

File No.: CF\_-----

INVESTOR 1 NAME: \_\_\_\_\_  
INVESTOR 2 NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_



**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

COMMODITY FUTURES TRADING	)	
COMMISSION	)	
	)	11-cv-10949-LPZ-MKM
Plaintiff,	)	
	)	
v.	)	Hon. Lawrence P. Zatkoff
	)	
ALAN JAMES WATSON, MICHAEL POTTS,	)	
and CASH FLOW FINANCIAL, LLC,	)	
	)	
Defendants,	)	
And	)	
	)	
THE JEDBURGH GROUP,	)	
	)	
Relief Defendant.	)	
_____	)	

**CLAIMS PACKET**

INVESTOR:

You have been identified as a known investor in the above matter. As such, you are receiving a claims packet that contains:

- 1) A Summarizing Letter;
- 2) A Statement of Claim Form; and
- 3) A Copy of the Investor Claims Procedure.

You are encouraged to carefully study this summary and accompanying documents for details concerning the Investor Claims Procedure approved by the Court, and to consult with your own attorney or other advisors concerning your rights and obligations thereunder.

To: Cash Flow Financial, LLC Investors

Re: *Commodity Futures Trading Commission v. Alan James Watson, et al.*  
United States District Court, Eastern District of Michigan, Southern Division  
Case No. 11-cv-10949

**TO INVESTORS IN THE CASH FLOW FINANCIAL, LLC RECEIVERSHIP  
CONCERNING THE “INVESTOR CLAIMS PROCEDURE” FOR  
DISTRIBUTIONS FROM THE RECEIVERSHIP ESTATE**

***You are encouraged to carefully study this summary and accompanying documents for details concerning the Investor Claims Procedure approved by the Court, and to consult with your own attorney or other advisors concerning your rights and obligations thereunder.***

On February 24, 2014, the United States District Court for the Eastern District of Michigan, Southern Division (the “**Court**”) approved the Investor Claims Procedure proposed to the Court by the Court-appointed Receiver, Phillip S. Stenger (the “**Receiver**”). The following is a summary of the provisions of the Investor Claims Procedure provided herein for your convenience. The Investor Claims Procedure, the Motion to Adopt Investor Claims Procedure (the “**Claims Procedure Motion**”), and the Claims Procedure Adoption Order are also available from the Court Clerk, Eastern District of Michigan, 231 West Lafayette Blvd, Room 564, Detroit, Michigan 48226 or by accessing the Receiver’s website at [www.cffreceiver.com](http://www.cffreceiver.com). Again, you are encouraged to carefully study the Investor Claims Procedure and to consult with your own advisors regarding your rights and obligations under the Investor Claims Procedure.

**SUMMARY OF INVESTOR CLAIMS PROCEDURE**

- (1) **Mailing to Known Investors.** Within thirty (30) days following the Court’s entry of the Claims Procedure Adoption Order, the Receiver shall mail or cause to be mailed the Claims Packet to all Investors known to the Receiver by United States First Class Mail. The Claims Packet includes: (i) a Statement of Claim Form which sets forth each Investor’s Adjusted Net Investment Claim (“**ANIC**”); (ii) the Investor Claims Procedure; and (iii) this Summarizing Letter. Any purported Claimant who does not receive a Claims Packet may request one by contacting the Receiver, Phillip S. Stenger, at Stenger & Stenger, PC, 2618 East Paris Ave SE, Grand Rapids, MI 49546, (877) 512-2483, (800) 429-5805 (fax), [cffreceiver@stengerlaw.com](mailto:cffreceiver@stengerlaw.com) (email).
- (2) **Publication and Posting on Website.** Within ten (10) days following the entry of the Claims Procedure Adoption Order, the Receiver shall post a copy of the Investor Claims Procedure and the Claims Procedure Adoption Order, including all Exhibits, on the Receiver’s website, [www.cffreceiver.com](http://www.cffreceiver.com), and shall publish a copy of the Claims Procedure Notice once in the national edition of *USA Today*. The Receiver shall also promptly provide a Claims Packet to any requesting Investor.
- (3) **Agreeing Investors.** Investors who agree with the Receiver’s calculation of their ANIC must sign, complete and send their Statement of Claim Form on or before the Claims Bar Date of May 26, 2014, indicating therein that they agree with the ANIC as determined by the Receiver in order to preserve their claim. All Investors must also provide the Receiver with updated contact or address information, if necessary, with their Statement of Claim Form. Unless waived by the Receiver in his sole discretion for good cause shown, any agreeing Investor that does not send a properly

completed and signed Statement of Claim Form to the Receiver on or before the Claims Bar Date shall be forever barred from participating in the Receivership. Investors shall bear the burden of ensuring that their Statement of Claim Form and accompanying documentation have been properly and timely sent to the Receiver as evidenced by a letter of confirmation from the Receiver.

(4) **Disagreeing Investors.** On or before the Claims Bar Date of May 26, 2014, any Investor who disagrees with the ANIC as set forth in the Statement of Claim Form must send to the Receiver a properly completed Statement of Claim Form reflecting such Investor's disagreement with the ANIC together with the Investor's claimed ANIC amount and all supporting documentation in order to preserve their claim. Unless waived by the Receiver in his sole discretion for good cause shown, any disagreeing Investor or purported Investor that does not send a properly completed and documented Statement of Claim Form with the Receiver on or before the Claims Bar Date shall be forever barred from disputing the ANIC shown on the Statement of Claim Form. Investors shall bear the burden of ensuring that their Statement of Claim Form and accompanying documentation have been properly and timely sent to the Receiver as evidenced by a letter of confirmation from the Receiver.

(5) **Review of Requests for Redetermination.** An Investor's Statement of Claim Form disagreeing with the Receiver sent by the Claims Bar Date will be treated as a Request for Redetermination of the ANIC. The Receiver will review each Request for Redetermination and accompanying documentation to determine the validity of such Request. The Receiver will then mail by United States First Class Mail a Final Determination Notice to each Investor Claimant filing a Request for Redetermination setting forth the Receiver's conclusions concerning such Request for Redetermination. This Final Determination will be sent by Receiver within sixty (60) days of receipt of such Request for Redetermination.

(6) **Right to Request Adjudication.** Any Investor Claimant dissatisfied with the Receiver's Final Determination Notice may request adjudication of their Request for Redetermination from the Court by filing a Request for Adjudication with the Receiver and the Court within the timeframe as set forth in the Investor Claims Procedure. A failure to timely request adjudication will waive the Investor Claimant's right to object to the Final Determination Notice.

(7) **Resolution by the Court.** If an Investor Claimant files a Request for Adjudication, the matter will be referred to the Court. The Court may, in its discretion, refer the matter to a Magistrate Judge. The Magistrate Judge shall review the documentation provided by the Investor Claimant and the Receiver, and provide the Court with a Report and Recommendation concerning the matter within 45 days of referral. The Investor Claimant shall have the burden of proof in any adjudication.

(8) **Validity.** No Investor or Investor Claimant who has failed to timely file an appropriate Request for Redetermination or Request for Adjudication shall be permitted to object to the barring or treatment of their Investor Claim on the basis that the Receiver failed to properly mail, or that the Investor failed to receive, a Claims Packet or Final Determination Notice, or that such documents were not properly recorded as received by the Receiver or the Court Clerk. The burden of notifying the Receiver of an Investor's current address and other contact information shall be upon the Investor.

(9) **Excluded Party(ies).** ECMs and Marketers who received in excess of \$5,000 in compensation for the sale of CFF investments are excluded from receiving any distribution and those who received less than \$5,000 in compensation for the sale of CFF investments will have their ANIC and distribution reduced by 50%.

(10) **Final Distribution.** After the Receiver has filed a definitive list of the approved Investor Claims, the Receiver shall make a recommendation to the Court as to the manner, amount, and timing of distribution of funds. For purposes of the distribution, each Investor Claimant shall receive a pro-rata portion of the funds to be distributed to Investors based on a fraction, the numerator of which is the Investor Claimant's ANIC as finally determined by the Court (as adjusted for Excluded Parties and Insubstantial Marketers as set forth in the Investor Claims Procedure) and the denominator of which is the approved adjusted ANIC for all Investor Claimants as finally determined by the Court.

#### **DEFINITIONS**

- A. ***“ANIC”*** (Adjusted Net Investor Claim) is the total amount of investment made in CFF by an Investor, less all payments received, whether as principal, interest, commissions, loans, etc., from whatever source derived, including but not limited to, CFF, Watson, Potts, ECMs, other marketers, Trade, LLC, etc. Investors who have zero or negative ANICs will not be entitled to participate in a distribution. In calculating ANICs for Investors with multiple investments, the Receiver shall net positive and negative ANICs to arrive at one combined ANIC for each investor.
- B. ***“CFTC Action”*** shall mean *Commodity Futures Trading Commission v. Alan James Watson, Michael Potts, and Cash Flow Financial, LLC*, United States District Court, Eastern District of Michigan, Southern Division, Case No.: 11-cv-10949-LPZ-MKM.
- C. ***“Claims Bar Date”*** is the date by which an Investor must send a properly completed Statement of Claim Form to the Receiver in order to have a claim in the estate. Any claims sent after this date shall be barred, except for good cause shown at the discretion of the Receiver. The Claims Bar Date is May 26, 2014.
- D. ***“Claims Procedure Adoption Order”*** is the Court’s Order adopting the Investor Claims Procedure and providing for implementation thereof.
- E. ***“Court”*** is the United States District Court for the Eastern District of Michigan, Southern Division, 526 Water Street, Port Huron, Michigan 48060.
- F. ***“Court Clerk”*** is the United States District Court for the Eastern District of Michigan, Southern Division, 231 West Lafayette Blvd, Room 564, Detroit, Michigan 48226.
- G. ***“ECM”*** shall mean Executive Club Member or any other marketer of CFF who marketed or promoted CFF for reward, either individually, or through an entity in which the individual has or had a financial interest.
- H. ***“Excluded Party(ies)”*** shall mean Watson, Potts, ECMs, Marketers, the Jedburgh Group and Related Parties, but does not include an Insubstantial Marketer.
- I. ***“Final Determination Notice”*** is the notice sent by the Receiver stating the Receiver’s final determination concerning an Investor Claimant’s Request for Redetermination.
- J. ***“Insubstantial Marketers”*** shall mean an ECM or other marketer who received less than \$5,000 in marketing compensation from CFF, Watson, Potts and/or another ECM or other marketer. The

Insubstantial Marketer's ANIC, as finally determined, shall be reduced by 50% for purposes of calculating their share of the distribution from the estate.

- K. ***“Investor”*** is a natural person or entity that invested in Cash Flow Financial, LLC.
- L. ***“Investor Claimant”*** is an Investor or purported Investor that has timely filed an appropriate Statement of Claim Form as prescribed in the Investor Claims Procedure.
- M. ***“Investor Claims Procedure”*** is the procedure established by the Court through which Investors and purported Investors may file claims with the Receiver for distributions from the estate and secure a determination of same.
- N. ***“Marketer”*** is an individual who marketed or promoted CFF for reward, either individually, or through an entity in which the individual has or had a financial interest.
- O. ***“Request for Adjudication”*** is an Investor Claimant's request to the Court Clerk asking for an adjudication of the Receiver's Final Determination.
- P. ***“Request for Redetermination”*** shall mean a disagreeing Investor's return of the Statement of Claim Form together with any necessary supporting documentation, requesting that the Receiver re-determine the Investor's ANIC.
- Q. ***“Statement of Claim Form”*** is the statement initially prepared by the Receiver calculating the Investor's ANIC.

**YOU ARE REQUIRED TO SEND THIS FORM WITH AN ORIGINAL SIGNATURE (COPIES WILL NOT BE ACCEPTED) AND ANY SUPPORTING DOCUMENTATION TO THE ADDRESS PROVIDED BELOW BY THE CLAIMS BAR DATE OF MAY 26, 2014 IN ORDER TO PRESERVE YOUR CLAIM.**

### STATEMENT OF CLAIM FORM

Re: *Commodity Futures Trading Commission v. Alan J. Watson, et al.*  
 United States District Court for the Eastern District of Michigan (Southern Division)  
 Case No. 11-cv-10949

**CFF Claim No.:** CF \_\_\_\_\_

**Investor 1 Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
 \_\_\_\_\_

**Investor 2 Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
 \_\_\_\_\_

Based on the banking records of Cash Flow Financial, LLC ("CFF") and other supporting documentation, the Receiver has determined your Adjusted Net Investor Claim ("ANIC")<sup>1</sup> as follows:

<b>(1) Payments made to CFF</b>	\$ _____
<b>(2) Less: All payments received from CFF</b>	\$ _____
<b>(3) Less: Commissions/marketing compensation<sup>2</sup></b>	\$ _____
<b>(4) Less: Trade, LLC excess returns<sup>3</sup></b>	\$ _____
<b>(5) Preliminary ANIC</b>	\$ _____
<b>(6) Less: 100% of Line (5) for ECMs and Marketers who received more than \$5,000 in commissions/marketing compensation as shown on Line (3)</b>	\$ _____
<b>(7) Less 50% of Line (5) for Insubstantial Marketers who received less than \$5,000 in commissions/marketing compensation as shown on Line (3)</b>	\$ _____
<b>(8) ANIC</b>	\$ _____

<sup>1</sup> "ANIC" or the "Investor's Adjusted Net Investor Claim" is the total amount of investment made in CFF by an Investor, less all payments received, whether as principal, interest, commissions, loans, etc., from whatever source derived, including, but not limited to, CFF, Watson, Potts, ECMs, other marketers, etc. Investors who have zero or negative ANICs may not be entitled to participate in a Receivership distribution. In calculating ANICs for Investors with multiple investments, the Receiver has netted positive and negative ANICs to arrive at one combined ANIC for each investor.

<sup>2</sup> As defined in section (xi) and (xxi) of the Investor Claims Procedure.

<sup>3</sup> "Trade, LLC excess returns" occur when an investor in Trade, LLC received more money back from Trade, LLC than they invested, and therefore have a negative claim in the Trade, LLC receivership. The Receiver has been provided information regarding excess Trade, LLC returns from the Trade, LLC receiver.

**(1) IF YOU AGREE WITH THE ANIC:**

If you agree with the ANIC as stated on Line (8) above, you **MUST complete and sign this form in the space provided below indicating your agreement with the ANIC and send the signed Form to the Receiver by the Claims Bar Date of May 26, 2014** in order to preserve your claim. Any distribution you receive from the Receiver in this action will be based on the ANIC amount, as stated.

**(2) IF YOU DISAGREE WITH THE ANIC:**

If you do NOT agree with the ANIC as stated on Line (8) above, you **MUST**: (i) complete and sign this form in the space provided below indicating your disagreement with the ANIC; (ii) state what you believe your ANIC should be; (iii) provide any additional documentation to support what you believe your ANIC should be; and (iv) send the signed Form to the Receiver by the Claims Bar Date of May 26, 2014.

**PLEASE COMPLETE:**

- ☐ I/we **AGREE** with the ANIC as stated above.
- ☐ I/we **DO NOT** agree with the ANIC as stated. I/we believe my/our ANIC should be \$\_\_\_\_\_. (Please provide a detailed explanation and documentation to support your position.)

I/we acknowledge that the information contained herein is true and accurate. I/we understand that the Receiver will rely on the information and documentation provided with this Form. **This Form is submitted under penalties of perjury.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
(1<sup>st</sup> Investor Signature)

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
SOCIAL SECURITY NUMBER/EIN NUMBER

Dated: \_\_\_\_\_

\_\_\_\_\_  
(2<sup>nd</sup> Investor Signature)

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
SOCIAL SECURITY NUMBER/EIN NUMBER



PLEASE RETURN THIS COMPLETED FORM TO:

Phillip S. Stenger, Receiver  
Stenger & Stenger, P.C.  
2618 East Paris Ave. SE  
Grand Rapids, MI 49546-2425

You may also fax this Form and any supporting documentation to (800) 429-5805 or email to [cffreceiver@stengerlaw.com](mailto:cffreceiver@stengerlaw.com), **in addition to mailing.**

**FAILURE TO SEND THIS FORM BY THE CLAIMS BAR DATE OF MAY 26, 2014, CAN RESULT IN FORFEITURE OF YOUR CLAIM.**

**(3) CHANGE OF CONTACT INFORMATION:**

It is your sole responsibility to keep the Receiver updated with your current contact information. The Receiver is not obligated to take measures to locate your current whereabouts. Failure to update your contact information may result in removal of your claim from future distribution lists. If you need to update your address or contact information with the Receiver, please do so in the space provided below. Completing this portion of the Statement of Claim Form will **not** result in a redetermination of your ANIC amount or preserve your claim. Redeterminations of the ANIC amount, if any, will only be provided to Investors who complete Section (2) above.

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Home Telephone: \_\_\_\_\_

Work Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

### **Instructions for completing the Statement of Claim Form:**

1. Terms used in this Statement of Claim Form that are also defined in the Investor Claims Procedure adopted by the United States District Court for the Eastern District of Michigan, Southern Division, in the case of *Commodity Futures Trading Commission v. Alan J. Watson, et al.*, Case No. 11-cv-10949, will have the same meaning as set forth in such Investor Claims Procedure. Read these terms carefully! A copy of the Investor Claims Procedure and the Order of the Court adopting the Investor Claims Procedure is posted on the Receiver's website at [www.cffreceiver.com](http://www.cffreceiver.com).

2. Please complete a separate Statement of Claim Form for each claim (as represented by the account number which was assigned to you by the Receiver for processing each of your claims).

**3. If you agree with your ANIC as stated herein, you MUST complete this Statement of Claim Form, sign and send it to the Receiver on or before the Claims Bar Date of May 26, 2014. If you disagree with your ANIC as stated herein, you must send your Statement of Claim Form and supporting documentation to Receiver by the Claims Bar Date of May 26, 2014.**

4. This Statement of Claim Form must be: (a) completed legibly in English; (b) in ink or typed; and (c) sent by the Claims Bar Date of May 26, 2014 **with an original signature** to: Phillip S. Stenger, Receiver, Stenger & Stenger, P.C., 2618 East Paris Ave SE, Grand Rapids, MI 49546-2425.

5. Any Investor who does not send a properly completed and documented Statement of Claim Form on or before the Claims Bar Date shall be forever barred from asserting a claim or disputing the ANIC shown on the Statement of Claim Form unless waived by the Receiver in his sole discretion for good cause shown. It is the Investor's responsibility to insure that the Statement of Claim Form is sent on or before the Claims Bar Date. The Receiver will send a letter confirming receipt of your Statement of Claim Form.

6. If you do not agree with the ANIC as stated in this Statement of Claim Form, you must request redetermination of your ANIC in writing using this Statement of Claim Form and send it to the Receiver on or before the Claims Bar Date. Failure to make this request in writing will result in a forfeiture of your ability to dispute this ANIC. Please note that if you are requesting redetermination of your ANIC, you will not be eligible to participate in any distributions until the resolution of your request.

7. If you request a redetermination of your ANIC as stated in this Statement of Claim Form, you must provide documentation to the Receiver to support your reasons why you believe the ANIC is inaccurate.

**8. It is your sole responsibility to keep the Receiver updated with your current contact information. The Receiver is not obligated to take measures to locate your current whereabouts. Failure to update your contact information may result in removal of your claim from future distribution lists.**

9. Neither the Receiver nor any of his agents represent you and, as such, cannot give you legal or financial advice. If you have any questions concerning how to complete this form, consult your own attorney or other independent advisor. The Receiver recommends that you secure such independent advice.

**10. Remember, this Statement of Claim Form is submitted by you under penalties of perjury!**

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

COMMODITY FUTURES TRADING	)	
COMMISSION	)	
Plaintiff,	)	11-cv-10949-LPZ-MKM
	)	
v.	)	Hon. Lawrence P. Zatkoff
	)	
ALAN JAMES WATSON, MICHAEL POTTS,	)	
and CASH FLOW FINANCIAL, LLC,	)	
	)	
Defendants,	)	
And	)	
	)	
THE JEDBURGH GROUP,	)	
	)	
Relief Defendant.	)	
_____	)	

**INVESTOR CLAIMS PROCEDURE**

**I. DEFINITIONS**

As used herein, the following words shall have the following meanings:

- (i) “**ANIC**” or “***Adjusted Net Investor Claim***” shall be the Investor’s Adjusted Net Investor Claim and is calculated as the total amount of investment made in CFF by an Investor, less all payments received, whether as principle, interest, commissions, loans, etc., from whatever source derived, including but not limited to, CFF, Watson, Potts, ECMs, other marketers, etc. To the extent an Investor also received distributions from Trade, LLC, if they received more money out of Trade, LLC than they put into Trade, LLC, this negative amount will also be subtracted from an Investor’s CFF claim in arriving at their ANIC. Investors who have zero or negative ANICs will not be entitled to participate in a Receivership distribution. In calculating the ANIC for Investors with multiple investments, the Receiver shall net positive and negative ANICs to arrive at one

combined ANIC for each investor. The ANIC of Marketers and Insubstantial Marketers shall be reduced as set forth herein.

- (ii) “**CFF**” shall mean Cash Flow Financial, LLC.
- (iii) “**CFTC**” shall mean the Commodity Futures Trading Commission.
- (iv) “**CFTC Action**” shall mean *CFTC v. Alan James Watson, et al*, United States District Court, Eastern District of Michigan, Southern Division, Case No.: 11-cv-10949.
- (v) “**Claims Bar Date**” shall mean the date established by the Claims Procedure Adoption Order by which, under the Investor Claims Procedure, an Investor’s Statement of Claim must be sent to Receiver as prescribed in the Claims Procedure Adoption Order to avoid being barred. Subject to certain extensions provided for under Section II (v), the Claims Bar Date is May 26, 2014.
- (vi) “**Claims Packet**” shall mean the materials directed by the Claims Procedure Adoption Order to be provided to Investors known to the Receiver or so requesting, including copies of: (a) the Statement of Claim Form; (b) the Investor Claims Procedure; and (c) a Summarizing Letter.
- (vii) “**Claims Procedure Adoption Order**” shall mean the Order adopting the Investor Claims Procedure and providing for implementation thereof, entered by this Court as of the date set forth therein.
- (viii) “**Claims Procedure Notice**” shall mean the notice given to Investors as provided in the Claims Procedure Adoption Order, notifying the Investors of their right and obligation to file their Statements of Claim. The Claims Procedure Notice shall be substantially in the form prescribed by the Court and attached to the Claims Procedure Adoption Order.
- (ix) “**Court**” shall mean the United States District Court for the Eastern District of Michigan, Southern Division, 526 Water Street, Port Huron, MI 48060.

- (x) “**Court Clerk**” shall mean the Clerk of the United States District Court for the Eastern District of Michigan, Southern Division, 231 West Lafayette Blvd, Room 564, Detroit, MI 48226.
- (xi) “**ECM**” shall mean Executive Club Member or other marketer of CFF who marketed or promoted CFF for reward, either individually, or through an entity in which the individual has or had a financial interest.
- (xii) “**Excluded Party(ies)**” shall mean Watson, Potts, ECMs, Marketers, and the Jedburgh Group, but does not include an Insubstantial Marketer.
- (xiii) “**Final Determination Notice**” shall mean the notice sent by the Receiver stating the Receiver’s final determination concerning an Investor Claimant’s Request for Redetermination (the “**Final Determination**”).
- (xiv) “**Governmental Authorities**” shall mean federal, state, and local regulatory authorities, including, without limitation, taxing, workmen's compensation, and unemployment authorities.
- (xv) “**Insubstantial Marketer**” shall mean an ECM who received less than \$5,000 in marketing compensation from CFF, Watson, Potts and/or another ECM or Marketer. The Insufficient Marketer's ANIC, as finally determined, shall be reduced by 50% for purposes of calculating their share of the distribution from the estate.
- (xvi) “**Investor**” shall mean a natural person or entity that invested in CFF but shall not include any Trade Creditor (as defined herein) in its capacity as such, or any Excluded Party.
- (xvii) “**Investor Claimant**” shall mean a purported Investor that has timely sent an appropriate Statement of Claim as prescribed in the Investor Claims Procedure. Classification of an Investor as an Investor Claimant does not involve any determination of the validity, amount, or priority of an Investor Claim, or the entities potentially liable therefore.

- (xviii) “**Investor Claims**” shall mean those claims of purported Investors for investments in CFF.
- (xix) “**Investor Claims Procedure**” shall mean the procedure established by the Court through which purported Investors may file their Investor Claims with the Receiver and secure a determination of such Investor Claims, as set forth in this Investor Claims Procedure, which may be modified by the Court from time to time.
- (xx) “**Jedburgh Group**” shall mean The Jedburgh Group International, Inc.
- (xxi) “**Marketer**” shall mean an individual who marketed or promoted CFF for reward, or otherwise received compensation for the sale of CFF investments, either individually, or through an entity in which the individual has or had a financial interest.
- (xxii) “**Potts**” shall mean Michael Potts.
- (xxiii) “**Receiver**” shall mean Phillip S. Stenger.
- (xxiv) “**Request for Adjudication**” shall mean the Investor Claimant’s request to the Court Clerk asking for an adjudication of the Receiver’s Final Determination.
- (xxv) “**Request for Redetermination**” shall mean the Statement of Claim Form, together with any necessary supporting documentation, filed by the Investor Claimant with the Receiver requesting that the Receiver re-determine the Investor’s ANIC.
- (xxvi) “**Statement of Claim Form**” shall mean the statement initially prepared by the Receiver showing the Investor’s ANIC (to the extent the Receiver’s records show that the Investor has an ANIC), investment information, and contact information. Investors who agree with the ANIC as set forth in the Statement of Claim Form are required to send their Statement of Claim Form indicating they agree with the ANIC back to Receiver by the Claims Bar Date. Investors who disagree with the ANIC as set forth in the Statement of Claim Form must timely send to the Receiver the Statement of Claim Form by the Claims Bar Date indicating their disagreement with the ANIC and providing other

information as required by the Investor Claims Procedure for an Investor to preserve its Investor Claim.

(xxvii) “**Summarizing Letter**” shall mean a letter from the Receiver summarizing the Investor Claims Procedure in a form approved by the Court.

(xxviii) “**Trade Creditor**” shall mean: (a) those natural persons and business entities that have provided goods or services or otherwise have claims against CFF; and (b) those Governmental Authorities with claims against CFF.

(xxix) “**Watson**” shall mean Alan James Watson.

## **II. THE INVESTOR CLAIMS PROCEDURE**

The following, including the definitions set forth above, is hereby established as the Investor Claims Procedure:

- (i) Within thirty (30) days following the entry by the Court of the Claims Procedure Adoption Order, the Receiver shall mail or cause to be mailed the Claims Packet to all Investors known to the Receiver by United States First Class Mail. The Claims Packet will contain the Investor’s ANIC (claim amount) to the extent the Receiver has sufficient information to calculate the Investor’s ANIC. The Receiver shall provide the Court with proof that all deliveries have been made within 7 days of sending the last Claims Packet.
- (ii) Within ten (10) days following the entry of the Claims Procedure Adoption Order, the Receiver shall also: (a) post a copy of the Claims Procedure Adoption Order, including Exhibits, on the Receiver’s Cash Flow Financial, LLC website, [www.cffreceiver.com](http://www.cffreceiver.com); and (b) publish a copy of the Claims Procedure Notice once in the national edition of *USA Today*.
- (iii) The Claims Bar Date shall be **May 26, 2014**, unless waived by the Receiver in his sole discretion for good cause shown.

- (iv) The Receiver shall promptly provide a Claims Packet to any purported Investor that requests one. Upon receipt of a request for a Claims Packet, the Receiver shall determine an ANIC for such Investor and state the ANIC amount on the Statement of Claim Form included with the Claims Packet to the extent the Receiver has sufficient information to calculate the ANIC.
- (v) Investors who *agree* with the Receiver's determination of their ANIC as set forth on the Statement of Claim Form included in the Claims Packet, **must** complete and sign the Statement of Claim Form indicating their acceptance of the ANIC as calculated by the Receiver and send the Statement of Claim Form to the Receiver on or before the Claims Bar Date in order to preserve their claim. Agreeing Investors must also provide the Receiver with any updated contact or address information. Unless waived by the Receiver in his sole discretion for good cause shown, any agreeing Investor that does not send a properly completed and executed Statement of Claim Form to the Receiver on or before the Claims Bar Date shall be forever barred from participating in the Receivership. Investors shall bear the burden of proof of ensuring that their completed Statement of Claim Form has been properly and timely sent to the Receiver, as evidenced by a letter of confirmation from the Receiver.
- (vi) As provided in the Claims Procedure Adoption Order, on or before the Claims Bar Date, any Investor who *disagrees* with the ANIC as set forth in the Statement of Claim Form **must** send to the Receiver a properly completed Statement of Claim Form reflecting such Investor's disagreement with the ANIC together with the Investor's purported ANIC amount and all supporting documentation by the Claims Bar Date in order to preserve their claim. An Investor's return of a disagreeing Statement of Claim Form will be treated as a Request for Redetermination of the ANIC. Unless waived by the Receiver in his sole discretion for good cause shown, any purported Investor that does not send a



properly completed and documented Request for Redetermination on the prescribed Statement of Claim Form to the Receiver on or before the Claims Bar Date shall be forever barred from challenging the ANIC determined by the Receiver, asserting a claim against the Receiver, the Receiver's retained personnel, CFF or the Receivership Estate including all bank accounts containing CFF Funds. Investors shall bear the burden of ensuring that the Request for Redetermination and other documentation have been properly and timely sent to the Receiver, as evidenced by a letter of confirmation from the Receiver.

- (vii) Requests for Redetermination shall clearly set forth the Investor's basis for requesting a redetermination of its ANIC and shall include any necessary supporting documentation. The Receiver shall review each Request for Redetermination to determine the validity of such request, together with any additional conclusions of the Receiver on other issues relevant to the Statement of Claim. Each Investor Claimant filing a Request for Redetermination shall have the burden of proof to establish the validity of his Request; and the Receiver shall have the right to request, and the Investor Claimant shall be obligated to provide to the Receiver, any additional information and/or documentation deemed relevant by the Receiver in order to make the Receiver's Final Determination.
- (viii) The Receiver shall mail by United States First Class Mail a Final Determination Notice to each Investor Claimant filing a Request for Redetermination, setting forth the Receiver's conclusions concerning such Request for Redetermination. The Receiver shall be required to complete and send the Final Determination Notice within sixty (60) days of receipt of such request.
- (ix) Any Investor Claimant that is dissatisfied with the Receiver's Final Determination concerning its Request for Redetermination, as reflected in the relevant Final Determination Notice, may request adjudication of the Receiver's Final Determination

by filing a written Request for Adjudication with the Court Clerk, at 231 West Lafayette Blvd, Room 564, Detroit, MI 48226, with a copy to the Receiver at 2618 East Paris Ave. SE, Grand Rapids, MI 49546. Such written Request for Adjudication must be mailed by the requesting Investor Claimant in sufficient time that it is received by the Court Clerk and the Receiver no later than thirty (30) days after the date on which the Final Determination Notice was mailed to the Investor Claimant by the Receiver. The burden of ensuring such timely receipt shall be upon the Investor Claimant. The Request for Adjudication shall clearly explain the Investor Claimant's disagreement with the Receiver's Final Determination as reflected in the Final Determination Notice and shall include copies of all relevant documentation, which shall also be provided to the Receiver. Failure to properly and timely request adjudication of a Receiver's Final Determination as reflected in the relevant Final Determination Notice shall permanently waive the Investor Claimant's right to object to or contest the Receiver's Final Determination. The Receiver shall have the right, in his sole discretion, to file with the Court Clerk a written response to such Request for Adjudication, with copies to the appealing Investor Claimant.

- (x) An Investor Claimant requesting adjudication shall have the right to reasonable discovery from the Receiver if necessary for the proper preparation and presentation of the Investor Claimant's claim, so long as such discovery and its manner of conduct would not interfere with, or unduly burden, the administration of the Receivership estate. If the Receiver and the Investor Claimant cannot agree concerning the reasonableness and appropriateness of such discovery request and/or implementation, the request for discovery shall be referred to the Court for determination. A revised written Request for Adjudication, with supporting documentation, may be filed with the Court Clerk by the

Investor Claimant, with copies to the Receiver, within fifteen (15) days after the date such discovery materials are delivered to the Investor Claimant by the Receiver.

- (xi) In the event that an Investor Claimant properly requests adjudication of a Receiver's Final Determination, such matter shall be referred to the Court. The Court, in turn, may in its discretion refer the matter to a Magistrate Judge. The Magistrate Judge shall review the documentation provided by the Investor Claimant and the Receiver, and provide the Court with a Report and Recommendation concerning the matter within 45 days of referral. The Investor Claimant shall have the burden of proof in any such proceeding before the Magistrate Judge.
- (xii) **The burden of notifying the Receiver of an Investor or Investor Claimant's current address and other contact information, and of insuring that an Investor's name and/or proper contact information are on the Receiver's list, shall be upon the Investor or Investor Claimant and the Receiver shall be under no obligation to attempt to determine current contact information for any Investor or Investor Claimant or to determine the identity of Investors whose names and/or current contact information do not appear, or properly appear, on the Receiver's list.**
- (xiii) No Investor or Investor Claimant who has failed to timely send an appropriate Statement of Claim Form, Request for Redetermination, or Request for Adjudication, shall be permitted to object to the barring or treatment of its Investor Claim on the basis: (a) that the Receiver failed to mail, or that such Investor or Investor Claimant failed to receive, a copy of the Claims Procedure Notice, the Statement of Claim or the relevant Final or Partial Determination Notice; (b) that a Statement of Claim or Request for Adjudication made by the Investor Claimant was improperly reflected as not having been received by the Receiver or the Court Clerk; or (c) that an Investor's name and/or proper contact information was not properly reflected on the Receiver's list.

- (xiv) After the Receiver has filed a definitive list of the approved Investor Claims, the Receiver shall make a recommendation to the Court as to the manner, amount, and timing of distribution of funds. For purposes of the distribution, each Investor Claimant shall receive a pro-rata portion of the funds to be distributed to Investors based on a fraction, the numerator of which is the Investor Claimant's ANIC as finally determined by the Court (as adjusted for Excluded Parties and Insubstantial Marketers as set forth herein) and the denominator of which is the approved adjusted ANIC for all Investor Claimants as finally determined by the Court.
- (xiv) The Receiver shall separately file a Trade Creditor Claims Procedure if necessary.
- (xv) The Court reserves the right to amend this Investor Claims Procedure from time to time and retains jurisdiction of all related matters.

IT IS SO ORDERED.

Date: February 24, 2014

s/ Lawrence P. Zatkoff  
Honorable Lawrence P. Zatkoff  
United States District Court