Special Master also invested in dredging Puerto Cancun's canals to make them navigable, accommodating premium lot sales and home construction along the canals in accordance with the Puerto Cancun master plan. Grupo Kelly also owned a quarry that provided rock infill to turn Puerto Cancun's marshes into land. Grupo Kelly later entered into transactions with the Cancun municipal government to donate part of the quarry land to the municipality, which would use the land as a local dump site, and with a home developer, which would construct low-income housing on the land. The process for both transactions was delayed multiple times, and negotiations took place over an extended period.

The Special Master attempted to complete these transactions, having inherited them mid-stream. Selling Puerto Cancun also involved resolving serious potential environmental liabilities, among which included a Mexican federal investigation related to several federally-protected mangrove reserves, parts of which had been removed to make room for Puerto Cancun's development.

The sales process for Puerto Cancun occurred during a downturn in the Mexican real estate market and in the aftermath of the global financial crisis. Due to Promotora's significant liabilities and connection to the Defendant, many potential buyers, including MIRA, a Mexico-based real estate investment company that ultimately bought Puerto Cancun, refused to purchase all of Promotora's shares (*e.g.*, simply purchase the company in its entirety). The alternative asset-sale structure required each Puerto Cancun lot owned by Promotora to be individually conveyed to MIRA, along with the accounts receivable derived from the sale of lots that had not yet been fully paid for and deeded to purchasers. Complexities resulting from this asset sale structure substantially lengthened the sale timeline.

The several months leading up to the eventual closing with MIRA were marked by extensive and difficult negotiations. MIRA engaged in an elaborate and lengthy due diligence period, and, after approximately four months of diligence, MIRA sought to reduce the purchase price by almost $20,000,000. Shortly before the scheduled closing, a competing private equity company made an attractive bid for Puerto Cancun. This eleventh-hour competition resulted in contentious discussions with MIRA that came close to litigation. In addition, a third party sued Promotora on September 1, 2011, for significant damages in litigation related to the planned Puerto Cancun marina, which complicated the negotiation with MIRA and compromised the purchase price of Puerto Cancun.

2. Bella Vista Towers Project

The Bella Vista Towers project ("Bella Vista") was designed to consist of four condominium towers (roughly 232 condominium units) adjacent to Puerto Cancun. The Special Master and his advisors identified Bella Vista during their initial due diligence; the project had not been conveyed in July 2009 by the Kelly Settlors to the Restitution Trust. The Defendant and his associates, however, had completed only two towers. A skeleton of the third tower had been constructed, but no construction on the fourth tower had been performed.

The Defendant and his associates had, however, sold full units and fractional units in all four towers, leaving the Special Master with an unfinished project that required ongoing maintenance and further necessary investments (*e.g.*, the common areas needed improvements and upkeep; apartments in the completed towers that had been sold needed painting and finishing; and the elevator shafts required investments). The cash proceeds of many of these unit sales were largely diverted by Grupo Kelly to bank accounts in Panama, greatly limiting the funds available to build the remaining two towers. Grupo Kelly had also hired many construction contractors and service providers in connection with the project who were owed payment. Consequently, an approximately $700,000 liability attached to the project, deterring many potential buyers.

To maintain the services provided to residents already in place, the Special Master directed the hiring of a new management company. To facilitate deeding units to individuals who had paid in full for their units, the Special Master directed the creation of a condominium regime. Such a regime is a pre-condition under Mexican law to deed units to purchasers in a condominium development, but the Defendant and his associates had failed to put one in place.

The sale of Bella Vista involved an extended negotiation with the eventual buyer and a complex sale structure. To attempt to provide protection to individuals who had purchased units in the unfinished towers, allow for ongoing oversight of the project and incentivize completion of the project, one key feature of Bella Vista's eventual sale structure was that the unfinished Bella Vista project was conveyed to a Mexican trust (the "Bella Vista Trust"). The sale documentation requires the new owner to deposit a majority of the proceeds of new unit sales in the completed towers into an account maintained by the trustee (the "Construction Account") and to apply all amounts in the Construction Account to constructing the remaining two towers. The trustee of the Bella Vista Trust routinely sends the Special Master's representatives an accounting report that lists the inflows into, and outflows from, the Construction Account. Furthermore, in the sale documentation the Special Master assigned all of the third-party purchase agreements for purchased units in each of the four towers and the approximately $700,000 liability to the new owner. The sale documentation also sets forth that the new owner should provide a real property deed without unnecessary delay to any individual who has complied with all of his or her obligations under his or her respective third-party purchase agreement.

3. The City Discotheque

The City Discotheque, a 5000-person capacity nightclub in the heart of the hotel zone in Cancun, had been a volatile business with revenues derived primarily from promotions, major events and concerts. Prior to its sale, the Special Master resolved union disputes connected to the property, which had complicated the sale.

4. Hotel Properties

a. Overview

Group Kelly owned five fully-operational hotels in Mexico and Panama: three in Cancun, Mexico; one in Acapulco, Mexico and one on the outskirts of Panama City, Panama. In 2009, though, due to the global economic downturn, increased violence in Mexico and a swine flu scare, fewer guests vacationed at the hotels, causing a decline in hotel revenues.

Grupo Kelly relied on a "vacation club" model. An active sales staff sold pre-paid timeshares to over 7,000 members. These timeshares were separate and distinct from the universal leases (as defined in the next paragraph) that were charged in the criminal case. Purchasers of these vacation club memberships paid in advance a lump sum in exchange for a right to stay at the hotels for a specific time period each year for a fixed number of years. The Special Master decided to end the "vacation club" program because of few new sales. However, the vacation club memberships of individuals who had bought them prior to the Special Master's appointment had to be honored. Thus, the sale of each of the hotels involved assigning these vacation club contracts to the eventual buyers. Finally, hotel management often faced union pressures and the threat of labor litigation. In light of the hotels' difficulties, the Special Master focused much of his efforts in 2009 and 2010 on reducing hotel costs and streamlining operations.

The Special Master and his retained professionals were also concerned that potential buyers of the hotels would be deterred from buying because of a fear that universal leases ("UL's"), the instrument of the Defendant's criminal fraud, might represent an obligation on the properties or might "cloud" title to the hotel properties. Collaborating with the Special Master's Mexican counsel, the Special Master designed a plan that involved the termination or waiver of thousands of UL's, thereby enhancing the hotels' marketability. The Special Master presented a motion before the Court on December 22, 2011, requesting authorization to execute this plan, and UL's were terminated or waived thereafter to facilitate sales. Holders of UL's would instead participate in the victim restitution process described above in Article I and Article II.

b. Hotel Properties in Mexico

(1) Avalon Grand Cancun Hotel

The Avalon Grand Cancun Hotel (the "Grand"), a 119-room beachfront hotel located in Cancun's hotel zone, was Grupo Kelly's largest Cancun hotel operation. In 2009, the average hotel occupancy rate at the Grand was roughly 51%, the average daily guest rate was $67.70 and the hotel was unprofitable. The Special Master first brought the hotel to market in early 2011, a period of slow recovery for the Mexican commercial real estate market. A concern to potential investors was that Corporativo Nola, S.A. de C.V., the Grupo Kelly Restitution Trust Company that owned the hotel, had been sued by several former employees prior to the Special Master's appointment. After a lengthy negotiation with the eventual buyer, the Special Master and the buyer agreed to establish an escrow account to be used by the buyer to settle the assumed labor litigation. Furthermore, Grupo Kelly had used the limited office space at the Grand to manage all of the hotels, and certain key Grupo Kelly employees (hotel management, a small team of accountants, sales staff and IT workers) retained by the Special Master to manage the hotels (the "Retained Management") moved to the Avalon Baccara Hotel (described below) after the sale of the Grand in May 2012.

(2) Avalon Baccara Hotel

The Avalon Baccara Hotel (the "Baccara"), a 27-room beachfront hotel located in Cancun's hotel zone, was Grupo Kelly's smallest Cancun hotel operation. In 2009, the average hotel occupancy rate at the Baccara was roughly 38%, the average daily guest rate was $82.22 and the hotel was unprofitable. The property presented several operating challenges. For example, the hotel's limited scale of operations, owing to its small size, forced Grupo Kelly to rely heavily on resources allocated to the Grand to operate the Baccara. Additionally, the hotel required substantial ongoing maintenance to attract guests. Retained Management moved to the Avalon Reef Club Isla Mujeres Hotel (described below) after the sale of the Baccara in December 2012.

(3) Avalon Excalibur Acapulco Hotel

The Avalon Excalibur Acapulco Hotel (the "Excalibur"), a 400-room beachfront hotel located in Acapulco's "golden zone", was one of the first major hotels constructed in the city. In 2009, the average hotel occupancy rate at the Excalibur was roughly 41%, the average daily guest rate was $50.81 and the hotel was modestly profitable. The hotel catered to low-income guests and impulse weekend visitors from Mexico City. Few visitors made pre-planned reservations. Given this customer base and the increasing violence in Acapulco, management of the property proved challenging. In addition, Paraíso del Pacífico, S.A. de C.V., the Grupo Kelly Restitution Trust Company that owned the Excalibur, had been sued by several former employees prior to the Special Master's appointment. The Special Master directed his representatives to retain an Acapulco-based labor lawyer to resolve approximately fourteen (14) labor lawsuits, which facilitated the sale of the hotel to a large, Mexico-based hotel operating company in April 2013.

(4) Avalon Reef Club Isla Mujeres Hotel

The Avalon Reef Club Isla Mujeres (the "Reef"), an 80-room and 49-villa hotel located on the island of Isla Mujeres—a 15 minute ferry-ride from Cancun—was constructed on a federal zone overseen by the Secretary of the Environment and Natural Resources, a Mexican federal agency ("SEMARNAT"). Therefore, Yucatan Properties, S.A. de C.V. ("Yucatan"), a Grupo Kelly Restitution Trust Company, "owned" the hotel insofar as it held a land-use concession granted by SEMARNAT. Land use was restricted to the terms of the concession, the holding of which also required Yucatan to make bi-monthly payments to SEMARNAT. In 2009, the average hotel occupancy rate at the Reef was roughly 45%, the average daily guest rate was $69.85 and the hotel was unprofitable for the year. Furthermore, the concession could not be sold without SEMARNAT's consent, a process which could take up to 8 months. Therefore, in June 2013, the Special Master directed the "sale" of the Reef to a buyer who would first act only as a hotel operator—but absorb all of the hotel's financial and operating losses—and, after SEMARANT's approval of the sale of the concession, the same buyer would become the owner of the concession. The Special Master finally received SEMARNAT approval of the concession sale in early February 2014.

c. Hotel Property in Panama: Avalon Grand Hotel

The Avalon Grand Panama Hotel (the "Avalon Grand Panama"), a 146-room and 31-villa hotel located near an industrial zone on the outskirts of Panama City, Panama, presented unique challenges. In 2009, the average hotel occupancy rate at the Avalon Grand Panama was roughly 42%, the average daily guest rate was $59.31 and the hotel was unprofitable for the year. Of all of the hotels inherited by the Special Master in 2009, the Avalon Grand Panama was in the worst condition: parts of the hotel, including the hotel's water park, were in decay; the hotel's central air conditioning system broke down frequently; a unionized hotel staff was especially combative; the hotel kept especially poor accounting records; the hotel was beset by various fines and litigation, including one lawsuit related to the accidental death of a child at the hotel's water park; and the hotel construction had never been recorded in the Panamanian public registry, which proved to complicate a potential sale. During the course of the Special Master's appointment, the hotel was robbed. In light of concerns regarding the hotel's management and security, in 2011 the Special Master directed the hiring of a new hotel manager. An additional and serious impediment to the sale of the property was a large lien that encumbered the hotel in the amount of $2,130,000 held by one of the hotel's private creditors. The Special Master settled this lien at a 20% discount to facilitate a sale to potential buyers. The Special Master also had a mortgage placed on the Avalon Grand Panama to protect the hotel from other potential liens. The Special Master directed the hotel's sale in December 2013.

C. Additional Assets

1. Grupo Kelly Corporate Building

Grupo Kelly owned a four-story corporate building on the edge of downtown Cancun. The corporate building was situated on an approximately 4,850-square-foot lot with 17,100 square feet of usable space and was occupied exclusively by Grupo Kelly management and employees, namely Grupo Kelly's Chief Financial Officer, hotel management, vacation club management, accountants and in-house legal department. The sale of the building proved challenging because of the building's limited parking space and awkward interior design.

2. Odyssey Property

The Odyssey Health Club (the "Odyssey Property") consisted of two lots on the coastline north of the hotel zone in Cancun. Although designed as a health club with various amenities, such as tennis courts, the Special Master inherited in 2009 a property with unfinished buildings, which were also in a state of decay. Additionally, potential investors considered the property to be in an undesirable location.

3. Automobiles, Watercraft & Aircraft

Grupo Kelly and the Kelly family owned a variety of automobiles, watercraft and a jet, which were turned over to the Special Master in 2009. Many of these assets lacked key legal documents, such as proof of title and proper importation documents, which made selling the assets difficult and sometimes required exporting the assets back to the United States. Finally, most of the cars and boats were either in poor condition, inoperable or had remained idle for an extended period of time and required substantial repair, sea testing and maintenance prior to sale.

IV. ASSET SALES

This Article IV lists the basic commercial terms of the Special Master's sale of Kelly-owned Assets.[1] Throughout this Article IV, the term "Gross Proceeds" refers to the purchase price of the Asset specified in the applicable sale contract with the buyer.[2] The term "Net Proceeds" refers to the total proceeds received by the Special Master after accounting for any

[1] Calculations and figures described in this Article IV have been rounded down to the nearest $10,000, except for calculations related to automobiles and watercraft described in Section F.8 and Section F.9 below, which have been rounded down to the nearest $1,000. These calculations and figures therefore represent approximations of the exact amounts. All numbers are in United States Dollars.

[2] The term also includes any closing-day adjustments to the purchase price set forth in the applicable contract.

transaction-specific taxes, transaction-specific legal fees, legal settlements, employee severance payments, payments to vendors and/or service providers, brokerage fees and other transaction costs.[3] The chart below lays out the Gross Proceeds and Net Proceeds from Asset sales:

Asset	Gross Proceeds	Net Proceeds
Cash	$6,400,000	$6,400,000
Aguascalientes Property	$1,010,000	$790,000
Grand Hotel	$10,000,000	$7,890,000
Reef Hotel	$4,480,000	$4,050,000
Baccara Hotel	$4,130,000	$3,670,000
Excalibur Hotel	$8,430,000	$5,590,000
Avalon Grand Panama Hotel	$5,000,000	$1,678,000
The City Discotheque	$7,750,000	$6,440,000
Odyssey Property	$1,300,000	$1,090,000
Bella Vista	$5,360,000	$4,510,000
Casa Campanario	$150,000	$140,000
Flamingo House	$2,500,000	$1,910,000
Pez Volador House	$1,150,000	$880,000
Pok-Ta-Pok Houses	$950,000	$895,000
Turistica Kelly	$2,560,000	$2,390,000
Corporate Building	$650,000	$510,000
Puerto Cancun	$50,300,000	$43,170,000
Quarry	$2,000,000	$2,000,000
Automobiles	$121,000	$104,000
Palmer Johnson Yacht	$1,040,000	$850,000
Donzi Boat	$29,000	$21,000
Tiara Yacht	$105,000	$93,000
Fairline Yacht	$80,000	$65,000
ISOLA Settlement	$400,000	$400,000
Total:	**$115,895,000**	**$95,536,000**

A. Puerto Cancun

On July 14, 2011, the Court authorized the Special Master to direct the sale of Puerto Cancun to MIRA. On August 10, 2012, the Special Master directed the closing of the sale to MIRA for Gross Proceeds of approximately $50,300,000 and Net Proceeds of approximately $43,170,000.[4]

[3] Note that Net Proceeds, as used herein, does not account for the fees and expenses of the Special Master and his retained professionals, nor any administrative or overhead costs of Grupo Kelly employees, all of which fees, expenses and costs have been paid out of the Gross Proceeds from various Asset sales.

[4] This figure includes Net Proceeds received from the release by MIRA to Promotora on October 11, 2013 of the $1,250,000 Puerto Cancun Post-Closing Escrow and the release by MIRA to Promotora on February 7, 2013 of the $500,000 True-Up Escrow (the "Escrows"). The Escrows were released after the First Distribution and therefore

B. Bella Vista

On August 27, 2012, the Court authorized the Special Master to direct the sale of Bella Vista to Inmobiliaria Convergencia Azteca, S.A. de C.V., a company owned by a Mexican businessman and real estate investor. On February 15, 2013, the Special Master directed the closing of the sale for Gross Proceeds of approximately $5,360,000 and Net Proceeds of approximately $4,510,000.

C. The City Discotheque

On November 17, 2010, the Court authorized the Special Master to direct the sale of the City Discotheque, together with related inventory and trademarks. On December 21, 2010, the Special Master directed the closing of the sale for Gross Proceeds of approximately $7,750,000 and for Net Proceeds of approximately $6,440,000.

D. Hotel Properties in Mexico

The Special Master directed the sale of four (4) hotels in Mexico between 2012 and 2013, as described herein.

1. Avalon Grand Cancun Hotel

On May 22, 2012, the Court authorized the Special Master to direct the sale of the Grand to Promociones Urbanas Riera, S.A. de C.V, a Mexican company owned by Spanish real estate investors. On June 13, 2012, the Special Master directed the closing of the sale for Gross Proceeds of $10,000,000 and Net Proceeds of approximately $7,890,000.

2. Avalon Baccara Hotel

On December 17, 2012, the Court authorized the Special Master to direct the sale of the Baccara to Circulo Creativo de Villahermosa, S.A. de C.V., a Mexican hotel operating company. On December 19, 2012, the Special Master directed the closing of the sale for Gross Proceeds of approximately $4,130,000 and Net Proceeds of approximately $3,670,000.

3. Avalon Excalibur Acapulco Hotel

On March 28, 2013, the Court authorized the Special Master to direct the sale of the Excalibur to Grupo Hotelero Santa Fe, S.A. de C.V., a Mexican hotel operating company. On April 24, 2013, the Special Master directed the closing of the sale for Gross Proceeds of approximately $8,430,000 and Net Proceeds of approximately $5,590,000.

---

were not used to fund the First Distribution. The attached Exhibit A sets forth the Puerto Cancun purchase price, a list of purchase price adjustments, Gross Proceeds and Net Proceeds.

4. Avalon Reef Club Isla Mujeres Hotel

On June 24, 2013, the Court authorized the Special Master to direct the sale of the Reef to Circulo Creativo de Villahermosa, S.A. de C.V., the same buyer of the Baccara. On June 27, 2013, the Special Master directed the closing of the sale for Gross Proceeds of approximately $4,480,000 and Net Proceeds of approximately $4,050,000.

E. Hotel Property in Panama: Avalon Grand Hotel

On December 18, 2012, the Court authorized the Special Master to direct the sale of the six Panamanian entities—The Summit Hills, Inc., Aquatic Investment Corporation, Luna Nueva Resort, S.A., Lajas Recreation Company, S.A., Inmobiliaria Everest, S.A. and Avalon International Resort, S.A.—that owned the Avalon Grand Panama to Emprendimientos Nuevo Emperador, S.A. On the same day, the Special Master directed the closing of the share sale for $5,000,000. The Net Proceeds on the sale were approximately $1,678,000.

F. Other Assets

1. Cash

On February 24, 2009, the Special Master received a total of $6,400,000 in cash, which consisted of $5,400,000 from Grupo Kelly and $1,000,000 from the Defendant. The cash derived from the sale of the Pok-ta-pok golf course in Cancun by the Defendant's family before the Special Master's appointment.

2. Aguascalientes Property

On December 16, 2009, the Special Master received the Court's approval to consummate the first sale of an Asset held in the Restitution Trust, real property located in Aguascalientes, Mexico (the "Aguascalientes Property"), for Gross Proceeds of approximately $1,010,000 and Net Proceeds of approximately $790,000, to Francisco Cuahtemoc Piña Alonso, a resident of Mexico.

3. Turistica Kelly Sale

On March 22, 2011, the Court authorized the Special Master to direct the sale of the Turistica Kelly property, a large warehouse, office building and manager's house located in Cancun ("Turistica Kelly"), to Inmobiliaria Caribe Azul, S.A. de C.V., a company owned by a Mexican businessman in the automobile business. On June 1, 2011, the Special Master directed the closing of the sale for Gross Proceeds of approximately $2,560,000 and Net Proceeds of approximately $2,390,000.

4. Quarry

A 320-hectare quarry (the "Quarry") located roughly six kilometers from Puerto Cancun came under the control of the Special Master in 2009. Approximately forty (40) hectares of the land comprising the Quarry were originally sold to Desarolladora Homex, S.A. de C.V. ("Homex"). Since the sale, Grupo Kelly and Homex entered into a subsequent agreement pursuant to which Homex would acquire the entirety of the Quarry in exchange for monies Homex had already deposited in connection with the purchase of an unrelated parcel in Puerto Cancun and $3,000,000. Homex still owes one of the companies in the Restitution Trust approximately $917,000 in connection with this transaction. The Court should note that Homex has requested to unwind this transaction.

5. Odyssey Property

On September 23, 2013, the Court authorized the Special Master to direct the sale of the Odyssey Property to Krenum Desarrollos Inmobiliarios, S. de. R.L. de C.V., a company owned in part by a Cancun-based attorney. On October 15, 2013, the Special Master directed the closing of the sale for Gross Proceeds of $1,300,000 and Net Proceeds of approximately $1,090,000.

6. Grupo Kelly Corporate Building

In 2012, the Court authorized the Special Master to direct the sale of the Grupo Kelly corporate building in Cancun (the "Corporate Building") to Proyecto Coba, S.A. de C.V., a company owned by a group of Mexican real estate investors. On June 14, 2012, the Special Master directed the closing of the sale for Gross Proceeds of $650,000 and Net Proceeds of approximately $510,000.

7. Kelly Family Homes

The Kelly family owned five (5) homes in Cancun (collectively, the "Kelly Family Homes"). In 2012, the Court authorized the Special Master to direct the sale of the first home ("Casa Campanario"). On May 24, 2012, the Special Master directed the closing of the sale for Gross Proceeds of $150,000 and Net Proceeds of approximately $140,000.

On September 23, 2013, the Court authorized the Special Master to direct the sale of the Defendant's house (the "Flamingo House") to a Cancun-based architect and businessman. On October 10, 2013, the Special Master directed the closing of the sale for Gross Proceeds of $2,500,000 and Net Proceeds of approximately $1,910,000.

On September 23, 2013, the Court authorized the Special Master to direct the sale of the Defendant's daughter's house (the "Pez Volador House") to a Cancun-based commercial real estate developer. On October 10, 2013, the Special Master directed the closing of the sale for Gross Proceeds of $1,150,000 and Net Proceeds of approximately $880,000.

On January 23, 2014, the Court authorized the Special Master to direct the sale of two houses belonging to Donald Kelly and Michael Paul Kelly, the Defendant's sons, respectively, to a Cancun-based commercial real estate developer for personal use (collectively, the "Pok-Ta-Pok Homes"). On January 28 and January 30, 2014, the Special Master directed the closing of the sale for Gross Proceeds of $950,000 and Net Proceeds of approximately $895,000.

8. Automobiles

Pursuant to the Court's Order to Approve the Sale Procedure of the Special Master for Personal Property Assets Valued Less Than USD100,000, dated May 20, 2011 (the "Alternative

Sale Procedure”), the Special Master directed the sale of two (2) 2006 Avanti convertible automobiles for Gross and Net Proceeds of $8,000 each in December 2011; two (2) Avanti automobiles (’63 and ’64) to a Spanish investor for a combined total of $20,000 of Gross Proceeds and Net Proceeds of $16,000 in March 2012; a 2006 Avanti coupe in October 2012 to a Spanish investor for Gross and Net Proceeds of $8,000; and a 2006 Avanti convertible in October 2012 for Gross and Net Proceeds of $8,000. The Special Master also used nine (9) automobiles as part of a severance settlement with a former Puerto Cancun employee. The Special Master directed the sale of a 1941 Avanti in the United States in early January 2013 for Gross Proceeds of $5,000 and Net Proceeds of $2,000; three (3) cars together (a 1926 Studebaker, a 2002 Avanti and a 2000 Plymouth Prowler) to an investor in mid-June 2013 for Gross Proceeds of $26,000 (after the investor waived storage fees worth $5,000) with Net Proceeds of approximately $16,000; and the shell of a Hummer vehicle in lieu of storage expenses for the cars. In January 2014, the Special Master directed the sale of eleven (11) additional vehicles for Gross and Net Proceeds of $38,000.

Total sales of Defendant-owned automobiles to date amount to Gross Proceeds of approximately $121,000 and Net Proceeds of approximately $104,000.

9. Watercraft

a. Palmer Johnson Yacht

On May 10, 2012, the Court authorized the Special Master to direct the sale of a 126-foot Palmer Johnson Yacht (*Time*) (the “Palmer Johnson Yacht”) to a Mexican businessman based in the U.S. During the same month, the Special Master directed the closing of the sale for Gross Proceeds of $1,040,000 and Net Proceeds of approximately $850,000.

b. Donzi Boats

Pursuant to the Alternative Sale Procedure, in August 2012, the Special Master directed the sale of one of two (2) Donzi boats turned over to the Special Master to a U.S.-based engineer for Gross Proceeds of $29,000 and Net Proceeds of approximately $21,000. Paperwork and importation issues required the Special Master direct spending additional resources transporting and exporting the Donzi boat. The Court authorized the use of the other Donzi boat to pay a break-up fee negotiated with a losing bidder for Bella Vista.

c. Tiara Yacht

On September 23, 2013, the Court authorized the Special Master to direct the sale of a 40.5-foot Tiara yacht (*C’est La Vie*) to a Mexican real estate investor. On October 8, 2013, the Special Master directed the closing of the sale for Gross Proceeds of $105,000 and Net Proceeds of approximately $93,000.

d. Fairline Yacht

Pursuant to the Alternative Sale Procedure, on February 10, 2014, the Special Master directed the sale of the 43-foot Fairline yacht (*La Morena*) to a Spanish national residing in Cancun for Gross Proceeds of $80,000 and Net Proceeds of approximately $65,000.

10. Aircraft: Sabre 80 Jet

On August 2, 2011, the Court authorized the Special Master to direct an in-kind payment of a Sabre 80 Jet Aircraft owned by First Sabre, S.A. de C.V. ("First Sabre"), a Defendant-controlled entity, to a creditor of First Sabre. The Special Master entered into a Debt Acknowledgement, Payment, Offset and Release Agreement (the "Plane Agreement"), subject to publication and final approval by the Court, with the owner of a hangar in Toluca, Mexico, Servicios Aéreos Jem, S.A. de C.V. ("JEMSA"), the creditor of First Sabre.

Pursuant to the terms and conditions of the Plane Agreement, (i) First Sabre acknowledged its debt (the "Debt") before JEMSA, plus any and all additional taxes for maintenance of the plane and other services rendered by JEMSA; (ii) First Sabre repaid the Debt to JEMSA in-kind through the conveyance of the plane to JEMSA; (iii) since the amounts of value-added tax or IVA (*Impuesto al Valor Agregado*) triggered for the services rendered by JEMSA and for the transfer of the plane to JEMSA were identical, the parties offset such amounts; (iv) JEMSA cancelled First Sabre's Debt; and (v) the parties released each other from any liability with respect to the Debt, the plane, and all services rendered by JEMSA to First Sabre.

11. Intangible Property: ISOLA Contract Settlement

The Special Master identified a lot inside Puerto Cancun that the Defendant and his associates had sold to a real estate developer called ISOLA Cancun ("ISOLA") in 2005. The arrangement with ISOLA included an earn-out provision for Promotora, and the Special Master directed the settlement of this earn-out provision with ISOLA for $400,000 during the last week of July 2013.

V. THE REMAINING ASSETS

A. Real Estate Properties in the United States

Two (2) real estate properties located in the states of Georgia and Indiana remain to be sold. The Georgia property, identified during the Special Master's diligence, is an approximately 6.5-acre parcel in an industrial park received by the Kelly family from the city of Villa Rica, Georgia, in 2006, in exchange for a factory that manufactured Avanti cars. The northern Indiana property is an approximately 19-acre property originally designed to be a go-kart facility, but is now out of operation.

B. Penthouse Apartment at Bella Vista Towers

One remaining residential real estate property in Cancun is being actively marketed by a local Cancun broker hired by Grupo Kelly at the instruction of the Special Master: a penthouse apartment at Bella Vista (the "Bella Vista Penthouse").

C. Automobiles

Five (5) vehicles remain, some of which came under the control of the Special Master in June and July of 2013. The Special Master intends to direct the sale of some of these vehicles in

Mexico. Some of the vehicles currently have insufficient legal documentation to allow for transferring title to prospective buyers.

VI. RESOLVING LIABILITIES

A. Tax Liabilities

Since the Special Master's appointment, the Special Master and his advisors have eliminated a range of tax liabilities incurred by Grupo Kelly before the Special Master's appointment so as to induce prospective buyers to buy Assets at more favorable prices. For example, Del Valle Torres, S.C., special Mexican tax counsel to the Special Master, successfully challenged: (a) a tax assessment issued by the Ministry of Finance of the State of Quintana Roo against Promotora for approximately $9,000,000, (b) a tax assessment issued by the Mexican Tax Administration Service (the "SAT") against Operadora Hoteles Grand, S.A. de C.V., in an amount of approximately $40,000,000 and (c) various tax offset reviews initiated by the SAT against Promotora. These challenges facilitated certain of the Asset sales described in Article IV above. The Special Master has also directed the payment of all applicable Mexican or Panamanian taxes generated by the Asset sales described in Article IV.

B. Labor Liabilities and Litigation

The Special Master has directed the payment of approximately $4,000,000 in employee severance payments pursuant to Mexican labor law in connection with the closing of certain of the Asset sales described in Article IV above. In addition, the Special Master and his advisors have also settled approximately $887,000 in labor lawsuits against certain of the Grupo Kelly companies, which also enabled successful liquidations by eliminating these liabilities for the prospective buyers. These resolutions facilitated certain of the Asset sales described in Article IV above. Twenty-four (24) cases, in an aggregate notional amount of approximately $3,800,000, are still pending against certain Grupo Kelly companies, and the Special Master has retained a Mexican labor attorney to evaluate these cases.

C. Social Security Liabilities

As of May 2013, Promotora faced an assessment by the Mexican Social Security Institute (the "IMSS") of approximately $1,280,000, which was comprised of outstanding social security liability and accrued fines. Under Mexican social security law, Promotora is jointly liable with the dozens of third-party construction contractors and service providers (the "Construction Contractors") hired to develop Puerto Cancun. Many of these Construction Contractors never made their required social security payments and in fact went missing. As a result, the IMSS looked to Promotora to satisfy this large liability. Due in part to the efforts of a third-party negotiation firm hired by the Special Master, the Special Master reached a global settlement with the IMSS in November 2013, yielding net savings of approximately $418,000.

VII. FORENSIC ANALYSIS

The Special Master and Frontera Capital Advisors, financial consultant to the Special Master ("Frontera"), continue to attempt to account for significant funds received and spent by the Defendant and his associates. The objectives of this effort are to: (a) increase restitution proceeds available to victims and (b) deter future criminal frauds of the nature perpetrated by the Defendant. To this end, the Special Master and Frontera have questioned the Defendant's son, Michael Paul Kelly, regarding the total amount of cash inflows into, and cash outflows from, the Defendant's operation. The Special Master and Frontera have also collaborated with current Grupo Kelly accountants to ascertain the costs incurred by the Defendant to purchase the Assets described in Article IV.

In collaboration with the United States Securities and Exchange Commission, the Special Master and Frontera also continue to carry out limited money-tracing exercises in the hope of discovering additional Assets. The Special Master and Frontera have obtained certain previously-missing bank records for Defendant-controlled companies with accounts at Mexican and Panamanian banks and have flagged transactions that warrant further scrutiny. In April 2013, the Special Master requested that six (6) Panamanian banks release previously-missing bank records for twenty-four (24) Kelly-related Panamanian bank accounts. The Special Master has received bank records for five (5) Kelly-related bank accounts and is working closely with one of the banks to receive records for nine (9) additional accounts. The Special Master continues to pursue bank records for the other ten (10) Kelly-related bank accounts, but the banks have been non-responsive to the request for these records. The Special Master has also received 752 bank statements from five (5) Mexican banks for twenty-seven (27) different Kelly-related Mexican entities. Coupled with the bank records provided by Grupo Kelly accountants, the Special Master now has 9,614 Mexican bank statements, which continue to be analyzed. The Special Master also continues to entertain other methods of obtaining missing Panamanian bank records for certain high-priority Defendant-controlled Panamanian companies.

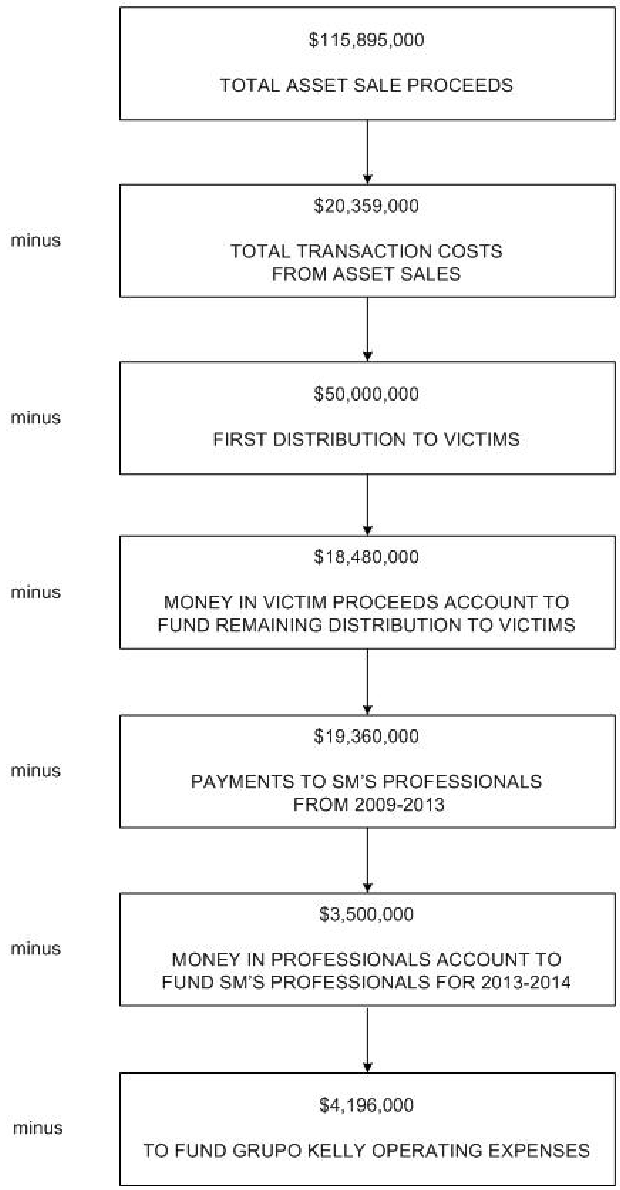
The Special Master has also identified through his diligence approximately twenty (20) formerly-unknown Panamanian companies formed by the Defendant and/or his associates and, with the help of his Panamanian counsel, has confirmed that such entities hold no real estate in Panama.

Finally, on May 16, 2013, in the context of a meeting with the Defendant's son, Michael Paul Kelly, regarding the status of certain unaccounted for Exhibit B Assets, the Defendant's son signed an affidavit in which he affirmed, to the best of his knowledge and ability, that he has disclosed to the Special Master, the USAO and/or the FBI all real property, personal property and/or intangible property in which he or any one of his family members has a direct, indirect or otherwise beneficial interest.

VIII. CONCLUSION

The chart below describes how the Special Master has allocated the Gross Proceeds received from the Asset sales described in Article IV above.

HOW GROSS PROCEEDS FROM ASSET SALES HAVE BEEN ALLOCATED BY THE SPECIAL MASTER

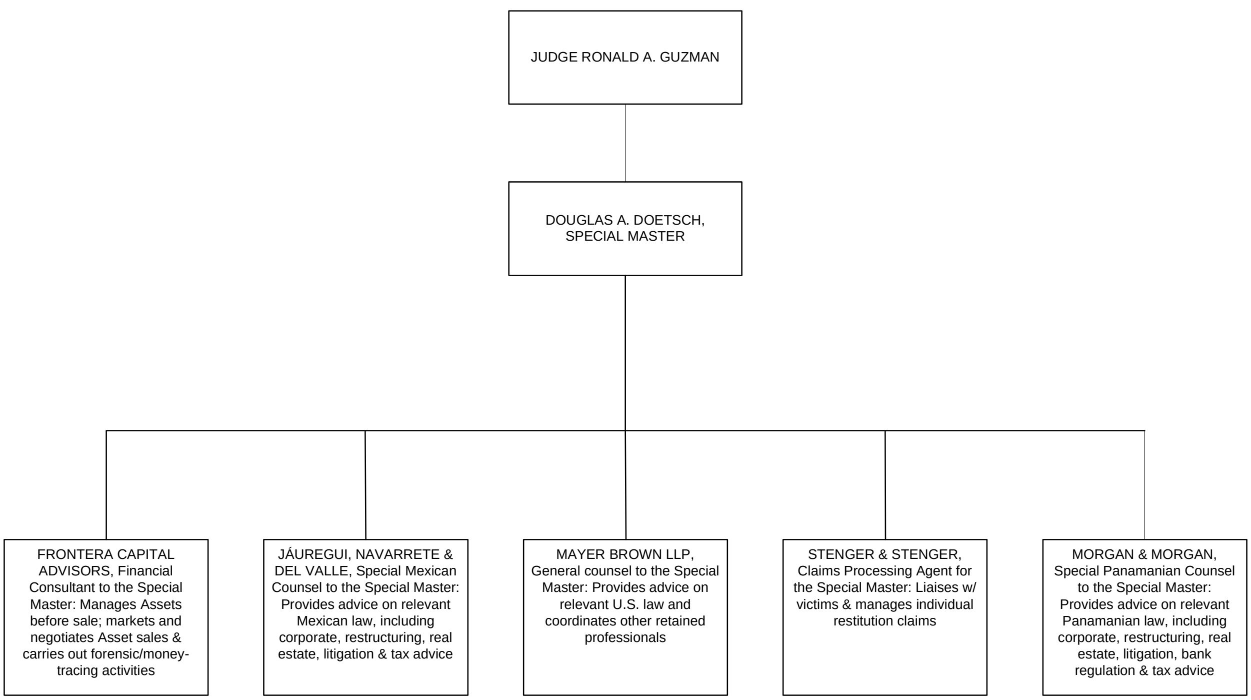


The Net Proceeds from the sales of Assets described in Article IV above are approximately $95,536,000. From that sum, the Special Master made a First Distribution of $50,000,000. On December 31, 2013, there was a balance of approximately $18,480,000 in the Victim Proceeds Account.

Approximately $19,360,000 has been paid to the Special Master's retained professionals since the appointment of the Special Master. The Special's Master's retained professionals include: (i) Mayer Brown LLP, as general counsel to the Special Master, paid approximately $8,060,000 in professional fees and expenses; (ii) FTI Consulting, Inc., as financial consultant to the Special Master from the date of the Special Master's appointment through mid-2010, paid approximately $2,410,000 in professional fees and expenses; (iii) Frontera Capital Advisors, as financial consultant to the Special Master from mid-2010 to the present, paid approximately $4,730,000 in professional fees and expenses; (iv) Jáuregui, Navarrete y Del Valle, S.C., as special Mexican counsel to the Special Master, paid approximately $2,000,000 in professional fees and expenses; (v) Del Valle Torres, S.C., as special Mexican tax counsel to the Special Master, paid approximately $600,000 in professional fees and expenses; (vi) Arias, Fábrega & Fábrega, as special Panamanian counsel to the Special Master, paid approximately $170,000 in professional fees and expenses; (vii) Morgan & Morgan, as special Panamanian counsel to the Special Master retained in March 2013 to assist in the closing of the Panama Hotel and in obtaining missing Panamanian bank records, paid approximately $20,000 in professional fees and expenses; and (viii) Stenger & Stenger, P.C., the claims processing agent for the Special Master, paid approximately $1,370,000 in professional fees and expenses.

The chart below describes the work of the Special Master's retained professionals as of the date of this report.

RETAINED PROFESSIONALS OF THE SPECIAL MASTER



On December 31, 2013, there was a balance of approximately $3,500,000 in an account maintained by the Special Master to pay his retained professionals (the "Professionals Account"). This balance will be used to pay the Special Master's retained professionals for services rendered in 2013 and to fund any fees and expenses incurred by the Special Master's retained professionals through the first half of 2014; any surplus will be applied to victim restitution. Furthermore, Exhibit B hereto sets forth the inflows into, and outflows from, the Victim Proceeds Account and the Professionals Account from September 1, 2012[5] through December 31, 2013.

The remaining approximately $4,196,000 of Net Proceeds, together with other funds generated by Grupo Kelly assets, has been used to fund the Grupo Kelly businesses as going-concerns over the last four years, and, more specifically, to pay for the salaries of certain key employees, office expenses, operating losses at certain hotels, mandatory audits, insurance premiums, property taxes, compliance with environmental regulations, utilities, construction expenses, equipment and other overhead costs. The Special Master has significantly reduced staff and cut operating expenses since his appointment, but certain operating expenses, such as the salaries of a small accounting and legal team, remain; these individuals are necessary to close on the sale of certain of the remaining assets described in Article V above, assist with ongoing forensic analysis and unwind the Restitution Trust.

The Special Master shall continue to perform his responsibilities and duties consistent with the Order and all other directives of this Court.

RESPECTFULLY SUBMITTED this **27th day of February, 2014.**

DOUGLAS A. DOETSCH,
Special Master

By: /s/ Omar Raddawi and Todd J. Schmid

Omar Raddawi (ARDC: 6309962)
MAYER BROWN LLP
71 South Wacker Drive
Chicago, IL 60606
Tel: (312) 701-8172
oraddawi@mayerbrown.com

Todd J. Schmid (ARDC: 6313915)
MAYER BROWN LLP
71 South Wacker Drive
Chicago, IL 60606
Tel: (312) 701-8589
tschmid@mayerbrown.com

General Counsel to the Special Master

[5] The Fourteenth Status Report of the Special Master was submitted to the Court on August 31, 2012.

EXHIBIT A

PUERTO CANCUN PURCHASE PRICE ADJUSTMENTS AND PROCEEDS

Total Purchase Price Prior to Adjustments	$77,584,325
Positive Adjustments for Cash Disbursements by Puerto Cancun for the Period Between the Signing of a Binding Purchase and the Definitive Sale Agreement[6]	$10,790,429
Negative Adjustments for Cash Receipts by Puerto Cancun for the Period Between the Signing of a Binding Purchase and the Definitive Sale Agreement[7]	($26,371,600)
Due Diligence Adjustments	($11,700,000)
Total Purchase Price Adjustments[8]	($27,281,171)

Gross Proceeds at Closing	$50,303,154
Taxes	($6,044,470)
Employee Severance Payments	($999,569)
Approximate Net Proceeds	$43,170,000

[6] Positive purchase price adjustments include add-backs for infrastructure investment, the addition of certain assets to the sale and the pre-payment of taxes.

[7] Negative purchase price adjustments include the collection of accounts receivable, the sale of certain assets and the settlement of liabilities.

[8] The $15,581,171 in cash collected between the signing of the Puerto Cancun purchase agreement with MIRA and the closing of the Puerto Cancun transaction was used to fund salaries, overhead expenses, maintenance, certain infrastructure costs and upkeep and maintenance of Bella Vista, among other expenses, at Promotora and Panomora, S.A. de C.V.

EXHIBIT B

[SEE ATTACHED]

STANDARDIZED FUND ACCOUNTING REPORT for Michael Kelly Restitution Fund - Cash Basis
Criminal Court Case No. 06 CR 964
Reporting Period 9/1/12 to 12/31/13

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 9/1/2012):	$17,211,037.35	$17,211,037.35	$17,211,037.35
	Increase/ Decreases in Fund Balance:			
Line 2	Business Income	-	-	-
Line 3	Cash and Securities	-	-	-
Line 4	Interest / Dividend Income/ Loss	$5,902.13	$5,902.13	$5,902.13
Line 5	Business Asset Liquidation	$64,570,954.66	$64,570,954.66	$64,570,954.66
Line 6	Personal Asset Liquidation	-	-	-
Line 7	Third-Party Litigation Income	-	-	-
Line 8	Miscellaneous - Other (transferred by the defendant)	-	-	-
	Total Funds Available (Lines 1 – 8):	$81,787,894.14	$81,787,894.14	$81,787,894.14
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors	$50,020,000.00	$50,020,000.00	$50,020,000.00
Line 10	Total Disbursements for Receivership Operations	$1,887,879.77	$1,887,879.77	$1,887,879.77
Line 11	Disbursements for Distribution Expenses Paid by the Fund:	-	-	-
	1. Fees:			
	Special Master (including related U.S. legal fees and expenses)…………………...…………	$2,653,564.79	$2,653,564.79	$2,653,564.79
	Independent Distribution Consultant (IDC)…………………………………...……….………	-	-	-
	Distribution Agent…………………...………………...…	-	-	-
	Consultants…………………………...………………	$2,680,545.66	$2,680,545.66	$2,680,545.66
	Other Legal Advisers……………………...…..………………	$1,049,373.61	$1,049,373.61	$1,049,373.61
	Tax Advisers……………………..……….…………	$630,313.97	$630,313.97	$630,313.97
	Claims Processing……………………………………..……	$579,371.32	$579,371.32	$579,371.32
	2. Administrative Expenses			
	3. Miscellaneous (Annual Account fees, Publication Fees, inter-account transfers)	$180,748.31	$180,748.31	$180,748.31
Line 12	Disbursements to Court/Other:	$0.00	$0.00	$0.00
Line 12a	*Investment Expenses/Court Registry Investment System (CRIS) Fees*	$0.00	$0.00	$0.00
Line 12b	*Federal Tax Payments*	$0.00	$0.00	$0.00
	Total Disbursements to Court/Other:	$0.00	$0.00	$0.00
	Total Funds Disbursed (Lines 9 – 12):	$59,681,797.43	$59,681,797.43	$59,681,797.43
Line 13	Ending Fund Balance (As of 12/31/2013):			$22,106,096.71
Line 13a	*Cash and Cash Equivalents*			$22,106,096.71
Line 13b	*Investments*			$0.00
	Additional disclosure on the Ending Fund Balance:			
Line 13c	*Operating Account*			$3,625,452.05
Line 13d	*Sales Proceeds Account*			$18,480,644.66

STANDARDIZED FUND ACCOUNTING REPORT for Michael Kelly Restitution Fund - Cash Basis
Criminal Court Case No. 06 CR 964
Reporting Period 9/1/12 to 12/31/13

OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:	-	-	-
Line 14	**Disbursements for Plan Administration Expenses Not Paid by the Fund:**	-	-	-
Line 14a	*Plan Development Expenses Not Paid by the Fund:*	-	-	-
	1. Fees:			
	Special Master (including related U.S. legal fees and expenses)………………………..………	-	-	-
	IDC………………………………………..…………….	-	-	-
	Distribution Agent……………………..……………….	-	-	-
	Consultants……………………………….……………	-	-	-
	Other Legal Advisers…………………………….……………	-	-	-
	Tax Advisers…………………………….…….………	-	-	-
	2. Administrative Expenses	-	-	-
	3. Miscellaneous	-	-	-
	Total Plan Development Expenses Not Paid by the Fund	-	-	-
Line 14b	*Plan Implementation Expenses Not Paid by the Fund:*			
	1. Fees:			
	Special Master (including related U.S. legal fees and expenses)……………………….………..	-	-	-
	IDC……………………………………......………….	-	-	-
	Distribution Agent………………………….…………..	-	-	-
	Consultants……………………………...…..…………	-	-	-
	Other Legal Advisers…………………………..…...…………	-	-	-
	Tax Advisers……………………….……..……………	-	-	-
	2. Administrative Expenses	-	-	-
	3. Investor Identification:			
	Notice/Publishing Approved Plan…………….……..…..	-	-	-
	Claimant Identification……………………….…...……	-	-	-
	Claims Processing………………………………….….	-	-	-
	Web Site Maintenance/Call Center………………..……	-	-	-
	4. Special Master (including related U.S. legal fees and expenses) Bond	-	-	-
	5. Miscellaneous	-	-	-
	6. FAIR Reporting Expenses	-	-	-
	Total Plan Implementation Expenses Not Paid by the Fund	-	-	-
Line 14c	*Tax Administrator Fees & Bonds Not Paid by the Fund*	-	-	-
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund	-	-	-
Line 15	**Disbursements to Court/Other Not Paid by the Fund:**			
Line 15a	*Investment Expenses/CRIS Fees*	-	-	-
Line 15b	*Federal Tax Payments*	-	-	-
	Total Disbursements to Court/Other Not Paid by the Fund:	-	-	-
Line 16	**DC & State Tax Payments**	-	-	-
Line 17	**No. of Claims:**			
Line 17a	*# of Claims Received This Reporting Period…..……………………………………………*	0	0	0
Line 17b	*# of Claims Received Since Inception of Fund…..…..………………………………………*	0	0	0
Line 18	**No. of Claimants/Investors:**			
Line 18a	*# of Claimants/Investors Paid This Reporting Period….……..……………………………..*	0	0	0
Line 19b	*# of Claimants/Investors Paid Since Inception of Fund.………..……………………………*	0	0	0

Special Master:

By: ______________________________
(signature)

____
(print)

____
(title)

Date: ____________________________