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April 24, 2019

VIA UPS OVERNIGHT

Honorable Mark A. Goldsmith
United States District Judge
Eastern District of Michigan
Theodore Levin U.S. Courthouse
231 W. Lafayette Blvd., Room 815
Detroit, MI 48226

Re: *Commodity Futures Trading Commission v. Alan J. Watson, et al.*
Case No: 11-cv-10949-MAG-MKM

Dear Judge Goldsmith:

Enclosed for your consideration please find bound courtesy copies of the following documents which were e-filed with the Court today on behalf of Receiver Phillip S. Stenger:

Motion and Memorandum for Entry of an Order Approving the Receiver's Final Report, Final Accounting and Compensation Request and Closing the Estate (ECF No. 213) (Unopposed) (the "Closing Motion");

Index of Exhibits to Closing Motion;

Exhibit A: *Receiver's Eighth and Final Report to the Court* (ECF No. 212), and *Index to Final Report Exhibits*

- Ex. A-1: *Final Accounting* (ECF No. 214);
- Ex. A-2: *Second Distribution Motion* (without exhibits);
- Ex. A-3: *Second Distribution Approval Order*;
- Ex. A-4: *Investor Second Distribution Letter*;
- Ex. A-5: *Letter to Co-Investor Claimant*;
- Ex. A-6: *List of Approved Claimants with Uncashed Checks*;
- Ex. A-7: *Letter to IRS Filing 2015 QSF Return* dated March 16, 2016;
- Ex. A-8: *Letter to IRS Filing 2016 QSF Return* dated March 7, 2017;
- Ex. A-9: *Letter to IRS Filing 2017 QSF Return* dated February 14, 2018;
- Ex. A-10: *Letter to IRS Filing 2018 QSF Return* dated March 11, 2019;
- Ex. A-11: *Motion and Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 ("Compensation Motion No. 24")* (ECF No. 211) (**Unopposed**) with:
 - Ex. (A): *Stenger & Stenger Invoices* (October 1, 2018 through February 28, 2019);
 - Ex. (B): *Holland & Knight Invoices* (October 1, 2018 through February 28, 2019);
 - Ex. (C): *Plante Moran Invoices* (January 10, 2019 through February 28, 2019); and
 - Ex. (D): *Affidavit of Phillip S. Stenger*;
- Ex. A-12: *UPDATED Proposed Order*

Exhibit B: *Final Accounting* (ECF No. 214);

Exhibit C: *Motion and Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 ("Compensation Motion No. 24")* (ECF No. 211) (**Unopposed**), with:

- Ex. (A): *Stenger & Stenger Invoices* (October 1, 2018 through February 28, 2019);
- Ex. (B): *Holland & Knight Invoices* (October 1, 2018 through February 28, 2019);
- Ex. (C): *Plante Moran Invoices* (January 10, 2019 through February 28, 2019); and

STENGER & STENGER

CFTC vs. Alan Watson, et al

April 24, 2019

Page 3 of 3

Ex. (D): *Affidavit of Phillip S. Stenger*;

Exhibit D: *Second Distribution Motion* (ECF No. 195)
(without exhibits);

Exhibit E: *Second Distribution Approval Order* (ECF No. 196);

Exhibit F: *Investor Second Distribution Letter*; and

Exhibit G: *Letter to Co-Investor Claimant*;

Notices of Electronic Filing.

Further enclosed for your consideration are copies of the *UPDATED Proposed Order Approving Receiver's Final Report* [ECF No. 212], *Final Accounting* [ECF No. 214] and *Compensation Request* [ECF No. 211] and *Closing the Estate*, which has been submitted under Utilities.

Thank you for your consideration.

Very truly yours,
STENGER & STENGER, P.C.

A handwritten signature in cursive script, reading "Kay Griffith Hammond".

Kay Griffith Hammond

Enclosures

C: Phillip S. Stenger, Receiver; Daniel J. Grimm; Peter A. Caplan; Harry H. Wise, III; Sonya Goll; Erika Butler

COMMODITY FUTURES TRADING
COMMISSION

V.

Defendants,

And

Relief Defendant.

272394

2. Approving the Receiver's Final Accounting (ECF No. 214);
3. Unfreezing and authorizing consolidation of the Receivership Estate's three bank accounts at Fifth Third Bank, and authorizing and directing the Receiver to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
4. Approving the Receiver's Compensation Motion No. 24 (ECF No. 211), concurrently filed by the Receiver, in the amount of USD \$38,344.81 for the period of October 1, 2018 through February 28, 2019, and authorizing the Receiver to pay that sum from the consolidated CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank;
5. Approving all distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Court's Second Distribution Approval Order dated June 21, 2018;
6. Approving the payment of taxes previously made by the Receiver, and authorizing the Receiver to make any filings with the Internal Revenue Service ("IRS"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;
7. Approving and authorizing the Receiver to hold back a Reserve Fund of approximately USD \$69,675.91, comprised of the residual Receivership

Estate assets in the consolidated CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's open Qualified Settlement Fund tax returns ("Open QSF Returns"); and authorizing the Receiver to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise;

8. Approving and authorizing disgorgement by the Receiver to the Commission, for Commission turnover to the United States Treasury, of the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing down the Receivership Estate, and responding to other issues, if any, that may arise, without necessity of further court orders;

9. Authorizing the Receiver to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership;

10. Finding that the Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel for, accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and

11. Discharging the Receiver; reaffirming this Court's exoneration of the Receiver, his Retained Personnel and their affiliates, consultants and employees, from any liability in connection with the Receivership, and closing the Receivership Estate, subject only to the making of those payments listed above.

The Court, being fully familiar with the background of this matter, having determined that the Commission has agreed to payment of the Receiver's Compensation Motion No. 24 (ECF No. 211), and the Court hereby finding that the requested fees are reasonable and commensurate with the services performed,

and further finding that the Receiver and his Retained Personnel have discharged their duties and responsibilities in good faith.

WHEREFORE, in addition to the other findings and conclusions contained in this Closing Order, the Court hereby finds, concludes and orders as follows.

IT IS ORDERED AND ADJUDGED that:

- A. The Receiver's Final Report (ECF No. 212) is approved;
- B. The Final Accounting (ECF No. 214) is approved;
- C. The Court unfreezes, and authorizes consolidation of, the Receivership Estate's three bank accounts at Fifth Third Bank, and the Receiver is authorized and directed to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
- D. The Receiver's Compensation Motion No. 24 (ECF No. 211), in the amount of USD \$38,344.81, is hereby approved, and the Receiver is authorized and directed to pay that sum from the consolidated CFF Operating Account No. xxxx2612;
- E. All distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Second Distribution Approval Order, are approved;

F. The payment of taxes previously made by the Receiver are approved, and the Receiver is authorized to make any filings with the Internal Revenue Service ("IRS"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;

G. The Receiver is authorized and directed to hold back a Reserve Fund of approximately USD \$69,675.91, comprised of the residual Receivership Estate assets in the consolidated CFF Operating Account No. xxxx2612 at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's Open QSF Returns; if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise, the Receiver is authorized to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund;

H. The Receiver is authorized and directed to disgorge to the Commission, for Commission turnover to the United States Treasury, the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing the Receivership Estate, or in response to other issues, if any arise, without necessity of further court orders;

I. The Receiver is authorized and directed to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership Estate;

J. The Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel or accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and the Receivership Estate shall indemnify the Receiver and his Retained Personnel harmless from any and all third party claims, demands, liabilities, judgments, losses, damages, actions, causes of action, expenses and costs (including reasonable attorney fees) that the Receiver and his Retained Personnel may incur arising out of or by reason of their duties and responsibilities as Receiver or counsel or accountant for, or consultant to, the Receiver;

K. The Receiver is hereby discharged, the Receiver and his Retained Personnel and their affiliates, consultants and employees, are hereby exonerated from any liability in connection with the Receivership, and the Receivership is hereby closed, subject only to the making of those payments and filings listed above;

L. The Closing Motion with all exhibits, and this Closing Order, shall be available to the public at the Clerk of the Court for the United States District Court for the Eastern District of Michigan (Southern Division) for inspection and copying at such Court Clerk's offices during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of the Closing Motion with all exhibits, and this Closing Order to any person requesting the same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same; and

M. The Receiver is further directed to post a copy of the Closing Motion with all exhibits, and this Closing Order on the Receiver's website at www.cffreceiver.com

SO ORDERED on this ____ day of _____, 2019.

Mark A. Goldsmith
UNITED STATES DISTRICT JUDGE

Other Documents

2:11-cv-10949-MAG-MKM Commodity Futures Trading Commission v Watson etal., **CASE CLOSED on 01/11/2016**

CLOSED,REOPENED,reassigned

U.S. District Court**Eastern District of Michigan****Notice of Electronic Filing**

The following transaction was entered by Hammond, Kay on 4/24/2019 at 10:54 AM EDT and filed on 4/24/2019

Case Name: Commodity Futures Trading Commission v Watson etal.,

Case Number: 2:11-cv-10949-MAG-MKM

Filer: Phillip S. Stenger

WARNING: CASE CLOSED on 01/11/2016

Document Number: 212

Docket Text:

Receiver's Eighth and Final Report to the Court REPORT by Phillip S. Stenger (Attachments: # (1) Index of Exhibits Index of Exhibits to Receiver's Final Report, # (2) Exhibit A-1: Final Accounting, # (3) Exhibit A-2: Second Distribution Motion, # (4) Exhibit A-3: Second Distribution Approval Order, # (5) Exhibit A-4: Investor Second Distribution Letter, # (6) Exhibit A-5: Letter to Co-Investor Claimant, # (7) Exhibit A-6: List of Approved Claimants with Uncashed Checks, # (8) Exhibit A-7: Ltr to IRS Filing 2015 QSF Return, # (9) Exhibit A-8: Ltr to IRS Filing 2016 QSF Return, # (10) Exhibit A-9: Ltr to IRS Filing 2017 QSF Return, # (11) Exhibit A-10: Ltr to IRS Filing 2018 QSF Return, # (12) Exhibit A-11: Compensation Request No. 24, # (13) Exhibit A-12: Proposed Closing Order) (Hammond, Kay)

2:11-cv-10949-MAG-MKM Notice has been electronically mailed to:

Daniel J. Grimm dgrimm@cftc.gov

Erika Lorraine Davis erika@butlerdavis.com, edavisesq@yahoo.com

Harry H. Wise , III hwiselaw@aol.com

Kay G. Hammond kay@stengerlaw.com, jamie@stengerlaw.com

Peter A. Caplan peter.caplan@usdoj.gov, caseview.ecf@usdoj.gov, michelle.said@usdoj.gov, roberta.sisko@usdoj.gov

Sonya N. Goll sgoll@sbplclaw.com

2:11-cv-10949-MAG-MKM Notice will not be electronically mailed to:

Alan James Watson
79104-039
FCI Ashland
Federal Correctional Institute
P O Box 6000

Ashland, KY 41105

Christian Genitrini
P.O. Box 564
New York, NY 10163

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:n/a

Electronic document Stamp:

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Document description:Index of Exhibits Index of Exhibits to Receiver's Final Report

Original filename:n/a

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Document description:Exhibit A-1: Final Accounting

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-2: Second Distribution Motion

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-3: Second Distribution Approval Order

Original filename:n/a

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Document description:Exhibit A-4: Investor Second Distribution Letter

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-5: Letter to Co-Investor Claimant

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-6: List of Approved Claimants with Uncashed Checks

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-7: Ltr to IRS Filing 2015 QSF Return

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-8: Ltr to IRS Filing 2016 QSF Return

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-9: Ltr to IRS Filing 2017 QSF Return

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A- 10: Ltr to IRS Filing 2018 QSF Return

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-11: Compensation Request No. 24

Original filename:n/a

Electronic document Stamp:

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Document description:Exhibit A-12: Proposed Closing Order

Original filename:n/a

Electronic document Stamp:

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CINQUE AXAM
ADMITTED IN GA

ERIC W. SITLER
ADMITTED IN TN

April 24, 2019

VIA UPS

The Honorable Mark A. Goldsmith
United States District Court, Eastern District of Michigan
Theodore Levin U.S. Courthouse
231 W. Lafayette Blvd., Room 815
Detroit, MI 48226

Re: *Commodity Futures Trading Commission v. Alan James Watson, et al.*
Case No: 11-cv-10949-MAG-MKM

Dear Judge Goldsmith:

I submit the following as my eighth and final report¹ as Temporary Receiver for the assets of Defendants Cash Flow Financial LLC (“CFF”), Alan James Watson (“Watson”) and Michael S. Potts (“Potts”) (collectively, “the Defendants”) and certain assets of Relief Defendant, The Jedburgh Group (“Jedburgh Group” or “Jedburgh”).

¹ This will supplement my previous seven reports dated May 10, 2011 (ECF No. 32); September 5, 2012 (ECF No. 69); August 28, 2014 (ECF No. 110); January 20, 2015 (ECF No. 128); May 30, 2017 (ECF No. 180); April 19, 2018 (ECF No. 189); and September 12, 2018 (ECF No. 203).

STENGER & STENGER

Hon. Mark A. Goldsmith
CFTC vs. Watson, et al
April 24, 2019
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WINDING UP SUMMARY

The background of this case, detailed in my *Motion and Memorandum for Second Distribution of Receivership Assets* (“**Second Distribution Motion**”) dated June 14, 2018 (ECF No. 195), is well known to this Court and, in the interests of economy and brevity, will not be repeated here. This report will address events which have occurred in the Receivership since my seventh report to the Court dated September 12, 2018 (ECF No. 203).

CESSATION OF COLLECTION EFFORTS

Collection efforts have been suspended on the two outstanding recovery matters listed below for the reasons stated:

A. Jedburgh Group Disgorgement Obligation. The Consent Order and Final Judgment entered against Jedburgh Group on August 15, 2012 (ECF No. 67), ordering Jedburgh Group to pay a principal disgorgement obligation of \$21,568.15 to the Receiver, plus post-judgment interest, remains unsatisfied. Discovery in aid of execution conducted in the related case of *Stenger v. Freeman, et al.*, Case No.14-cv-10999-MAG-RSW (E.D. Mich.) (“*Freeman*”), discussed below, has failed to reveal any Jedburgh Group assets.

B. *Stenger v. Freeman.* On the \$1.5 million Amended Judgment entered against Keith Freeman on December 1, 2015, \$1.495 million remains unsatisfied, following recovery of \$4,637.79 in garnishment proceeds from Freeman’s Bank of America account. Although the Amended Judgment (which has been registered in the Northern, Middle and Southern Districts of Florida) technically remains enforceable until December 1, 2025, there are no known practical prospects for further recovery. I have concluded that it is not in the Receivership’s best interest to pursue further collection efforts on the Amended Judgment in *Freeman*, because discovery in aid of execution has confirmed that Jedburgh Group, long defunct, has no assets, and Freeman, who has spent almost all of the \$150,000 life insurance benefits he received following the death of his wife last year, currently has no other known recoverable assets and is earning little to nothing from his business as a private investigator.

STENGER & STENGER

Hon. Mark A. Goldsmith

CFTC vs. Watson, et al

April 24, 2019

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FINAL ACCOUNTING

For the Court's convenience, a copy of the **Final Accounting** prepared by the Estate's retained accountants, Plante Moran, is attached as **Exhibit A-1** and incorporated herein by reference. The Final Accounting statement is through February 28, 2019.

As reflected on Exhibit A-1, from March 11, 2011, the date of appointment of the Receiver, through February 28, 2019, the Receiver has marshalled a total of **\$9,119,820.17**, inclusive, in pertinent part, of the following: (1) **\$3,277,320.09** from Cash Flow Financial, Alan Watson and Jedburgh Group; (2) **\$3,788,304.89** in restitution receipts, including, since my last report dated September 12, 2018, **\$345.71** from Jason Michael Meyer, and **\$4,637.79** in garnishment proceeds from Keith Freeman's Bank of America account); (3) **\$39,763.81** in interest earned through February 28, 2019; and (4) **\$2,009,903.66** from the Trade LLC receivership.

Cash disbursements from the estate from March 25, 2011 through February 28, 2019 totaled **\$9,011,799.45**, inclusive, in pertinent part, of the following (1) **\$7,269,838.36** distributed to investors through February 28, 2019, as detailed below; (2) **\$18,025.67** in bank service and check charges; (3) **\$1,599,455.35** in professional fees and expenses (per Court Orders), inclusive, in pertinent part, of **\$1,289,999.29** for the services of Stenger & Stenger.

After the total expenses of **\$9,011,799.45** through February 28, 2019, the **net assets** of the estate total **\$108,020.72**.

DISTRIBUTIONS OF RECEIVERSHIP ASSETS

As detailed below and reflected on the Final Accounting (Ex. A-1), Receivership estate assets totaling **\$7,269,838.36** (through February 28, 2019) have been distributed to 766 Approved Investor Claimants in the ratio of their Adjusted Net Investor Claim ("ANIC"), representing a return of **22.775%** of their combined ANICs totaling **\$31,920,006.64**.

A. FIRST DISTRIBUTION:

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On December 7, 2015, my first distribution motion ("**Distribution Motion**") (ECF No. 160) and supporting **Distribution Memorandum** (ECF No. 161) were filed with the Court, recommending distribution of a first interim **Distribution Fund** of **\$6,500,000** to Approved Investor Claimants in the ratio of their Adjusted Net Investor Claim ("**ANIC**"), representing a return of approximately 20.3% of each Approved Investor Claimant's ANIC. This Court's *Order Ratifying Approved Investor Claimants List and Authorizing Distribution of Receiver Assets* ("**Distribution Approval Order**") (ECF No. 166) was entered on January 4, 2016.

Distribution checks totaling **\$6,500,000** were mailed on February 3, 2016, to the Approved Investor Claimants by U.S. First Class Mail to their last known addresses. A total of 768 checks totaling **\$6,478,164.35** were timely cashed (inclusive of two checks reissued pursuant to Small Estate Affidavits), and eight (8) checks, totaling **\$21,835.65**, were uncashed.²

B. SECOND DISTRIBUTION:

On June 14, 2018, my second distribution motion and memorandum ("**Second Distribution Motion**") (ECF No.195) was filed with the Court, recommending distribution of a **Second** [and likely final] **Distribution Fund** of **\$800,000.00** to Reconciled Approved Investor Claimants in the ratio of their Adjusted Net Investor Claim ("**ANIC**"), representing a return of approximately 2.5% of each Approved Investor Claimant's ANIC. A copy of the Second Distribution Motion (without exhibits) is attached as Exhibit A-2 and incorporated herein by reference.

On June 21, 2018, Your Honor's *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receiver Assets* ("**Second**

² Pursuant to the Distribution Approval Order, checks which were returned or had not been cashed by June 8, 2016 were void, the right to receive such payments terminated, and the funds (\$21,835.65) otherwise distributable to the Approved Investor Claimants were returned to the Distribution Fund, to be disposed of according to the Court's further instructions.

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Distribution Approval Order”) (ECF No. 196) was entered, a copy of which is attached as **Exhibit A-2** and incorporated herein by reference.

On August 31, 2018, 769 second distribution checks totaling \$800,000.00 were mailed to the Approved Investor Claimants by U.S. First Class Mail to their last known addresses. Positive Pay security procedures were, as ordered by the Court, implemented to ensure proper negotiation of each distribution check. Through February 28, 2019, 739 checks had cleared Positive Pay, totaling \$786,596.05, and 30 checks remained uncashed, totaling \$13,403.98.³

Pursuant to the Second Distribution Approval Order (Ex. A-2, ECF No. 196, PageID.3729), second distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks shall be void, the right to receive such payments shall terminate, subject only to the Receiver’s sole discretion, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Second Distribution Fund and disposed of according to the Court’s further instructions.

The Second Distribution Approval Order further directed the Receiver, in his mailing of the second distribution checks, to warn the Approved Claimants of this potential loss of rights and the need to promptly cash their checks, by means of an **Investor Second Distribution Letter** (a copy of which is attached as **Exhibit A-4** and incorporated herein by reference), which the Court approved as to form. The Receiver complied with that directive on August 31, 2018, when copies of the Investor Second Distribution Letters were sent to Approved Claimants by U.S. First Class mail, along with their second distribution checks.

Because of the joint ownership of some claims, the Second Distribution Approval Order (Ex. A-2, ECF No. 196, Page ID.3729-3730) also directed the

³ All reasonable efforts have been conducted to find current addresses for uncashed investors, including, but not limited to, conducting Accurint-TLO searches on all distribution packages returned as undeliverable or remaining uncashed, attempting to reach investors with no identifiable new addresses by email, and reissuing checks to newly identified addresses.

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Receiver, prior to mailing the second distribution checks, to mail to each Co-Investor Claimant a **Letter to Co-Investor Claimant** which the Court approved as to form (a copy of which is attached as **Exhibit A-5**, and incorporated herein by reference), advising Co-Investor Claimants as to which address the checks will be mailed, and, further directed that a copy of the Investor Second Distribution Letter which was to be mailed with the distribution checks (attached Ex. A-3) was also to be mailed to each Co-Investor Claimant so that each will be informed as to when the checks are mailed. In processing the Second Distribution, the Receiver complied with both of those directives.

The Second Distribution Approval Order (Ex. A-2, ECF No. 196, Page ID.3730-3731) also directed the Receiver to follow a Small Estate Affidavit procedure upon notification by representatives and/or family members of deceased claimants that they were unable to cash or negotiate checks made payable to a deceased claimant, or a deceased claimant's estate. No such notifications were received with respect to the second distribution checks.

As of February 28, 2019, a total of 30 Approved Investor Claimants failed to timely cash their second distribution checks, totaling **\$13,403.98**. Those uncashed checks are permanently null and void. A list of Approved Investor Claimants with uncashed checks, including the amounts of their uncashed checks, is attached as **Exhibit A-6** and incorporated herein by reference.

While it is possible that the Receiver may recover further restitution payments pursuant to restitution orders entered against various defendants in related criminal actions (i.e., *USA v. Diane Aurelia Bishop*, and *USA v. Jason Michael Meyer*), most restitution payments received to date are relatively small in amount, and it is very unlikely that any restitution checks that may come through hereafter would be of sufficient size to justify any further distributions to investors. If, however, outstanding restitution orders generate sizeable restitution payments to the Receiver before the Receivership estate is closed, we would consider moving for a further distribution before closing the Receivership estate.

QUALIFIED SETTLEMENT FUND TAX RETURNS

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No taxes are due and owing from the CFTC v Cash Flow Financial et al Combined Settlement Fund (the “**QSF**”).

There are currently four (4) open Form 1120-SF qualified settlement fund tax returns (“**QSF returns**”) for calendar years ending December 31, 2015, December 31, 2016, December 31, 2017, and December 31, 2018.

The QSF return for calendar year 2015 was filed with the IRS on March 16, 2016, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated March 16, 2016 is attached as **Exhibit A-7** and incorporated herein by reference. The QSF return for calendar year 2016 was filed with the IRS on March 7, 2017, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated March 7, 2017 is attached as **Exhibit A-8** and incorporated herein by reference. The QSF return for calendar year 2017 was filed with the IRS on February 14, 2018, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated February 14, 2018 is attached as **Exhibit A-9** and incorporated herein by reference. The QSF return for calendar year 2018 was filed with the IRS on March 11, 2019, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated March 11, 2019, is attached as **Exhibit A-10** and incorporated herein by reference.

The IRS has advised that heavy workloads are delaying their response to outstanding prompt assessment requests. The statute of limitations applicable to QSF returns is three (3) years. Accordingly, the limitations periods on the estate’s outstanding QSF returns for calendar years 2015, 2016, 2017 and 2018 (collectively, the “**Open QSF Returns**”) will expire on March 16, 2019; March 30, 2020; February 14, 2021; and March 11, 2022, respectively.

In his contemporaneously filed Receiver’s *Motion and Memorandum for Entry of an Order Approving the Receiver’s Final Report, Final Accounting and Compensation Request and Closing the Estate* (“**Closing Motion**”), the Receiver seeks the following: (1) this Court’s approval and authority, pending IRS clearance of the Open QSF Returns, to hold back a **Reserve Fund** of approximately \$69,675.91, comprised of the residual estate assets after payment of the Receiver’s

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final Compensation Motion No. 24, discussed below, to be held in trust in the CFF Operating Account as a reserve pending IRS clearance of the Open QSF Returns; (2) this Court's approval and authority to file a petition to reopen the estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise; (3) this Court's approval and authority to disgorge to the Commission for turnover to the United States Treasury, without necessity of further court orders, the balance of the Reserve Fund remaining after IRS clearance, and any final expenses that may be incurred in obtaining said clearance, in closing down the estate, and responding to other issues, if any, that may arise; and (4) this Court's approval and authority, after entry of the Closing Order, to make any additional filings with the IRS, state or local authorities which are necessary or incident to the closing of the Receivership estate.

COMPENSATION MOTION NO. 24

Pursuant to the terms of the Statutory Restraining Order appointing the Receiver (ECF No. 5, Paragraph G on Page 12), the Receiver and his Retained Personnel are entitled, subject to approval of the Court, to be reimbursed for expenses incurred and reasonable compensation in amounts commensurate with the services performed pursuant to the Statutory Restraining Order, to be paid from the Receivership estate assets.

A copy of the Receiver's Compensation and Expenses Motion No. 24 ("**Compensation Motion No. 24**"), which is being filed concurrent with this Final Report and the Closing Motion, is attached as **Exhibit A-11** and incorporated herein by reference. Compensation Motion No. 24 seeks approval of the following fees and expenses incurred by the Receiver and his Retained Personnel for the time period of October 1, 2018 through February 28, 2019, totaling \$38,344.81 in the aggregate, which fees and expenses are reasonable and commensurate with the services performed: Stenger & Stenger's fees of \$22,382.40 and expenses of \$15,962.38 (117.30 hrs). Those expenses include retained counsel Holland & Knight's fees and expenses of \$4,013.96 and \$6,150.82, incurred during September 2018 and October 2018, respectively, and retained accountants Plante Moran's professional fees totaling \$2,906.00 for tax reporting services performed for the period of January 10,

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2019 through February 28, 2019. Detailed billing statements of the Receiver and his Retained Personnel are attached as Exhibits A, B and C, respectively, to Compensation Motion No. 24. Copies of this Final Report, Compensation Motion No. 24 and the supporting billing statements have previously been provided to the Commission.

I am requesting that the Court unfreeze and authorize consolidation of the Receivership Estate's bank accounts at Fifth Third Bank and authorize transfer of the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612).

I am requesting that the Court approve Compensation Motion No. 24 and authorize payment of the aggregate sum of \$38,344.81 from the CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank.

CLOSING THE ESTATE

I respectfully request that the Court enter the proposed *Order Approving the Receiver's Final Report, Final Accounting and Compensation Request and Closing the Estate* ("**Proposed Closing Order**"), a copy of which is attached as **Exhibit A-12** and incorporated herein by reference.

* * *

I hope this Final Report has been informative. I would be happy to discuss any aspect of this Report with the Court, the Commission or counsel for the parties.

Very truly yours,
STENGER & STENGER, P.C.

STENGER & STENGER

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Phillip S. Stenger
Temporary Receiver

C: Daniel J. Grimm, Peter A. Caplan, Harry H. Wise, III, Sonya N. Goff,
and Erika L. Butler.

Attachments (12):

- A-1. Final Accounting;
- A-2. Second Distribution Motion (without exhibits);
- A-3. Second Distribution Approval Order;
- A-4. Investor Second Distribution Letter;
- A-5. Letter to Co-Investor Claimant;
- A-6. List of Approved Claimants with Uncashed Checks;
- A-7. Letter to IRS Filing 2015 QSF Return dated March 16, 2016;
- A-8. Letter to IRS Filing 2016 QSF Return dated March 7, 2017;
- A-9. Letter to IRS Filing 2017 QSF Return dated February 14, 2018;
- A-10. Letter to IRS Filing 2018 QSF Return dated March 11, 2019;
- A-11. Compensation Motion No. 24
 - Ex. A: Stenger & Stenger's Invoices
 - Ex. B: Holland & Knight's Invoices
 - Ex. C: Plante Moran's Invoices
 - Ex. D: Affidavit of Phillip S. Stenger
- A-12. Proposed Closing Order.

STENGER & STENGER

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CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that she caused a copy of the foregoing *Receiver's Eighth and Final Report to the Court* and Exhibits thereto, to be served via electronic filing on the following ECF parties on April 24, 2019:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
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Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
43 West 43rd Street, Suite 109
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Sonya N. Goll
Stevenson & Bullock PLC
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Southfield, MI 48076
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Erika Lorraine Davis
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P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

DATED: April 24, 2019.

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)

Commodity Futures Trading Commission v. Watson, et al
Case No. 11-cv-10949 (E.D. Mich)

INDEX OF EXHIBITS
to
RECEIVER'S FINAL REPORT

- A-1. Final Accounting;
- A-2. Second Distribution Motion (without exhibits);
- A-3. Second Distribution Approval Order;
- A-4. Investor Second Distribution Letter;
- A-5. Letter to Co-Investor Claimant;
- A-6. List of Approved Claimants with Uncashed Checks;
- A-7. Letter to IRS Filing 2015 QSF Return dated March 16, 2016;
- A-8. Letter to IRS Filing 2016 QSF Return dated March 7, 2017;
- A-9. Letter to IRS Filing 2017 QSF Return dated February 14, 2018;
- A-10. Letter to IRS Filing 2018 QSF Return dated March 11, 2019;
- A-11. Compensation Motion No. 24
 - Ex. A: Stenger & Stenger's Invoices
 - Ex. B: Holland & Knight's Invoices
 - Ex. C: Plante Moran's Invoices
 - Ex. D: Affidavit of Phillip S. Stenger
- A-12. Proposed Closing Order.

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A-1
To
RECEIVER'S FINAL REPORT

Final Accounting

CFTC v CASH FLOW FINANCIAL**SOURCES AND USES OF FUNDS****AS OF 02/28/19****SOURCES OF FUNDS FROM CFF, WATSON AND JEDBURGH**

Jedburgh Group Escrow	\$	36,863.64
Bank of America #6179 Alan Watson		1,042.98
Bank of America #3383 Alan Watson		7,670.82
Frinkebeiner Trust Account		3,226,233.77
Christian Financial CU 91031 Alan Watson		40.01
Christian Financial CU 211456 Alan Watson		830.09
Garnishment of Keith Freemans BOA Account		4,637.79
Merrill Lynch		0.99
Total Received:		<u>3,277,320.09</u>

OTHER SOURCES OF FUNDS

Trade Station Securities		138.90
PFG, Inc		1,729.00
TD Ameritrade Inc		2,303.56
Restitution Received		3,788,304.89
Interest Earned		39,763.81
Fulton Bank Potts		156.26
Stenger & Stenger -open account -2620		200.00
Trade LLC		2,009,903.66
Total Received:		<u>5,842,500.08</u>

TOTAL SOURCES OF FUNDS:**9,119,820.17****USES OF FUNDS**

Bank Service and Check Charges		18,025.67
Professional Fees & Expenses	see Note 1	1,599,455.35
Distribution settlement to investors		7,269,838.36
Return order-Jeffrey Schneider		123,880.07
Tax Penalties		600.00

TOTAL USES OF FUNDS**9,011,799.45****NET SOURCES OF FUNDS AS OF 02/28/19:****108,020.72**

Fifth Third Bank - savings money market-2612	50,129.90
Fifth Third Bank - checking-2638	27,687.63
Fifth Third Bank - checking-2620	30,203.19
BALANCE IN CFF BANK ACCOUNTS ON 02/28/19	<u>108,020.72</u>

Note 1: Professional Fees & Expenses Paid Through 02/28/19:

Stenger & Stenger	1,289,999.29
Plante Moran	47,353.32
Harry Wise, III	146,140.58
Cotton Bledsoe	72,860.46
Edward Mitchell	11,456.33
Alice Romsek, expert witness	1,500.00
Holland & Knight	30,145.37
	<u>1,599,455.35</u>

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A-2
To
RECEIVER'S FINAL REPORT

Second Distribution Motion (without exhibits)

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING)
COMMISSION,)
Plaintiff,)
)
ALAN JAMES WATSON,) Case No. 11-cv-10949
MICHAEL POTTS, and) HON. MARK A. GOLDSMITH
CASH FLOW FINANCIAL, LLC,)
)
Defendants,)
and)
)
THE JEDBURGH GROUP,)
)
Relief Defendant.)
_____)

MOTION AND MEMORANDUM FOR
SECOND DISTRIBUTION OF RECEIVERSHIP ASSETS

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), the undersigned counsel certifies that on May 24, 2018, counsel communicated in writing with counsel for all parties and with pro se defendants Alan Watson and Michael Potts, explaining the nature of the relief to be sought by way of this motion and seeking concurrence in the relief. Counsel for Plaintiff, Commodity Futures Trading Commission, responded that the Commission will not take any position on the motion, and Counsel for The Jedburgh Group and Elizabeth Grill concurred in the relief sought in writing. More than three weeks have passed without remaining counsel or pro se defendants expressly agreeing to the relief, orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 10-1/2 characters per inch (for non-proportional fonts) or 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d)(3).

Phillip S. Stenger, Temporary Receiver for Cash Flow Financial, LLC (“CFF”), by and through his attorneys, STENGER & STENGER, P.C., submits this *Motion and Memorandum for Second Distribution of Receivership Assets* (“**Second Distribution Motion**”), and moves this Court for authority to distribute USD \$800,000.00 (the “**Second Distribution Fund**”) to investors whose claims have been approved (“**Approved Claimants**”)^{1,2} and hold back approximately USD \$210,342.37 to apply to costs of winding up the Estate, all as detailed below.

INTRODUCTION

The Adjusted Net Investor Claims (“**ANICs**”) in this Receivership total USD \$32,001,411.42. To date, an aggregate USD \$6,483,242.31 in Receivership assets has been distributed to Approved Claimants, as discussed in more detail below. The Receiver seeks authority to make a second (and likely final) distribution of USD \$800,000.00, which, if approved, will result in total distributions of USD \$7,283,242.31, representing a return by the Receivership of

¹ Except as set forth herein, all capitalized terms not defined herein shall have the definitions set forth in the **Claims Procedure Motion** (Dkt. No. 78); the **Claims Procedure Adoption Order** (Dkt. No. 98), and the **Investor Claims Procedure** attached to that Order (Dkt. No. 98-3); the Receiver’s initial **Distribution Motion and Distribution Memorandum** (Dkt. Nos. 160-161); and the **First Distribution Order** (Dkt. No. 166).

² To protect the privacy of CFF investors, their names have not been disclosed; rather, all investor claims are identified by File ID numbers only. Upon request by

more than 22% of each Approved Claimant's Adjusted Net Investor Claim ("ANIC").

BACKGROUND

1. The procedural history of this matter, which is well known to this Court, was fully detailed in the initial Distribution Memorandum (Dkt. No. 161, Pages 2-10, Page ID 3125-3133), and will thus not be repeated here.

2. As of April 30, 2018, the gross assets held by the Receivership Estate total USD \$1,010,342.37 in cash. See **Sources and Uses of Funds Report as of April 30, 2018**, a copy of which is attached as **Exhibit A** hereto and is incorporated herein by reference. [Of that cash total, USD \$16,757.69 is attributable to uncashed checks from the initial distribution in 2016, as discussed below.] The Receiver estimates that "**Windup Costs**" will total approximately USD \$210,342.37 (comprised of USD \$56,655.27 in professional fees outstanding as of March 31, 2018; and USD \$153,687.10 to cover the estimated aggregate costs of processing the Second Distribution, preparation and filing of a closing motion, final accounting, final report and final compensation motion, preparation and filing of final tax returns, and document destruction costs), as discussed in more detail below. Accordingly, the Receiver seeks the Court's authorization to (i) distribute the Second Distribution Fund of USD \$800,000.00 to Approved

the Court, the Receiver will provide a confidential key register, to be filed under

Claimants; and (ii) hold back the approximate sum of USD \$210,342.37 to apply to the Windup Costs.

FIRST DISTRIBUTION

3. On January 4, 2016, this Court entered its First Distribution Order (Dkt. No. 166) approving and authorizing distribution of an initial distribution fund of US \$6,500,000 (the “**First Distribution Fund**”) from the Receivership assets to the Approved Claimants in the ratio of their Adjusted Net Investor Claims (“ANIC”), as listed on the Approved Claimants List (Exhibit B to the Distribution Memorandum, Dkt. No. 161-3, Page ID 3180).

4. Pursuant to the terms of the First Distribution Order (Dkt. No. 166, Para. 16, Page ID 3292), the Receiver posted a copy of the Distribution Motion and Memorandum, including all Exhibits, and a copy of the First Distribution Order on the Receiver’s website at www.cffreceiver.com.

5. After entry of the First Distribution Order, the Receiver made the required distributions from the First Distribution Fund to each Approved Claimant on February 8, 2016, by *United States First Class Mail*, to the last known address of each Approved Claimant contained in the Receiver’s records, and the Positive Pay security procedures pertaining to presentment of those checks for cashing were implemented.

seal, listing investor names with their corresponding File ID numbers.

6. Of the 776 distribution checks mailed, totaling USD \$6,500,000, a total of 769 checks were cashed (inclusive of two checks reissued pursuant to Small Estate Affidavits), totaling USD \$6,483,242.31, while seven (7) checks, totaling USD \$16,757.69, were uncashed. A list of the **Uncashed First Distribution Checks** is attached hereto as **Exhibit B**, and incorporated herein by reference.

7. Under the terms of the First Distribution Order (Dkt. No. 166, Para. 7, Page ID 3287), distribution checks which were returned or which had not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks, are permanently void, the right to receive such payments has terminated, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants have been returned to the Distribution Fund to be disposed of according to the Court's further instructions; further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case.

8. In mailing the checks, the Receiver warned Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an Investor Distribution Letter, substantially in the form attached as

Exhibit F to the Distribution Memorandum (Dkt. No. 161-7, Page ID 3228), which the Court approved.

9. Due to joint ownership of some claims, the Receiver, prior to mailing the distribution checks, mailed via *United States First Class Mail* to each Co-Investor Claimant a Letter to Co-Investor Claimant, substantially in the form attached as Exhibit G to the Distribution Memorandum (Dkt. No. 161-8, Page ID 3231), which the Court approved, advising them as to which address the checks would be mailed, and further, a copy of the Investor Distribution Letter attached as Exhibit F to the Distribution Memorandum (Dkt. No. 161-7, Page ID 3228), mailed with the distribution checks, was also mailed to each Co-Investor Claimant so that each was informed as to when the checks are mailed.³

10. If a distribution check made payable to a deceased claimant, or a deceased claimant's estate, had not been cashed or negotiated, and the representatives and/or family members of such deceased claimant informed the Receiver that they were unable to cash or negotiate the check, the Distribution Approval Order (Dkt. No. 166, Para. 9-12, Page ID 3288-3290) authorized the

³ Provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants. [Distribution Approval Order, Dkt. 166, Para. 8, Page ID 3288.]

Receiver to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, in order to determine whether such documentation was sufficient to satisfy the decedent's state requirements for reissuing the decedent's distribution check to the identified Affiant (designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and in order to determine whether such documentation was sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate court involvement.

11. The Receiver approved two requests for reissuance of decedents' distribution checks, mailed the reissued checks to the Affiants as authorized, implemented the Positive Pay security procedures concerning presentment of those checks for cashing, and all such reissued checks were timely negotiated.

12. In order to effectuate the First Distribution (and any subsequent distribution) to Approved Claimants, and, where applicable, to effectuate processing and distribution of reissued estate checks to Affiants in reliance on Small Estate Affidavits, the Court's First Distribution Order (Dkt. No. 166, Para. 13, Page ID 3290-3291) released and discharged the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants,

and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate affidavits, or otherwise involved in the estate's administration, from any act or omission arising out of such involvement.

13. The Court's First Distribution Order (Dkt. No. 166, Para. 14, Page ID 3291-3292) further provided that the CFF Receivership Estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of processing and reissuance of Estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the Estate's administration (collectively, the "**Indemnified Parties**"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not

limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case.

ADMINISTRATIVE MATTERS

14. **Uncashed First Distribution Checks:** As reflected on the list of **Uncashed First Distribution Checks**, attached as **Exhibit B**, and incorporated herein by reference, a total of seven (7) Approved Claimants failed to cash their initial distribution checks, totaling USD \$16,757.69. The Receiver and his staff made their best efforts to locate those who failed to cash their checks and issue new checks to them at their present location.⁴ Pursuant to the First Distribution Order (Dkt. No. 166, Para. 7, Page ID 3287), the US \$16,757.69 otherwise distributable to such Approved Claimants shall be returned to the Distribution Fund and disposed of according to the Court's further instructions.

15. **Reconciliation of Approved Claimants List:** Under the terms of the First Distribution Order (Dkt. No. 166, Para. 12, Page ID 3290), the uncashed Approved Claimants "shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify

⁴ Those efforts included research through Accurant, TLO and various other databases of addresses and contact information to attempt to locate current contact information for any investors who have previously failed to cash their checks. Letters were then sent to each investor for whom new potential contact information was discovered in an attempt to verify said contact information. If and when current contact information could be verified, checks were reissued to the current addresses.

them of future hearings, motion, orders or developments in this case.” Pursuant to those directives, the Receiver has stricken the uncashed Approved Claimants from the Approved Claimants List, and their shares of the initial distribution have been returned to the Receivership Estate for distribution to other Approved Claimants in the Second Distribution or as the Court may otherwise direct. The Receiver seeks the Court’s ratification of the foregoing actions and of the **Reconciled Approved Claimants List** (which is a list of Investors who are eligible to participate in this Second Distribution), a copy of which is attached as **Exhibit C** and incorporated herein by reference. The Reconciled Approved Claimants List also reflects (in Column C on attached **Exhibit C**) the recalculated Adjusted Net Principal Claim for each Approved Claimant after the distributive shares of those purged were returned to the Receivership Estate for distribution to other Approved Claimants in the Second Distribution or as the Court may otherwise direct. The Receiver seeks ratification of the determinations of Adjusted Net Principal Claim for each Approved Claimant set forth in Column C on **Exhibit C**.

16. **Trade Creditor Claims:** The Investor Claims Procedure approved by the Court (Dkt. No. 98-3, Page ID 1978) did not address the claims of creditors who provided goods or services to CFF prior to commencement of the Receivership. For the reasons stated below, the Receiver believes that under the

circumstances of this case, establishment of a separate trade creditor claims procedure would not be fair and equitable, or in the best interests of the victims of the CFF Ponzi scheme.

17. In receivership proceedings, the District Court, sitting in equity, has “the authority to approve any plan provided it is ‘fair and reasonable.’” *S.E.C. v. Byers*, 637 F. Supp. 2d 166, 174-75 (S.D.N.Y. 2009) (quoting *S.E.C. v. Wang*, 944 F.2d 80, 81 (2d Cir. 1991)). This discretion derives from the inherent powers of an equity court to fashion relief, *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). The District Court’s “‘broad powers and wide discretion’ extend to allocating the priority of distributions from the receivership estate.” *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, at *3 (W.D.Mich. Jan. 9, 2007) (quoting *In re Indian Motorcycle Litigation*, 307 B.R. 7, 16 (D.Mass.Bankr. 2004)).

18. Differing treatment may be sought for distributions to investors in contrast to trade creditors. *See, e.g., Norwest Bank Wisconsin, N.A. v. Malachi Corp.*, 245 Fed. App’x 488, 495 (6th Cir. 2007). For example, the court in *CFTC v. Capitalstreet Financial, LLC*, 2010 WL 2572349 (W.D.N.C., June 18, 2010) (“*Capitalstreet*”), approved a higher priority for defrauded investors as compared to non-investor general creditors, stating:

The Receivership Estate shall be distributed in the following order:

A. To claims for expenses of the administration of the Receivership Estate, including legal and accounting fees; expenses to preserve the value of assets;

and costs of realization and payment of any taxes due on property or income of property of the Receivership Estate incurred during the pendency of the receivership (the "Administrative Claimants");

B. To the return of investments to Investors; and

C. To any General Creditors, *should any assets remain in the Receivership Estate*. [Emphasis added].⁵

19. There are insufficient assets in the CFF Receivership Estate to repay the defrauded CFF Ponzi scheme victims, who, inclusive of the proposed Second Distribution, will have received distributions totaling approximately 22% of the amount of their allowed claims. See *Affidavit of the Receiver*, a copy of which is attached as **Exhibit D** and incorporated herein by reference. The Receiver therefore believes that establishment of a trade creditor claims procedure in such

⁵ *Capitalstreet*, 2010 WL 2572349, at *2 (W.D.N.C. June 18, 2010); see also *S.E.C. v. HKW Trading LLC*, No. 8:05-cv-1076-T-24-TBM, 2009 WL 2499146, at *2 (M.D. Fla. Aug. 14, 2009). The claims processing procedure approved by the *Capitalstreet* court specifically provided that general creditors "shall not" submit claims to the receiver:

2.A. *Because the Receiver does not anticipate that the assets in the Receivership Estate are sufficient to repay the Investors, General Creditors shall not submit claims to the Receiver*. [Emphasis added]. However, if it should appear to the Court that assets will remain in the Receivership Estate after distributions have been made to the Investors, the General Creditors shall be permitted to submit claims to the Receiver by further Order of the Court.

Capitalstreet, *supra*, 2010 WL 2572349, at *2.

circumstances would not be fair and equitable, or in the best interests of the victims of the CFF Ponzi scheme.

Accordingly, the Receiver asks the Court to find under the circumstances that (i) no trade creditor claims procedure shall be established in this case; and (ii) that general trade creditors who previously submitted claims to the Receiver shall recover nothing on those claims.

**SECOND (AND LIKELY FINAL) DISTRIBUTION
OF RECEIVERSHIP ASSETS**

For the reasons detailed above, the Receiver respectfully requests that this Court enter a Second Distribution Approval Order:

A. Ratifying the proposed **"Reconciled Approved Claimants List"** attached as **Exhibit C** and incorporated herein by reference, and the actions of the Receiver in compiling the Reconciled Approved Claimants List;

B. Authorizing the Receiver to distribute the sum of Eight Hundred Thousand Dollars (**USD \$800,000**) (the **"Second Distribution Fund"**) from the Receivership Estate to the Reconciled Approved Claimants listed on Exhibit C in the ratio of their **"Adjusted Net Investor Claim"** (**"ANIC"**);⁶

⁶ On January 4, 2016, the Court entered its First Distribution Order (Dkt. No. 166), holding that the procedures used by the Receiver in calculating ANICs, including

C. Authorizing the Receiver to transfer sufficient funds from CFF's Operating Account xxxx2620 at Fifth Third Bank, and/or from CFF's Savings Account xxxx2612 at Fifth Third Bank, into CFF's Distribution Account xxxx2638 at Fifth Third Bank, as necessary to bring the total in Distribution Account xxxx2638 to USD \$800,000 for distribution to the Approved Claimants in accordance with the ANICs set forth in Exhibit C;

D. Holding that the determinations of adjusted ANIC and Second Distribution Share for each Approved Claimant listed on Exhibit C constitute final and binding determinations of ANIC and Second Distribution Share for each Approved Claimant, and that the Approved Claimants, and each of them individually, are barred from asserting any claim against the Receiver (either personally or in his representative capacity) or his employees, agents, attorneys or accountants, or the Receivership Estate, in excess thereof;

but not limited to combining the claims of Co-Investor Claimants who purchased investments jointly, and the netting of positive and negative claims of Investor Claimants, were fair and equitable; that the claims administration process conducted by the Receiver complied with all requirements of the Claims Procedure Adoption Order and the Investor Claims Procedure; and that the procedures used by the Receiver to provide notice to Investor Claimants of their ANICs, including posting on the Receiver's CFF Website and publication in *USA Today*, were fair and equitable and provided adequate due process to Investor Claimants. (Dkt. 166, Para. 4, Page ID 3286).

E. Holding that all claims from individuals and/or entities not specifically listed as Reconciled Approved Claimants on Exhibit C, as well as all claims of those Investor Claimants or potential Investor Claimants whose claims have been rejected or determined to be zero since they failed to cash their First Distribution checks, as listed on the “**Denied Claimants List**,” a copy of which is attached as **Exhibit E** and incorporated herein by reference, are hereby forever barred and may not be asserted against the Receiver (either personally or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership Estate;

F. Ordering that the Receiver shall distribute the Second Distribution Amount to the Approved Claimants as provided on the Reconciled Approved Claimants List (Exhibit C) after entry of the Second Distribution Approval Order; and further that (i) the distribution shall be mailed by *United States First Class Mail* to the last known address of each Approved Claimant contained in the Receiver’s records; (ii) the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant’s current address and other contact information, and to insure that the Approved Claimant’s name and/or proper contact information are contained in the Receiver’s records; (iii) the Receiver is under no duty or obligation to attempt to determine any Approved Claimant’s current address

and other contact information; and (iv) the Receiver shall implement the Positive Pay security procedures to ensure the proper negotiation of each distribution check;

G. Ordering that second distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks will be void and the right to receive such payments will terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions; and, further, the Receiver shall, in the mailing of the second distribution checks, warn Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an **"Investor Second Distribution Letter"** substantially in the form attached as **Exhibit F**, which is incorporated herein by reference, which the Court hereby approves; and, further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the list of Approved Claimants, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case;

H. Ordering that, because of the joint ownership of claims, the Receiver, prior to mailing the second distribution checks, will mail via *United States First Class Mail* to each Co-Investor Claimant a “**Letter to Co-Investor Claimants**,” substantially in the form attached as **Exhibit G**, which is incorporated herein by reference, which the Court hereby approves, advising them as to which address the checks will be mailed, and further ordering that a copy of the Investor Second Distribution Letter (Exhibit F), which is to be mailed with the second distribution checks, will also be mailed to each Co-Investor Claimant so that each Co-Investor Claimant will be informed as to when the checks are mailed; provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Second Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership Estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants;

I. Ordering that if a second distribution check was made payable to a deceased claimant, or a deceased claimant’s estate, and the representatives and/or family members of such deceased claimant inform the

Receiver that they are unable to cash or negotiate the check, the Receiver is authorized to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, to: (i) determine whether such documentation is sufficient to satisfy the decedent's state requirements for reissuing the decedent's second distribution check to the Affiant (the designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and (ii) determine whether such documentation is sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate or other court involvement;

J. Ordering that if the Receiver determines that the documentation is sufficient, as detailed above, the Receiver is authorized to reissue the decedent's second distribution check in the name of the Affiant, and mail the reissued second distribution check to the Affiant via *United States First Class Mail* at the address provided by the Affiant, and further that: (i) the burden is on the Affiant to notify the Receiver of any updated contact information, and to insure that the Affiant's name and proper contact information are contained in the Receiver's records; (ii) the Receiver is

under no duty or obligation to attempt to determine the current address and/or other contact information for any Affiant; and (iii) the Receiver shall implement the security procedures of Positive Pay;

K. Ordering that the Receiver shall only reissue a second distribution check if, in addition to the requirements described above, the second distribution check was made payable to a deceased claimant or a deceased claimant's estate, and the second distribution check has not been cashed or negotiated;

L. Ordering that reissued second distribution checks made payable to the Affiants which are returned or which have not been cashed within sixty (60) days of mailing, will be void, the right to receive such payments will terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Affiants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions; and that in the mailing of reissued second distribution checks to Affiants, the Receiver shall warn Affiants of this potential loss of right and the need to promptly cash or negotiate their checks; and further that if Affiants fail to cash the reissued second distribution checks within sixty (60) days of mailing, such Affiants shall have no right to participate in future distributions (if any) and shall be removed from the Receiver's list of

Approved Claimants, and the Receiver shall have no further duty to notify such Affiants of future hearings, motions, orders or developments in this case;

M. Ordering that, in order to effectuate this distribution, and subsequent distributions (if any), to the Approved Claimants, and, where applicable, to effectuate the processing and distribution of reissued decedents or decedents estate checks to Affiants in reliance on Small Estate Affidavits, as detailed in Paragraphs I through L above, the Court releases and discharges the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the administration of the estate, from any act or omission arising out of such involvement;

N. Ordering that the Receivership Estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative

capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the administration of the estate (collectively, the "**Indemnified Parties**"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case;

O. Ordering that the Second Distribution Motion and subsequent Order, including all Exhibits, shall be available to the public at the Clerk of the Court for the United States District Court, Eastern District of Michigan (Southern Division) for inspection and copying at such Clerk's office during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of this Second Distribution Motion and subsequent Order to any person requesting same at

such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same;

P. Ordering that the Receiver is further directed to post a copy of this Second Distribution Motion and subsequent Order, with all Exhibits attached, on the Receiver's website at www.cffreceiver.com; and

Q. Ordering that following the Second Distribution, and completion of all remaining matters necessary to wind up the Receivership, the Receiver is directed to file a final report, final accounting and final application for compensation and expenses.

Respectfully submitted,

STENGER & STENGER, P.C.
Attorneys for the Receiver

Dated: June 14, 2018.

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
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Grand Rapids, MI 49546
Telephone: (616) 988-2230
Facsimile: (616) 940-1192
Email: kay@stengerlaw.com

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that on June 14, 2018, she caused to be served a copy of the foregoing *Motion for Order Ratifying Approved Claimants List and Authorizing Second Distribution of Receivership Assets* via electronic filing on the following ECF parties:

Jason A. Mahoney
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
jmahoney@cftc.gov

Daniel J. Grimm
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Detroit, MI 48202-9998
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and caused to be served a copy of said *Motion* by First Class Mail on the following non-ECF parties:

Alan J. Watson
Inmate ID #79104-083
FCI Ashland
P.O. Box 6001
Ashland, KY 41105
Newemail4aj@gmail.com

Michael S. Potts
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/s/ Kay Griffith Hammond
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CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A-3
To
RECEIVER'S FINAL REPORT

Second Distribution Approval Order

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

COMMODITY FUTURES TRADING)	
COMMISSION)	
Plaintiff,)	
)	Case No. 11-cv-10949
v.)	Hon. Mark A. Goldsmith
)	
ALAN JAMES WATSON, MICHAEL POTTS,)	
and CASH FLOW FINANCIAL, LLC,)	
)	
Defendants,)	
And)	
)	
THE JEDBURGH GROUP,)	
)	
Relief Defendant.)	
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**ORDER RATIFYING APPROVED INVESTOR CLAIMANTS LIST AND
AUTHORIZING SECOND DISTRIBUTION OF RECEIVERSHIP ASSETS**

Phillip S. Stenger, in his capacity as Receiver, having filed his *Motion and Memorandum for Order Ratifying Approved Investor Claimants List and Authorizing Distribution of Receivership Assets* (“**Second Distribution Motion**”) (Dkt. No. 195),¹ moving this Court to approve a second distribution, and this Court having held a hearing thereon, and the Court being otherwise fully advised in the premises,

IT IS ORDERED AND ADJUDGED as follows:

1. The Reconciled Approved Claimants List, attached as Exhibit C to the Second Distribution Motion, and the actions of the Receiver in compiling the Reconciled Approved Claimants List, are ratified, and the determinations of Adjusted Net Investor Claim ("ANIC") and distribution amount for each Approved Claimant listed on Ex. C constitute final and binding determinations of ANIC and distribution amount for each Approved Claimant, and the Approved Claimants, and each of them individually, are barred from asserting any claim against the Receiver (either personally or in his representative capacity) or his employees, agents, attorneys or accountants, or the Receivership estate, in excess thereof;

2. The Receiver is authorized to distribute a Second Distribution Fund in the amount of Eight Hundred Thousand Dollars (**USD \$800,000.00**) from the Receivership estate to the Approved Claimants listed on Ex. C in the ratio of their ANICs as listed on Ex. C;

3. The Receiver is authorized to transfer sufficient funds from CFF's Operating Account xxxx2620 at Fifth Third Bank, and/or from CFF's Savings Account xxxx2612 at Fifth Third Bank, into CFF's Distribution Account xxxx2638 at Fifth Third Bank, as necessary to bring the total in Distribution Account

¹ All capitalized terms shall have the definitions set forth in the Second Distribution Motion.

xxxx2638 to USD \$800,000.00 for distribution to the Approved Claimants in accordance with the ANICs set forth in Exhibit C;

4. All claims from individuals and/or entities not specifically listed as Approved Claimants on Ex. C, and all claims of the Denied Claimants listed on E to the Second Distribution Motion, are hereby forever barred and may not be asserted against the Receiver (either personally or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate;

6. After entry of this Order ("**Second Distribution Order**"), the Receiver shall make the required distributions from the Second Distribution Fund to each Approved Claimant listed on Ex. C of their Second Distribution Amount (as set forth in Column E of Ex. C); and further, (i) the distribution shall be mailed by *United States First Class Mail* to the last known address of each Approved Claimant contained in the Receiver's records; (ii) the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant's current address and other contact information, and to insure that the Approved Claimant's name and/or proper contact information are contained in the Receiver's records; (iii) the Receiver is under no duty or obligation to attempt to determine any Approved Claimant's current address and other contact information; and (iv) the Receiver shall implement the Positive Pay security procedures to ensure the proper negotiation of each distribution check;

7. Second Distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks shall be void, the right to receive such payments shall terminate, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Distribution Fund and disposed of according to the Court's further instructions; further, the Receiver shall, in the mailing of the checks, warn Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an Investor Second Distribution Letter substantially in the form attached as Exhibit F to the Second Distribution Motion, which the Court hereby approves; and, further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case;

8. Because of the joint ownership of some claims, the Receiver, prior to mailing the Second Distribution checks, will mail via *United States First Class Mail* to each Co-Investor Claimant a Letter to Co-Investor Claimant, substantially in the form attached as Exhibit G to the Second Distribution Motion, which the Court hereby approves, advising them as to which address the checks will be mailed, and further, a copy of the Investor Second Distribution Letter (Ex. F)

which is to be mailed with the distribution checks, will also be mailed to each Co-Investor Claimant so that each will be informed as to when the checks are mailed; provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Second Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants;

9. If a Second Distribution check was made payable to a deceased claimant, or a deceased claimant's estate, and the representatives and/or family members of such deceased claimant inform the Receiver that they are unable to cash or negotiate the check, the Receiver is authorized to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, in order to: (i) determine whether such documentation is sufficient to satisfy the decedent's state requirements for reissuing the decedent's Second Distribution check to the Affiant (the designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and (ii) determine whether such documentation is

sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate or other court involvement;

10. If the Receiver determines that the documentation is sufficient, the Receiver is authorized to reissue the decedent's Second Distribution check in the name of the Affiant and mail the reissued distribution check to the Affiant via *United States First Class Mail* at the address provided by the Affiant, and (i) the Affiant has the burden to notify the Receiver of any updated contact information, and to insure that the Affiant's name and proper contact information are contained in the Receiver's records; (ii) the Receiver is under no duty or obligation to attempt to determine the current address and/or other contact information for any Affiant; and (iii) the Receiver shall implement the security procedures of Positive Pay;

11. The Receiver shall only reissue a Second Distribution check if, in addition to the requirements described above, the distribution check was made payable to a deceased claimant or a deceased claimant's estate, and the distribution check has not been cashed or negotiated;

12. Reissued Second Distribution checks made payable to Affiants which are returned or which have not been cashed within sixty (60) days of mailing, shall be void, the right to receive such payments shall terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Affiants shall be returned to the Distribution Fund and disposed of according to the Court's

further instructions; further, in the mailing of reissued Second Distribution checks to Affiants, the Receiver shall warn Affiants of this potential loss of rights and the need to promptly cash or negotiate their checks; if Affiants fail to cash the reissued distribution checks within sixty (60) days of mailing, such Affiants shall have no right to participate in future distributions (if any) and shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to notify such Affiants of future hearings, motions, orders or developments in this case;

13. In order to effectuate this Second Distribution, and subsequent distributions (if any), to the Approved Claimants, and, where applicable, to effectuate processing and distribution of reissued estate checks to Affiants in reliance on Small Estate Affidavits, as detailed in Paragraphs 9 through 12 above, the Court hereby releases and discharges the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the estate's administration, from any act or omission arising out of such involvement;

14. There being insufficient CFF Receivership estate assets to fully repay the Approved Claimants' Adjusted Net Investor Claims (ANIC), no trade creditor claims procedure shall be established in this case, and general trade creditors who previously submitted claims to the Receiver shall recover nothing on those claims;

15. The CFF Receivership estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the estate's administration (collectively, the "Indemnified Parties"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case;

16. The Second Distribution Motion, including all Exhibits, and this Second Distribution Order, shall be available to the public at the Clerk of the Court for the United States District Court, Eastern District of Michigan (Southern

Division) for inspection and copying at such Clerk's office during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of the Second Distribution Motion and this Second Distribution Order to any person requesting same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same;

17. The Receiver is further directed to post a copy of the Second Distribution Motion, including all Exhibits, and this Second Distribution Order on the Receiver's website at www.cffreceiver.com;

18. The Receiver is authorized to hold back the sum of USD \$210,342.37 to apply to estimated Windup Costs;

19. Following completion of the Second Distribution, and completion of all remaining matters necessary to wind up the Receivership, the Receiver is directed to file a final report, final accounting and final application for compensation and expenses.

SO ORDERED.

Dated: June 21, 2018
Detroit, Michigan

s/Mark A. Goldsmith
MARK A. GOLDSMITH
United States District Judge

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served upon counsel of record and any unrepresented parties via the Court's ECF System to their respective email or First Class U.S. mail addresses disclosed on the Notice of Electronic Filing on June 21, 2018.

s/Karri Sandusky
Case Manager

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A-4
To
RECEIVER'S FINAL REPORT

Investor Second Distribution Letter

STENGER & STENGER
A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA & CO
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI & MN
AMANDA M. BREWSTER
ADMITTED IN MI
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI & IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN GA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGGE
ADMITTED OH, KY & IN
TAYLOR J. LAND
ADMITTED TN

2618 EAST PARIS AVE SE
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 264-3256
FACSIMILE (616) 940-1192
TOLL FREE (877) 512-2483

E-MAIL CFFRECEIVER@STENGERLAW.COM

WEBSITE WWW.CFFRECEIVER.COM

MICHELLE R. ZYLSTRA
ADMITTED IN MI
RACHEL E. WELCH
ADMITTED IN GA
PHILLIP A. LAMERE
ADMITTED IN IN
OF COUNSEL:
LEE T. SILVER
ADMITTED IN MI
DOUGLAS W. VAN ESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN
CINQUE AXAM
ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN GA
ERIC SITLER
ADMITTED IN TN
R. GARY MARSCHHAUSEN
ADMITTED IN CO

August 31, 2018

VIA UNITED STATES FIRST CLASS MAIL



Re: *Commodity Futures Trading Commission v. Watson, et al.*
Case No. 11-cv-10949 (B.D. Mich.)
TIME SENSITIVE MATTER

Dear [REDACTED],
Claim Number: [REDACTED]

We are happy to report that on June 21, 2018, the Honorable Mark A. Goldsmith entered his *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* (the "Order"), directing the Receiver to make a distribution of the Cash Flow Financial ("CFF") Receivership assets in the amount of Eight Hundred Thousand and 00/100 Dollars (\$800,000). A copy of the Order is posted on the Receiver's website at www.cffreceiver.com under Pleadings.

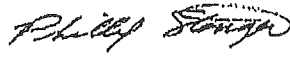
Accordingly, enclosed is your distribution check dated August 31, 2018.

IMPORTANT NOTICE: Checks must be cashed within 120 calendar days from the date of mailing such checks. Checks which are returned or have not been cashed within 120 calendar days from the date of mailing of such checks will become permanently null and void, your right to receive such payment and any future payments (if any) from the CFF Receivership will terminate and the amount otherwise distributable to you shall be disposed of according to the provisions set by the Court.

Also, please note, we cannot provide any tax, legal, estate planning or IRA advice. Please feel free to consult your own attorney or tax consultant should you have any questions related to such issues.

Should you have any other questions or concerns, please do not hesitate to contact my office.

Kind Regards,

A handwritten signature in black ink, appearing to read "Phillip S. Stenger".

Phillip S. Stenger
Receiver

Enclosure

EXHIBIT A-5
To
RECEIVER'S FINAL REPORT

Letter to Co-Investor Claimants

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA & CO
KAY GRIFFITH HAMMOND
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M. KYLE FLOYD
ADMITTED IN GA
PRESTON L. NATE
ADMITTED IN MI
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ADMITTED OH, KY & IN
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TOLL FREE (877) 512-2483

E-MAIL CFFRECEIVER@STENCERLAW.COM

WEBSITE WWW.CFFRECEIVER.COM

MICHELLE R. ZYLSTRA
ADMITTED IN MI
RACHEL E. WELCH
ADMITTED IN GA
PHILLIP A. LAMERE
ADMITTED IN IN
OF COUNSEL:
LEE T. SILVER
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ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN GA
ERIC SITLER
ADMITTED IN TN
R. GARY MARSCHHAUSEN
ADMITTED IN CO

August 27, 2018

VIA UNITED STATES FIRST CLASS MAIL

[REDACTED]

Re: *Commodity Futures Trading Commission v. Watson, et al.*
Case No. 11-cv-10949 (E.D. Mich)

Dear [REDACTED]:

We are happy to report that on June 21, 2018, the Honorable Mark A. Goldsmith entered his *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* (the "Order") directing the Receiver to make a distribution of the Cash Flow Financial ("CFF") Receivership assets in the amount of Eight Hundred Thousand and 00/100 Dollars (\$800,000.00). A copy of the Order is posted on the Receiver's website at www.cffreceiver.com under Pleadings.

Accordingly, checks are currently being prepared for distribution to all Approved Investor Claimants who have been identified as having a positive Adjusted Net Investor Claim ("ANIC") (and appropriately cashed the first distribution check) and should be mailed in the next few weeks. Our records indicate that you are an Approved Investor Claimant who has a joint claim with another Approved Investor Claimant. As such, your distribution check will be made payable to both you and [REDACTED], and will be physically mailed to [REDACTED].

IMPORTANT NOTICE: Checks must be cashed within 120 calendar days from the date of mailing such checks. Checks which are returned or have not been cashed within 120 calendar days from the date of mailing such checks will become permanently null and void, your right to receive such payment and any future payments (if any) from the CFF Receivership will terminate and the amount otherwise distributable to you shall be disposed of according to the provisions set by the Court.

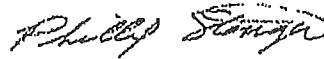
Also, please note, we cannot provide any tax, legal, estate planning or IRA advice. Please feel free

to consult your own attorney or tax consultant should you have any questions related to such issues.

Should you have any other questions or concerns, please do not hesitate to contact my office.

Very truly yours,

STENCER & STENCER, P.C.

A handwritten signature in dark ink, appearing to read "Phillip Stenger", written in a cursive style.

Phillip S. Stenger

EXHIBIT A-6
To
RECEIVER'S FINAL REPORT

List of Approved Claimants with Uncashed Checks

	A	B
1	File Number	2nd Distribution Amount
2	CF000041	\$175.44
3	CF000127	\$174.96
4	CF000194	\$388.32
5	CF000378	\$250.65
6	CF000500	\$125.32
7	CF000542	\$1,499.84
8	CF000554	\$278.27
9	CF000579	\$921.18
10	CF000587	\$192.98
11	CF000638	\$113.29
12	CF000646	\$563.91
13	CF000760	\$573.96
14	CF000790	\$125.33
15	CF000803	\$125.33
16	CF000863	\$125.31
17	CF000953	\$1,518.80
18	CF001013	\$246.63
19	CF001021	\$1,241.10
20	CF001022	\$501.25
21	CF001191	\$149.15
22	CF001245	\$250.65
23	CF001316	\$751.88
24	CF001324	\$213.04
25	CF001384	\$50.13
26	CF001386	\$526.32
27	CF001408	\$125.32

EXHIBIT A-7
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated March 16, 2016

Ex. A-X

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, TN, WI & MD
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ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, MA, IN & NJ
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ADMITTED IN GA

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GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
FACSIMILE (616) 940-1192
TOLL FREE (888) 305-7775

OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
R. GARY MARSCHHAUSEN
ADMITTED IN CO
LISA A. HASTER
ADMITTED IN MN
CINQUE AXAM
ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN CA

March 16, 2016

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

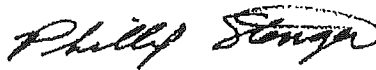
Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2015 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2015 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221. Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-8
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated March 7, 2017

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, CA, CO & OH
KAY GRIFFITH HAMMOND
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PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENOCHE
ADMITTED OH, KY & IN
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
R. GARY MARSCHHAUSEN
ADMITTED IN CO
CINQUE AXAM
ADMITTED IN CA
DANIELLE P. ROBERTS
ADMITTED IN CA

March 7, 2017

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

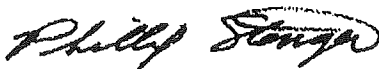
Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2016 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2016 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221.
Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-9
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated February 14, 2018

Ex. A-8

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO, & OH

KAY GRIFFITH HAMMOND
ADMITTED IN MI

JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH

AMANDA M. SNEATHEN
ADMITTED IN MI, IN, NJ, & CO

AARON S. MURRAY
ADMITTED IN IN

ANTHONY J. HUSPASKA
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M. KYLE FLOYD
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ADMITTED OH, KY & IN

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TAYLOR J. LAND
ADMITTED TN

MICHELLE R. ZYLSTRA
ADMITTED IN MI

RACHEL E. WELCH
ADMITTED IN GA

OF COUNSEL:

LEE SILVER

ADMITTED IN MI

DOUGLAS W. VANESSEN
ADMITTED IN MI

DENISE M. HALLETT
ADMITTED IN IN & IL

R. CARY MARSCHHAUSEN
ADMITTED IN CO

CINQUE AXAM

ADMITTED IN GA

DANIELLE P. ROBERTS
ADMITTED IN CA

ERIC W. SITLER
ADMITTED IN TN

February 14, 2018

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2017 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2017 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221. Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-10
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated March 9, 2019

Ex. A-9

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, CA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN CA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGGE
ADMITTED OH, KY & IN
MICHELLE R. ZYLSTRA
ADMITTED MI

2618 EAST PARIS AVENUE, S.E.
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
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JOSHUA A. STIERS
ADMITTED IN NY, NJ
PHILLIP A. LAMERE
ADMITTED IN IN
R. GARY MARSCHHAUSEN
ADMITTED IN CO
SHERYLE L. DICKENS
ADMITTED IN CA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN CA
ERIC W. SITLER
ADMITTED IN TN

March 11, 2019

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Ogden UT 84201-0012


Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2018 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2018 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221.
Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-11
To
RECEIVER'S FINAL REPORT

*Compensation Motion No.24
with Exhibits A through D*

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)	
)	
Plaintiff,)	
)	Case No. 11-cv-10949
v.)	Hon. Mark A. Goldsmith
)	
ALAN JAMES WATSON, MICHAEL POTTS and)	
CASH FLOW FINANCIAL, LLC,)	
)	
Defendants,)	
and)	
)	
THE JEDBURGH GROUP,)	
)	
Relief Defendant.)	
)	

**MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24**

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), undersigned counsel certifies that on March 12, 2019, she communicated in writing with counsel for Plaintiff Commodity Futures Trading Commission (the "COMMISSION"), and counsel for all parties, explaining the nature of the relief sought by way of this motion and seeking concurrence in the relief. Counsel for the COMMISSION advised the Receiver on April 2, 2019, that it will take no position on the motion, and attorney Erika Butler advised the Receiver on March 15, 2019, that she will take no position on the motion. More than three weeks have passed without remaining counsel expressly agreeing to the relief sought, either orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d) (3).

Now comes the Temporary Receiver, Phillip S. Stenger, by and through his attorneys, STENGER & STENGER, P.C., and respectfully moves the Court to enter an Order for Payment of Costs, Fees and Expenses of the Receiver No. 24 for the period of October 1, 2018 through February 28, 2019 (the “**BILLING PERIOD**”), and states the following in support of this Motion, which shall be referred to as “**COMPENSATION REQUEST NO. 24.**”

1. This Court appointed Phillip S. Stenger as Temporary Receiver (“**RECEIVER**”) for the Defendants’ assets, the assets of any affiliates or subsidiaries of any Defendant and for certain assets of the Relief Defendant, with the full powers of an equity receiver (“**STATUTORY RESTRAINING ORDER**”) (Dkt. No. 5), stating at Paragraph G that:

[t]he Receiver and his [RETAINED PERSONNEL], are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, or in the possession or control of, or which may be received by the Defendants. The [RECEIVER] shall file with the Court and serve on the parties, including Plaintiff COMMISSION, periodic requests for the payment of such reasonable compensation [. . . and] Plaintiff COMMISSION may object to any part of a request within 30 calendar days of service of a request.

Prior to filing, copies of this COMPENSATION REQUEST NO. 24, with exhibits, were served upon the Service List in this matter.

2. The gross assets held by the Receivership Estate total **\$108,020.72**, as of February 28, 2019.

3. Services provided by the RECEIVER and his RETAINED PERSONNEL during the BILLING PERIOD included the following:

Receive, review and reply to correspondence/emails from investors; update investor database; update investor hotline; retrieve and transcribe voicemails from investors regarding status of case; return telephone calls to investors regarding status of case, and update investor database; update receivership website script; correspondence exchanges with team regarding updates to investor hotline and website; receive and review mail returned from bad addresses; search of Accurint/TLO records for investors with incorrect contact information; analyze search results; update investor database regarding same;

Continue processing of final distribution; verify positive pay images and update spreadsheet; correspondence exchanges with J. Hoag regarding various investor requests for reissuance of final distribution checks; generate list of investors to prepare reissued checks; prepare reissued checks for mailing; scan and save same to system; update spreadsheets accordingly; generate report to be skip traced of uncashed checks; request stop payments to be issued; prepare email correspondence to investors with uncashed checks for which a better address cannot be located; update system database and uncashed lists regarding same; correspondence exchanges with team regarding numbers and amounts of uncashed distribution checks;

Review outstanding professional fees; correspondence exchanges with M. Herr regarding outstanding vendor fees; request, receive and review updated sources and uses of funds reports; draft compensation motion #23, supporting affidavit, supporting exhibits and proposed order; preparation of correspondence to CFTC forwarding same for review; receive and review correspondence from D. Grimm regarding CFTC position on compensation motion; preparation of correspondence to counsel of record requesting concurrence with relief sought in motion; receive and review responses from attorneys regarding same; e-file motion and supporting documents; preparation of correspondence to Judge Goldsmith regarding e-filings; preparation of correspondence to attorneys of record regarding same;

Telephone conferences and correspondence exchanges with R. Davis, local counsel in Florida, regarding judgment enforcement status and strategies in *Stenger v. Freeman*; receive and review magistrate judge's report and recommendation regarding motion for final judgment against garnishee Bank of America; telephone conferences with R. Davis regarding Freeman's deposition testimony; legal research and analysis of Delaware enforcement law that would be applicable to Freeman's assets in Applied Bank of DE; preparation of correspondence to Receiver regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling; preparation of correspondence to R. Davis regarding same; attorney analysis conference with P. Stenger regarding status of efforts to enforce \$1.5 million judgment against Freeman; preparation of correspondence to R. Davis regarding same; telephone conference with D. Grimm and P. Stenger regarding decision to forego any further collection efforts on judgment against Freeman; preparation of correspondence to R. Davis regarding same; receive and review correspondence from R. Davis regarding closure of Freeman collection action; receive and review correspondence from R. Davis forwarding check from BOA in payment of garnishment judgment; receive and review SEC notification regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action;

Review CFF tax records regarding TY2018 taxable transaction data and trial balance reports to be prepared; correspondence exchanges with N. Cambridge regarding TY2018 updates to accounting reports required to prepare the QSF return; correspondence exchanges with B. Venema regarding TY2018 general ledger trial balance and general ledger reports required for preparation of return; receive and review requested accounting reports; review professional billing records for TY2018 and analyze deductibility of professional fees and expenses paid in 2018; prepare spreadsheet report of analyses results; preparation of correspondence to D. Rynearson of Plante Moran requesting preparation of CFF's QSF tax return for TY2018, and forwarding related tax and accounting reports; correspondence exchanges with C. Meyering of Plante Moran regarding deductibility analysis of fees approved for payment in December 2017, but not paid until January 2018; correspondence exchanges with D.

Rynearson regarding status of return and request for Plante Moran's outstanding fees for tax preparation services;

Review outstanding professional fees; correspondence exchanges with J. Hoag regarding same; receive and review professional fee statements for October 2018 through February 2019; request, receive and review updated sources and uses of funds reports; draft compensation motion #24, and supporting exhibits. Begin drafting final report to the Court.

4. The RECEIVER and his RETAINED PERSONNEL have incurred the following costs, fees and expenses during the BILLING PERIOD, which costs, fees and expenses are reasonable and commensurate with the services performed. STENGER & STENGER'S detailed billing statements for the BILLING PERIOD are attached as **Exhibit A** and incorporated by reference:

	Hours	Fees	Costs/Expenses	Totals
Stenger & Stenger PC October 2018	30.30	5,733.30	4,073.04	9,806.34
Stenger & Stenger PC November 2018	18.5	3,271.20	7,026.75	10,297.95
Stenger & Stenger PC December 2018	13.70	1,837.10	0.00	1,837.10
Stenger & Stenger PC January 2019	37.60	7,902.80	43.33	7,946.13
Stenger & Stenger PC February 2019	17.20	3,638.00	4,819.26	8,457.29
Totals:	117.30	22,382.40	15,962.38	38,344.81

The RECEIVER, as authorized in the STATUTORY RESTRAINING ORDER (Dkt. No. 5, Para. IV.B.9), has retained the law firm of Holland & Knight, in Orlando, FL, to pursue execution of the judgments obtained by the RECEIVER against Keith

Freeman, Jedburgh Group International and CI Solar in the *Stenger v Freeman* recovery action. The professional fees and expenses of Holland & Knight incurred during September 2018, in the amount of \$4,013.96;¹ and incurred during October 2018, in the amount of \$6,150.82, are, collectively, included as expenses on the RECEIVER'S billing statements for the months of October 2018 and November 2018, respectively. Copies of Holland & Knight's professional fee statements for the BILLING PERIOD are attached as **Exhibit B** and incorporated herein by reference. The RECEIVER has also retained the accounting services of Plante Moran for tax reporting purposes. Plante Moran's professional fees and expenses for tax reporting services incurred for the period of January 10, 2019 through February 28, 2019, total \$2,906.00. A copy of Plante Moran's professional fee statement for that period is attached as **Exhibit C** and incorporated herein by reference.

5. Copies of this COMPENSATION REQUEST NO. 24, with supporting invoices, were provided to the COMMISSION in advance of filing for review, and

¹ Holland & Knight Invoice No. 5731260, dated October 8, 2018, in the amount of \$4,013.96, which is herein included as an expense on the RECEIVER'S attached Billing Statement for October 2018, was mistakenly referenced in the RECEIVER'S COMPENSATION REQUEST NO. 23 [ECF No. 209, Page ID.3840, on p. 5 of 7] as having been included as an expense on the RECEIVER'S Billing Statement for September 2018 – **which it was not**. Accordingly, the total fees and costs sought in COMPENSATION REQUEST NO. 23 and approved for payment by this Court's December 13, 2018 Order for Payment [ECF No. 210, Page ID.3870-3872],

the COMMISSION advised the RECEIVER on April 2, 2019, that it will take no position on COMPENSATION REQUEST NO. 24. See Affidavit of the RECEIVER, attached as **Exhibit D** and incorporated herein by reference.

6. Accordingly, the RECEIVER respectfully requests this Court to enter an order authorizing payment to the RECEIVER and his RETAINED PERSONNEL of the aggregate sum of **\$38,344.81** for the costs, fees and expenses incurred in connection with carrying out the RECEIVER's duties under the STATUTORY RESTRAINING ORDER during the BILLING PERIOD.

DATED: April 24, 2019.

Respectfully submitted,

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)
STENGER & STENGER, P.C.
Attorneys for Phillip S. Stenger, Receiver
Business Address:

2618 East Paris Avenue, S.E.
Grand Rapids, MI 49546-2425
Telephone: (616) 988-2230
Facsimile: (616) 940-1192
Email: kay@stengerlaw.com

totaling \$22,734.08, did **not** include payment of Holland & Knight's Invoice No. 5731260 in the amount of \$4,013.96.

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that she caused a copy of the foregoing COMPENSATION REQUEST NO. 24, and Exhibits thereto, to be served via electronic filing on the following ECF parties on April 24, 2019:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
211 W. Fort Street, Suite 2001
Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
43 West 43rd Street, Suite 109
New York, NY 10036
hwiselaw@aol.com

Sonya N. Goll
Stevenson & Bullock PLC
29200 Southfield Rd., Ste. 210
Southfield, MI 48076
sgoll@sbplclaw.com

Erika Lorraine Davis
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

DATED: April 24, 2019.

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)

STENGER & STENGER, P.C.

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CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

*Invoices of Stenger & Stenger, P.C.,
(October 2018 through February 2019)*

STENGER & STENGER

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CINQUE AXAM
ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

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Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through October 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
10/3/2018	KGH Telephone conference with R. Davis regarding upcoming second deposition of K. Freeman.	0.20 257.00/hr	51.40
10/4/2018	KGH Review status of outstanding fee motions. Telephone conference with case manager regarding status of same. Correspondence exchange with S. Pattison regarding same. Correspondence exchange with N. Cambridge requesting updated financial reports. Preparation of correspondence to J. Hoag requesting fee statements for July through September. Preparation of correspondence to M. Herr regarding Holland & Knight services rendered in September. Telephone conferences with R. Davis regarding deposition testimony of K. Freeman and options for obtaining funds in Applied Bank, a DE state chartered bank, because of asset protections provided under DE state law to such banks.	3.10 257.00/hr	796.70
10/5/2018	KGH Receive and review correspondence from R. Davis regarding deposition testimony of K. Freeman, and strategic options going forward. Receive and review Holland & Knight invoice for September services. Receive and review updated reports regarding CFF receipts, and sources and uses of funds.	1.00 257.00/hr	257.00

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
10/9/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding distribution.	1.80 94.00/hr	169.20
10/10/2018	KGH Receive and review fee statements for July through September. Preparation of correspondence to J. Hoag regarding same. Telephone conference with R. Davis regarding K. Freeman's deposition testimony, and strategic options and considerations going forward.	2.20 257.00/hr	565.40
10/11/2018	KGH Receive and review magistrate judge's report and recommendation regarding granting receiver's motion for final judgment against garnishee BOA in Stenger v Freeman case.	0.20 257.00/hr	51.40
10/17/2018	KGH Receive and review correspondence from R. Davis regarding options going forward in Stenger v Freeman execution efforts. Correspondence exchange with J. Hoag regarding query concerning check payable to dissolved trust. Receive and review correspondence from J. Hoag regarding number and amount of final distribution checks cashed to date. Legal research DE enforcement law that would be applicable to Freeman's assets in Applied Bank of DE. Preparation of correspondence to P. Stenger regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling. Preparation of correspondence to R. Davis regarding same.	3.20 257.00/hr	822.40
	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Conference with K. Hammond regarding same.	2.70 94.00/hr	253.80
10/18/2018	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	3.20 94.00/hr	300.80
10/24/2018	KGH Conference with J. Hoag regarding status of returned checks. Receive and review request for reissuance of check made payable to defunct LLC. Preparation of correspondence to J. Hoag authorizing requested reissuance. Preparation of correspondence to J. Hoag regarding current number and amount of cashed checks.	1.00 257.00/hr	257.00
10/25/2018	KGH Receive and review orders approving payment of comp requests #21 and #22. Preparation of correspondence to N. Cambridge regarding processing of payment orders. Receive and review correspondence	1.80 257.00/hr	462.60

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
	from J. Hoag regarding investor request for reissuance of final distribution check.		
10/25/2018 JLH	Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate list of investors to prepare reissued checks. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	4.90 94.00/hr	460.60
10/29/2018 KGH	Correspondence exchange with N. Cambridge regarding restitution check from unidentified defendant. Telephone conference with Clerk of Court regarding same. Correspondence exchange with J. Hoag regarding status of distribution check cashing. Draft compensation motion #23, supporting exhibits and proposed payment order. Preparation of correspondence to D. Grimm regarding status of distribution and forwarding compensation motion #23 for review and comment. Preparation of correspondence to attorneys of record requesting concurrence on relief sought in motion.	3.80 257.00/hr	976.60
10/31/2018 KGH	Receive and review judgment against garnishee defendant BOA in Stenger v Freeman enforcement action. Participate in conference with P. Stenger regarding status of efforts to enforce \$1.5M judgment against Keith Freeman. Preparation of correspondence to D. Grimm regarding conference call to discuss same.	1.20 257.00/hr	308.40
For professional services rendered		30.30	\$5,733.30
Additional Charges :			
10/10/2018	Holland & Knight Invoice No. 5731260 dated October 8, 2018.		4,013.96
10/31/2018	Storage Unit Charge for October, 2018.		43.33
	TLO Expenses		15.75
	Total costs		\$4,073.04
	Total amount of this bill		\$9,806.34

Summary			
<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	12.60	94.00	\$1,184.40
Kay Griffith Hammond	17.70	257.00	\$4,548.90

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Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 13, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through November 30, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
11/1/2018	KGH Correspondence exchange with R. Davis regarding recommended cessation of Freeman judgment enforcement efforts. Preparation of correspondence to N. Cambridge regarding source of restitution payment.	0.40 257.00/hr	102.80
11/2/2018	KGH Receive and review financial reports updated through 10/31/2018. Correspondence exchange with N. Cambridge regarding same.	0.40 257.00/hr	102.80
11/5/2018	KGH Telephone status conference with P. Stenger and D. Grimm. Telephone conference with R. Davis regarding decision to forego any further collection efforts on judgment against K. Freeman. Preparation of correspondence to D. Grimm concerning estimated estate balance after final distribution checks are cashed.	2.20 257.00/hr	565.40
11/9/2018	JLH Prepare reissued checks for mailing. Scan and save same to system. Update spreadsheets accordingly.	1.60 94.00/hr	150.40
11/12/2018	KGH Correspondence exchange with J. Hoag regarding whether second distribution will be final distribution.	0.40 257.00/hr	102.80

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
11/12/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor databases.	1.30 94.00/hr	122.20
11/16/2018	KGH Receive and review correspondence from R. Davis regarding closure of Freeman collection action.	0.20 257.00/hr	51.40
11/19/2018	KGH Correspondence exchange with D. Grimm regarding proposed compensation motion #23. Correspondence exchanges with J. Hoag regarding status of final distribution checks. Correspondence exchange with D. Grimm regarding same.	1.20 257.00/hr	308.40
11/21/2018	KGH Receive and review satisfaction of garnishment judgment against BOA in Stenger v Freeman action. Receive and review correspondence from R. Davis regarding same and check from BOA in payment of judgment.	0.40 257.00/hr	102.80
11/28/2018	KGH Correspondence exchanges with J. Hoag regarding status of final distribution check cashing. Receive and review correspondence from R. Davis regarding check in satisfaction of judgment against garnishee Bank of America in Stenger v Freeman action. Finalize and e-file compensation motion #23 and supporting exhibits. Prepare proposed order and send copy to Judge Goldsmith through Utilities. Preparation of correspondence to Judge Goldsmith regarding compensation request. Preparation of correspondence to counsel of record regarding same. Preparation of correspondence to D. Grimm regarding final distribution checks cashed to date.	3.30 257.00/hr	848.10
11/30/2018	KGH Correspondence exchange with J. Hoag, and related CLS file review, regarding sufficiency of documentation to support changing name on a final distribution check.	0.90 257.00/hr	231.30
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Prepare list of checks to be reissued.	6.20 94.00/hr	582.80
For professional services rendered		18.50	\$3,271.20

U.S. Commodity Futures Trading Commission

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Additional Charges :

	<u>Amount</u>
11/30/2018 Storage Unit Charge for November, 2018.	43.33
Document Imaging: October - November, 2018.	762.80
PACER Charges: Public Access to Court Records	1.80
Holland & Knight Invoice No. 5754885 dated November 23, 2018	6,150.82
Copy Charges, November 2018	68.00
Total costs	<u>\$7,026.75</u>
Total amount of this bill	<u><u>\$10,297.95</u></u>

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		9.10	94.00	\$855.40
Kay Griffith Hammond		9.40	257.00	\$2,415.80

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Invoice submitted to:

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Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through December 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
12/6/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare reissue requests and mailing.	2.20 94.00/hr	206.80
12/10/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	1.10 94.00/hr	103.40
12/12/2018	KGH Correspondence exchange with J. Hoag regarding check cashing deadline extension for recently mailed checks. Status conference with J. Hoag regarding number and type of uncashed checks, further handling of uncashed checks and timeline for resolution of final distribution checks.	1.00 257.00/hr	257.00
	JLH Conference with K. Hammond regarding uncashed checks. Prepare report regarding same.	0.30 94.00/hr	28.20

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
12/14/2018	KGH Receive and review SEC notice regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action. Receive and review order for payment of comp motion #23. Preparation of correspondence to N. Cambridge regarding processing of payments to Holland & Knight.	1.00 257.00/hr	257.00
12/17/2018	KGH Conference with J. Hoag regarding investor request to reissue check. Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.60 257.00/hr	154.20
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate report to be skip traced of uncashed checks. Request stop payments to be issued.	2.10 94.00/hr	197.40
12/18/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	0.50 79.00/hr	39.50
12/19/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/20/2018	JLH Prepare letters to be mailed with reissued checks. Scan and save same to system.	1.90 94.00/hr	178.60
	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/26/2018	KGH Review CFF tax records regarding 2018 taxable transaction data and trial balance reports to be prepared. Review professional fee statements regarding 2018 analysis to be prepared of taxable and non-taxable services rendered.	1.00 257.00/hr	257.00
For professional services rendered		13.70	\$1,837.10
Additional Charges :			
12/31/2018	Storage Unit Charge for December, 2018.		43.33
Total costs			\$43.33
Total amount of this bill			\$1,880.43

Summary			
<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Autumn Cardinal	2.50	79.00	\$197.50

U.S. Commodity Futures Trading Commission

Page 3

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	7.60	94.00	\$714.40
Kay Griffith Hammond	3.60	257.00	\$925.20

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Invoice # 19211

Professional Services through January 31, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
1/2/2019	KGH Receive and review correspondence from M. Goldstein regarding status of recovery efforts against K. Freeman	0.20 257.00/hr	51.40
1/5/2019	KGH Receive and review correspondence from J. Hoag regarding number and status of uncashed checks, skip trace results on returned checks, and recommendations regarding follow-up of investors with new email and/or postal addresses. Respond to J. Hoag regarding her recommendations. Review tax filing status, and analysis of accounting data required to prepare 2018 QSF tax return.	1.20 257.00/hr	308.40
	JLH Prepare email to K. Hammond regarding uncashed checks. Prepare report regarding same.	1.00 94.00/hr	94.00
1/7/2019	KGH Review tax records regarding drafting requirements for preparation of 2018 QSF tax return. Preparation of correspondence to N. Cambridge requesting required TY 2018 updates to accounting reports required to prepare the QSF return. Preparation of correspondence to B. Venema requesting preparation of 2018 general ledger trial balance and general ledger reports required to prepare the QSF return. Preparation of correspondence to J. Hoag regarding outstanding fees for October through December 2018. Review prior	6.70 257.00/hr	1,721.90

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	year deductibility analyses regarding professional fees. Compile billing records pertinent to TY 2018 fee deductibility analysis. Begin tax analysis. Receive and review updated receipts and sources and uses of funds reports from N. Cambridge. Correspondence with N. Cambridge regarding unidentified source of one receipt. Preparation of correspondence to N. Cambridge regarding description of garnishee disclosure fee paid in Grill v Genitrini garnishment action.		
1/7/2019 NC	Preparation of updates to the Sources and Uses of Funds reports for required TY 2018. Completion of bank reconciliations for 2018. Correspondence with K. Hammond regarding the same.	3.00 94.00/hr	282.00
1/9/2019 KGH	Receive and review TY 2018 general ledger and general ledger trial balance reports from B. Venema. Preparation of correspondence to D. Ryneearson regarding Plante Moran's preparation of CFF 2018 QSF return, and forwarding requisite tax accounting reports. Analyze deductibility of professional fees and expenses paid during TY 2018.	2.90 257.00/hr	745.30
1/10/2019 KGH	Correspondence exchanges with D. Ryneearson regarding email delivery failures to Plante Moran. Correspondence exchanges with C. Gumowski regarding same. Analyze deductibility of professional fees and expenses paid in 2018.	2.80 257.00/hr	719.60
1/12/2019 KGH	Analyze deductibility of professional fees and expenses paid during TY 2018 and prepare spreadsheet report. Preparation of correspondence to D. Ryneearson forwarding copy of same. Preparation of correspondence to B. Venema regarding actual date of payment of comp motion #23 approved for payment in 12/2018.	5.80 257.00/hr	1,490.60
1/14/2019 KGH	Correspondence exchanges with D. Ryneearson regarding tax preparation. Receive and review correspondence from A. Wood regarding issues concerning vendor invoices in TY2018. Review and respond to same.	1.20 257.00/hr	308.40
JLH	Prepare email correspondence to investors with uncashed checks that we are unable to locate a better address for. Update system database and uncashed lists regarding same.	1.20 94.00/hr	112.80
1/16/2019 KGH	Conference with J. Hoag regarding status of outstanding uncashed checks.	0.40 257.00/hr	102.80
JLH	Conference with K. Hammond regarding status of outstanding uncashed checks.	0.40 94.00/hr	37.60
1/18/2019 KGH	Correspondence exchange with J. Hoag regarding investor request for name change on check. Receive and review proposed engagement agreement from Plante Moran. Preparation of correspondence to J. Hoag regarding same.	1.00 257.00/hr	257.00
1/19/2019 JLH	Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Preparation of correspondence regarding stop payments to be issued.	0.70 94.00/hr	65.80

U.S. Commodity Futures Trading Commission

Page 3

		<u>Hrs/Rate</u>	<u>Amount</u>
1/23/2019 KGH	Receive and review correspondence from C. Meyering of Plante Moran regarding fee deductibility analysis of fees paid in 1/2018. Telephone conferences with J. Hoag regarding same. Review compensation motion #19 and order for payment issued in 12/17. Analysis of associated fee statements regarding tax deductibility. Draft spreadsheet results of analysis. Preparation of correspondence to C. Meyering regarding same. Telephone conference and correspondence exchange with J. Hoag regarding inquiry concerning bond issued by Malachai Corp.	4.60 257.00/hr	1,182.20
JLH	Make telephone calls with investors regarding status of matter. Update investor database regarding same. Verify positive pay images and update spreadsheet. Telephone conference with K. Hammond regarding fee deductibility analysis of fees paid.	1.20 94.00/hr	112.80
1/29/2019 JLH	Prepare enclosure letters. Verify reissued checks. Collate same to prepare to save to system. Prepare for mailing.	1.80 94.00/hr	169.20
1/30/2019 JLH	Scan reissued check packages to system. Prepare for mailing. Update positive pay spreadsheet.	1.50 94.00/hr	141.00
For professional services rendered		37.60	\$7,902.80
Additional Charges :			
1/31/2019	Storage Unit Charge for January, 2019.		43.33
Total costs			\$43.33
Total amount of this bill			\$7,946.13

Summary			
<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	7.80	94.00	\$733.20
Kay Griffith Hammond	26.80	257.00	\$6,887.60
Neil Cambridge	3.00	94.00	\$282.00

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN CA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGGE
ADMITTED OH, KY & IN
MICHELLE R. ZYLSTRA
ADMITTED MI

2618 EAST PARIS AVENUE, S.E.
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
FACSIMILE (616) 940-1192
TOLL FREE (888) 305-7775

JOSHUA A. STIERS
ADMITTED IN NY, NJ
PHILLIP A. LAMERE
ADMITTED IN IN
R. GARY MARSCHHAUSEN
ADMITTED IN CO
SHERYLE L. DICKENS
ADMITTED IN GA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN CA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through February 28, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
2/5/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare list of checks to be reissued.	0.90 94.00/hr	84.60
2/6/2019	KGH Correspondence exchange with J. Hoag regarding reissuance of final distribution check payable to dissolved investor entity.	0.40 257.00/hr	102.80
	JLH Verify, collate and scan reissued check packages. Prepare mailing of same. Return telephone calls to investors regarding status of case. Update investor database regarding same.	1.40 94.00/hr	131.60
2/11/2019	KGH Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.40 257.00/hr	102.80
2/12/2019	KGH Receive and review correspondences from J. Hoag regarding check cashing issue.	0.20 257.00/hr	51.40
2/18/2019	KGH Preparation of correspondence to J. Hoag regarding number and amount of uncashed checks. Preparation of correspondence to N. Cambridge regarding updating of sources and uses of cash and CFF	0.80 257.00/hr	205.60

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	receipts reports. Preparation of correspondence to J. Hoag regarding outstanding billing statements.		
2/19/2019	KGH Receive and review correspondence from J. Hoag regarding currently outstanding uncashed checks. Correspondence exchange with J. Hoag regarding circumstances of request for check reissuance.	0.60 257.00/hr	154.20
2/20/2019	KGH Correspondence exchange with J. Hoag regarding checks that need to be reissued.	0.40 257.00/hr	102.80
2/22/2019	KGH Receive and review updated financial reports from N. Cambridge.	0.20 257.00/hr	51.40
2/25/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Request issuance of stop payments. Prepare final list of reissued checks.	1.40 94.00/hr	131.60
2/26/2019	KGH Conference with J. Hoag regarding number and amount of uncashed checks. Correspondence exchange with N. Cambridge regarding sources and uses of cash report. Review professional fees for October 2018 through January 2019. Correspondence exchanges with J. Hoag regarding same. Correspondence exchanges with N. Cambridge regarding allocation of fees paid pursuant to comp motion #23. Begin preparation of closing documents and exhibits. Correspondence exchanges with N. Cambridge and J. Hoag regarding same. Preparation of correspondence to Plante Moran regarding status of CFF's TY2018 QSF tax return.	5.00 257.00/hr	1,285.00
	JLH Verify, collate and scan reissued checks packages. Prepare mailing of same.	1.10 94.00/hr	103.40
2/27/2019	KGH Conference with J. Hoag regarding status of uncashed checks and closing preparations. Draft compensation request #24 and supporting exhibits. Receive and review correspondence from D. Ryneerson regarding status of tax return. Begin drafting receiver's final report to the court.	4.40 257.00/hr	1,130.80
	For professional services rendered	17.20	\$3,638.00
	Additional Charges :		
2/13/2019	2019 State of MI Annual Report Filing Fee for Cash Flow Financial LLC		25.00
2/28/2019	Copy Charges: December, 2018 - February, 2019.		715.53
	Storage Unit Charge for February, 2019.		43.33
	Document Imaging: December, 2018 - February, 2019.		1,129.40

U.S. Commodity Futures Trading Commission

Page 3

Amount

2/28/2019 Plante Moran Invoice No. 1641742 dated February 28, 2019.

2,906.00

Total costs

\$4,819.26

Total amount of this bill

\$8,457.26

Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	4.80	94.00	\$451.20
Kay Griffith Hammond	12.40	257.00	\$3,186.80

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT B
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Holland & Knight
(October 2018 through February 2019)

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	3,411.00
REIMBURSABLE COSTS:	\$	602.96

TOTAL DUE THIS INVOICE:	(U.S. Dollar)	\$	<u>4,013.96</u>
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To expedite processing of your payment, please return remittance page(s) or include your Matter number(s) or invoice number(s) with your payment.

WIRE TRANSFER INFORMATION:

Domestic and International Wires

Please indicate our Invoice Number as reference in your wire transfer

Wire Transfer Bank NA
[REDACTED]
[REDACTED]
ABA # 121000248
Account # 20000000000000000000

Swift Number: [REDACTED] (for international wires)

For Credit to: Holland & Knight, LLP

PLEASE REMIT TO:

Holland & Knight LLP
PO Box 864084
Orlando, FL 32886-4084

If You Wish to Overnight Payment:

Holland & Knight LLP, Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | (813) 400-0000

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial, LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260
Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through September 30, 2018 in connection with the following:

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/4/18	Robert W. Davis	Review status of service of subpoena; strategize re options.	0.30	340.00	102.00
9/6/18	Robert W. Davis	Email correspondence with process server re status of service of subpoena for deposition; email correspondence with client re status of proposed deposition and whether to cancel same; strategize re next steps.	0.60	340.00	204.00
9/10/18	Robert W. Davis	Telephone conference with client re status of judgment collection.	0.30	340.00	102.00
9/11/18	Robert W. Davis	Prepare for and attend telephone conference with possible private investigator to use for service of subpoena on judgment debtor.	0.70	340.00	238.00
9/12/18	Robert W. Davis	Email correspondence to client re hiring private investigator to serve judgment debtor; telephone conference with PI regarding work to be completed; compile documents to submit to PI to assist with pre-service investigatory work.	1.10	340.00	374.00
9/12/18	Robert W. Davis	Draft affidavit in response to court's Supplemental Briefing Order and Notice of Filing re same.	1.20	340.00	408.00
9/12/18	Rachel L. Hradecky	Research for R. Davis	0.20	225.00	45.00
9/13/18	Robert W. Davis	Research matters related to service of Federal Rule 45 subpoena on judgment debtor.	0.50	340.00	170.00

Holland & Knight

October 8, 2018
Invoice: 5731260
Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/14/18	Robert W. Davis	Draft Notice of Filing Affidavit to Supplement Amended Motion for Final Judgment; confirm inability to contact estate or counsel; file same.	0.50	340.00	170.00
9/14/18	Robert W. Davis	Draft and file notice of extension of NY Life writ; telephone conference with PI re information obtained to date.	0.40	340.00	136.00
9/17/18	Robert W. Davis	Research matters related to service of Rule 45 subpoenas in the Middle District of Florida, as well as local rule requirements related to same; strategize re service of subpoena on judgment debtor; review information received from private investigator.	2.60	340.00	884.00
9/18/18	Robert W. Davis	Telephone conference with private investigator re strategy for service of subpoena; draft subpoena documents and forward to private investigator for service.	0.60	340.00	204.00
9/19/18	Robert W. Davis	Telephone conference with private investigator re service on judgment debtor; email correspondence with client re same.	0.30	340.00	102.00
9/26/18	Robert W. Davis	Telephone conference with opposing counsel re status of upcoming deposition and preparation for same; telephone conference with client re updates on status of matter; strategize re matters to address in deposition.	0.60	340.00	204.00
9/27/18	Robert W. Davis	Continue to prepare for deposition in aid of execution.	0.20	340.00	68.00
TOTAL FEES FOR PROFESSIONAL SERVICES:				\$	3,411.00

Professional Summary through September 30, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	9.90

Holland & Knight

October 8, 2018
 Invoice: 5731260
 Page 3

Stenger, Phillip S. - Receiver For The Assets of Cash
 Flow Financial, LLC
 156876.00001

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RLH	Miscellaneous	0.20

Reimbursable costs through September 30, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
9/10/18	VENDOR: Investigative Process Service, Inc. INVOICE#: ILS-2018003793 DATE: 9/10/2018 Service fee and rush fee to be served on David K. Freeman	60.00
9/18/18	UPS-Tracking number:1ZX960W82496693110-Date:2018-09-18-Receiver Name:David K. Freeman-Receiver Company Name:David K. Freeman-Service Description:Next Day Air Residential	14.42
9/27/18	VENDOR: Legal Services, Inc INVOICE#: 2560 DATE: 9/27/2018 Subpoena attempt on 9/19/2018 on David Keith Freeman	503.02
	Online Research	6.20
	Westlaw	19.32
	TOTAL REIMBURSABLE COSTS:	\$ 602.96
	FEEES FOR PROFESSIONAL SERVICES:	\$ 3,411.00
	REIMBURSABLE COSTS:	\$ 602.96
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 4,013.96

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180

Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	5,857.50
REIMBURSABLE COSTS:	\$	293.32

TOTAL DUE THIS INVOICE: (U.S. Dollar) \$ 6,150.82

Holland & Knight kindly thanks you for your business and prompt payment.

To expedite processing of your payment, please include the matter number(s) or invoice number(s) with your payment.

Wire:

Wells Fargo Bank N.A.
Holland & Knight LLP
420 Montgomery Street
San Francisco, CA 94104-1207

Routing: 121000222
Account: 2670002570441

Swift: WFTW33
(for international wires)

ACH:

Holland & Knight LLP
Wells Fargo Bank N.A.
Routing: 121000222
Account: 2670002570441
SWIFT: WFTW33

Mail:

Holland & Knight LLP
P.O. Box 864084
Orlando, FL 32886-4084

For Overnight Express
(UPS, FedEx, etc.) or

Courier Delivery:

Holland & Knight LLP
Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

For payment questions: account.services@hklaw.com | 813-901-4180

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial, LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885
Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through October 31, 2018 in connection with the following:

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
10/2/18	Robert W. Davis	Prepare for deposition in aid of execution; review documents produced subsequent to previous deposition and strategize re matters to address at deposition.	2.30	355.00	816.50
10/3/18	Robert W. Davis	Continue to review and analyze documents in preparation for deposition in aid of execution; continue to review and organize strategy re same.	5.30	355.00	1,881.50
10/4/18	Robert W. Davis	Prepare for and attend second deposition in aid of execution of David K. Freeman; telephone conference with client re results of same; begin to research judgment collection options accordingly.	5.40	355.00	1,917.00
10/7/18	Robert W. Davis	Continue to research case law interpreting/addressing proceedings supplementary.	0.80	355.00	284.00
10/8/18	Robert W. Davis	Draft email to client summarizing pertinent deposition matters, options re continued judgment collection, and statutory remedies re same.	1.40	355.00	497.00
10/10/18	Robert W. Davis	Prepare for and attend telephone conference with client re status of judgment collection efforts and debriefing from deposition.	0.60	355.00	213.00
10/15/18	Robert W. Davis	Draft email to client re additional judgment collection options and analysis of same.	0.70	355.00	248.50

Holland & Knight

November 23, 2018
Invoice: 5754885
Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

TOTAL FEES FOR PROFESSIONAL SERVICES: \$ 5,857.50

Professional Summary through October 31, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	16.50

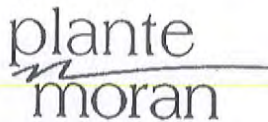
Reimbursable costs through October 31, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/9/18	VENDOR: Orange Legal, Inc INVOICE#: 622418 DATE: 10/9/2018 Deposition of David K. Freeman	207.50
	Online Research	36.50
	Westlaw	49.32
	TOTAL REIMBURSABLE COSTS:	\$ 293.32
	FEES FOR PROFESSIONAL SERVICES:	\$ 5,857.50
	REIMBURSABLE COSTS:	\$ 293.32
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 6,150.82

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT C
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Plante Moran
(January 10, 2019 through February 28, 2019)



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018

INVOICE

Stenger & Stenger
2618 E. Paris Avenue S.E.
Grand Rapids, MI 49546-2425

Date: February 28, 2019
Client No: 78682
Invoice No: 1641742
Page: 1

For Professional Services Rendered

Professional services rendered from January 10, 2019 through February 28, 2019 2,906.00
in connection with preparation of CFTC v Cash Flow Financial 2018 Qualified
Settlement Fund return (Form 1120-SF)

Balance Due \$ 2,906.00 USD

Remittance Information:

Check:

Plante & Moran, PLLC
16060 Collections Center Drive
Chicago, IL 60693

Wire Transfer:

Bank [REDACTED]
Routing/ABA# [REDACTED]
Bank Address [REDACTED]
Account Number [REDACTED]
Account Name Plante & Moran, PLLC

ACH:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Plante & Moran, PLLC

PRAXITY

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT D
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Affidavit of Phillip S. Stenger

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

ALAN JAMES WATSON, MICHAEL POTTS and
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

AFFIDAVIT OF PHILLIP S. STENGER

STATE OF MICHIGAN)

) ss.

COUNTY OF KENT)


PHILLIP S. STENGER, being duly sworn, says:

1. I am a resident of the State of Michigan, over the age of 18 years, competent to make this Affidavit, and the statements herein are based upon my personal knowledge, unless otherwise stated.

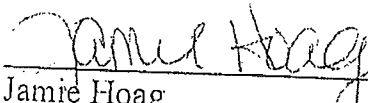
2. I make this Affidavit in my capacity as Temporary Receiver ("Receiver") in the captioned matter, in support of the Receiver's Motion and Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 (the "Motion").

3. As stated in Paragraph 5 of the Motion, a copy of the Motion, with supporting invoices, was provided to plaintiff Commodity Futures Trading Commission (the "Commission") in advance of filing, and the Commission notified the Receiver on April 2, 2019, that it will take no position on the Motion.

4. If sworn as a witness, I can competently testify from personal knowledge as to the truth of the statements set forth in this Affidavit.


Phillip S. Stenger
Receiver

Subscribed and sworn to before me
this 19th day of April, 2019.


Jamie Hoag
Notary Public, Ionia County, Michigan
My Commission Expires: 10/11/2025
Acting in the County of Kent, Michigan

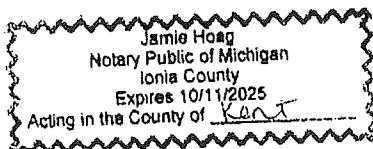


EXHIBIT A-12
To
RECEIVER'S FINAL REPORT

Proposed Closing Order

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING
COMMISSION

Plaintiff,

v.

ALAN JAMES WATSON, MICHAEL POTTS,
and CASH FLOW FINANCIAL, LLC,

Defendants,

And

THE JEDBURGH GROUP,

Relief Defendant.

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

(Proposed)

**ORDER APPROVING RECEIVER'S FINAL REPORT,
FINAL ACCOUNTING AND COMPENSATION REQUEST AND
CLOSING THE ESTATE**

Phillip S. Stenger, in his capacity as Receiver, by and through his attorneys, STENGER & STENGER, P.C., having filed his *Motion and Memorandum for Entry of an Order Approving the Receiver's Final Report, Final Accounting and Compensation Request and Closing the Estate* (the "Closing Motion") (ECF. No. ____),¹ moving this Court to enter an order (the "Closing Order"):

1. Approving the Receiver's Final Report;

¹ All capitalized terms shall have the definitions set forth in the Closing Motion.

2. Approving the Receiver's Final Accounting;
3. Unfreezing and authorizing consolidation of the Receivership Estate's three bank accounts at Fifth Third Bank, and authorizing and directing the Receiver to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
4. Approving the Receiver's Compensation Motion No. 24, concurrently filed by the Receiver, in the amount of USD \$38,344.81 for the period of October 1, 2018 through February 28, 2019, and authorizing the Receiver to pay that sum from the consolidated CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank;
5. Approving all distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Court's Second Distribution Approval Order dated June 21, 2018;
6. Approving the payment of taxes previously made by the Receiver, and authorizing the Receiver to make any filings with the Internal Revenue Service ("IRS"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;
7. Approving and authorizing the Receiver to hold back a Reserve Fund of approximately USD \$69,675.91, comprised of the residual Receivership

Estate assets in the consolidated CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's open Qualified Settlement Fund tax returns ("Open QSF Returns"); and authorizing the Receiver to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise;

8. Approving and authorizing disgorgement by the Receiver to the Commission, for Commission turnover to the United States Treasury, of the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing down the Receivership Estate, and responding to other issues, if any, that may arise, without necessity of further court orders;

9. Authorizing the Receiver to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership;

10. Finding that the Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel for, accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and

11. Discharging the Receiver; reaffirming this Court's exoneration of the Receiver, his Retained Personnel and their affiliates, consultants and employees, from any liability in connection with the Receivership, and closing the Receivership Estate, subject only to the making of those payments listed above.

The Court, being fully familiar with the background of this matter, having determined that the Commission has agreed to payment of the Receiver's Compensation Motion No. 24, and the Court hereby finding that the requested fees are reasonable and commensurate with the services performed, and further finding

that the Receiver and his Retained Personnel have discharged their duties and responsibilities in good faith.

WHEREFORE, in addition to the other findings and conclusions contained in this Closing Order, the Court hereby finds, concludes and orders as follows.

IT IS ORDERED AND ADJUDGED that:

- A. The Receiver's Final Report is approved;
- B. The Final Accounting is approved;
- C. The Court unfreezes, and authorizes consolidation of, the Receivership Estate's three bank accounts at Fifth Third Bank, and the Receiver is authorized and directed to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
- D. The Receiver's Compensation Motion No. 24, in the amount of USD \$38,344.81, is hereby approved, and the Receiver is authorized and directed to pay that sum from the consolidated CFF Operating Account No. xxxx2612;
- E. All distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Second Distribution Approval Order, are approved;

F. The payment of taxes previously made by the Receiver are approved, and the Receiver is authorized to make any filings with the Internal Revenue Service ("IRS"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;

G. The Receiver is authorized and directed to hold back a Reserve Fund of approximately USD \$69,675.91, comprised of the residual Receivership Estate assets in the consolidated CFF Operating Account No. xxxx2612 at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's Open QSF Returns; if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise, the Receiver is authorized to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund;

H. The Receiver is authorized and directed to disgorge to the Commission, for Commission turnover to the United States Treasury, the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing the Receivership Estate, or in response to other issues, if any arise, without necessity of further court orders;

I. The Receiver is authorized and directed to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership Estate;

J. The Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel or accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and the Receivership Estate shall indemnify the Receiver and his Retained Personnel harmless from any and all third party claims, demands, liabilities, judgments, losses, damages, actions, causes of action, expenses and costs (including reasonable attorney fees) that the Receiver and his Retained Personnel may incur arising out of or by reason of their duties and responsibilities as Receiver or counsel or accountant for, or consultant to, the Receiver;

K. The Receiver is hereby discharged, the Receiver and his Retained Personnel and their affiliates, consultants and employees, are hereby exonerated from any liability in connection with the Receivership, and the Receivership is hereby closed, subject only to the making of those payments and filings listed above;

L. The Closing Motion with all exhibits, and this Closing Order, shall be available to the public at the Clerk of the Court for the United States District Court for the Eastern District of Michigan (Southern Division) for inspection and copying at such Court Clerk's offices during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of the Closing Motion with all exhibits, and this Closing Order to any person requesting the same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same; and

M. The Receiver is further directed to post a copy of the Closing Motion with all exhibits, and this Closing Order on the Receiver's website at www.cffreceiver.com

SO ORDERED on this ____ day of _____, 2019.

Mark A. Goldsmith
UNITED STATES DISTRICT JUDGE

Other Documents

2:11-cv-10949-MAG-MKM Commodity Futures Trading Commission v Watson et al., **CASE CLOSED on 01/11/2016**

CLOSED,REOPENED,reassigned

U.S. District Court**Eastern District of Michigan****Notice of Electronic Filing**

The following transaction was entered by Hammond, Kay on 4/24/2019 at 12:33 PM EDT and filed on 4/24/2019

Case Name: Commodity Futures Trading Commission v Watson et al.,

Case Number: 2:11-cv-10949-MAG-MKM

Filer: Phillip S. Stenger

WARNING: CASE CLOSED on 01/11/2016

Document Number: 214

Docket Text:

Final Accounting REPORT by Phillip S. Stenger (Hammond, Kay)

2:11-cv-10949-MAG-MKM Notice has been electronically mailed to:

Daniel J. Grimm dgrimm@cftc.gov

Erika Lorraine Davis erika@butlerdavis.com, edavisesq@yahoo.com

Harry H. Wise , III hwiselaw@aol.com

Kay G. Hammond kay@stengerlaw.com, jamie@stengerlaw.com

Peter A. Caplan peter.caplan@usdoj.gov, caseview.ecf@usdoj.gov, michelle.said@usdoj.gov, roberta.sisko@usdoj.gov

Sonya N. Goll sgoll@sbplclaw.com

2:11-cv-10949-MAG-MKM Notice will not be electronically mailed to:

Alan James Watson
79104-039
FCI Ashland
Federal Correctional Institute
P O Box 6000
Ashland, KY 41105

Christian Genitrini
P.O. Box 564
New York, NY 10163

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9257260-0
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**CFTC v CASH FLOW FINANCIAL
FINAL ACCOUNTING
SOURCES AND USES OF FUNDS**

AS OF 02/28/19

SOURCES OF FUNDS FROM CFF, WATSON AND JEDBURGH

Jedburgh Group Escrow	\$	36,863.64
Bank of America #6179 Alan Watson		1,042.98
Bank of America #3383 Alan Watson		7,670.82
Frinkebelner Trust Account		3,226,233.77
Christian Financial CU 91031 Alan Watson		40.01
Christian Financial CU 211456 Alan Watson		830.09
Garnishment of Keith Freemans BOA Account		4,637.79
Merrill Lynch		0.99
Total Received:		<u>3,277,320.09</u>

OTHER SOURCES OF FUNDS

Trade Station Securities		138.90
PFG, Inc		1,729.00
TD Ameritrade Inc		2,303.56
Restitution Received		3,788,304.89
Interest Earned		39,763.81
Fulton Bank Potts		156.26
Stenger & Stenger -open account -2620		200.00
Trade LLC		2,009,903.66
Total Received:		<u>5,842,500.08</u>

TOTAL SOURCES OF FUNDS:

9,119,820.17

USES OF FUNDS

Bank Service and Check Charges		18,025.67
Professional Fees & Expenses	see Note 1	1,599,455.35
Distribution settlement to investors		7,269,838.36
Return order-Jeffrey Schneider		123,880.07
Tax Penalties		600.00

TOTAL USES OF FUNDS

9,011,799.45

NET SOURCES OF FUNDS AS OF 02/28/19:

108,020.72

Fifth Third Bank - savings money market-2612	50,129.90
Fifth Third Bank - checking-2638	27,687.63
Fifth Third Bank - checking-2620	30,203.19
BALANCE IN CFF BANK ACCOUNTS ON 02/28/19	<u>108,020.72</u>

Note 1: Professional Fees & Expenses Paid Through 02/28/19:

Stenger & Stenger	1,289,999.29
Plante Moran	47,353.32
Harry Wise, III	146,140.58
Cotton Bledsoe	72,860.46
Edward Mitchell	11,456.33
Alice Romsek, expert witness	1,500.00
Holland & Knight	30,145.37
	<u>1,599,455.35</u>

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that on April 24, 2019, she caused to be served a copy of the foregoing Final Accounting via electronic filing on the following ECF parties:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
211 W. Fort Street, Suite 2001
Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
250 West 57th Street, Suite 1316
New York, NY 10107
hwiselaw@aol.com

Sonya N. Goff
Stevenson & Bullock PLC
29200 Southfield Rd., Ste. 210
Southfield, MI 48076
sgoll@sbplclaw.com

Erika Lorraine Butler
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

STENGER & STENGER, P.C.
Attorneys for the Receiver

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
Business Address:
2618 East Paris Ave, S.E.
Grand Rapids, MI 49546
Telephone: (616) 940-1190
Facsimile: (616) 940-1192
Email: kay@stengerlaw.com

**CFTC v CASH FLOW FINANCIAL
FINAL ACCOUNTING
SOURCES AND USES OF FUNDS**

AS OF 02/28/19

SOURCES OF FUNDS FROM CFF, WATSON AND JEDBURGH

Jedburgh Group Escrow	\$	36,863.64
Bank of America #6179 Alan Watson		1,042.98
Bank of America #3383 Alan Watson		7,670.82
Frinkebeiner Trust Account		3,226,233.77
Christian Financial CU 91031 Alan Watson		40.01
Christian Financial CU 211456 Alan Watson		830.09
Garnishment of Keith Freemans BOA Account		4,637.79
Merrill Lynch		0.99
Total Received:		<u>3,277,320.09</u>

OTHER SOURCES OF FUNDS

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TD Ameritrade Inc		2,303.56
Restitution Received		3,788,304.89
Interest Earned		39,763.81
Fulton Bank Potts		156.26
Stenger & Stenger -open account -2620		200.00
Trade LLC		2,009,903.66
Total Received:		<u>5,842,500.08</u>

TOTAL SOURCES OF FUNDS:**9,119,820.17****USES OF FUNDS**

Bank Service and Check Charges		18,025.67
Professional Fees & Expenses	see Note 1	1,599,455.35
Distribution settlement to investors		7,269,838.36
Return order-Jeffrey Schneider		123,880.07
Tax Penalties		600.00

TOTAL USES OF FUNDS**9,011,799.45****NET SOURCES OF FUNDS AS OF 02/28/19:****108,020.72**

Fifth Third Bank - savings money market-2612	50,129.90
Fifth Third Bank - checking-2638	27,687.63
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BALANCE IN CFF BANK ACCOUNTS ON 02/28/19	<u>108,020.72</u>

Note 1: Professional Fees & Expenses Paid Through 02/28/19:

Stenger & Stenger	1,289,999.29
Plante Moran	47,353.32
Harry Wise, III	146,140.58
Cotton Bledsoe	72,860.46
Edward Mitchell	11,456.33
Alice Romsek, expert witness	1,500.00
Holland & Knight	30,145.37
	<u>1,599,455.35</u>

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that on April 24, 2019, she caused to be served a copy of the foregoing Final Accounting via electronic filing on the following ECF parties:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
211 W. Fort Street, Suite 2001
Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
250 West 57th Street, Suite 1316
New York, NY 10107
hwiselaw@aol.com

Sonya N. Goff
Stevenson & Bullock PLC
29200 Southfield Rd., Ste. 210
Southfield, MI 48076
sgoll@sbplclaw.com

Erika Lorraine Butler
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

STENGER & STENGER, P.C.
Attorneys for the Receiver

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
Business Address:
2618 East Paris Ave, S.E.
Grand Rapids, MI 49546
Telephone: (616) 940-1190
Facsimile: (616) 940-1192
Email: kay@stengerlaw.com

Motions

2:11-cv-10949-MAG-MKM Commodity Futures Trading Commission v Watson etal., **CASE CLOSED on 01/11/2016**

CLOSED,REOPENED,reassigned

U.S. District Court**Eastern District of Michigan****Notice of Electronic Filing**

The following transaction was entered by Hammond, Kay on 4/24/2019 at 10:36 AM EDT and filed on 4/24/2019

Case Name: Commodity Futures Trading Commission v Watson etal.,

Case Number: 2:11-cv-10949-MAG-MKM

Filer: Phillip S. Stenger

WARNING: CASE CLOSED on 01/11/2016

Document Number: 211

Docket Text:

MOTION Receiver's Motion & Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 by Phillip S. Stenger. (Attachments: # (1) Exhibit A: Stenger & Stenger Invoices (Oct 2018 thru Feb 2019), # (2) Exhibit B: Holland & Knight Invoices (Oct 2018 thru Feb 2019), # (3) Exhibit C: Plante Moran Invoices (Jan 10, 2019 thru Feb 2019), # (4) Exhibit D: Affidavit of Phillip S. Stenger) (Hammond, Kay)

2:11-cv-10949-MAG-MKM Notice has been electronically mailed to:

Daniel J. Grimm dgrimm@cftc.gov

Erika Lorraine Davis erika@butlerdavis.com, edavisesq@yahoo.com

Harry H. Wise , III hwiselaw@aol.com

Kay G. Hammond kay@stengerlaw.com, jamie@stengerlaw.com

Peter A. Caplan peter.caplan@usdoj.gov, caseview.ecf@usdoj.gov, michelle.said@usdoj.gov, roberta.sisko@usdoj.gov

Sonya N. Goll sgoll@sbplclaw.com

2:11-cv-10949-MAG-MKM Notice will not be electronically mailed to:

Alan James Watson
79104-039
FCI Ashland
Federal Correctional Institute
P O Box 6000
Ashland, KY 41105

Christian Genitrini

P.O. Box 564
New York, NY 10163

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:n/a

Electronic document Stamp:

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8f9dfa3ac4ec49c5a980ba0f2cf605d198b2f920f750dd772a37a4db873e7]]

Document description:Exhibit A: Stenger & Stenger Invoices (Oct 2018 thru Feb 2019)

Original filename:n/a

Electronic document Stamp:

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Document description:CMECF.widgit.ProcessingWindowDestroy() G>Exhibit B: Holland & Knight
Invoices (Oct 2018 thru Feb 2019)

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256789-2]
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Document description:Exhibit C: Plante Moran Invoices (Jan 10, 2019 thru Feb 2019)

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256789-3]
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Document description:Exhibit D: Affidavit of Phillip S. Stenger

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256789-4]
] [83671c5f6245d43b7cf3c508b9e3bf9dd908988766dbe8a9d1897dfa6287120dec9
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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

ALAN JAMES WATSON, MICHAEL POTTS and)
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), undersigned counsel certifies that on March 12, 2019, she communicated in writing with counsel for Plaintiff Commodity Futures Trading Commission (the "COMMISSION"), and counsel for all parties, explaining the nature of the relief sought by way of this motion and seeking concurrence in the relief. Counsel for the COMMISSION advised the Receiver on April 2, 2019, that it will take no position on the motion, and attorney Erika Butler advised the Receiver on March 15, 2019, that she will take no position on the motion. More than three weeks have passed without remaining counsel expressly agreeing to the relief sought, either orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d) (3).

Now comes the Temporary Receiver, Phillip S. Stenger, by and through his attorneys, STENGER & STENGER, P.C., and respectfully moves the Court to enter an Order for Payment of Costs, Fees and Expenses of the Receiver No. 24 for the period of October 1, 2018 through February 28, 2019 (the “**BILLING PERIOD**”), and states the following in support of this Motion, which shall be referred to as “**COMPENSATION REQUEST NO. 24.**”

1. This Court appointed Phillip S. Stenger as Temporary Receiver (“**RECEIVER**”) for the Defendants’ assets, the assets of any affiliates or subsidiaries of any Defendant and for certain assets of the Relief Defendant, with the full powers of an equity receiver (“**STATUTORY RESTRAINING ORDER**”) (Dkt. No. 5), stating at Paragraph G that:

[t]he Receiver and his [RETAINED PERSONNEL], are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, or in the possession or control of, or which may be received by the Defendants. The [RECEIVER] shall file with the Court and serve on the parties, including Plaintiff COMMISSION, periodic requests for the payment of such reasonable compensation [. . . and] Plaintiff COMMISSION may object to any part of a request within 30 calendar days of service of a request.

Prior to filing, copies of this COMPENSATION REQUEST NO. 24, with exhibits, were served upon the Service List in this matter.

2. The gross assets held by the Receivership Estate total **\$108,020.72**, as of February 28, 2019.

3. Services provided by the RECEIVER and his RETAINED PERSONNEL

during the BILLING PERIOD included the following:

Receive, review and reply to correspondence/emails from investors; update investor database; update investor hotline; retrieve and transcribe voicemails from investors regarding status of case; return telephone calls to investors regarding status of case, and update investor database; update receivership website script; correspondence exchanges with team regarding updates to investor hotline and website; receive and review mail returned from bad addresses; search of Accurint/TLO records for investors with incorrect contact information; analyze search results; update investor database regarding same;

Continue processing of final distribution; verify positive pay images and update spreadsheet; correspondence exchanges with J. Hoag regarding various investor requests for reissuance of final distribution checks; generate list of investors to prepare reissued checks; prepare reissued checks for mailing; scan and save same to system; update spreadsheets accordingly; generate report to be skip traced of uncashed checks; request stop payments to be issued; prepare email correspondence to investors with uncashed checks for which a better address cannot be located; update system database and uncashed lists regarding same; correspondence exchanges with team regarding numbers and amounts of uncashed distribution checks;

Review outstanding professional fees; correspondence exchanges with M. Herr regarding outstanding vendor fees; request, receive and review updated sources and uses of funds reports; draft compensation motion #23, supporting affidavit, supporting exhibits and proposed order; preparation of correspondence to CFTC forwarding same for review; receive and review correspondence from D. Grimm regarding CFTC position on compensation motion; preparation of correspondence to counsel of record requesting concurrence with relief sought in motion; receive and review responses from attorneys regarding same; e-file motion and supporting documents; preparation of correspondence to Judge Goldsmith regarding e-filings; preparation of correspondence to attorneys of record regarding same;

Telephone conferences and correspondence exchanges with R. Davis, local counsel in Florida, regarding judgment enforcement status and strategies in *Stenger v. Freeman*; receive and review magistrate judge's report and recommendation regarding motion for final judgment against garnishee Bank of America; telephone conferences with R. Davis regarding Freeman's deposition testimony; legal research and analysis of Delaware enforcement law that would be applicable to Freeman's assets in Applied Bank of DE; preparation of correspondence to Receiver regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling; preparation of correspondence to R. Davis regarding same; attorney analysis conference with P. Stenger regarding status of efforts to enforce \$1.5 million judgment against Freeman; preparation of correspondence to R. Davis regarding same; telephone conference with D. Grimm and P. Stenger regarding decision to forego any further collection efforts on judgment against Freeman; preparation of correspondence to R. Davis regarding same; receive and review correspondence from R. Davis regarding closure of Freeman collection action; receive and review correspondence from R. Davis forwarding check from BOA in payment of garnishment judgment; receive and review SEC notification regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action;

Review CFF tax records regarding TY2018 taxable transaction data and trial balance reports to be prepared; correspondence exchanges with N. Cambridge regarding TY2018 updates to accounting reports required to prepare the QSF return; correspondence exchanges with B. Venema regarding TY2018 general ledger trial balance and general ledger reports required for preparation of return; receive and review requested accounting reports; review professional billing records for TY2018 and analyze deductibility of professional fees and expenses paid in 2018; prepare spreadsheet report of analyses results; preparation of correspondence to D. Rynearson of Plante Moran requesting preparation of CFF's QSF tax return for TY2018, and forwarding related tax and accounting reports; correspondence exchanges with C. Meyering of Plante Moran regarding deductibility analysis of fees approved for payment in December 2017, but not paid until January 2018; correspondence exchanges with D.

Rynearson regarding status of return and request for Plante Moran's outstanding fees for tax preparation services;

Review outstanding professional fees; correspondence exchanges with J. Hoag regarding same; receive and review professional fee statements for October 2018 through February 2019; request, receive and review updated sources and uses of funds reports; draft compensation motion #24, and supporting exhibits. Begin drafting final report to the Court.

4. The RECEIVER and his RETAINED PERSONNEL have incurred the following costs, fees and expenses during the BILLING PERIOD, which costs, fees and expenses are reasonable and commensurate with the services performed. STENGER & STENGER'S detailed billing statements for the BILLING PERIOD are attached as **Exhibit A** and incorporated by reference:

	Hours	Fees	Costs/Expenses	Totals
Stenger & Stenger PC October 2018	30.30	5,733.30	4,073.04	9,806.34
Stenger & Stenger PC November 2018	18.5	3,271.20	7,026.75	10,297.95
Stenger & Stenger PC December 2018	13.70	1,837.10	0.00	1,837.10
Stenger & Stenger PC January 2019	37.60	7,902.80	43.33	7,946.13
Stenger & Stenger PC February 2019	17.20	3,638.00	4,819.26	8,457.29
Totals:	117.30	22,382.40	15,962.38	38,344.81

The RECEIVER, as authorized in the STATUTORY RESTRAINING ORDER (Dkt. No. 5, Para. IV.B.9), has retained the law firm of Holland & Knight, in Orlando, FL, to pursue execution of the judgments obtained by the RECEIVER against Keith

Freeman, Jedburgh Group International and CI Solar in the *Stenger v Freeman* recovery action. The professional fees and expenses of Holland & Knight incurred during September 2018, in the amount of \$4,013.96;¹ and incurred during October 2018, in the amount of \$6,150.82, are, collectively, included as expenses on the RECEIVER'S billing statements for the months of October 2018 and November 2018, respectively. Copies of Holland & Knight's professional fee statements for the BILLING PERIOD are attached as **Exhibit B** and incorporated herein by reference. The RECEIVER has also retained the accounting services of Plante Moran for tax reporting purposes. Plante Moran's professional fees and expenses for tax reporting services incurred for the period of January 10, 2019 through February 28, 2019, total \$2,906.00. A copy of Plante Moran's professional fee statement for that period is attached as **Exhibit C** and incorporated herein by reference.

5. Copies of this COMPENSATION REQUEST NO. 24, with supporting invoices, were provided to the COMMISSION in advance of filing for review, and

¹ Holland & Knight Invoice No. 5731260, dated October 8, 2018, in the amount of \$4,013.96, which is herein included as an expense on the RECEIVER'S attached Billing Statement for October 2018, was mistakenly referenced in the RECEIVER'S COMPENSATION REQUEST NO. 23 [ECF No. 209, Page ID.3840, on p. 5 of 7] as having been included as an expense on the RECEIVER'S Billing Statement for September 2018 – **which it was not**. Accordingly, the total fees and costs sought in COMPENSATION REQUEST NO. 23 and approved for payment by this Court's December 13, 2018 Order for Payment [ECF No. 210, Page ID.3870-3872],

the COMMISSION advised the RECEIVER on April 2, 2019, that it will take no position on COMPENSATION REQUEST NO. 24. See Affidavit of the RECEIVER, attached as **Exhibit D** and incorporated herein by reference.

6. Accordingly, the RECEIVER respectfully requests this Court to enter an order authorizing payment to the RECEIVER and his RETAINED PERSONNEL of the aggregate sum of **\$38,344.81** for the costs, fees and expenses incurred in connection with carrying out the RECEIVER'S duties under the STATUTORY RESTRAINING ORDER during the BILLING PERIOD.

DATED: April 24, 2019.

Respectfully submitted,

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)

STENGER & STENGER, P.C.

Attorneys for Phillip S. Stenger, Receiver

Business Address:

2618 East Paris Avenue, S.E.

Grand Rapids, MI 49546-2425

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Email: kay@stengerlaw.com

totaling \$22,734.08, did **not** include payment of Holland & Knight's Invoice No. 5731260 in the amount of \$4,013.96.

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that she caused a copy of the foregoing COMPENSATION REQUEST NO. 24, and Exhibits thereto, to be served via electronic filing on the following ECF parties on April 24, 2019:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
211 W. Fort Street, Suite 2001
Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
43 West 43rd Street, Suite 109
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Sonya N. Goll
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29200 Southfield Rd., Ste. 210
Southfield, MI 48076
sgoll@sbplclaw.com

Erika Lorraine Davis
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

DATED: April 24, 2019.

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)
STENGER & STENGER, P.C.

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CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

*Invoices of Stenger & Stenger, P.C.,
(October 2018 through February 2019)*

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M. KYLE FLOYD

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CINQUE AXAM

ADMITTED IN GA

ERIC W. SITLER

ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through October 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
10/3/2018	KGH Telephone conference with R. Davis regarding upcoming second deposition of K. Freeman.	0.20 257.00/hr	51.40
10/4/2018	KGH Review status of outstanding fee motions. Telephone conference with case manager regarding status of same. Correspondence exchange with S. Pattison regarding same. Correspondence exchange with N. Cambridge requesting updated financial reports. Preparation of correspondence to J. Hoag requesting fee statements for July through September. Preparation of correspondence to M. Herr regarding Holland & Knight services rendered in September. Telephone conferences with R. Davis regarding deposition testimony of K. Freeman and options for obtaining funds in Applied Bank, a DE state chartered bank, because of asset protections provided under DE state law to such banks.	3.10 257.00/hr	796.70
10/5/2018	KGH Receive and review correspondence from R. Davis regarding deposition testimony of K. Freeman, and strategic options going forward. Receive and review Holland & Knight invoice for September services. Receive and review updated reports regarding CFF receipts, and sources and uses of funds.	1.00 257.00/hr	257.00

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
10/9/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding distribution.	1.80 94.00/hr	169.20
10/10/2018	KGH Receive and review fee statements for July through September. Preparation of correspondence to J. Hoag regarding same. Telephone conference with R. Davis regarding K. Freeman's deposition testimony, and strategic options and considerations going forward.	2.20 257.00/hr	565.40
10/11/2018	KGH Receive and review magistrate judge's report and recommendation regarding granting receiver's motion for final judgment against garnishee BOA in Stenger v Freeman case.	0.20 257.00/hr	51.40
10/17/2018	KGH Receive and review correspondence from R. Davis regarding options going forward in Stenger v Freeman execution efforts. Correspondence exchange with J. Hoag regarding query concerning check payable to dissolved trust. Receive and review correspondence from J. Hoag regarding number and amount of final distribution checks cashed to date. Legal research DE enforcement law that would be applicable to Freeman's assets in Applied Bank of DE. Preparation of correspondence to P. Stenger regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling. Preparation of correspondence to R. Davis regarding same.	3.20 257.00/hr	822.40
	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Conference with K. Hammond regarding same.	2.70 94.00/hr	253.80
10/18/2018	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	3.20 94.00/hr	300.80
10/24/2018	KGH Conference with J. Hoag regarding status of returned checks. Receive and review request for reissuance of check made payable to defunct LLC. Preparation of correspondence to J. Hoag authorizing requested reissuance. Preparation of correspondence to J. Hoag regarding current number and amount of cashed checks.	1.00 257.00/hr	257.00
10/25/2018	KGH Receive and review orders approving payment of comp requests #21 and #22. Preparation of correspondence to N. Cambridge regarding processing of payment orders. Receive and review correspondence	1.80 257.00/hr	462.60

U.S. Commodity Futures Trading Commission

Page 3

		<u>Hrs/Rate</u>	<u>Amount</u>
	from J. Hoag regarding investor request for reissuance of final distribution check.		
10/25/2018 JLH	Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate list of investors to prepare reissued checks. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	4.90 94.00/hr	460.60
10/29/2018 KGH	Correspondence exchange with N. Cambridge regarding restitution check from unidentified defendant. Telephone conference with Clerk of Court regarding same. Correspondence exchange with J. Hoag regarding status of distribution check cashing. Draft compensation motion #23, supporting exhibits and proposed payment order. Preparation of correspondence to D. Grimm regarding status of distribution and forwarding compensation motion #23 for review and comment. Preparation of correspondence to attorneys of record requesting concurrence on relief sought in motion.	3.80 257.00/hr	976.60
10/31/2018 KGH	Receive and review judgment against garnishee defendant BOA in Stenger v Freeman enforcement action. Participate in conference with P. Stenger regarding status of efforts to enforce \$1.5M judgment against Keith Freeman. Preparation of correspondence to D. Grimm regarding conference call to discuss same.	1.20 257.00/hr	308.40
	For professional services rendered	30.30	\$5,733.30
	Additional Charges :		
10/10/2018	Holland & Knight Invoice No. 5731260 dated October 8, 2018.		4,013.96
10/31/2018	Storage Unit Charge for October, 2018.		43.33
	TLO Expenses		15.75
	Total costs		\$4,073.04
	Total amount of this bill		\$9,806.34

Name	Summary	Hours	Rate	Amount
Jamie L. Hoag		12.60	94.00	\$1,184.40
Kay Griffith Hammond		17.70	257.00	\$4,548.90

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 CINQUE AXAM
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Invoice submitted to:

U.S. Commodity Futures Trading Commission
 Attn: Jason Mahoney - Division of Enforcement
 Three Lafayette Centre
 1155 21st Street NW
 Washington, DC 20581

March 13, 2019

In Reference To: CFTC v Watson, et al
 Case No. 11-CV-10949

Invoice # 19211

Professional Services through November 30, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
11/1/2018 KGH	Correspondence exchange with R. Davis regarding recommended cessation of Freeman judgment enforcement efforts. Preparation of correspondence to N. Cambridge regarding source of restitution payment.	0.40 257.00/hr	102.80
11/2/2018 KGH	Receive and review financial reports updated through 10/31/2018. Correspondence exchange with N. Cambridge regarding same.	0.40 257.00/hr	102.80
11/5/2018 KGH	Telephone status conference with P. Stenger and D. Grimm. Telephone conference with R. Davis regarding decision to forego any further collection efforts on judgment against K. Freeman. Preparation of correspondence to D. Grimm concerning estimated estate balance after final distribution checks are cashed.	2.20 257.00/hr	565.40
11/9/2018 JLH	Prepare reissued checks for mailing. Scan and save same to system. Update spreadsheets accordingly.	1.60 94.00/hr	150.40
11/12/2018 KGH	Correspondence exchange with J. Hoag regarding whether second distribution will be final distribution.	0.40 257.00/hr	102.80

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
11/12/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor databases.	1.30 94.00/hr	122.20
11/16/2018	KGH Receive and review correspondence from R. Davis regarding closure of Freeman collection action.	0.20 257.00/hr	51.40
11/19/2018	KGH Correspondence exchange with D. Grimm regarding proposed compensation motion #23. Correspondence exchanges with J. Hoag regarding status of final distribution checks. Correspondence exchange with D. Grimm regarding same.	1.20 257.00/hr	308.40
11/21/2018	KGH Receive and review satisfaction of garnishment judgment against BOA in Stenger v Freeman action. Receive and review correspondence from R. Davis regarding same and check from BOA in payment of judgment.	0.40 257.00/hr	102.80
11/28/2018	KGH Correspondence exchanges with J. Hoag regarding status of final distribution check cashing. Receive and review correspondence from R. Davis regarding check in satisfaction of judgment against garnishee Bank of America in Stenger v Freeman action. Finalize and e-file compensation motion #23 and supporting exhibits. Prepare proposed order and send copy to Judge Goldsmith through Utilities. Preparation of correspondence to Judge Goldsmith regarding compensation request. Preparation of correspondence to counsel of record regarding same. Preparation of correspondence to D. Grimm regarding final distribution checks cashed to date.	3.30 257.00/hr	848.10
11/30/2018	KGH Correspondence exchange with J. Hoag, and related CLS file review, regarding sufficiency of documentation to support changing name on a final distribution check.	0.90 257.00/hr	231.30
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Prepare list of checks to be reissued.	6.20 94.00/hr	582.80
For professional services rendered		18.50	\$3,271.20

U.S. Commodity Futures Trading Commission

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Additional Charges :

	<u>Amount</u>
11/30/2018 Storage Unit Charge for November, 2018.	43.33
Document Imaging: October - November, 2018.	762.80
PACER Charges: Public Access to Court Records	1.80
Holland & Knight Invoice No. 5754885 dated November 23, 2018	6,150.82
Copy Charges, November 2018	68.00
Total costs	<u>\$7,026.75</u>
Total amount of this bill	<u><u>\$10,297.95</u></u>

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		9.10	94.00	\$855.40
Kay Griffith Hammond		9.40	257.00	\$2,415.80

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Invoice submitted to:

U.S. Commodity Futures Trading Commission
 Attn: Jason Mahoney - Division of Enforcement
 Three Lafayette Centre
 1155 21st Street NW
 Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
 Case No. 11-CV-10949

Invoice # 19211

Professional Services through December 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
12/6/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare reissue requests and mailing.	2.20 94.00/hr	206.80
12/10/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	1.10 94.00/hr	103.40
12/12/2018	KGH Correspondence exchange with J. Hoag regarding check cashing deadline extension for recently mailed checks. Status conference with J. Hoag regarding number and type of uncashed checks, further handling of uncashed checks and timeline for resolution of final distribution checks.	1.00 257.00/hr	257.00
	JLH Conference with K. Hammond regarding uncashed checks. Prepare report regarding same.	0.30 94.00/hr	28.20

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
12/14/2018	KGH Receive and review SEC notice regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action. Receive and review order for payment of comp motion #23. Preparation of correspondence to N. Cambridge regarding processing of payments to Holland & Knight.	1.00 257.00/hr	257.00
12/17/2018	KGH Conference with J. Hoag regarding investor request to reissue check. Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.60 257.00/hr	154.20
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate report to be skip traced of uncashed checks. Request stop payments to be issued.	2.10 94.00/hr	197.40
12/18/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	0.50 79.00/hr	39.50
12/19/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/20/2018	JLH Prepare letters to be mailed with reissued checks. Scan and save same to system.	1.90 94.00/hr	178.60
	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/26/2018	KGH Review CFF tax records regarding 2018 taxable transaction data and trial balance reports to be prepared. Review professional fee statements regarding 2018 analysis to be prepared of taxable and non-taxable services rendered.	1.00 257.00/hr	257.00
	For professional services rendered	13.70	\$1,837.10
	Additional Charges :		
12/31/2018	Storage Unit Charge for December, 2018.		43.33
	Total costs		\$43.33
	Total amount of this bill		\$1,880.43

Summary			
<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Autumn Cardinal	2.50	79.00	\$197.50

U.S. Commodity Futures Trading Commission

Page 3

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	7.60	94.00	\$714.40
Kay Griffith Hammond	3.60	257.00	\$925.20

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March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through January 31, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
1/2/2019	KGH Receive and review correspondence from M. Goldstein regarding status of recovery efforts against K. Freeman	0.20 257.00/hr	51.40
1/5/2019	KGH Receive and review correspondence from J. Hoag regarding number and status of uncashed checks, skip trace results on returned checks, and recommendations regarding follow-up of investors with new email and/or postal addresses. Respond to J. Hoag regarding her recommendations. Review tax filing status, and analysis of accounting data required to prepare 2018 QSF tax return.	1.20 257.00/hr	308.40
	JLH Prepare email to K. Hammond regarding uncashed checks. Prepare report regarding same.	1.00 94.00/hr	94.00
1/7/2019	KGH Review tax records regarding drafting requirements for preparation of 2018 QSF tax return. Preparation of correspondence to N. Cambridge requesting required TY 2018 updates to accounting reports required to prepare the QSF return. Preparation of correspondence to B. Venema requesting preparation of 2018 general ledger trial balance and general ledger reports required to prepare the QSF return. Preparation of correspondence to J. Hoag regarding outstanding fees for October through December 2018. Review prior	6.70 257.00/hr	1,721.90

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	year deductibility analyses regarding professional fees. Compile billing records pertinent to TY 2018 fee deductibility analysis. Begin tax analysis. Receive and review updated receipts and sources and uses of funds reports from N. Cambridge. Correspondence with N. Cambridge regarding unidentified source of one receipt. Preparation of correspondence to N. Cambridge regarding description of garnishee disclosure fee paid in Grill v Genitrini garnishment action.		
1/7/2019 NC	Preparation of updates to the Sources and Uses of Funds reports for required TY 2018. Completion of bank reconciliations for 2018. Correspondence with K. Hammond regarding the same.	3.00 94.00/hr	282.00
1/9/2019 KGH	Receive and review TY 2018 general ledger and general ledger trial balance reports from B. Venema. Preparation of correspondence to D. Ryneerson regarding Plante Moran's preparation of CFF 2018 QSF return, and forwarding requisite tax accounting reports. Analyze deductibility of professional fees and expenses paid during TY 2018.	2.90 257.00/hr	745.30
1/10/2019 KGH	Correspondence exchanges with D. Ryneerson regarding email delivery failures to Plante Moran. Correspondence exchanges with C. Gumowski regarding same. Analyze deductibility of professional fees and expenses paid in 2018.	2.80 257.00/hr	719.60
1/12/2019 KGH	Analyze deductibility of professional fees and expenses paid during TY 2018 and prepare spreadsheet report. Preparation of correspondence to D. Ryneerson forwarding copy of same. Preparation of correspondence to B. Venema regarding actual date of payment of comp motion #23 approved for payment in 12/2018.	5.80 257.00/hr	1,490.60
1/14/2019 KGH	Correspondence exchanges with D. Ryneerson regarding tax preparation. Receive and review correspondence from A. Wood regarding issues concerning vendor invoices in TY2018. Review and respond to same.	1.20 257.00/hr	308.40
JLH	Prepare email correspondence to investors with uncashed checks that we are unable to locate a better address for. Update system database and uncashed lists regarding same.	1.20 94.00/hr	112.80
1/16/2019 KGH	Conference with J. Hoag regarding status of outstanding uncashed checks.	0.40 257.00/hr	102.80
JLH	Conference with K. Hammond regarding status of outstanding uncashed checks.	0.40 94.00/hr	37.60
1/18/2019 KGH	Correspondence exchange with J. Hoag regarding investor request for name change on check. Receive and review proposed engagement agreement from Plante Moran. Preparation of correspondence to J. Hoag regarding same.	1.00 257.00/hr	257.00
1/19/2019 JLH	Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Preparation of correspondence regarding stop payments to be issued.	0.70 94.00/hr	65.80

U.S. Commodity Futures Trading Commission

Page 3

		<u>Hrs/Rate</u>	<u>Amount</u>
1/23/2019	KGH Receive and review correspondence from C. Meyering of Plante Moran regarding fee deductibility analysis of fees paid in 1/2018. Telephone conferences with J. Hoag regarding same. Review compensation motion #19 and order for payment issued in 12/17. Analysis of associated fee statements regarding tax deductibility. Draft spreadsheet results of analysis. Preparation of correspondence to C. Meyering regarding same. Telephone conference and correspondence exchange with J. Hoag regarding inquiry concerning bond issued by Malachai Corp.	4.60 257.00/hr	1,182.20
	JLH Make telephone calls with investors regarding status of matter. Update investor database regarding same. Verify positive pay images and update spreadsheet. Telephone conference with K. Hammond regarding fee deductibility analysis of fees paid.	1.20 94.00/hr	112.80
1/29/2019	JLH Prepare enclosure letters. Verify reissued checks. Collate same to prepare to save to system. Prepare for mailing.	1.80 94.00/hr	169.20
1/30/2019	JLH Scan reissued check packages to system. Prepare for mailing. Update positive pay spreadsheet.	1.50 94.00/hr	141.00
	For professional services rendered	37.60	\$7,902.80
	Additional Charges :		
1/31/2019	Storage Unit Charge for January, 2019.		43.33
	Total costs		\$43.33
	Total amount of this bill		\$7,946.13

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		7.80	94.00	\$733.20
Kay Griffith Hammond		26.80	257.00	\$6,887.60
Neil Cambridge		3.00	94.00	\$282.00

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN GA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGGE
ADMITTED OH, KY & IN
MICHELLE R. ZYLSTRA
ADMITTED MI

2618 EAST PARIS AVENUE, S.E.
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
FACSIMILE (616) 940-1192
TOLL FREE (888) 305-7775

JOSHUA A. STIERS
ADMITTED IN NY, NJ
PHILLIP A. LAMERE
ADMITTED IN IN
R. GARY MARSCHHAUSEN
ADMITTED IN CO
SHERYLE L. DICKENS
ADMITTED IN GA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through February 28, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
2/5/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare list of checks to be reissued.	0.90 94.00/hr	84.60
2/6/2019	KGH Correspondence exchange with J. Hoag regarding reissuance of final distribution check payable to dissolved investor entity.	0.40 257.00/hr	102.80
	JLH Verify, collate and scan reissued check packages. Prepare mailing of same. Return telephone calls to investors regarding status of case. Update investor database regarding same.	1.40 94.00/hr	131.60
2/11/2019	KGH Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.40 257.00/hr	102.80
2/12/2019	KGH Receive and review correspondences from J. Hoag regarding check cashing issue.	0.20 257.00/hr	51.40
2/18/2019	KGH Preparation of correspondence to J. Hoag regarding number and amount of uncashed checks. Preparation of correspondence to N. Cambridge regarding updating of sources and uses of cash and CFF	0.80 257.00/hr	205.60

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	receipts reports. Preparation of correspondence to J. Hoag regarding outstanding billing statements.		
2/19/2019	KGH Receive and review correspondence from J. Hoag regarding currently outstanding uncashed checks. Correspondence exchange with J. Hoag regarding circumstances of request for check reissuance.	0.60 257.00/hr	154.20
2/20/2019	KGH Correspondence exchange with J. Hoag regarding checks that need to be reissued.	0.40 257.00/hr	102.80
2/22/2019	KGH Receive and review updated financial reports from N. Cambridge.	0.20 257.00/hr	51.40
2/25/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Request issuance of stop payments. Prepare final list of reissued checks.	1.40 94.00/hr	131.60
2/26/2019	KGH Conference with J. Hoag regarding number and amount of uncashed checks. Correspondence exchange with N. Cambridge regarding sources and uses of cash report. Review professional fees for October 2018 through January 2019. Correspondence exchanges with J. Hoag regarding same. Correspondence exchanges with N. Cambridge regarding allocation of fees paid pursuant to comp motion #23. Begin preparation of closing documents and exhibits. Correspondence exchanges with N. Cambridge and J. Hoag regarding same. Preparation of correspondence to Plante Moran regarding status of CFF's TY2018 QSF tax return.	5.00 257.00/hr	1,285.00
	JLH Verify, collate and scan reissued checks packages. Prepare mailing of same.	1.10 94.00/hr	103.40
2/27/2019	KGH Conference with J. Hoag regarding status of uncashed checks and closing preparations. Draft compensation request #24 and supporting exhibits. Receive and review correspondence from D. Ryneerson regarding status of tax return. Begin drafting receiver's final report to the court.	4.40 257.00/hr	1,130.80
	For professional services rendered	17.20	\$3,638.00
	Additional Charges :		
2/13/2019	2019 State of MI Annual Report Filing Fee for Cash Flow Financial LLC		25.00
2/28/2019	Copy Charges: December, 2018 - February, 2019.		715.53
	Storage Unit Charge for February, 2019.		43.33
	Document Imaging: December, 2018 - February, 2019.		1,129.40

U.S. Commodity Futures Trading Commission

Page 3

Amount

2/28/2019 Plante Moran Invoice No. 1641742 dated February 28, 2019.

2,906.00

Total costs

\$4,819.26

Total amount of this bill

\$8,457.26

Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	4.80	94.00	\$451.20
Kay Griffith Hammond	12.40	257.00	\$3,186.80

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT B
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Holland & Knight
(October 2018 through February 2019)

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084

Email accounts@hklaw.com | T 813.901.4180

Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	3,411.00
REIMBURSABLE COSTS:	\$	602.96

TOTAL DUE THIS INVOICE:	(U.S. Dollar)	\$	4,013.96
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To expedite processing of your payment, please return remittance page(s) or include your Matter number(s) or invoice number(s) with your payment.

WIRE TRANSFER INFORMATION:

Domestic and International Wires

Please indicate our Invoice Number as reference in your wire transfer

Wire Transfer Bank NA

1201 Main Street, Suite 800, Orlando, FL 32801-1201

ABA # 121000248

Account # 2000000200000000

Swift Routing Number: HKBKUS33 (for international wires)

For Credit to: Holland & Knight, LLP

PLEASE REMIT TO:

Holland & Knight LLP
PO Box 864084
Orlando, FL 32886-4084

If You Wish to Overnight Payment:

Holland & Knight LLP, Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084

Email accounts@hklaw.com | T 813.901.4180Holland & Knight LLP | www.hklaw.com | (407) 855-9999

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
 LLC
 Stenger & Stenger, P.C.
 2618 East Paris Avenue S.E.
 Grand Rapids, MI 49546

October 8, 2018
 Invoice: 5731260
 Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through September 30, 2018 in connection with the following:

Our Matter: 156876.00001

Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/4/18	Robert W. Davis	Review status of service of subpoena; strategize re options.	0.30	340.00	102.00
9/6/18	Robert W. Davis	Email correspondence with process server re status of service of subpoena for deposition; email correspondence with client re status of proposed deposition and whether to cancel same; strategize re next steps.	0.60	340.00	204.00
9/10/18	Robert W. Davis	Telephone conference with client re status of judgment collection.	0.30	340.00	102.00
9/11/18	Robert W. Davis	Prepare for and attend telephone conference with possible private investigator to use for service of subpoena on judgment debtor.	0.70	340.00	238.00
9/12/18	Robert W. Davis	Email correspondence to client re hiring private investigator to serve judgment debtor; telephone conference with PI regarding work to be completed; compile documents to submit to PI to assist with pre-service investigatory work.	1.10	340.00	374.00
9/12/18	Robert W. Davis	Draft affidavit in response to court's Supplemental Briefing Order and Notice of Filing re same.	1.20	340.00	408.00
9/12/18	Rachel L. Hradecky	Research for R. Davis	0.20	225.00	45.00
9/13/18	Robert W. Davis	Research matters related to service of Federal Rule 45 subpoena on judgment debtor.	0.50	340.00	170.00

Holland & Knight

October 8, 2018
 Invoice: 5731260
 Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
 Flow Financial, LLC
 156876.00001

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/14/18	Robert W. Davis	Draft Notice of Filing Affidavit to Supplement Amended Motion for Final Judgment; confirm inability to contact estate or counsel; file same.	0.50	340.00	170.00
9/14/18	Robert W. Davis	Draft and file notice of extension of NY Life writ; telephone conference with PI re information obtained to date.	0.40	340.00	136.00
9/17/18	Robert W. Davis	Research matters related to service of Rule 45 subpoenas in the Middle District of Florida, as well as local rule requirements related to same; strategize re service of subpoena on judgment debtor; review information received from private investigator.	2.60	340.00	884.00
9/18/18	Robert W. Davis	Telephone conference with private investigator re strategy for service of subpoena; draft subpoena documents and forward to private investigator for service.	0.60	340.00	204.00
9/19/18	Robert W. Davis	Telephone conference with private investigator re service on judgment debtor; email correspondence with client re same.	0.30	340.00	102.00
9/26/18	Robert W. Davis	Telephone conference with opposing counsel re status of upcoming deposition and preparation for same; telephone conference with client re updates on status of matter; strategize re matters to address in deposition.	0.60	340.00	204.00
9/27/18	Robert W. Davis	Continue to prepare for deposition in aid of execution.	0.20	340.00	68.00
TOTAL FEES FOR PROFESSIONAL SERVICES:				\$	3,411.00

Professional Summary through September 30, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	9.90

Holland & Knight

October 8, 2018
 Invoice: 5731260
 Page 3

Stenger, Phillip S. - Receiver For The Assets of Cash
 Flow Financial, LLC
 156876.00001

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RLH	Miscellaneous	0.20

Reimbursable costs through September 30, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
9/10/18	VENDOR: Investigative Process Service, Inc. INVOICE#: ILS-2018003793 DATE: 9/10/2018 Service fee and rush fee to be served on David K. Freeman	60.00
9/18/18	UPS-Tracking number:1ZX960W82496693110-Date:2018-09-18-Receiver Name:David K. Freeman-Receiver Company Name:David K. Freeman-Service Description:Next Day Air Residential	14.42
9/27/18	VENDOR: Legal Services, Inc INVOICE#: 2560 DATE: 9/27/2018 Subpoena attempt on 9/19/2018 on David Keith Freeman	503.02
	Online Research	6.20
	Westlaw	19.32
	TOTAL REIMBURSABLE COSTS:	\$ 602.96
	FEEES FOR PROFESSIONAL SERVICES:	\$ 3,411.00
	REIMBURSABLE COSTS:	\$ 602.96
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 4,013.96

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	5,857.50
REIMBURSABLE COSTS:	\$	293.32

TOTAL DUE THIS INVOICE:	(U.S. Dollar)	\$	6,150.82
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Holland & Knight kindly thanks you for your business and prompt payment.

To expedite processing of your payment, please include the matter number(s) or invoice number(s) with your payment.

Wire:

Wells Fargo Bank N.A.
Holland & Knight LLP
420 Montgomery Street
San Francisco, CA 94104-1207

[REDACTED]
[REDACTED]

[REDACTED]
(for international wires)

ACH:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Mail:

Holland & Knight LLP
P.O. Box 864084
Orlando, FL 32886-4084

For Overnight Express
(UPS, FedEx, etc.) or
Courier Delivery:

Holland & Knight LLP
Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

For payment questions: account.services@hklaw.com | 813-901-4180

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084

Email accounts@hklaw.com | T 813.901.4180Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018

Invoice: 5754885

Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through October 31, 2018 in connection with the following:

Our Matter: 156876.00001

Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
10/2/18	Robert W. Davis	Prepare for deposition in aid of execution; review documents produced subsequent to previous deposition and strategize re matters to address at deposition.	2.30	355.00	816.50
10/3/18	Robert W. Davis	Continue to review and analyze documents in preparation for deposition in aid of execution; continue to review and organize strategy re same.	5.30	355.00	1,881.50
10/4/18	Robert W. Davis	Prepare for and attend second deposition in aid of execution of David K. Freeman; telephone conference with client re results of same; begin to research judgment collection options accordingly.	5.40	355.00	1,917.00
10/7/18	Robert W. Davis	Continue to research case law interpreting/addressing proceedings supplementary.	0.80	355.00	284.00
10/8/18	Robert W. Davis	Draft email to client summarizing pertinent deposition matters, options re continued judgment collection, and statutory remedies re same.	1.40	355.00	497.00
10/10/18	Robert W. Davis	Prepare for and attend telephone conference with client re status of judgment collection efforts and debriefing from deposition.	0.60	355.00	213.00
10/15/18	Robert W. Davis	Draft email to client re additional judgment collection options and analysis of same.	0.70	355.00	248.50

Holland & Knight

November 23, 2018

Invoice: 5754885

Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

TOTAL FEES FOR PROFESSIONAL SERVICES: \$ 5,857.50

Professional Summary through October 31, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	16.50

Reimbursable costs through October 31, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/9/18	VENDOR: Orange Legal, Inc INVOICE#: 622418 DATE: 10/9/2018 Deposition of David K. Freeman	207.50

Online Research	36.50
Westlaw	49.32

TOTAL REIMBURSABLE COSTS: \$ 293.32

FEES FOR PROFESSIONAL SERVICES:	\$ 5,857.50
REIMBURSABLE COSTS:	\$ 293.32

TOTAL DUE THIS INVOICE: (U.S. Dollar) \$ 6,150.82

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT C
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Plante Moran
(January 10, 2019 through February 28, 2019)



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018

INVOICE

Stenger & Stenger
2618 E. Paris Avenue S.E.
Grand Rapids, MI 49546-2425

Date: February 28, 2019
Client No: 78682
Invoice No: 1641742
Page: 1

For Professional Services Rendered

Professional services rendered from January 10, 2019 through February 28, 2019 2,906.00
in connection with preparation of CFTC v Cash Flow Financial 2018 Qualified
Settlement Fund return (Form 1120-SF)

Balance Due \$ 2,906.00 USD

Remittance Information:

Check:

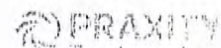
Plante & Moran, PLLC
16060 Collections Center Drive
Chicago, IL 60693

Wire Transfer:

Bank [REDACTED]
Routing/ABA# [REDACTED]
Bank Address [REDACTED]
Account Number [REDACTED]
Account Name Plante & Moran, PLLC

ACH:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Plante & Moran, PLLC



CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT D
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Affidavit of Phillip S. Stenger

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

ALAN JAMES WATSON, MICHAEL POTTS and)
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

AFFIDAVIT OF PHILLIP S. STENGER

STATE OF MICHIGAN)

) ss.

COUNTY OF KENT)


PHILLIP S. STENGER, being duly sworn, says:

1. I am a resident of the State of Michigan, over the age of 18 years, competent to make this Affidavit, and the statements herein are based upon my personal knowledge, unless otherwise stated.

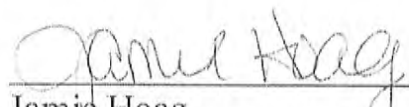
2. I make this Affidavit in my capacity as Temporary Receiver (“**Receiver**”) in the captioned matter, in support of the Receiver’s Motion and Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 (the “**Motion**”).

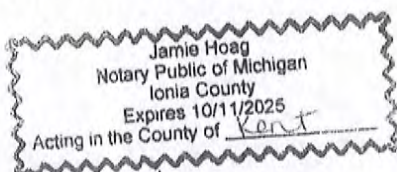
3. As stated in Paragraph 5 of the Motion, a copy of the Motion, with supporting invoices, was provided to plaintiff Commodity Futures Trading Commission (the “**Commission**”) in advance of filing, and the Commission notified the Receiver on April 2, 2019, that it will take no position on the Motion.

4. If sworn as a witness, I can competently testify from personal knowledge as to the truth of the statements set forth in this Affidavit.


Phillip S. Stenger
Receiver

Subscribed and sworn to before me
this 19th day of April, 2019.


Jamie Hoag
Notary Public, Ionia County, Michigan
My Commission Expires: 10/11/2025
Acting in the County of Kent, Michigan



Motions

2:11-cv-10949-MAG-MKM Commodity Futures Trading Commission v Watson etal., **CASE CLOSED on 01/11/2016**

CLOSED,REOPENED,reassigned

U.S. District Court**Eastern District of Michigan****Notice of Electronic Filing**

The following transaction was entered by Hammond, Kay on 4/24/2019 at 11:08 AM EDT and filed on 4/24/2019

Case Name: Commodity Futures Trading Commission v Watson etal.,

Case Number: 2:11-cv-10949-MAG-MKM

Filer: Phillip S. Stenger

WARNING: CASE CLOSED on 01/11/2016

Document Number: 213

Docket Text:

MOTION Motion & Memorandum for Entry of an Order Approving the Receiver's Final Report, Final Accounting and Compensation Request and Closing the Estate re [211] MOTION Receiver's Motion & Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 , [212] Report (Free),,, by Phillip S. Stenger. (Attachments: # (1) Index of Exhibits, # (2) Exhibit A: Final Report (Part I of II), # (3) Exhibit A: Final Report (Part II of II), # (4) Exhibit B: Final Accounting, # (5) Exhibit C: Compensation Motion No. 24, # (6) Exhibit D: Second Distribution Motion, # (7) Exhibit E: Second Distribution Approval Order, # (8) Exhibit F: Investor Second Distribution Letter, # (9) Exhibit G: Letter to Co-Investor Claimant) (Hammond, Kay)

2:11-cv-10949-MAG-MKM Notice has been electronically mailed to:

Daniel J. Grimm dgrimm@cftc.gov

Erika Lorraine Davis erika@butlerdavis.com, edavisesq@yahoo.com

Harry H. Wise , III hwiselaw@aol.com

Kay G. Hammond kay@stengerlaw.com, jamie@stengerlaw.com

Peter A. Caplan peter.caplan@usdoj.gov, caseview.ecf@usdoj.gov, michelle.said@usdoj.gov, roberta.sisko@usdoj.gov

Sonya N. Goll sgoll@sbplclaw.com

2:11-cv-10949-MAG-MKM Notice will not be electronically mailed to:

Alan James Watson
79104-039
FCI Ashland
Federal Correctional Institute
P O Box 6000
Ashland, KY 41105

Christian Genitrini
P.O. Box 564
New York, NY 10163

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-0]
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55cb4a5c96f79c631e5e7bef959aca68d6f8fc1e7495cd32fdf88440c6a5d]]

Document description:Index of Exhibits

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-1]
] [4dd79ed31a00e69deaf2b6429ebd00db5716ec2b115731cf54436d7584a3b45011b
9466f7c701a7529db0f143becefe6b235e7614f03568eb6fe47dc8a31f5f6]]

Document description:Exhibit A: Final Report (Part I of II)

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-2]
] [38aa8d4e2756476b2abc30673f931a39524b46b6ffee8cc3324c2dc99e30dd80a68
d21136dbd967f181812b7f7a1cfabae45ace3c55495b98386168b94ca8762]]

Document description:Exhibit A: Final Report (Part II of II)

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-3]
] [4377e7d6fd37997b76affae3cc0046bc8f14ba07bb24903278eda364e268f058a78
4b3a50dc127af52100f2b8b8ccc5d43519cfa7ff1dae62c54d0ea381dc715]]

Document description:Exhibit B: Final Accounting

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-4]
] [54cfc770f9e4f27ca3f1445fda3a026d5281f60730c0fb1a3034eb1591ed3b77d78
dd17043e5c0343faa87291c7f5eab4eb85a7e48971fa117dc2982e93b066c]]

Document description:Exhibit C: Compensation Motion No. 24

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-5]
] [7c7a44d3b7275db37934cd4cf9bfbe55083e348db1f0cc16061e507bdefce096aa6
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Document description:Exhibit D: Second Distribution Motion

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-6]
] [6fced9665c6bfa6d741c0af01ee6e8b92754d0c5e6ef467e287291df6b8ddca491f
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Document description:Exhibit E: Second Distribution Approval Order

Original filename:n/a

Electronic document Stamp:

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] [b56f177b73792b6133a3fe27029a58489b64c745803144b02503506f5a4bee6c949

250a74120b704be21958ad19a2dbc35613a92766f46caa83729f6ca8131a5]]

Document description:Exhibit F: Investor Second Distribution Letter

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-8]
] [33767b8f9166e3390508eae0c8f5f19f814f6deeb38c333b67415c48d1cc6f0f5fb
9154d3df485b2fae4ee15c65d56579a87eed49ba4442969e121840dc2e1e0]]

Document description:Exhibit G: Letter to Co-Investor Claimant

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1047317467 [Date=4/24/2019] [FileNumber=9256964-9]
] [70302232e467fbd425edba5d867a320f2f5b3e893c43595bf1cbeaaaf025d6bcd91
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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

ALAN JAMES WATSON,
MICHAEL POTTS, and
CASH FLOW FINANCIAL, LLC,

Defendants,

and

THE JEDBURGH GROUP,

Relief Defendant.

Case No. 11-cv-10949
HON. MARK A. GOLDSMITH

MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), the undersigned counsel certifies that on April 2, 2019, she communicated in writing with counsel for Plaintiff Commodity Futures Trading Commission (the "**Commission**"), and counsel for all parties, explaining the nature of the relief to be sought by way of this motion and seeking concurrence in the relief. On April 2, 2019, Counsel for Plaintiff, Commission, advised the Receiver that it will take no position on the motion. More than three weeks have passed without remaining counsel expressly agreeing to the relief, orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 10-1/2 characters per inch (for non-proportional fonts) or 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d)(3).

Phillip S. Stenger, Temporary Receiver ("**Receiver**") for Cash Flow Financial, LLC ("**CFF**"), by and through his attorneys, STENGER & STENGER, P.C., submits this *Motion and Memorandum for Entry of an Order Approving the Receiver's Final Report, Final Accounting and Compensation Request and Closing the Estate* (the "**Closing Motion**"), moving this Court to enter an order (the "**Closing Order**");¹

- A. Approving the Receiver's **Final Report**, a copy of which is attached as **Exhibit A** and incorporated herein by reference;
- B. Approving the Receiver's **Final Accounting**, a copy of which is attached as **Exhibit B** and incorporated herein by reference;

¹ Except as set forth herein, all capitalized terms not defined herein shall have the definitions set forth in the Receiver's *Revised Motion and Memorandum Requesting Approval of Proposed Investor Claims Procedure* ("**Claims Procedure Motion**") filed on April 5, 2013 (ECF No. 78); the Court's *Order Approving Investor Claims Procedure* entered on February 24, 2014 ("**Claims Procedure Adoption Order**") (ECF No. 98), including the "**Investor Claims Procedure**" attached to that Order (ECF No. 98-3); the Receiver's *Motion and Memorandum for Order Ratifying Approved Claimants List and Authorizing Distribution of Receivership Assets* entered on December 7, 2015 (ECF No. 160-161) ("**Distribution Motion**" and "**Distribution Memorandum**"); the Court's *Order Ratifying Approved Claimants List and Authorizing Distribution of Receivership Assets* entered on January 4, 2016 ("**First Distribution Order**") (ECF No. 166); the Receiver's *Motion and Memorandum for Second Distribution of Receivership Assets* entered on June 14, 2018 (ECF No. 195) ("**Second Distribution Motion**"); and the Court's *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* entered on June 21, 2018 (ECF No. 196) ("**Second Distribution Approval Order**").

- C. Unfreezing and authorizing consolidation of the Receivership Estate's three bank accounts at Fifth Third Bank, and authorizing and directing the Receiver to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
- D. Approving **Compensation Motion No. 24** concurrently filed by the Receiver, a copy of which is attached as **Exhibit C** and incorporated herein by reference, in the amount of USD \$38,344.81, and authorizing the Receiver to pay that sum from the consolidated CFF Operating Account (Account No. xxxx2612);
- E. Approving all distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution ("**Second Distribution**") made pursuant to the Receiver's *Motion and Memorandum for Second Distribution of Receivership Assets* dated June 14, 2018 ("**Second Distribution Motion**") (ECF No. 195), a copy of which (without exhibits) is attached as **Exhibit D** and incorporated herein by reference, and pursuant to this Court's *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* dated June 21, 2018 ("**Second Distribution Approval Order**") (ECF 196), a copy of which is attached as **Exhibit E** and incorporated herein by reference;

- F. Approving the payment of taxes previously made by the Receiver, and authorizing the Receiver to make any filings with the Internal Revenue Service (“**IRS**”), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;
- G. Approving and authorizing the Receiver to hold back a **Reserve Fund** of approximately USD \$69,675.91, comprised of the residual Receivership Estate assets in the consolidated CFF Operating Account (Account No. xxxx2612) after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate’s open Qualified Settlement Fund tax returns (“**Open QSF Returns**”); and authorizing the Receiver to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise;
- H. Approving and authorizing disgorgement by the Receiver to the Commission, for Commission turnover to the United States Treasury, of the Reserve Fund balance remaining after IRS clearance of the Receivership Estate’s Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing down the Receivership Estate, and

responding to other issues, if any, that may arise, without necessity of further court orders;

- I. Authorizing the Receiver to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership;
- J. Finding that the Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel for, accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and
- K. Discharging the Receiver; reaffirming this Court's exoneration of the Receiver, his Retained Personnel and their affiliates; and closing the Receivership Estate.

The Receiver states the following in support of this Closing Motion:

I. FINAL REPORT AND FINAL ACCOUNTING

INTRODUCTION

1. As detailed in the Receiver's **Final Report (Ex. A)**, the combined Adjusted Net Investor Claims (ANICs) in this Receivership total USD **\$31,920,006.64**. Through February 28, 2019, Receivership assets totaling USD **\$7,269,838.36** have been distributed to 766 Approved Claimants, in the ratio of their ANICs, as detailed below, constituting a return of **22.775%** of each Approved Claimant's ANIC. The **Final Accounting (Ex. B)** reflects that the net cash balance remaining in the Receivership Estate through February 28, 2019 is USD **\$108,020**.

SUMMARY OF CASH RECEIPTS

2. The Final Accounting (Ex. B) prepared by the Receiver's retained accountants, Plante Moran, reflects that from March 11, 2011, the date of the Receiver's appointment, through February 28, 2019, the Receiver has marshalled a total of USD **\$9,119,820.17**, inclusive, in pertinent part, of the following: (a) USD **\$3,277,320.09** from Cash Flow Financial, Alan Watson and Jedburgh Group; (b) USD **\$3,788,304.89** in restitution receipts, including, since my last report dated September 12, 2018, USD **\$345.71** from Jason Michael Meyer, and USD **\$4,637.79** in garnishment proceeds from Keith Freeman's Bank of America account); (c) USD

\$39,763.81 in interest earned through February 28, 2019; and (d) USD **\$2,009,903.66** from Trade LLC.

SUMMARY OF CASH DISBURSEMENTS

3. The Final Accounting (Ex. B) further reflects that cash disbursements from the Receivership Estate totaled USD **\$9,011,799.45** from March 25, 2011 through February 28, 2019, inclusive, in pertinent part, of the following (a) USD **\$7,269,838.36** distributed to investors, as detailed below; (b) USD **\$18,025.67** in bank service and check charges; (c) USD **\$1,599,455.35** in professional fees and expenses (per Court Orders), inclusive, in pertinent part, of USD **\$1,289,999.29** for the services of Stenger & Stenger.

DISTRIBUTIONS OF RECEIVERSHIP ASSETS

4. **Summary of Distributions:** The Final Report (Ex. A) and Final Accounting (Ex. B) reflect that through February 28, 2019, cumulative Receivership assets totaling USD **\$7,269,838.36** have been distributed to 766 Approved Claimants in the ratio of their ANICs, as detailed below, constituting a total return of **22.775%** of each Approved Claimant's ANIC.

FIRST DISTRIBUTION

5. On December 7, 2015, my initial Distribution Motion (ECF No. 160) and supporting Distribution Memorandum (ECF No. 161) were filed with the Court, recommending distribution of a First Distribution Fund of USD \$6,500,000 to

Approved Investor Claimants in the ratio of their ANICs, representing a return of approximately 20.3% of each Approved Investor Claimant's ANIC.

6. On January 4, 2016, this Court entered its Distribution Approval Order (ECF No. 166) approving and authorizing distribution of an initial distribution fund of US \$6,500,000 (the "**First Distribution Fund**") from the Receivership assets to the Approved Claimants in the ratio of their ANICs.

7. On February 3, 2016, 776 distribution checks totaling USD \$6,500,000 were mailed to the Approved Investor Claimants by *U.S. First Class Mail* to their last known addresses, and as ordered by the Court, Positive Pay security procedures were implemented to ensure proper negotiation of each distribution check.

8. A total of 768 checks totaling USD \$6,478,164.35 were timely cashed (inclusive of two checks reissued pursuant to Small Estate Affidavits), and eight (8) checks, totaling USD \$21,835.65, were uncashed.

9. Pursuant to the Distribution Approval Order, checks which were returned or had not been cashed by June 8, 2016 were void, the right to receive such payments terminated, and the funds (USD \$21,835.65) otherwise distributable to the Approved Investor Claimants were returned to the First Distribution Fund, to be disposed of according to the Court's further instructions.

SECOND DISTRIBUTION

10. On June 14, 2018, my Second Distribution Motion and Memorandum (ECF No. 195), a copy of which (without exhibits) is attached as **Exhibit D** and incorporated herein by reference, was filed with the Court, recommending distribution of a **Second Distribution Fund** of USD \$800,000 to Reconciled Approved Investor Claimants in the ratio of their ANIC, representing a return of approximately 2.5% of each Approved Investor Claimant's ANIC.

11. On June 21, 2018, Your Honor's Second Distribution Approval Order (ECF No. 196) was entered, a copy of which is attached as **Exhibit E** and incorporated herein by reference.

12. On August 31, 2018, 769 second distribution checks totaling USD \$800,000 were mailed to the Approved Investor Claimants by *U.S. First Class Mail* to the last known address of each Approved Claimant contained in the Receiver's records. The Second Distribution Approval Order provides that the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant's current address and other contact information, and to ensure that the Approved Claimant's name and/or other proper contact information are contained in the Receiver's records. The Second Distribution Order provides that the Receiver is under no duty or obligation to attempt to determine any Approved Claimant's current address and

other contact information. Positive Pay security procedures were, as ordered by the Court, implemented to ensure proper negotiation of each distribution check.

13. The Second Distribution Approval Order directed the Receiver, in his mailing of the second distribution checks, to warn the Approved Claimants of this potential loss of rights and the need to promptly cash their checks, by means of an **Investor Second Distribution Letter**, which the Court approved as to form (a copy of which is attached as **Exhibit F** and incorporated herein by reference). The Receiver complied with that directive on August 31, 2018, when distribution packages containing copies of the Investor Second Distribution Letters, along with the second distribution check, were sent to each Approved Claimant by *U.S. First Class Mail*.

14. Because of the joint ownership of some claims, the Second Distribution Approval Order also directed the Receiver, prior to mailing the second distribution checks, to mail to each Co-Investor Claimant a **Letter to Co-Investor Claimant**, which the Court approved as to form (a copy of which is attached as **Exhibit G** and incorporated herein by reference), advising Co-Investor Claimants as to which address the checks would be mailed, and, further directed that a copy of the Investor Second Distribution Letter which was to be mailed with the distribution checks was also to be mailed to each Co-Investor Claimant so that each would be informed as

to when the checks were mailed. The Receiver complied with both of those directives in processing the Second Distribution.

15. The Second Distribution Approval Order also directed the Receiver to follow a Small Estate Affidavit procedure upon notification by representatives and/or family members of deceased claimants that they were unable to cash or negotiate checks made payable to a deceased claimant, or a deceased claimant's estate. No such notifications were received with respect to the second distribution checks.

16. Through February 28, 2019, 739 second distribution checks had cleared Positive Pay, totaling USD \$786,596.05, and 30 checks remained uncashed, totaling USD \$13,403.98. All reasonable efforts have been conducted to find current addresses for uncashed investors, including, but not limited to, conducting Accurint-TLO searches on all distribution packages returned as undeliverable or remaining uncashed, attempting to reach investors with no identifiable new addresses by email, and reissuing checks to newly identified addresses.

17. Pursuant to the Second Distribution Approval Order, second distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks shall be void, the right to receive such payments shall terminate, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such

Approved Claimants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions.

II. WINDING UP

COMPENSATION MOTION NO. 24

18. As detailed in the Receiver's Final Report (Ex. A), contemporaneous with filing this Closing Motion, the Receiver is filing his **Compensation Motion No. 24 (Exhibit B)**, seeking approval of fees and expenses incurred by the Receiver and his Retained Personnel for the time period of October 1, 2018 through February 28, 2019, totaling USD \$38,344.81 in the aggregate, which fees and expenses are reasonable and commensurate with the services performed: Stenger & Stenger's fees of \$22,382.40 and expenses of \$15,962.38.² Detailed billing statements of the Receiver and his Retained Personnel are attached as exhibits to Compensation Motion No. 24. Copies of the Final Report, Compensation Motion No. 24 and the supporting billing statements have previously been provided to the Commission.

² Those expenses include retained counsel Holland & Knight's fees and expenses of \$4,013.96 and \$6,150.82, incurred during September 2018 and October 2018, respectively, and retained accountants Plante Moran's professional fees totaling \$2,906.00 for tax reporting services performed for the period of January 10, 2019 through February 28, 2019. Detailed billing statements of the Receiver and his Retained Personnel are attached as Exhibits A, B and C, respectively, to Compensation Motion No. 24. Copies of Compensation Motion No. 24 and the supporting billing statements have previously been provided to the Commission.

19. The Receiver requests that the Court unfreeze and authorize consolidation of the Receivership's bank accounts at Fifth Third Bank and authorize transfer of the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612).

20. The Receiver respectfully requests that the Court approve Compensation Motion No. 24 and authorize payment of the aggregate sum of USD \$38,344.81 from the CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank.

TAX RETURNS

21. No taxes are due and owing from the CFTC v Cash Flow Financial et al Combined Settlement Fund (the "QSF").

22. As detailed in the Final Report (Ex. A), there are currently four (4) open qualified settlement fund tax returns ("QSF returns") for calendar years ending December 31, 2015, December 31, 2016, December 31, 2017, and December 31, 2018. Copies of the Receiver's letters to the IRS filing those returns (dated March 16, 2016, March 7, 2017, February 14, 2018, and March 11, 2019, respectively) are attached as Exhibits A-7, A-8, A-9 and A-10, respectively, to the Final Report. Although requests for prompt assessment were filed as to each of the returns, the

IRS has advised that heavy workloads are delaying responses to outstanding prompt assessment requests.

23. The statute of limitations periods on the Receivership Estate's outstanding QSF returns for calendar years 2015, 2016, 2017 and 2018 (collectively, the "**Open QSF Returns**") will expire on March 16, 2019; March 30, 2020; February 14, 2021; and March 11, 2022, respectively.

24. The Receiver seeks this Court's approval and authority, pending clearance of the Open QSF Returns, to hold back a **Reserve Fund** of approximately USD \$69,675.91, comprised of the residual estate assets after payment of the Receiver's final Compensation Motion No. 24, to be held in trust in the CFF Operating Account at Fifth Third Bank (Account No. xxxx2612) as a reserve pending IRS clearance of the Open QSF Returns. The Receiver further seeks this Court's approval and authority to file a petition to reopen the estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise.

25. The Receiver further seeks this Court's approval and authority to disgorge to the Commission for turnover to the United States Treasury, without necessity of further court orders, the balance of the Reserve Fund remaining after IRS clearance, and any final expenses that may be incurred in obtaining said clearance, in closing down the estate, and responding to other issues, if any, that may

arise, and authority, upon transfer of the residual Reserve Fund balance to the Commission, to close the CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank.

26. The Receiver further seeks this Court's approval and authority, after entry of the Closing Order, to make any additional filings with the IRS, state or local authorities which are necessary or incident to the closing of the Receivership estate.

DESTRUCTION OF DOCUMENTS

27. The Receiver seeks the Court's authority to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership.

PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Receiver respectfully requests that this Court enter a **Closing Order** making the following findings of fact and conclusions of law, including the following ordering provisions:

- A. Approving the **Final Report**;
- B. Approving the **Final Accounting**;
- C. Unfreezing and authorizing consolidation of the Receivership Estate's three bank accounts at Fifth Third Bank, and authorizing and directing the Receiver to transfer the current balances in the CFF Distribution Account

(Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);

- D. Approving **Compensation Motion No. 24** concurrently filed by the Receiver, in the amount of USD \$38,344.81, and authorizing the Receiver to pay such sum from the consolidated CFF Operating Account No. xxxx2612 at Fifth Third Bank;
- E. Approving all distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Second Distribution Approval Order dated June 21, 2018;
- F. Approving the payment of taxes previously made by the Receiver, and authorizing the Receiver to make any filings with the Internal Revenue Service ("**IRS**"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;
- G. Approving and authorizing the Receiver to hold back a **Reserve Fund** of approximately USD \$69,675.91, comprised of the residual Receivership Estate assets in the consolidated CFF Operating Account No. xxxx2612 at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's open Qualified Settlement Fund tax returns ("**Open QSF Returns**"). The Receiver is authorized to file

a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise;

H. Approving and authorizing disgorgement by the Receiver to the Commission, for Commission turnover to the United States Treasury, of the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance or in response to other issues, if any arise, without necessity of further court orders;

I. Authorizing the Receiver to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership;

J. Finding that the Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel for, accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he

or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and

K. Discharging the Receiver; reaffirming this Court's exoneration of the Receiver, his Retained Personnel and their affiliates, consultants and employees, from any liability in connection with the Receivership, and closing the Receivership Estate, subject only to the making of those payments listed above;

L. Directing that this Closing Motion and subsequent Order, including all exhibits, shall be available to the public at the Clerk of the Court for the United States District Court for the Eastern District of Michigan (Southern Division) for inspection and copying at such Court Clerk's offices during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of this Closing Motion and subsequent Order to any person requesting the same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same; and

M. The Receiver is further directed to post a copy of this Closing Motion and subsequent Order, with all exhibits attached, on the Receiver's website at www.cffreceiver.com.

Respectfully submitted,

STENGER & STENGER, P.C.
Attorneys for the Receiver

Dated: April 24, 2019.

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
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2618 East Paris Ave, S.E.
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CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that on April 24, 2019, she caused to be served a copy of the foregoing Closing Motion and Exhibits via electronic filing on the following ECF parties:

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Commodity Futures Trading Commission v. Watson, et al
Case No. 11-cv-10949 (E.D. Mich)

INDEX OF EXHIBITS
to
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
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- A. Final Report; (~~Parts I and II~~ & II)
- B. Final Accounting;
- C. Compensation Motion No. 24
 - Ex. A: Stenger & Stenger's Invoices
 - Ex. B: Holland & Knight's Invoices
 - Ex. C: Plante Moran's Invoices
 - Ex. D: Affidavit of Phillip S. Stenger
- D. Second Distribution Motion (without exhibits);
- E. Second Distribution Approval Order;
- F. Investor Second Distribution Letter;
- G. Letter to Co-Investor Claimant;

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A
To
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

Final Report (Part I of II)

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

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ADMITTED IN MI, KY, MN, GA, CO, & OH

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ADMITTED IN TN

April 1, 2019

VIA UPS

The Honorable Mark A. Goldsmith
United States District Court, Eastern District of Michigan
Theodore Levin U.S. Courthouse
231 W. Lafayette Blvd., Room 815
Detroit, MI 48226

Re: *Commodity Futures Trading Commission v. Alan James Watson, et al.*
Case No: 11-cv-10949-MAG-MKM

Dear Judge Goldsmith:

I submit the following as my eighth and final report¹ as Temporary Receiver for the assets of Defendants Cash Flow Financial LLC ("**CFF**"), Alan James Watson ("**Watson**") and Michael S. Potts ("**Potts**") (collectively, "**the Defendants**") and certain assets of Relief Defendant, The Jedburgh Group ("**Jedburgh Group**" or "**Jedburgh**").

¹ This will supplement my previous seven reports dated May 10, 2011 (ECF No. 32); September 5, 2012 (ECF No. 69); August 28, 2014 (ECF No. 110); January 20, 2015 (ECF No. 128); May 30, 2017 (ECF No. 180); April 19, 2018 (ECF No. 189); and September 12, 2018 (ECF No. 203).

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WINDING UP SUMMARY

The background of this case, detailed in my *Motion and Memorandum for Second Distribution of Receivership Assets* ("**Second Distribution Motion**") dated June 14, 2018 (ECF No. 195), is well known to this Court and, in the interests of economy and brevity, will not be repeated here. This report will address events which have occurred in the Receivership since my seventh report to the Court dated September 12, 2018 (ECF No. 203).

CESSATION OF COLLECTION EFFORTS

Collection efforts have been suspended on the two outstanding recovery matters listed below for the reasons stated:

A. Jedburgh Group Disgorgement Obligation. The Consent Order and Final Judgment entered against Jedburgh Group on August 15, 2012 (ECF No. 67), ordering Jedburgh Group to pay a principal disgorgement obligation of \$21,568.15 to the Receiver, plus post-judgment interest, remains unsatisfied. Discovery in aid of execution conducted in the related case of *Stenger v. Freeman, et al.*, Case No.14-cv-10999-MAG-RSW (E.D. Mich.) ("**Freeman**"), discussed below, has failed to reveal any Jedburgh Group assets.

B. *Stenger v. Freeman.* On the \$1.5 million Amended Judgment entered against Keith Freeman on December 1, 2015, \$1.495 million remains unsatisfied, following recovery of \$4,637.79 in garnishment proceeds from Freeman's Bank of America account. Although the Amended Judgment (which has been registered in the Northern, Middle and Southern Districts of Florida) technically remains enforceable until December 1, 2025, there are no known practical prospects for further recovery. I have concluded that it is not in the Receivership's best interest to pursue further collection efforts on the Amended Judgment in *Freeman*, because discovery in aid of execution has confirmed that Jedburgh Group, long defunct, has no assets, and Freeman, who has spent almost all of the \$150,000 life insurance benefits he received following the death of his wife last year, currently has no other known recoverable assets and is earning little to nothing from his business as a private investigator.

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FINAL ACCOUNTING

For the Court's convenience, a copy of the **Final Accounting** prepared by the Estate's retained accountants, Plante Moran, is attached as **Exhibit A-1** and incorporated herein by reference. The Final Accounting statement is through February 28, 2019.

As reflected on Exhibit A-1, from March 11, 2011, the date of appointment of the Receiver, through February 28, 2019, the Receiver has marshalled a total of **\$9,119,820.17**, inclusive, in pertinent part, of the following: (1) **\$3,277,320.09** from Cash Flow Financial, Alan Watson and Jedburgh Group; (2) **\$3,788,304.89** in restitution receipts, including, since my last report dated September 12, 2018, **\$345.71** from Jason Michael Meyer, and **\$4,637.79** in garnishment proceeds from Keith Freeman's Bank of America account); (3) **\$39,763.81** in interest earned through February 28, 2019; and (4) **\$2,009,903.66** from the Trade LLC receivership.

Cash disbursements from the estate from March 25, 2011 through February 28, 2019 totaled **\$9,011,799.45**, inclusive, in pertinent part, of the following (1) **\$7,269,838.36** distributed to investors through February 28, 2019, as detailed below; (2) **\$18,025.67** in bank service and check charges; (3) **\$1,599,455.35** in professional fees and expenses (per Court Orders), inclusive, in pertinent part, of **\$1,289,999.29** for the services of Stenger & Stenger.

After the total expenses of **\$9,011,799.45** through February 28, 2019, the **net assets** of the estate total **\$108,020.72**.

DISTRIBUTIONS OF RECEIVERSHIP ASSETS

As detailed below and reflected on the Final Accounting (Ex. A-1), Receivership estate assets totaling **\$7,269,838.36** (through February 28, 2019) have been distributed to 766 Approved Investor Claimants in the ratio of their Adjusted Net Investor Claim ("ANIC"), representing a return of **22.775%** of their combined ANICs totaling **\$31,920,006.64**.

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A. FIRST DISTRIBUTION:

On December 7, 2015, my first distribution motion ("**Distribution Motion**") (ECF No. 160) and supporting **Distribution Memorandum** (ECF No. 161) were filed with the Court, recommending distribution of a first interim **Distribution Fund** of **\$6,500,000** to Approved Investor Claimants in the ratio of their Adjusted Net Investor Claim ("**ANIC**"), representing a return of approximately 20.3% of each Approved Investor Claimant's ANIC. This Court's *Order Ratifying Approved Investor Claimants List and Authorizing Distribution of Receiver Assets* ("**Distribution Approval Order**") (ECF No. 166) was entered on January 4, 2016.

Distribution checks totaling **\$6,500,000** were mailed on February 3, 2016, to the Approved Investor Claimants by U.S. First Class Mail to their last known addresses. A total of 768 checks totaling **\$6,478,164.35** were timely cashed (inclusive of two checks reissued pursuant to Small Estate Affidavits), and eight (8) checks, totaling **\$21,835.65**, were uncashed.²

B. SECOND DISTRIBUTION:

On June 14, 2018, my second distribution motion and memorandum ("**Second Distribution Motion**") (ECF No.195) was filed with the Court, recommending distribution of a **Second** [and likely final] **Distribution Fund** of **\$800,000.00** to Reconciled Approved Investor Claimants in the ratio of their Adjusted Net Investor Claim ("**ANIC**"), representing a return of approximately 2.5% of each Approved Investor Claimant's ANIC. A copy of the Second Distribution Motion (without exhibits) is attached as Exhibit A-2 and incorporated herein by reference.

² Pursuant to the Distribution Approval Order, checks which were returned or had not been cashed by June 8, 2016 were void, the right to receive such payments terminated, and the funds (\$21,835.65) otherwise distributable to the Approved Investor Claimants were returned to the Distribution Fund, to be disposed of according to the Court's further instructions.

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On June 21, 2018, Your Honor's *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receiver Assets* ("**Second Distribution Approval Order**") (ECF No. 196) was entered, a copy of which is attached as **Exhibit A-2** and incorporated herein by reference.

On August 31, 2018, 769 second distribution checks totaling \$800,000.00 were mailed to the Approved Investor Claimants by U.S. First Class Mail to their last known addresses. Positive Pay security procedures were, as ordered by the Court, implemented to ensure proper negotiation of each distribution check. Through February 28, 2019, 739 checks had cleared Positive Pay, totaling \$786,596.05, and 30 checks remained uncashed, totaling \$13,403.98.³

Pursuant to the Second Distribution Approval Order (Ex. A-2, ECF No. 196, PageID.3729), second distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks shall be void, the right to receive such payments shall terminate, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions.

The Second Distribution Approval Order further directed the Receiver, in his mailing of the second distribution checks, to warn the Approved Claimants of this potential loss of rights and the need to promptly cash their checks, by means of an **Investor Second Distribution Letter** (a copy of which is attached as **Exhibit A-4** and incorporated herein by reference), which the Court approved as to form. The Receiver complied with that directive on August 31, 2018, when copies of the Investor Second Distribution Letters were sent to Approved Claimants by U.S. First Class mail, along with their second distribution checks.

³ All reasonable efforts have been conducted to find current addresses for uncashed investors, including, but not limited to, conducting Accurint-TLO searches on all distribution packages returned as undeliverable or remaining uncashed, attempting to reach investors with no identifiable new addresses by email, and reissuing checks to newly identified addresses.

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Because of the joint ownership of some claims, the Second Distribution Approval Order (Ex. A-2, ECF No. 196, Page ID.3729-3730) also directed the Receiver, prior to mailing the second distribution checks, to mail to each Co-Investor Claimant a **Letter to Co-Investor Claimant** which the Court approved as to form (a copy of which is attached as **Exhibit A-5**, and incorporated herein by reference), advising Co-Investor Claimants as to which address the checks will be mailed, and, further directed that a copy of the Investor Second Distribution Letter which was to be mailed with the distribution checks (attached Ex. A-3) was also to be mailed to each Co-Investor Claimant so that each will be informed as to when the checks are mailed. In processing the Second Distribution, the Receiver complied with both of those directives.

The Second Distribution Approval Order (Ex. A-2, ECF No. 196, Page ID.3730-3731) also directed the Receiver to follow a Small Estate Affidavit procedure upon notification by representatives and/or family members of deceased claimants that they were unable to cash or negotiate checks made payable to a deceased claimant, or a deceased claimant's estate. No such notifications were received with respect to the second distribution checks.

As of February 28, 2019, a total of 30 Approved Investor Claimants failed to timely cash their second distribution checks, totaling **\$13,403.98**. Those uncashed checks are permanently null and void. A list of Approved Investor Claimants with uncashed checks, including the amounts of their uncashed checks, is attached as **Exhibit A-6** and incorporated herein by reference.

While it is possible that the Receiver may recover further restitution payments pursuant to restitution orders entered against various defendants in related criminal actions (i.e., *USA v. Diane Aurelia Bishop*, and *USA v. Jason Michael Meyer*), most restitution payments received to date are relatively small in amount, and it is very unlikely that any restitution checks that may come through hereafter would be of sufficient size to justify any further distributions to investors. If, however, outstanding restitution orders generate sizeable restitution payments to the Receiver before the Receivership estate is closed, we would consider moving for a further distribution before closing the Receivership estate.

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QUALIFIED SETTLEMENT FUND TAX RETURNS

No taxes are due and owing from the CFTC v Cash Flow Financial et al Combined Settlement Fund (the “QSF”).

There are currently four (4) open Form 1120-SF qualified settlement fund tax returns (“**QSF returns**”) for calendar years ending December 31, 2015, December 31, 2016, December 31, 2017, and December 31, 2018.

The QSF return for calendar year 2015 was filed with the IRS on March 16, 2016, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated March 16, 2016 is attached as **Exhibit A-7** and incorporated herein by reference. The QSF return for calendar year 2016 was filed with the IRS on March 7, 2017, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated March 7, 2017 is attached as **Exhibit A-8** and incorporated herein by reference. The QSF return for calendar year 2017 was filed with the IRS on February 14, 2018, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated February 14, 2018 is attached as **Exhibit A-9** and incorporated herein by reference. The QSF return for calendar year 2018 was filed with the IRS on March 11, 2019, along with a request for prompt assessment, and a copy of the Receiver’s filing letter to the IRS dated March 11, 2019, is attached as **Exhibit A-10** and incorporated herein by reference.

The IRS has advised that heavy workloads are delaying their response to outstanding prompt assessment requests. The statute of limitations applicable to QSF returns is three (3) years. Accordingly, the limitations periods on the estate’s outstanding QSF returns for calendar years 2015, 2016, 2017 and 2018 (collectively, the “**Open QSF Returns**”) will expire on March 16, 2019; March 30, 2020; February 14, 2021; and March 11, 2022, respectively.

In his contemporaneously filed Receiver’s *Motion and Memorandum for Entry of an Order Approving the Receiver’s Final Report, Final Accounting and Compensation Request and Closing the Estate* (“**Closing Motion**”), the Receiver

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Hon. Mark A. Goldsmith

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seeks the following: (1) this Court's approval and authority, pending IRS clearance of the Open QSF Returns, to hold back a **Reserve Fund** of approximately \$69,675.91, comprised of the residual estate assets after payment of the Receiver's final Compensation Motion No. 24, discussed below, to be held in trust in the CFF Operating Account as a reserve pending IRS clearance of the Open QSF Returns; (2) this Court's approval and authority to file a petition to reopen the estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise; (3) this Court's approval and authority to disgorge to the Commission for turnover to the United States Treasury, without necessity of further court orders, the balance of the Reserve Fund remaining after IRS clearance, and any final expenses that may be incurred in obtaining said clearance, in closing down the estate, and responding to other issues, if any, that may arise; and (4) this Court's approval and authority, after entry of the Closing Order, to make any additional filings with the IRS, state or local authorities which are necessary or incident to the closing of the Receivership estate.

COMPENSATION MOTION NO. 24

Pursuant to the terms of the Statutory Restraining Order appointing the Receiver (ECF No. 5, Paragraph G on Page 12), the Receiver and his Retained Personnel are entitled, subject to approval of the Court, to be reimbursed for expenses incurred and reasonable compensation in amounts commensurate with the services performed pursuant to the Statutory Restraining Order, to be paid from the Receivership estate assets.

A copy of the Receiver's Compensation and Expenses Motion No. 24 ("**Compensation Motion No. 24**"), which is being filed concurrent with this Final Report and the Closing Motion, is attached as **Exhibit A-11** and incorporated herein by reference. Compensation Motion No. 24 seeks approval of the following fees and expenses incurred by the Receiver and his Retained Personnel for the time period of October 1, 2018 through February 28, 2019, totaling \$38,344.81 in the aggregate, which fees and expenses are reasonable and commensurate with the services performed: Stenger & Stenger's fees of \$22,382.40 and expenses of

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Hon. Mark A. Goldsmith
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\$15,962.38 (117.30 hrs). Those expenses include retained counsel Holland & Knight's fees and expenses of \$4,013.96 and \$6,150.82, incurred during September 2018 and October 2018, respectively, and retained accountants Plante Moran's professional fees totaling \$2,906.00 for tax reporting services performed for the period of January 10, 2019 through February 28, 2019. Detailed billing statements of the Receiver and his Retained Personnel are attached as Exhibits A, B and C, respectively, to Compensation Motion No. 24. Copies of this Final Report, Compensation Motion No. 24 and the supporting billing statements have previously been provided to the Commission.

I am requesting that the Court unfreeze and authorize consolidation of the Receivership Estate's bank accounts at Fifth Third Bank and authorize transfer of the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612).

I am requesting that the Court approve Compensation Motion No. 24 and authorize payment of the aggregate sum of \$38,344.81 from the CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank.

CLOSING THE ESTATE

I respectfully request that the Court enter the proposed *Order Approving the Receiver's Final Report, Final Accounting and Compensation Request and Closing the Estate* ("**Proposed Closing Order**"), a copy of which is attached as **Exhibit A-12** and incorporated herein by reference.

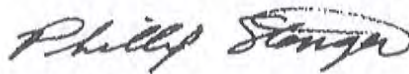
* * *

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I hope this Final Report has been informative. I would be happy to discuss any aspect of this Report with the Court, the Commission or counsel for the parties.

Very truly yours,
STENGER & STENGER, P.C.



Phillip S. Stenger
Temporary Receiver

C: Daniel J. Grimm, Peter A. Caplan, Harry H. Wise, III, Sonya N. Goff,
and Erika L. Butler.

Attachments (12):

- A-1. Final Accounting;
- A-2. Second Distribution Motion (without exhibits);
- A-3. Second Distribution Approval Order;
- A-4. Investor Second Distribution Letter;
- A-5. Letter to Co-Investor Claimant;
- A-6. List of Approved Claimants with Uncashed Checks;
- A-7. Letter to IRS Filing 2015 QSF Return dated March 16, 2016;
- A-8. Letter to IRS Filing 2016 QSF Return dated March 7, 2017;
- A-9. Letter to IRS Filing 2017 QSF Return dated February 14, 2018;
- A-10. Letter to IRS Filing 2018 QSF Return dated March 11, 2019;
- A-11. Compensation Motion No. 24
 - Ex. A: Stenger & Stenger's Invoices
 - Ex. B: Holland & Knight's Invoices
 - Ex. C: Plante Moran's Invoices
 - Ex. D: Affidavit of Phillip S. Stenger
- A-12. Proposed Closing Order.

Commodity Futures Trading Commission v. Watson, et al
Case No. 11-cv-10949 (E.D. Mich)

INDEX OF EXHIBITS
to
RECEIVER'S FINAL REPORT

- A-1. Final Accounting;
- A-2. Second Distribution Motion (without exhibits);
- A-3. Second Distribution Approval Order;
- A-4. Investor Second Distribution Letter;
- A-5. Letter to Co-Investor Claimant;
- A-6. List of Approved Claimants with Uncashed Checks;
- A-7. Letter to IRS Filing 2015 QSF Return dated March 16, 2016;
- A-8. Letter to IRS Filing 2016 QSF Return dated March 7, 2017;
- A-9. Letter to IRS Filing 2017 QSF Return dated February 14, 2018;
- A-10. Letter to IRS Filing 2018 QSF Return dated March 11, 2019;
- A-11. Compensation Motion No. 24
 - Ex. A: Stenger & Stenger's Invoices
 - Ex. B: Holland & Knight's Invoices
 - Ex. C: Plante Moran's Invoices
 - Ex. D: Affidavit of Phillip S. Stenger
- A-12. Proposed Closing Order.

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Case No. 11-CV-10949

EXHIBIT A-1
To
RECEIVER'S FINAL REPORT

Final Accounting

CFTC v CASH FLOW FINANCIAL

SOURCES AND USES OF FUNDS

AS OF 02/28/19

SOURCES OF FUNDS FROM CFF, WATSON AND JEDBURGH

Jedburgh Group Escrow	\$	36,863.64
Bank of America #6179 Alan Watson		1,042.98
Bank of America #3383 Alan Watson		7,670.82
Frinkebeiner Trust Account		3,226,233.77
Christian Financial CU 91031 Alan Watson		40.01
Christian Financial CU 211456 Alan Watson		830.09
Garnishment of Keith Freemans BOA Account		4,637.79
Merrill Lynch		0.99
Total Received:		<u>3,277,320.09</u>

OTHER SOURCES OF FUNDS

Trade Station Securities		138.90
PFG, Inc		1,729.00
TD Ameritrade Inc		2,303.56
Restitution Received		3,788,304.89
Interest Earned		39,763.81
Fulton Bank Potts		156.26
Stenger & Stenger -open account -2620		200.00
Trade LLC		2,009,903.66
Total Received:		<u>5,842,500.08</u>

TOTAL SOURCES OF FUNDS:

9,119,820.17

USES OF FUNDS

Bank Service and Check Charges		18,025.67
Professional Fees & Expenses	see Note 1	1,599,455.35
Distribution settlement to investors		7,269,838.36
Return order-Jeffrey Schneider		123,880.07
Tax Penalties		600.00

TOTAL USES OF FUNDS

9,011,799.45

NET SOURCES OF FUNDS AS OF 02/28/19:

108,020.72

Fifth Third Bank - savings money market-2612	50,129.90
Fifth Third Bank - checking-2638	27,687.63
Fifth Third Bank - checking-2620	30,203.19
BALANCE IN CFF BANK ACCOUNTS ON 02/28/19	<u><u>108,020.72</u></u>

Note 1: Professional Fees & Expenses Paid Through 02/28/19:

Stenger & Stenger	1,289,999.29
Plante Moran	47,353.32
Harry Wise, III	146,140.58
Cotton Bledsoe	72,860.46
Edward Mitchell	11,456.33
Alice Romsek, expert witness	1,500.00
Holland & Knight	30,145.37
	<u><u>1,599,455.35</u></u>

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EXHIBIT A-2
To
RECEIVER'S FINAL REPORT

Second Distribution Motion (without exhibits)

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

COMMODITY FUTURES TRADING)	
COMMISSION,)	
Plaintiff,)	
)	
ALAN JAMES WATSON,)	Case No. 11-cv-10949
MICHAEL POTTS, and)	HON. MARK A. GOLDSMITH
CASH FLOW FINANCIAL, LLC,)	
)	
Defendants,)	
and)	
)	
THE JEDBURGH GROUP,)	
)	
Relief Defendant.)	
)	

**MOTION AND MEMORANDUM FOR
SECOND DISTRIBUTION OF RECEIVERSHIP ASSETS**

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), the undersigned counsel certifies that on May 24, 2018, counsel communicated in writing with counsel for all parties and with pro se defendants Alan Watson and Michael Potts, explaining the nature of the relief to be sought by way of this motion and seeking concurrence in the relief. Counsel for Plaintiff, Commodity Futures Trading Commission, responded that the Commission will not take any position on the motion, and Counsel for The Jedburgh Group and Elizabeth Grill concurred in the relief sought in writing. More than three weeks have passed without remaining counsel or pro se defendants expressly agreeing to the relief, orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 10-1/2 characters per inch (for non-proportional fonts) or 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d)(3).

Phillip S. Stenger, Temporary Receiver for Cash Flow Financial, LLC (“CFF”), by and through his attorneys, STENGER & STENGER, P.C., submits this *Motion and Memorandum for Second Distribution of Receivership Assets* (“**Second Distribution Motion**”), and moves this Court for authority to distribute USD \$800,000.00 (the “**Second Distribution Fund**”) to investors whose claims have been approved (“**Approved Claimants**”)^{1,2} and hold back approximately USD \$210,342.37 to apply to costs of winding up the Estate, all as detailed below.

INTRODUCTION

The Adjusted Net Investor Claims (“ANICs”) in this Receivership total USD \$32,001,411.42. To date, an aggregate USD \$6,483,242.31 in Receivership assets has been distributed to Approved Claimants, as discussed in more detail below. The Receiver seeks authority to make a second (and likely final) distribution of USD \$800,000.00, which, if approved, will result in total distributions of USD \$7,283,242.31, representing a return by the Receivership of

¹ Except as set forth herein, all capitalized terms not defined herein shall have the definitions set forth in the **Claims Procedure Motion** (Dkt. No. 78); the **Claims Procedure Adoption Order** (Dkt. No. 98), and the **Investor Claims Procedure** attached to that Order (Dkt. No. 98-3); the Receiver’s initial **Distribution Motion** and **Distribution Memorandum** (Dkt. Nos. 160-161); and the **First Distribution Order** (Dkt. No. 166).

² To protect the privacy of CFF investors, their names have not been disclosed; rather, all investor claims are identified by File ID numbers only. Upon request by

more than 22% of each Approved Claimant's Adjusted Net Investor Claim ("ANIC").

BACKGROUND

1. The procedural history of this matter, which is well known to this Court, was fully detailed in the initial Distribution Memorandum (Dkt. No. 161, Pages 2-10, Page ID 3125-3133), and will thus not be repeated here.

2. As of April 30, 2018, the gross assets held by the Receivership Estate total USD \$1,010,342.37 in cash. See **Sources and Uses of Funds Report as of April 30, 2018**, a copy of which is attached as **Exhibit A** hereto and is incorporated herein by reference. [Of that cash total, USD \$16,757.69 is attributable to uncashed checks from the initial distribution in 2016, as discussed below.] The Receiver estimates that "**Windup Costs**" will total approximately USD \$210,342.37 (comprised of USD \$56,655.27 in professional fees outstanding as of March 31, 2018; and USD \$153,687.10 to cover the estimated aggregate costs of processing the Second Distribution, preparation and filing of a closing motion, final accounting, final report and final compensation motion, preparation and filing of final tax returns, and document destruction costs), as discussed in more detail below. Accordingly, the Receiver seeks the Court's authorization to (i) distribute the Second Distribution Fund of USD \$800,000.00 to Approved

the Court, the Receiver will provide a confidential key register, to be filed under

Claimants; and (ii) hold back the approximate sum of USD \$210,342.37 to apply to the Windup Costs.

FIRST DISTRIBUTION

3. On January 4, 2016, this Court entered its First Distribution Order (Dkt. No. 166) approving and authorizing distribution of an initial distribution fund of US \$6,500,000 (the “**First Distribution Fund**”) from the Receivership assets to the Approved Claimants in the ratio of their Adjusted Net Investor Claims (“ANIC”), as listed on the Approved Claimants List (Exhibit B to the Distribution Memorandum, Dkt. No. 161-3, Page ID 3180).

4. Pursuant to the terms of the First Distribution Order (Dkt. No. 166, Para. 16, Page ID 3292), the Receiver posted a copy of the Distribution Motion and Memorandum, including all Exhibits, and a copy of the First Distribution Order on the Receiver’s website at www.cffreceiver.com.

5. After entry of the First Distribution Order, the Receiver made the required distributions from the First Distribution Fund to each Approved Claimant on February 8, 2016, by *United States First Class Mail*, to the last known address of each Approved Claimant contained in the Receiver’s records, and the Positive Pay security procedures pertaining to presentment of those checks for cashing were implemented.

seal, listing investor names with their corresponding File ID numbers.

6. Of the 776 distribution checks mailed, totaling USD \$6,500,000, a total of 769 checks were cashed (inclusive of two checks reissued pursuant to Small Estate Affidavits), totaling USD \$6,483,242.31, while seven (7) checks, totaling USD \$16,757.69, were uncashed. A list of the **Uncashed First Distribution Checks** is attached hereto as **Exhibit B**, and incorporated herein by reference.

7. Under the terms of the First Distribution Order (Dkt. No. 166, Para. 7, Page ID 3287), distribution checks which were returned or which had not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks, are permanently void, the right to receive such payments has terminated, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants have been returned to the Distribution Fund to be disposed of according to the Court's further instructions; further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case.

8. In mailing the checks, the Receiver warned Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an Investor Distribution Letter, substantially in the form attached as

Exhibit F to the Distribution Memorandum (Dkt. No. 161-7, Page ID 3228), which the Court approved.

9. Due to joint ownership of some claims, the Receiver, prior to mailing the distribution checks, mailed via *United States First Class Mail* to each Co-Investor Claimant a Letter to Co-Investor Claimant, substantially in the form attached as Exhibit G to the Distribution Memorandum (Dkt. No. 161-8, Page ID 3231), which the Court approved, advising them as to which address the checks would be mailed, and further, a copy of the Investor Distribution Letter attached as Exhibit F to the Distribution Memorandum (Dkt. No. 161-7, Page ID 3228), mailed with the distribution checks, was also mailed to each Co-Investor Claimant so that each was informed as to when the checks are mailed.³

10. If a distribution check made payable to a deceased claimant, or a deceased claimant's estate, had not been cashed or negotiated, and the representatives and/or family members of such deceased claimant informed the Receiver that they were unable to cash or negotiate the check, the Distribution Approval Order (Dkt. No. 166, Para. 9-12, Page ID 3288-3290) authorized the

³ Provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants. [Distribution Approval Order, Dkt. 166, Para. 8, Page ID 3288.]

Receiver to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, in order to determine whether such documentation was sufficient to satisfy the decedent's state requirements for reissuing the decedent's distribution check to the identified Affiant (designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and in order to determine whether such documentation was sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate court involvement.

11. The Receiver approved two requests for reissuance of decedents' distribution checks, mailed the reissued checks to the Affiants as authorized, implemented the Positive Pay security procedures concerning presentment of those checks for cashing, and all such reissued checks were timely negotiated.

12. In order to effectuate the First Distribution (and any subsequent distribution) to Approved Claimants, and, where applicable, to effectuate processing and distribution of reissued estate checks to Affiants in reliance on Small Estate Affidavits, the Court's First Distribution Order (Dkt. No. 166, Para. 13, Page ID 3290-3291) released and discharged the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants,

and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate affidavits, or otherwise involved in the estate's administration, from any act or omission arising out of such involvement.

13. The Court's First Distribution Order (Dkt. No. 166, Para. 14, Page ID 3291-3292) further provided that the CFF Receivership Estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of processing and reissuance of Estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the Estate's administration (collectively, the "**Indemnified Parties**"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not

limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case.

ADMINISTRATIVE MATTERS

14. **Uncashed First Distribution Checks:** As reflected on the list of **Uncashed First Distribution Checks**, attached as **Exhibit B**, and incorporated herein by reference, a total of seven (7) Approved Claimants failed to cash their initial distribution checks, totaling USD \$16,757.69. The Receiver and his staff made their best efforts to locate those who failed to cash their checks and issue new checks to them at their present location.⁴ Pursuant to the First Distribution Order (Dkt. No. 166, Para. 7, Page ID 3287), the US \$16,757.69 otherwise distributable to such Approved Claimants shall be returned to the Distribution Fund and disposed of according to the Court's further instructions.

15. **Reconciliation of Approved Claimants List:** Under the terms of the First Distribution Order (Dkt. No. 166, Para. 12, Page ID 3290), the uncashed Approved Claimants "shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify

⁴ Those efforts included research through Accurant, TLO and various other databases of addresses and contact information to attempt to locate current contact information for any investors who have previously failed to cash their checks. Letters were then sent to each investor for whom new potential contact information was discovered in an attempt to verify said contact information. If and when current contact information could be verified, checks were reissued to the current addresses.

them of future hearings, motion, orders or developments in this case.” Pursuant to those directives, the Receiver has stricken the uncashed Approved Claimants from the Approved Claimants List, and their shares of the initial distribution have been returned to the Receivership Estate for distribution to other Approved Claimants in the Second Distribution or as the Court may otherwise direct. The Receiver seeks the Court’s ratification of the foregoing actions and of the **Reconciled Approved Claimants List** (which is a list of Investors who are eligible to participate in this Second Distribution), a copy of which is attached as **Exhibit C** and incorporated herein by reference. The Reconciled Approved Claimants List also reflects (in Column C on attached **Exhibit C**) the recalculated Adjusted Net Principal Claim for each Approved Claimant after the distributive shares of those purged were returned to the Receivership Estate for distribution to other Approved Claimants in the Second Distribution or as the Court may otherwise direct. The Receiver seeks ratification of the determinations of Adjusted Net Principal Claim for each Approved Claimant set forth in Column C on **Exhibit C**.

16. **Trade Creditor Claims:** The Investor Claims Procedure approved by the Court (Dkt. No. 98-3, Page ID 1978) did not address the claims of creditors who provided goods or services to CFF prior to commencement of the Receivership. For the reasons stated below, the Receiver believes that under the

circumstances of this case, establishment of a separate trade creditor claims procedure would not be fair and equitable, or in the best interests of the victims of the CFF Ponzi scheme.

17. In receivership proceedings, the District Court, sitting in equity, has “the authority to approve any plan provided it is ‘fair and reasonable.’” *S.E.C. v. Byers*, 637 F. Supp. 2d 166, 174-75 (S.D.N.Y. 2009) (quoting *S.E.C. v. Wang*, 944 F.2d 80, 81 (2d Cir. 1991)). This discretion derives from the inherent powers of an equity court to fashion relief, *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). The District Court’s “‘broad powers and wide discretion’ extend to allocating the priority of distributions from the receivership estate.” *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, at *3 (W.D.Mich. Jan. 9, 2007) (quoting *In re Indian Motorcycle Litigation*, 307 B.R. 7, 16 (D.Mass.Bankr. 2004)).

18. Differing treatment may be sought for distributions to investors in contrast to trade creditors. *See, e.g., Norwest Bank Wisconsin, N.A. v. Malachi Corp.*, 245 Fed. App’x 488, 495 (6th Cir. 2007). For example, the court in *CFTC v. Capitalstreet Financial, LLC*, 2010 WL 2572349 (W.D.N.C., June 18, 2010) (“*Capitalstreet*”), approved a higher priority for defrauded investors as compared to non-investor general creditors, stating:

The Receivership Estate shall be distributed in the following order:

A. To claims for expenses of the administration of the Receivership Estate, including legal and accounting fees; expenses to preserve the value of assets;

and costs of realization and payment of any taxes due on property or income of property of the Receivership Estate incurred during the pendency of the receivership (the “Administrative Claimants”);

B. To the return of investments to Investors; and

C. To any General Creditors, *should any assets remain in the Receivership Estate*. [Emphasis added].⁵

19. There are insufficient assets in the CFF Receivership Estate to repay the defrauded CFF Ponzi scheme victims, who, inclusive of the proposed Second Distribution, will have received distributions totaling approximately 22% of the amount of their allowed claims. See *Affidavit of the Receiver*, a copy of which is attached as **Exhibit D** and incorporated herein by reference. The Receiver therefore believes that establishment of a trade creditor claims procedure in such

⁵ *Capitalstreet*, 2010 WL 2572349, at *2 (W.D.N.C. June 18, 2010); *see also S.E.C. v. HKW Trading LLC*, No. 8:05-cv-1076-T-24-TBM, 2009 WL 2499146, at *2 (M.D. Fla. Aug. 14, 2009). The claims processing procedure approved by the *Capitalstreet* court specifically provided that general creditors “shall not” submit claims to the receiver:

2.A. *Because the Receiver does not anticipate that the assets in the Receivership Estate are sufficient to repay the Investors, General Creditors shall not submit claims to the Receiver*. [Emphasis added]. However, if it should appear to the Court that assets will remain in the Receivership Estate after distributions have been made to the Investors, the General Creditors shall be permitted to submit claims to the Receiver by further Order of the Court.

Capitalstreet, *supra*, 2010 WL 2572349, at *2.

circumstances would not be fair and equitable, or in the best interests of the victims of the CFF Ponzi scheme.

Accordingly, the Receiver asks the Court to find under the circumstances that (i) no trade creditor claims procedure shall be established in this case; and (ii) that general trade creditors who previously submitted claims to the Receiver shall recover nothing on those claims.

**SECOND (AND LIKELY FINAL) DISTRIBUTION
OF RECEIVERSHIP ASSETS**

For the reasons detailed above, the Receiver respectfully requests that this Court enter a Second Distribution Approval Order:

A. Ratifying the proposed **“Reconciled Approved Claimants List”** attached as **Exhibit C** and incorporated herein by reference, and the actions of the Receiver in compiling the Reconciled Approved Claimants List;

B. Authorizing the Receiver to distribute the sum of Eight Hundred Thousand Dollars (**USD \$800,000**) (the **“Second Distribution Fund”**) from the Receivership Estate to the Reconciled Approved Claimants listed on Exhibit C in the ratio of their **“Adjusted Net Investor Claim”** (**“ANIC”**);⁶

⁶ On January 4, 2016, the Court entered its First Distribution Order (Dkt. No. 166), holding that the procedures used by the Receiver in calculating ANICs, including

C. Authorizing the Receiver to transfer sufficient funds from CFF's Operating Account xxxx2620 at Fifth Third Bank, and/or from CFF's Savings Account xxxx2612 at Fifth Third Bank, into CFF's Distribution Account xxxx2638 at Fifth Third Bank, as necessary to bring the total in Distribution Account xxxx2638 to USD \$800,000 for distribution to the Approved Claimants in accordance with the ANICs set forth in Exhibit C;

D. Holding that the determinations of adjusted ANIC and Second Distribution Share for each Approved Claimant listed on Exhibit C constitute final and binding determinations of ANIC and Second Distribution Share for each Approved Claimant, and that the Approved Claimants, and each of them individually, are barred from asserting any claim against the Receiver (either personally or in his representative capacity) or his employees, agents, attorneys or accountants, or the Receivership Estate, in excess thereof;

but not limited to combining the claims of Co-Investor Claimants who purchased investments jointly, and the netting of positive and negative claims of Investor Claimants, were fair and equitable; that the claims administration process conducted by the Receiver complied with all requirements of the Claims Procedure Adoption Order and the Investor Claims Procedure; and that the procedures used by the Receiver to provide notice to Investor Claimants of their ANICs, including posting on the Receiver's CFF Website and publication in *USA Today*, were fair and equitable and provided adequate due process to Investor Claimants. (Dkt. 166, Para. 4, Page ID 3286).

E. Holding that all claims from individuals and/or entities not specifically listed as Reconciled Approved Claimants on Exhibit C, as well as all claims of those Investor Claimants or potential Investor Claimants whose claims have been rejected or determined to be zero since they failed to cash their First Distribution checks, as listed on the “**Denied Claimants List**,” a copy of which is attached as **Exhibit E** and incorporated herein by reference, are hereby forever barred and may not be asserted against the Receiver (either personally or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership Estate;

F. Ordering that the Receiver shall distribute the Second Distribution Amount to the Approved Claimants as provided on the Reconciled Approved Claimants List (Exhibit C) after entry of the Second Distribution Approval Order; and further that (i) the distribution shall be mailed by *United States First Class Mail* to the last known address of each Approved Claimant contained in the Receiver’s records; (ii) the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant’s current address and other contact information, and to insure that the Approved Claimant’s name and/or proper contact information are contained in the Receiver’s records; (iii) the Receiver is under no duty or obligation to attempt to determine any Approved Claimant’s current address

and other contact information; and (iv) the Receiver shall implement the Positive Pay security procedures to ensure the proper negotiation of each distribution check;

G. Ordering that second distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks will be void and the right to receive such payments will terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions; and, further, the Receiver shall, in the mailing of the second distribution checks, warn Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an "**Investor Second Distribution Letter**" substantially in the form attached as **Exhibit F**, which is incorporated herein by reference, which the Court hereby approves; and, further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the list of Approved Claimants, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case;

H. Ordering that, because of the joint ownership of claims, the Receiver, prior to mailing the second distribution checks, will mail via *United States First Class Mail* to each Co-Investor Claimant a “**Letter to Co-Investor Claimants**,” substantially in the form attached as **Exhibit G**, which is incorporated herein by reference, which the Court hereby approves, advising them as to which address the checks will be mailed, and further ordering that a copy of the Investor Second Distribution Letter (Exhibit F), which is to be mailed with the second distribution checks, will also be mailed to each Co-Investor Claimant so that each Co-Investor Claimant will be informed as to when the checks are mailed; provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Second Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership Estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants;

I. Ordering that if a second distribution check was made payable to a deceased claimant, or a deceased claimant’s estate, and the representatives and/or family members of such deceased claimant inform the

Receiver that they are unable to cash or negotiate the check, the Receiver is authorized to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, to: (i) determine whether such documentation is sufficient to satisfy the decedent's state requirements for reissuing the decedent's second distribution check to the Affiant (the designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and (ii) determine whether such documentation is sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate or other court involvement;

J. Ordering that if the Receiver determines that the documentation is sufficient, as detailed above, the Receiver is authorized to reissue the decedent's second distribution check in the name of the Affiant, and mail the reissued second distribution check to the Affiant via *United States First Class Mail* at the address provided by the Affiant, and further that: (i) the burden is on the Affiant to notify the Receiver of any updated contact information, and to insure that the Affiant's name and proper contact information are contained in the Receiver's records; (ii) the Receiver is

under no duty or obligation to attempt to determine the current address and/or other contact information for any Affiant; and (iii) the Receiver shall implement the security procedures of Positive Pay;

K. Ordering that the Receiver shall only reissue a second distribution check if, in addition to the requirements described above, the second distribution check was made payable to a deceased claimant or a deceased claimant's estate, and the second distribution check has not been cashed or negotiated;

L. Ordering that reissued second distribution checks made payable to the Affiants which are returned or which have not been cashed within sixty (60) days of mailing, will be void, the right to receive such payments will terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Affiants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions; and that in the mailing of reissued second distribution checks to Affiants, the Receiver shall warn Affiants of this potential loss of right and the need to promptly cash or negotiate their checks; and further that if Affiants fail to cash the reissued second distribution checks within sixty (60) days of mailing, such Affiants shall have no right to participate in future distributions (if any) and shall be removed from the Receiver's list of

Approved Claimants, and the Receiver shall have no further duty to notify such Affiants of future hearings, motions, orders or developments in this case;

M. Ordering that, in order to effectuate this distribution, and subsequent distributions (if any), to the Approved Claimants, and, where applicable, to effectuate the processing and distribution of reissued decedents or decedents estate checks to Affiants in reliance on Small Estate Affidavits, as detailed in Paragraphs I through L above, the Court releases and discharges the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the administration of the estate, from any act or omission arising out of such involvement;

N. Ordering that the Receivership Estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative

capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the administration of the estate (collectively, the "**Indemnified Parties**"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case;

O. Ordering that the Second Distribution Motion and subsequent Order, including all Exhibits, shall be available to the public at the Clerk of the Court for the United States District Court, Eastern District of Michigan (Southern Division) for inspection and copying at such Clerk's office during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of this Second Distribution Motion and subsequent Order to any person requesting same at

such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same;

P. Ordering that the Receiver is further directed to post a copy of this Second Distribution Motion and subsequent Order, with all Exhibits attached, on the Receiver's website at www.cffreceiver.com; and

Q. Ordering that following the Second Distribution, and completion of all remaining matters necessary to wind up the Receivership, the Receiver is directed to file a final report, final accounting and final application for compensation and expenses.

Respectfully submitted,

STENGER & STENGER, P.C.
Attorneys for the Receiver

Dated: June 14, 2018.

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
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CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that on June 14, 2018, she caused to be served a copy of the foregoing *Motion for Order Ratifying Approved Claimants List and Authorizing Second Distribution of Receivership Assets* via electronic filing on the following ECF parties:

Jason A. Mahoney
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
jmahoney@cftc.gov

Daniel J. Grimm
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erika@butlerdavispllc.com

and caused to be served a copy of said *Motion* by First Class Mail on the following non-ECF parties:

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CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A-3
To
RECEIVER'S FINAL REPORT

Second Distribution Approval Order

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING)	
COMMISSION)	
Plaintiff,)	
)	Case No. 11-cv-10949
v.)	Hon. Mark A. Goldsmith
)	
ALAN JAMES WATSON, MICHAEL POTTS,)	
and CASH FLOW FINANCIAL, LLC,)	
)	
Defendants,)	
And)	
)	
THE JEDBURGH GROUP,)	
)	
Relief Defendant.)	
)	

**ORDER RATIFYING APPROVED INVESTOR CLAIMANTS LIST AND
AUTHORIZING SECOND DISTRIBUTION OF RECEIVERSHIP ASSETS**

Phillip S. Stenger, in his capacity as Receiver, having filed his *Motion and Memorandum for Order Ratifying Approved Investor Claimants List and Authorizing Distribution of Receivership Assets* (“**Second Distribution Motion**”) (Dkt. No. 195),¹ moving this Court to approve a second distribution, and this Court having held a hearing thereon, and the Court being otherwise fully advised in the premises,

IT IS ORDERED AND ADJUDGED as follows:

1. The Reconciled Approved Claimants List, attached as Exhibit C to the Second Distribution Motion, and the actions of the Receiver in compiling the Reconciled Approved Claimants List, are ratified, and the determinations of Adjusted Net Investor Claim ("ANIC") and distribution amount for each Approved Claimant listed on Ex. C constitute final and binding determinations of ANIC and distribution amount for each Approved Claimant, and the Approved Claimants, and each of them individually, are barred from asserting any claim against the Receiver (either personally or in his representative capacity) or his employees, agents, attorneys or accountants, or the Receivership estate, in excess thereof;

2. The Receiver is authorized to distribute a Second Distribution Fund in the amount of Eight Hundred Thousand Dollars (**USD \$800,000.00**) from the Receivership estate to the Approved Claimants listed on Ex. C in the ratio of their ANICs as listed on Ex. C;

3. The Receiver is authorized to transfer sufficient funds from CFF's Operating Account xxxx2620 at Fifth Third Bank, and/or from CFF's Savings Account xxxx2612 at Fifth Third Bank, into CFF's Distribution Account xxxx2638 at Fifth Third Bank, as necessary to bring the total in Distribution Account

¹ All capitalized terms shall have the definitions set forth in the Second Distribution Motion.

xxxx2638 to USD \$800,000.00 for distribution to the Approved Claimants in accordance with the ANICs set forth in Exhibit C;

4. All claims from individuals and/or entities not specifically listed as Approved Claimants on Ex. C, and all claims of the Denied Claimants listed on E to the Second Distribution Motion, are hereby forever barred and may not be asserted against the Receiver (either personally or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate;

6. After entry of this Order ("**Second Distribution Order**"), the Receiver shall make the required distributions from the Second Distribution Fund to each Approved Claimant listed on Ex. C of their Second Distribution Amount (as set forth in Column E of Ex. C); and further, (i) the distribution shall be mailed by *United States First Class Mail* to the last known address of each Approved Claimant contained in the Receiver's records; (ii) the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant's current address and other contact information, and to insure that the Approved Claimant's name and/or proper contact information are contained in the Receiver's records; (iii) the Receiver is under no duty or obligation to attempt to determine any Approved Claimant's current address and other contact information; and (iv) the Receiver shall implement the Positive Pay security procedures to ensure the proper negotiation of each distribution check;

7. Second Distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks shall be void, the right to receive such payments shall terminate, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Distribution Fund and disposed of according to the Court's further instructions; further, the Receiver shall, in the mailing of the checks, warn Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an Investor Second Distribution Letter substantially in the form attached as Exhibit F to the Second Distribution Motion, which the Court hereby approves; and, further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case;

8. Because of the joint ownership of some claims, the Receiver, prior to mailing the Second Distribution checks, will mail via *United States First Class Mail* to each Co-Investor Claimant a Letter to Co-Investor Claimant, substantially in the form attached as Exhibit G to the Second Distribution Motion, which the Court hereby approves, advising them as to which address the checks will be mailed, and further, a copy of the Investor Second Distribution Letter (Ex. F)

which is to be mailed with the distribution checks, will also be mailed to each Co-Investor Claimant so that each will be informed as to when the checks are mailed; provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Second Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants;

9. If a Second Distribution check was made payable to a deceased claimant, or a deceased claimant's estate, and the representatives and/or family members of such deceased claimant inform the Receiver that they are unable to cash or negotiate the check, the Receiver is authorized to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, in order to: (i) determine whether such documentation is sufficient to satisfy the decedent's state requirements for reissuing the decedent's Second Distribution check to the Affiant (the designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and (ii) determine whether such documentation is

sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate or other court involvement;

10. If the Receiver determines that the documentation is sufficient, the Receiver is authorized to reissue the decedent's Second Distribution check in the name of the Affiant and mail the reissued distribution check to the Affiant via *United States First Class Mail* at the address provided by the Affiant, and (i) the Affiant has the burden to notify the Receiver of any updated contact information, and to insure that the Affiant's name and proper contact information are contained in the Receiver's records; (ii) the Receiver is under no duty or obligation to attempt to determine the current address and/or other contact information for any Affiant; and (iii) the Receiver shall implement the security procedures of Positive Pay;

11. The Receiver shall only reissue a Second Distribution check if, in addition to the requirements described above, the distribution check was made payable to a deceased claimant or a deceased claimant's estate, and the distribution check has not been cashed or negotiated;

12. Reissued Second Distribution checks made payable to Affiants which are returned or which have not been cashed within sixty (60) days of mailing, shall be void, the right to receive such payments shall terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Affiants shall be returned to the Distribution Fund and disposed of according to the Court's

further instructions; further, in the mailing of reissued Second Distribution checks to Affiants, the Receiver shall warn Affiants of this potential loss of rights and the need to promptly cash or negotiate their checks; if Affiants fail to cash the reissued distribution checks within sixty (60) days of mailing, such Affiants shall have no right to participate in future distributions (if any) and shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to notify such Affiants of future hearings, motions, orders or developments in this case;

13. In order to effectuate this Second Distribution, and subsequent distributions (if any), to the Approved Claimants, and, where applicable, to effectuate processing and distribution of reissued estate checks to Affiants in reliance on Small Estate Affidavits, as detailed in Paragraphs 9 through 12 above, the Court hereby releases and discharges the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the estate's administration, from any act or omission arising out of such involvement;

14. There being insufficient CFF Receivership estate assets to fully repay the Approved Claimants' Adjusted Net Investor Claims (ANIC), no trade creditor claims procedure shall be established in this case, and general trade creditors who previously submitted claims to the Receiver shall recover nothing on those claims;

15. The CFF Receivership estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the estate's administration (collectively, the "Indemnified Parties"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case;

16. The Second Distribution Motion, including all Exhibits, and this Second Distribution Order, shall be available to the public at the Clerk of the Court for the United States District Court, Eastern District of Michigan (Southern

Division) for inspection and copying at such Clerk's office during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of the Second Distribution Motion and this Second Distribution Order to any person requesting same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same;

17. The Receiver is further directed to post a copy of the Second Distribution Motion, including all Exhibits, and this Second Distribution Order on the Receiver's website at www.cffreceiver.com;

18. The Receiver is authorized to hold back the sum of USD \$210,342.37 to apply to estimated Windup Costs;

19. Following completion of the Second Distribution, and completion of all remaining matters necessary to wind up the Receivership, the Receiver is directed to file a final report, final accounting and final application for compensation and expenses.

SO ORDERED.

Dated: June 21, 2018
Detroit, Michigan

s/Mark A. Goldsmith
MARK A. GOLDSMITH
United States District Judge

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served upon counsel of record and any unrepresented parties via the Court's ECF System to their respective email or First Class U.S. mail addresses disclosed on the Notice of Electronic Filing on June 21, 2018.

s/Karri Sandusky
Case Manager

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A-4
To
RECEIVER'S FINAL REPORT

Investor Second Distribution Letter

STENGER & STENGER
A MICHIGAN PROFESSIONAL CORPORATION

PHILIP S. STENGER
ADMITTED IN MI, KY, MN, GA & CO
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI & MN
AMANDA M. BREWSTER
ADMITTED IN MI
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI & IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN GA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGCE
ADMITTED OH, KY & IN
TAYLOR J. LAND
ADMITTED TN

2618 EAST PARIS AVE SE
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 264-3256
FACSIMILE (616) 940-1192
TOLL FREE (877) 512-2483

E-MAIL CFFRECEIVER@STENGERLAW.COM

WEBSITE WWW.CFFRECEIVER.COM

MICHELLE R. ZYLSTRA
ADMITTED IN MI
RACHEL E. WELCH
ADMITTED IN GA
PHILLIP A. LAMERE
ADMITTED IN IN
OF COUNSEL:
LEE T. SILVER
ADMITTED IN MI
DOUGLAS W. VAN ESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN
CINQUE AXAM
ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN GA
ERIC SITLER
ADMITTED IN TN
R. GARY MARSCHHAUSEN
ADMITTED IN CO

August 31, 2018

VIA UNITED STATES FIRST CLASS MAIL



Re: *Commodity Futures Trading Commission v. Watson, et al.*
Case No. 11-cv-10949 (E.D. Mich.)
TIME SENSITIVE MATTER

Dear [REDACTED],
Claim Number: [REDACTED]

We are happy to report that on June 21, 2018, the Honorable Mark A. Goldsmith entered his *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* (the "Order"), directing the Receiver to make a distribution of the Cash Flow Financial ("CFF") Receivership assets in the amount of Eight Hundred Thousand and 00/100 Dollars (\$800,000). A copy of the Order is posted on the Receiver's website at www.cffreceiver.com under Pleadings.

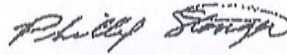
Accordingly, enclosed is your distribution check dated August 31, 2018.

IMPORTANT NOTICE: Checks must be cashed within 120 calendar days from the date of mailing such checks. Checks which are returned or have not been cashed within 120 calendar days from the date of mailing of such checks will become permanently null and void, your right to receive such payment and any future payments (if any) from the CFF Receivership will terminate and the amount otherwise distributable to you shall be disposed of according to the provisions set by the Court.

Also, please note, we cannot provide any tax, legal, estate planning or IRA advice. Please feel free to consult your own attorney or tax consultant should you have any questions related to such issues.

Should you have any other questions or concerns, please do not hesitate to contact my office.

Kind Regards,

A handwritten signature in dark ink, appearing to read "Phillip S. Stenger". The signature is fluid and cursive, with the first name "Phillip" and last name "Stenger" clearly distinguishable.

Phillip S. Stenger
Receiver

Enclosure

EXHIBIT A-5
To
RECEIVER'S FINAL REPORT

Letter to Co-Investor Claimants

STENGER & STENGER
A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA & CO
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI & MN
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M. KYLE FLOYD
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PRESTON U. NATE
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ADMITTED TN

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FACSIMILE (616) 940-1192
TOLL FREE (877) 512-2483

E-MAIL CFFRECEIVER@STENGERLAW.COM

WEBSITE WWW.CFFRECEIVER.COM

MICHELLE R. ZYLSTRA
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RACHEL E. WELCH
ADMITTED IN GA
PHILLIP A. LAMERE
ADMITTED IN IN
OF COUNSEL:
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ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN GA
ERIC SITLER
ADMITTED IN TN
R. GARY MARSCHHAUSEN
ADMITTED IN CO

August 27, 2018

VIA UNITED STATES FIRST CLASS MAIL

[REDACTED]

Re: *Commodity Futures Trading Commission v. Watson, et al.*
Case No. 11-cv-10949 (E.D. Mich)

Dear [REDACTED]:

We are happy to report that on June 21, 2018, the Honorable Mark A. Goldsmith entered his *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* (the "Order") directing the Receiver to make a distribution of the Cash Flow Financial ("CFF") Receivership assets in the amount of Eight Hundred Thousand and 00/100 Dollars (\$800,000.00). A copy of the Order is posted on the Receiver's website at www.cffreceiver.com under Pleadings.

Accordingly, checks are currently being prepared for distribution to all Approved Investor Claimants who have been identified as having a positive Adjusted Net Investor Claim ("ANIC") (and appropriately cashed the first distribution check) and should be mailed in the next few weeks. Our records indicate that you are an Approved Investor Claimant who has a joint claim with another Approved Investor Claimant. As such, your distribution check will be made payable to both you and [REDACTED], and will be physically mailed to [REDACTED].

IMPORTANT NOTICE: Checks must be cashed within 120 calendar days from the date of mailing such checks. Checks which are returned or have not been cashed within 120 calendar days from the date of mailing such checks will become permanently null and void, your right to receive such payment and any future payments (if any) from the CFF Receivership will terminate and the amount otherwise distributable to you shall be disposed of according to the provisions set by the Court.

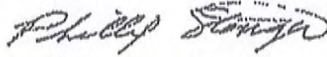
Also, please note, we cannot provide any tax, legal, estate planning or IRA advice. Please feel free

to consult your own attorney or tax consultant should you have any questions related to such issues.

Should you have any other questions or concerns, please do not hesitate to contact my office.

Very truly yours,

STENCER & STENCER, P.C.

A handwritten signature in dark ink, appearing to read "Phillip Stenger", written in a cursive style.

Phillip S. Stenger

EXHIBIT A-6
To
RECEIVER'S FINAL REPORT

List of Approved Claimants with Uncashed Checks

	A	B
1	File Number	2nd Distribution Amount
2	CF000041	\$175.44
3	CF000127	\$174.96
4	CF000194	\$388.32
5	CF000378	\$250.65
6	CF000500	\$125.32
7	CF000542	\$1,499.84
8	CF000554	\$278.27
9	CF000579	\$921.18
10	CF000587	\$192.98
11	CF000638	\$113.29
12	CF000646	\$563.91
13	CF000760	\$573.96
14	CF000790	\$125.33
15	CF000803	\$125.33
16	CF000863	\$125.31
17	CF000953	\$1,518.80
18	CF001013	\$246.63
19	CF001021	\$1,241.10
20	CF001022	\$501.25
21	CF001191	\$149.15
22	CF001245	\$250.65
23	CF001316	\$751.88
24	CF001324	\$213.04
25	CF001384	\$50.13
26	CF001386	\$526.32
27	CF001408	\$125.32

EXHIBIT A-7
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated March 16, 2016

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, TN, WI & MD
AMANDA M. SNEATHEN
ADMITTED IN MI, IN & NJ
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, MA, IN & NJ
M. KYLE FLOYD
ADMITTED IN CA

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GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
FACSIMILE (616) 940-1192
TOLL FREE (888) 305-7775

OF COUNSEL:

LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
R. CARY MARSCHHAUSEN
ADMITTED IN CO
LISA A. HASTER
ADMITTED IN MN
CINQUE AXAM
ADMITTED IN CA
DANIELLE P. ROBERTS
ADMITTED IN CA

March 16, 2016

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012


Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2015 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2015 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221. Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-8
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated March 7, 2017

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, TN, WI & MD
AMANDA M. SNEATHEN
ADMITTED IN MI, IN, NJ & CO
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ADMITTED IN OH
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ADMITTED IN MI, MA, IN, NJ & KY
M. KYLE FLOYD
ADMITTED IN CA

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PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGGE
ADMITTED OH, KY & IN
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
R. GARY MARSCHHAUSEN
ADMITTED IN CO
CINQUE AXAM
ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN GA

March 7, 2017

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

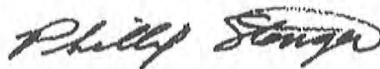
Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2016 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2016 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221. Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A
To
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

Final Report (Part II of II)

EXHIBIT A-9
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated February 14, 2018

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, CA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
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ADMITTED IN MI, IN, NJ, & CO
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ADMITTED IN OH
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ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN CA
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ADMITTED IN MI
ROBERT L. HENCCE
ADMITTED OH, KY & IN

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TAYLOR J. LAND
ADMITTED TN
MICHELLE R. ZYLSTRA
ADMITTED IN MI
RACHEL E. WELCH
ADMITTED IN CA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
R. GARY MARSCHHAUSEN
ADMITTED IN CO
CINQUE AXAM
ADMITTED IN CA
DANIELLE P. ROBERTS
ADMITTED IN CA
ERIC W. SITLER
ADMITTED IN TN

February 14, 2018

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

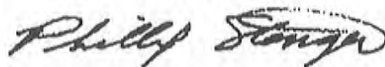
Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2017 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2017 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221. Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-10
To
RECEIVER'S FINAL REPORT

Letter to IRS Filing 2015 QSF Return dated March 9, 2019

Ex. A-8

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
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PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGCE
ADMITTED OH, KY & IN
MICHELLE R. ZYLSTRA
ADMITTED MI

2618 EAST PARIS AVENUE, S.E.
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
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JOSHUA A. STIERS
ADMITTED IN NY, NJ
PHILLIP A. LAMERE
ADMITTED IN IN
R. GARY MARSCHHAUSEN
ADMITTED IN CO
SHERYLE L. DICKENS
ADMITTED IN GA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

March 11, 2019

VIA CERTIFIED MAIL

Department of the Treasury
Internal Revenue Service Center
Ogden UT 84201-0012

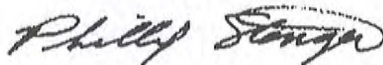
Re: CFTC v Cash Flow Financial et al Combined Settlement Fund
EIN: 45-0601429
2018 Calendar Year Form 1120-SF

Dear Internal Revenue Service,

Enclosed for filing on behalf of the CFTC v. Cash Flow Financial et al Combined Settlement Fund, please find 2018 Form 1120-SF U.S. Income Tax Return for Settlement Funds (Under Section 468B).

If you have any questions, please call our accountant, Jerry Jonckheere, at 616-774-8221. Thank you.

Very truly yours,



Phillip S. Stenger
Receiver

Enclosure

C: J. Jonckheere (Plante & Moran PLLC)

EXHIBIT A-11
To
RECEIVER'S FINAL REPORT

Compensation Motion No.24
with Exhibits A through D

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

ALAN JAMES WATSON, MICHAEL POTTS and)
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), undersigned counsel certifies that on March 12, 2019, she communicated in writing with counsel for Plaintiff Commodity Futures Trading Commission (the "COMMISSION"), and counsel for all parties, explaining the nature of the relief sought by way of this motion and seeking concurrence in the relief. Counsel for the COMMISSION advised the Receiver on April 2, 2019, that it will take no position on the motion, and attorney Erika Butler advised the Receiver on March 15, 2019, that she will take no position on the motion. More than three weeks have passed without remaining counsel expressly agreeing to the relief sought, either orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d) (3).

Now comes the Temporary Receiver, Phillip S. Stenger, by and through his attorneys, STENGER & STENGER, P.C., and respectfully moves the Court to enter an Order for Payment of Costs, Fees and Expenses of the Receiver No. 24 for the period of October 1, 2018 through February 28, 2019 (the "**BILLING PERIOD**"), and states the following in support of this Motion, which shall be referred to as "**COMPENSATION REQUEST NO. 24.**"

1. This Court appointed Phillip S. Stenger as Temporary Receiver ("**RECEIVER**") for the Defendants' assets, the assets of any affiliates or subsidiaries of any Defendant and for certain assets of the Relief Defendant, with the full powers of an equity receiver ("**STATUTORY RESTRAINING ORDER**") (Dkt. No. 5), stating at Paragraph G that:

[t]he Receiver and his [RETAINED PERSONNEL], are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, or in the possession or control of, or which may be received by the Defendants. The [RECEIVER] shall file with the Court and serve on the parties, including Plaintiff COMMISSION, periodic requests for the payment of such reasonable compensation [. . . and] Plaintiff COMMISSION may object to any part of a request within 30 calendar days of service of a request.

Prior to filing, copies of this COMPENSATION REQUEST NO. 24, with exhibits, were served upon the Service List in this matter.

2. The gross assets held by the Receivership Estate total **\$108,020.72**, as of February 28, 2019.

3. Services provided by the RECEIVER and his RETAINED PERSONNEL

during the BILLING PERIOD included the following:

Receive, review and reply to correspondence/emails from investors; update investor database; update investor hotline; retrieve and transcribe voicemails from investors regarding status of case; return telephone calls to investors regarding status of case, and update investor database; update receivership website script; correspondence exchanges with team regarding updates to investor hotline and website; receive and review mail returned from bad addresses; search of Accurint/TLO records for investors with incorrect contact information; analyze search results; update investor database regarding same;

Continue processing of final distribution; verify positive pay images and update spreadsheet; correspondence exchanges with J. Hoag regarding various investor requests for reissuance of final distribution checks; generate list of investors to prepare reissued checks; prepare reissued checks for mailing; scan and save same to system; update spreadsheets accordingly; generate report to be skip traced of uncashed checks; request stop payments to be issued; prepare email correspondence to investors with uncashed checks for which a better address cannot be located; update system database and uncashed lists regarding same; correspondence exchanges with team regarding numbers and amounts of uncashed distribution checks;

Review outstanding professional fees; correspondence exchanges with M. Herr regarding outstanding vendor fees; request, receive and review updated sources and uses of funds reports; draft compensation motion #23, supporting affidavit, supporting exhibits and proposed order; preparation of correspondence to CFTC forwarding same for review; receive and review correspondence from D. Grimm regarding CFTC position on compensation motion; preparation of correspondence to counsel of record requesting concurrence with relief sought in motion; receive and review responses from attorneys regarding same; e-file motion and supporting documents; preparation of correspondence to Judge Goldsmith regarding e-filings; preparation of correspondence to attorneys of record regarding same;

Telephone conferences and correspondence exchanges with R. Davis, local counsel in Florida, regarding judgment enforcement status and strategies in *Stenger v. Freeman*; receive and review magistrate judge's report and recommendation regarding motion for final judgment against garnishee Bank of America; telephone conferences with R. Davis regarding Freeman's deposition testimony; legal research and analysis of Delaware enforcement law that would be applicable to Freeman's assets in Applied Bank of DE; preparation of correspondence to Receiver regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling; preparation of correspondence to R. Davis regarding same; attorney analysis conference with P. Stenger regarding status of efforts to enforce \$1.5 million judgment against Freeman; preparation of correspondence to R. Davis regarding same; telephone conference with D. Grimm and P. Stenger regarding decision to forego any further collection efforts on judgment against Freeman; preparation of correspondence to R. Davis regarding same; receive and review correspondence from R. Davis regarding closure of Freeman collection action; receive and review correspondence from R. Davis forwarding check from BOA in payment of garnishment judgment; receive and review SEC notification regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action;

Review CFF tax records regarding TY2018 taxable transaction data and trial balance reports to be prepared; correspondence exchanges with N. Cambridge regarding TY2018 updates to accounting reports required to prepare the QSF return; correspondence exchanges with B. Venema regarding TY2018 general ledger trial balance and general ledger reports required for preparation of return; receive and review requested accounting reports; review professional billing records for TY2018 and analyze deductibility of professional fees and expenses paid in 2018; prepare spreadsheet report of analyses results; preparation of correspondence to D. Ryneerson of Plante Moran requesting preparation of CFF's QSF tax return for TY2018, and forwarding related tax and accounting reports; correspondence exchanges with C. Meyering of Plante Moran regarding deductibility analysis of fees approved for payment in December 2017, but not paid until January 2018; correspondence exchanges with D.

Rynearson regarding status of return and request for Plante Moran's outstanding fees for tax preparation services;

Review outstanding professional fees; correspondence exchanges with J. Hoag regarding same; receive and review professional fee statements for October 2018 through February 2019; request, receive and review updated sources and uses of funds reports; draft compensation motion #24, and supporting exhibits. Begin drafting final report to the Court.

4. The RECEIVER and his RETAINED PERSONNEL have incurred the following costs, fees and expenses during the BILLING PERIOD, which costs, fees and expenses are reasonable and commensurate with the services performed. STENGER & STENGER's detailed billing statements for the BILLING PERIOD are attached as **Exhibit A** and incorporated by reference:

	Hours	Fees	Costs/Expenses	Totals
Stenger & Stenger PC October 2018	30.30	5,733.30	4,073.04	9,806.34
Stenger & Stenger PC November 2018	18.5	3,271.20	7,026.75	10,297.95
Stenger & Stenger PC December 2018	13.70	1,837.10	0.00	1,837.10
Stenger & Stenger PC January 2019	37.60	7,902.80	43.33	7,946.13
Stenger & Stenger PC February 2019	17.20	3,638.00	4,819.26	8,457.29
Totals:	117.30	22,382.40	15,962.38	38,344.81

The RECEIVER, as authorized in the STATUTORY RESTRAINING ORDER (Dkt. No. 5, Para. IV.B.9), has retained the law firm of Holland & Knight, in Orlando, FL, to pursue execution of the judgments obtained by the RECEIVER against Keith

Freeman, Jedburgh Group International and CI Solar in the *Stenger v Freeman* recovery action. The professional fees and expenses of Holland & Knight incurred during September 2018, in the amount of \$4,013.96;¹ and incurred during October 2018, in the amount of \$6,150.82, are, collectively, included as expenses on the RECEIVER'S billing statements for the months of October 2018 and November 2018, respectively. Copies of Holland & Knight's professional fee statements for the BILLING PERIOD are attached as **Exhibit B** and incorporated herein by reference. The RECEIVER has also retained the accounting services of Plante Moran for tax reporting purposes. Plante Moran's professional fees and expenses for tax reporting services incurred for the period of January 10, 2019 through February 28, 2019, total \$2,906.00. A copy of Plante Moran's professional fee statement for that period is attached as **Exhibit C** and incorporated herein by reference.

5. Copies of this COMPENSATION REQUEST NO. 24, with supporting invoices, were provided to the COMMISSION in advance of filing for review, and

¹ Holland & Knight Invoice No. 5731260, dated October 8, 2018, in the amount of \$4,013.96, which is herein included as an expense on the RECEIVER'S attached Billing Statement for October 2018, was mistakenly referenced in the RECEIVER'S COMPENSATION REQUEST NO. 23 [ECF No. 209, Page ID.3840, on p. 5 of 7] as having been included as an expense on the RECEIVER'S Billing Statement for September 2018 – **which it was not**. Accordingly, the total fees and costs sought in COMPENSATION REQUEST NO. 23 and approved for payment by this Court's December 13, 2018 Order for Payment [ECF No. 210, Page ID.3870-3872],

the COMMISSION advised the RECEIVER on April 2, 2019, that it will take no position on COMPENSATION REQUEST NO. 24. See Affidavit of the RECEIVER, attached as **Exhibit D** and incorporated herein by reference.

6. Accordingly, the RECEIVER respectfully requests this Court to enter an order authorizing payment to the RECEIVER and his RETAINED PERSONNEL of the aggregate sum of **\$38,344.81** for the costs, fees and expenses incurred in connection with carrying out the RECEIVER'S duties under the STATUTORY RESTRAINING ORDER during the BILLING PERIOD.

DATED: April 24, 2019.

Respectfully submitted,

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)
STENGER & STENGER, P.C.
Attorneys for Phillip S. Stenger, Receiver
Business Address:

2618 East Paris Avenue, S.E.
Grand Rapids, MI 49546-2425
Telephone: (616) 988-2230
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Email: kay@stengerlaw.com

totaling \$22,734.08, did **not** include payment of Holland & Knight's Invoice No. 5731260 in the amount of \$4,013.96.

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that she caused a copy of the foregoing COMPENSATION REQUEST NO. 24, and Exhibits thereto, to be served via electronic filing on the following ECF parties on April 24, 2019:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
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211 W. Fort Street, Suite 2001
Detroit, MI 48226-3211
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Harry H. Wise, III
Attorney for The Jedburgh Group
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Erika Lorraine Davis
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

DATED: April 24, 2019.

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)
STENGER & STENGER, P.C.

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CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

*Invoices of Stenger & Stenger, P.C.,
(October 2018 through February 2019)*

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
10/9/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding distribution.	1.80 94.00/hr	169.20
10/10/2018	KGH Receive and review fee statements for July through September. Preparation of correspondence to J. Hoag regarding same. Telephone conference with R. Davis regarding K. Freeman's deposition testimony, and strategic options and considerations going forward.	2.20 257.00/hr	565.40
10/11/2018	KGH Receive and review magistrate judge's report and recommendation regarding granting receiver's motion for final judgment against garnishee BOA in Stenger v Freeman case.	0.20 257.00/hr	51.40
10/17/2018	KGH Receive and review correspondence from R. Davis regarding options going forward in Stenger v Freeman execution efforts. Correspondence exchange with J. Hoag regarding query concerning check payable to dissolved trust. Receive and review correspondence from J. Hoag regarding number and amount of final distribution checks cashed to date. Legal research DE enforcement law that would be applicable to Freeman's assets in Applied Bank of DE. Preparation of correspondence to P. Stenger regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling. Preparation of correspondence to R. Davis regarding same.	3.20 257.00/hr	822.40
	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Conference with K. Hammond regarding same.	2.70 94.00/hr	253.80
10/18/2018	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	3.20 94.00/hr	300.80
10/24/2018	KGH Conference with J. Hoag regarding status of returned checks. Receive and review request for reissuance of check made payable to defunct LLC. Preparation of correspondence to J. Hoag authorizing requested reissuance. Preparation of correspondence to J. Hoag regarding current number and amount of cashed checks.	1.00 257.00/hr	257.00
10/25/2018	KGH Receive and review orders approving payment of comp requests #21 and #22. Preparation of correspondence to N. Cambridge regarding processing of payment orders. Receive and review correspondence	1.80 257.00/hr	462.60

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
	from J. Hoag regarding investor request for reissuance of final distribution check.		
10/25/2018 JLH	Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate list of investors to prepare reissued checks. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	4.90 94.00/hr	460.60
10/29/2018 KGH	Correspondence exchange with N. Cambridge regarding restitution check from unidentified defendant. Telephone conference with Clerk of Court regarding same. Correspondence exchange with J. Hoag regarding status of distribution check cashing. Draft compensation motion #23, supporting exhibits and proposed payment order. Preparation of correspondence to D. Grimm regarding status of distribution and forwarding compensation motion #23 for review and comment. Preparation of correspondence to attorneys of record requesting concurrence on relief sought in motion.	3.80 257.00/hr	976.60
10/31/2018 KGH	Receive and review judgment against garnishee defendant BOA in Stenger v Freeman enforcement action. Participate in conference with P. Stenger regarding status of efforts to enforce \$1.5M judgment against Keith Freeman. Preparation of correspondence to D. Grimm regarding conference call to discuss same.	1.20 257.00/hr	308.40
	For professional services rendered	30.30	\$5,733.30
	Additional Charges :		
10/10/2018	Holland & Knight Invoice No. 5731260 dated October 8, 2018.		4,013.96
10/31/2018	Storage Unit Charge for October, 2018.		43.33
	TLO Expenses		15.75
	Total costs		\$4,073.04
	Total amount of this bill		\$9,806.34

Name	Summary	Hours	Rate	Amount
Jamie L. Hoag		12.60	94.00	\$1,184.40
Kay Griffith Hammond		17.70	257.00	\$4,548.90

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ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 13, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through November 30, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
11/1/2018 KGH	Correspondence exchange with R. Davis regarding recommended cessation of Freeman judgment enforcement efforts. Preparation of correspondence to N. Cambridge regarding source of restitution payment.	0.40 257.00/hr	102.80
11/2/2018 KGH	Receive and review financial reports updated through 10/31/2018. Correspondence exchange with N. Cambridge regarding same.	0.40 257.00/hr	102.80
11/5/2018 KGH	Telephone status conference with P. Stenger and D. Grimm. Telephone conference with R. Davis regarding decision to forego any further collection efforts on judgment against K. Freeman. Preparation of correspondence to D. Grimm concerning estimated estate balance after final distribution checks are cashed.	2.20 257.00/hr	565.40
11/9/2018 JLH	Prepare reissued checks for mailing. Scan and save same to system. Update spreadsheets accordingly.	1.60 94.00/hr	150.40
11/12/2018 KGH	Correspondence exchange with J. Hoag regarding whether second distribution will be final distribution.	0.40 257.00/hr	102.80

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
11/12/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor databases.	1.30 94.00/hr	122.20
11/16/2018	KGH Receive and review correspondence from R. Davis regarding closure of Freeman collection action.	0.20 257.00/hr	51.40
11/19/2018	KGH Correspondence exchange with D. Grimm regarding proposed compensation motion #23. Correspondence exchanges with J. Hoag regarding status of final distribution checks. Correspondence exchange with D. Grimm regarding same.	1.20 257.00/hr	308.40
11/21/2018	KGH Receive and review satisfaction of garnishment judgment against BOA in Stenger v Freeman action. Receive and review correspondence from R. Davis regarding same and check from BOA in payment of judgment.	0.40 257.00/hr	102.80
11/28/2018	KGH Correspondence exchanges with J. Hoag regarding status of final distribution check cashing. Receive and review correspondence from R. Davis regarding check in satisfaction of judgment against garnishee Bank of America in Stenger v Freeman action. Finalize and e-file compensation motion #23 and supporting exhibits. Prepare proposed order and send copy to Judge Goldsmith through Utilities. Preparation of correspondence to Judge Goldsmith regarding compensation request. Preparation of correspondence to counsel of record regarding same. Preparation of correspondence to D. Grimm regarding final distribution checks cashed to date.	3.30 257.00/hr	848.10
11/30/2018	KGH Correspondence exchange with J. Hoag, and related CLS file review, regarding sufficiency of documentation to support changing name on a final distribution check.	0.90 257.00/hr	231.30
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Prepare list of checks to be reissued.	6.20 94.00/hr	582.80
For professional services rendered		<u>18.50</u>	<u>\$3,271.20</u>

U.S. Commodity Futures Trading Commission

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Additional Charges :

	<u>Amount</u>
11/30/2018 Storage Unit Charge for November, 2018.	43.33
Document Imaging: October - November, 2018.	762.80
PACER Charges: Public Access to Court Records	1.80
Holland & Knight Invoice No. 5754885 dated November 23, 2018	6,150.82
Copy Charges, November 2018	68.00
Total costs	<u>\$7,026.75</u>
Total amount of this bill	<u><u>\$10,297.95</u></u>

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		9.10	94.00	\$855.40
Kay Griffith Hammond		9.40	257.00	\$2,415.80

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ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through December 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
12/6/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare reissue requests and mailing.	2.20 94.00/hr	206.80
12/10/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	1.10 94.00/hr	103.40
12/12/2018	KGH Correspondence exchange with J. Hoag regarding check cashing deadline extension for recently mailed checks. Status conference with J. Hoag regarding number and type of uncashed checks, further handling of uncashed checks and timeline for resolution of final distribution checks.	1.00 257.00/hr	257.00
	JLH Conference with K. Hammond regarding uncashed checks. Prepare report regarding same.	0.30 94.00/hr	28.20

U.S. Commodity Futures Trading Commission

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		<u>Hrs/Rate</u>	<u>Amount</u>
12/14/2018	KGH Receive and review SEC notice regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action. Receive and review order for payment of comp motion #23. Preparation of correspondence to N. Cambridge regarding processing of payments to Holland & Knight.	1.00 257.00/hr	257.00
12/17/2018	KGH Conference with J. Hoag regarding investor request to reissue check. Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.60 257.00/hr	154.20
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate report to be skip traced of uncashed checks. Request stop payments to be issued.	2.10 94.00/hr	197.40
12/18/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	0.50 79.00/hr	39.50
12/19/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/20/2018	JLH Prepare letters to be mailed with reissued checks. Scan and save same to system.	1.90 94.00/hr	178.60
	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/26/2018	KGH Review CFF tax records regarding 2018 taxable transaction data and trial balance reports to be prepared. Review professional fee statements regarding 2018 analysis to be prepared of taxable and non-taxable services rendered.	1.00 257.00/hr	257.00
	For professional services rendered	13.70	\$1,837.10
	Additional Charges :		
12/31/2018	Storage Unit Charge for December, 2018.		43.33
	Total costs		\$43.33
	Total amount of this bill		\$1,880.43

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Autumn Cardinal		2.50	79.00	\$197.50

U.S. Commodity Futures Trading Commission

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<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	7.60	94.00	\$714.40
Kay Griffith Hammond	3.60	257.00	\$925.20

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ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through January 31, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
1/2/2019 KGH	Receive and review correspondence from M. Goldstein regarding status of recovery efforts against K. Freeman	0.20 257.00/hr	51.40
1/5/2019 KGH	Receive and review correspondence from J. Hoag regarding number and status of uncashed checks, skip trace results on returned checks, and recommendations regarding follow-up of investors with new email and/or postal addresses. Respond to J. Hoag regarding her recommendations. Review tax filing status, and analysis of accounting data required to prepare 2018 QSF tax return.	1.20 257.00/hr	308.40
JLH	Prepare email to K. Hammond regarding uncashed checks. Prepare report regarding same.	1.00 94.00/hr	94.00
1/7/2019 KGH	Review tax records regarding drafting requirements for preparation of 2018 QSF tax return. Preparation of correspondence to N. Cambridge requesting required TY 2018 updates to accounting reports required to prepare the QSF return. Preparation of correspondence to B. Venema requesting preparation of 2018 general ledger trial balance and general ledger reports required to prepare the QSF return. Preparation of correspondence to J. Hoag regarding outstanding fees for October through December 2018. Review prior	6.70 257.00/hr	1,721.90

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	year deductibility analyses regarding professional fees. Compile billing records pertinent to TY 2018 fee deductibility analysis. Begin tax analysis. Receive and review updated receipts and sources and uses of funds reports from N. Cambridge. Correspondence with N. Cambridge regarding unidentified source of one receipt. Preparation of correspondence to N. Cambridge regarding description of garnishee disclosure fee paid in Grill v Genitrini garnishment action.		
1/7/2019 NC	Preparation of updates to the Sources and Uses of Funds reports for required TY 2018. Completion of bank reconciliations for 2018. Correspondence with K. Hammond regarding the same.	3.00 94.00/hr	282.00
1/9/2019 KGH	Receive and review TY 2018 general ledger and general ledger trial balance reports from B. Venema. Preparation of correspondence to D. Ryneerson regarding Plante Moran's preparation of CFF 2018 QSF return, and forwarding requisite tax accounting reports. Analyze deductibility of professional fees and expenses paid during TY 2018.	2.90 257.00/hr	745.30
1/10/2019 KGH	Correspondence exchanges with D. Ryneerson regarding email delivery failures to Plante Moran. Correspondence exchanges with C. Gumowski regarding same. Analyze deductibility of professional fees and expenses paid in 2018.	2.80 257.00/hr	719.60
1/12/2019 KGH	Analyze deductibility of professional fees and expenses paid during TY 2018 and prepare spreadsheet report. Preparation of correspondence to D. Ryneerson forwarding copy of same. Preparation of correspondence to B. Venema regarding actual date of payment of comp motion #23 approved for payment in 12/2018.	5.80 257.00/hr	1,490.60
1/14/2019 KGH	Correspondence exchanges with D. Ryneerson regarding tax preparation. Receive and review correspondence from A. Wood regarding issues concerning vendor invoices in TY2018. Review and respond to same.	1.20 257.00/hr	308.40
JLH	Prepare email correspondence to investors with uncashed checks that we are unable to locate a better address for. Update system database and uncashed lists regarding same.	1.20 94.00/hr	112.80
1/16/2019 KGH	Conference with J. Hoag regarding status of outstanding uncashed checks.	0.40 257.00/hr	102.80
JLH	Conference with K. Hammond regarding status of outstanding uncashed checks.	0.40 94.00/hr	37.60
1/18/2019 KGH	Correspondence exchange with J. Hoag regarding investor request for name change on check. Receive and review proposed engagement agreement from Plante Moran. Preparation of correspondence to J. Hoag regarding same.	1.00 257.00/hr	257.00
1/19/2019 JLH	Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Preparation of correspondence regarding stop payments to be issued.	0.70 94.00/hr	65.80

U.S. Commodity Futures Trading Commission

Page 3

		<u>Hrs/Rate</u>	<u>Amount</u>
1/23/2019 KGH	Receive and review correspondence from C. Meyering of Plante Moran regarding fee deductibility analysis of fees paid in 1/2018. Telephone conferences with J. Hoag regarding same. Review compensation motion #19 and order for payment issued in 12/17. Analysis of associated fee statements regarding tax deductibility. Draft spreadsheet results of analysis. Preparation of correspondence to C. Meyering regarding same. Telephone conference and correspondence exchange with J. Hoag regarding inquiry concerning bond issued by Malachai Corp.	4.60 257.00/hr	1,182.20
JLH	Make telephone calls with investors regarding status of matter. Update investor database regarding same. Verify positive pay images and update spreadsheet. Telephone conference with K. Hammond regarding fee deductibility analysis of fees paid.	1.20 94.00/hr	112.80
1/29/2019 JLH	Prepare enclosure letters. Verify reissued checks. Collate same to prepare to save to system. Prepare for mailing.	1.80 94.00/hr	169.20
1/30/2019 JLH	Scan reissued check packages to system. Prepare for mailing. Update positive pay spreadsheet.	1.50 94.00/hr	141.00
For professional services rendered		37.60	\$7,902.80
Additional Charges :			
1/31/2019	Storage Unit Charge for January, 2019.		43.33
Total costs			\$43.33
Total amount of this bill			\$7,946.13

Summary				
<u>Name</u>		<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		7.80	94.00	\$733.20
Kay Griffith Hammond		26.80	257.00	\$6,887.60
Neil Cambridge		3.00	94.00	\$282.00

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, GA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN GA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGGE
ADMITTED OH, KY & IN
MICHELLE R. ZYLSTRA
ADMITTED MI

2618 EAST PARIS AVENUE, S.E.
GRAND RAPIDS, MICHIGAN 49546

TELEPHONE (616) 940-1190
FACSIMILE (616) 940-1192
TOLL FREE (888) 305-7775

JOSHUA A. STIERS
ADMITTED IN NY, NJ
PHILLIP A. LAMERE
ADMITTED IN IN
R. GARY MARSCHHAUSEN
ADMITTED IN CO
SHERYLE L. DICKENS
ADMITTED IN GA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through February 28, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
2/5/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare list of checks to be reissued.	0.90 94.00/hr	84.60
2/6/2019	KGH Correspondence exchange with J. Hoag regarding reissuance of final distribution check payable to dissolved investor entity.	0.40 257.00/hr	102.80
	JLH Verify, collate and scan reissued check packages. Prepare mailing of same. Return telephone calls to investors regarding status of case. Update investor database regarding same.	1.40 94.00/hr	131.60
2/11/2019	KGH Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.40 257.00/hr	102.80
2/12/2019	KGH Receive and review correspondences from J. Hoag regarding check cashing issue.	0.20 257.00/hr	51.40
2/18/2019	KGH Preparation of correspondence to J. Hoag regarding number and amount of uncashed checks. Preparation of correspondence to N. Cambridge regarding updating of sources and uses of cash and CFF	0.80 257.00/hr	205.60

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	receipts reports. Preparation of correspondence to J. Hoag regarding outstanding billing statements.		
2/19/2019	KGH Receive and review correspondence from J. Hoag regarding currently outstanding uncashed checks. Correspondence exchange with J. Hoag regarding circumstances of request for check reissuance.	0.60 257.00/hr	154.20
2/20/2019	KGH Correspondence exchange with J. Hoag regarding checks that need to be reissued.	0.40 257.00/hr	102.80
2/22/2019	KGH Receive and review updated financial reports from N. Cambridge.	0.20 257.00/hr	51.40
2/25/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Request issuance of stop payments. Prepare final list of reissued checks.	1.40 94.00/hr	131.60
2/26/2019	KGH Conference with J. Hoag regarding number and amount of uncashed checks. Correspondence exchange with N. Cambridge regarding sources and uses of cash report. Review professional fees for October 2018 through January 2019. Correspondence exchanges with J. Hoag regarding same. Correspondence exchanges with N. Cambridge regarding allocation of fees paid pursuant to comp motion #23. Begin preparation of closing documents and exhibits. Correspondence exchanges with N. Cambridge and J. Hoag regarding same. Preparation of correspondence to Plante Moran regarding status of CFF's TY2018 QSF tax return.	5.00 257.00/hr	1,285.00
	JLH Verify, collate and scan reissued checks packages. Prepare mailing of same.	1.10 94.00/hr	103.40
2/27/2019	KGH Conference with J. Hoag regarding status of uncashed checks and closing preparations. Draft compensation request #24 and supporting exhibits. Receive and review correspondence from D. Ryneerson regarding status of tax return. Begin drafting receiver's final report to the court.	4.40 257.00/hr	1,130.80
	For professional services rendered	17.20	\$3,638.00
	Additional Charges :		
2/13/2019	2019 State of MI Annual Report Filing Fee for Cash Flow Financial LLC		25.00
2/28/2019	Copy Charges: December, 2018 - February, 2019.		715.53
	Storage Unit Charge for February, 2019.		43.33
	Document Imaging: December, 2018 - February, 2019.		1,129.40

U.S. Commodity Futures Trading Commission

Page 3

Amount

2/28/2019 Plante Moran Invoice No. 1641742 dated February 28, 2019.

2,906.00

Total costs

\$4,819.26

Total amount of this bill

\$8,457.26

Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	4.80	94.00	\$451.20
Kay Griffith Hammond	12.40	257.00	\$3,186.80

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT B
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Holland & Knight
(October 2018 through February 2019)

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	3,411.00
REIMBURSABLE COSTS:	\$	602.96

TOTAL DUE THIS INVOICE:	(U.S. Dollar)	\$	<u>4,013.96</u>
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To expedite processing of your payment, please return remittance page(s) or include your Matter number(s) or invoice number(s) with your payment.

WIRE TRANSFER INFORMATION:

Domestic and International Wires

Please indicate our Invoice Number as reference in your wire transfer

Wire Bank Name: [REDACTED]
Wire Address: [REDACTED]
Wire City: [REDACTED]
Wire State: [REDACTED]
Wire Zip: [REDACTED]
Wire Country: [REDACTED]

SWIFT Number: [REDACTED] (for international wires)

For Credit to: Holland & Knight, LLP

PLEASE REMIT TO:

Holland & Knight LLP
PO Box 864084
Orlando, FL 32886-4084

If You Wish to Overnight Payment:

Holland & Knight LLP, Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260
Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through September 30, 2018 in connection with the following:

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/4/18	Robert W. Davis	Review status of service of subpoena; strategize re options.	0.30	340.00	102.00
9/6/18	Robert W. Davis	Email correspondence with process server re status of service of subpoena for deposition; email correspondence with client re status of proposed deposition and whether to cancel same; strategize re next steps.	0.60	340.00	204.00
9/10/18	Robert W. Davis	Telephone conference with client re status of judgment collection.	0.30	340.00	102.00
9/11/18	Robert W. Davis	Prepare for and attend telephone conference with possible private investigator to use for service of subpoena on judgment debtor.	0.70	340.00	238.00
9/12/18	Robert W. Davis	Email correspondence to client re hiring private investigator to serve judgment debtor; telephone conference with PI regarding work to be completed; compile documents to submit to PI to assist with pre-service investigatory work.	1.10	340.00	374.00
9/12/18	Robert W. Davis	Draft affidavit in response to court's Supplemental Briefing Order and Notice of Filing re same.	1.20	340.00	408.00
9/12/18	Rachel L. Hradecky	Research for R. Davis	0.20	225.00	45.00
9/13/18	Robert W. Davis	Research matters related to service of Federal Rule 45 subpoena on judgment debtor.	0.50	340.00	170.00

Holland & Knight

October 8, 2018
Invoice: 5731260
Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/14/18	Robert W. Davis	Draft Notice of Filing Affidavit to Supplement Amended Motion for Final Judgment; confirm inability to contact estate or counsel; file same.	0.50	340.00	170.00
9/14/18	Robert W. Davis	Draft and file notice of extension of NY Life writ; telephone conference with PI re information obtained to date.	0.40	340.00	136.00
9/17/18	Robert W. Davis	Research matters related to service of Rule 45 subpoenas in the Middle District of Florida, as well as local rule requirements related to same; strategize re service of subpoena on judgment debtor; review information received from private investigator.	2.60	340.00	884.00
9/18/18	Robert W. Davis	Telephone conference with private investigator re strategy for service of subpoena; draft subpoena documents and forward to private investigator for service.	0.60	340.00	204.00
9/19/18	Robert W. Davis	Telephone conference with private investigator re service on judgment debtor; email correspondence with client re same.	0.30	340.00	102.00
9/26/18	Robert W. Davis	Telephone conference with opposing counsel re status of upcoming deposition and preparation for same; telephone conference with client re updates on status of matter; strategize re matters to address in deposition.	0.60	340.00	204.00
9/27/18	Robert W. Davis	Continue to prepare for deposition in aid of execution.	0.20	340.00	68.00
TOTAL FEES FOR PROFESSIONAL SERVICES:				\$	3,411.00

Professional Summary through September 30, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	9.90

Holland & Knight

October 8, 2018
Invoice: 5731260
Page 3

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RLH	Miscellaneous	0.20

Reimbursable costs through September 30, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
9/10/18	VENDOR: Investigative Process Service, Inc. INVOICE#: ILS-2018003793 DATE: 9/10/2018 Service fee and rush fee to be served on David K. Freeman	60.00
9/18/18	UPS-Tracking number:1ZX960W82496693110-Date:2018-09-18-Receiver Name:David K. Freeman-Receiver Company Name:David K. Freeman-Service Description:Next Day Air Residential	14.42
9/27/18	VENDOR: Legal Services, Inc INVOICE#: 2560 DATE: 9/27/2018 Subpoena attempt on 9/19/2018 on David Keith Freeman	503.02
	Online Research	6.20
	Westlaw	19.32
	TOTAL REIMBURSABLE COSTS:	\$ 602.96
	FEES FOR PROFESSIONAL SERVICES:	\$ 3,411.00
	REIMBURSABLE COSTS:	\$ 602.96
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 4,013.96

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accountservices@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	5,857.50
REIMBURSABLE COSTS:	\$	293.32

TOTAL DUE THIS INVOICE: (U.S. Dollar) \$ 6,150.82

Holland & Knight kindly thanks you for your business and prompt payment.

To expedite processing of your payment, please include the matter number(s) or invoice number(s) with your payment.

Wire:

Wells Fargo Bank N.A.
Holland & Knight LLP
420 Montgomery Street
San Francisco, CA 94104-1207
[REDACTED]
[REDACTED]

[REDACTED]
(for international wires)

ACH:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Mail:

Holland & Knight LLP
P.O. Box 864084
Orlando, FL 32886-4084

For Overnight Express
(UPS, FedEx, etc.) or
Courier Delivery:

Holland & Knight LLP
Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

For payment questions: account.services@hklaw.com | 813-901-4180

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial, LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885
Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through October 31, 2018 in connection with the following:

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
10/2/18	Robert W. Davis	Prepare for deposition in aid of execution; review documents produced subsequent to previous deposition and strategize re matters to address at deposition.	2.30	355.00	816.50
10/3/18	Robert W. Davis	Continue to review and analyze documents in preparation for deposition in aid of execution; continue to review and organize strategy re same.	5.30	355.00	1,881.50
10/4/18	Robert W. Davis	Prepare for and attend second deposition in aid of execution of David K. Freeman; telephone conference with client re results of same; begin to research judgment collection options accordingly.	5.40	355.00	1,917.00
10/7/18	Robert W. Davis	Continue to research case law interpreting/addressing proceedings supplementary.	0.80	355.00	284.00
10/8/18	Robert W. Davis	Draft email to client summarizing pertinent deposition matters, options re continued judgment collection, and statutory remedies re same.	1.40	355.00	497.00
10/10/18	Robert W. Davis	Prepare for and attend telephone conference with client re status of judgment collection efforts and debriefing from deposition.	0.60	355.00	213.00
10/15/18	Robert W. Davis	Draft email to client re additional judgment collection options and analysis of same.	0.70	355.00	248.50

Holland & Knight

November 23, 2018
Invoice: 5754885
Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

TOTAL FEES FOR PROFESSIONAL SERVICES: \$ 5,857.50

Professional Summary through October 31, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	16.50

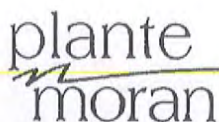
Reimbursable costs through October 31, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/9/18	VENDOR: Orange Legal, Inc INVOICE#: 622418 DATE: 10/9/2018 Deposition of David K. Freeman	207.50
	Online Research	36.50
	Westlaw	49.32
	TOTAL REIMBURSABLE COSTS:	\$ 293.32
	FEES FOR PROFESSIONAL SERVICES:	\$ 5,857.50
	REIMBURSABLE COSTS:	\$ 293.32
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 6,150.82

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT C
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Plante Moran
(January 10, 2019 through February 28, 2019)



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018

INVOICE

Stenger & Stenger
2618 E. Paris Avenue S.E.
Grand Rapids, MI 49546-2425

Date: February 28, 2019
Client No: 78682
Invoice No: 1641742
Page: 1

For Professional Services Rendered

Professional services rendered from January 10, 2019 through February 28, 2019 2,906.00
in connection with preparation of CFTC v Cash Flow Financial 2018 Qualified
Settlement Fund return (Form 1120-SF)

Balance Due \$ 2,906.00 USD

Remittance Information:

Check:

Plante & Moran, PLLC
16060 Collections Center Drive
Chicago, IL 60693

Wire Transfer:

Bank [REDACTED]
Routing/ABA# [REDACTED]
Bank Address [REDACTED]
Account Number [REDACTED]
Account Name Plante & Moran, PLLC

ACH:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Plante & Moran, PLLC

PRAXITY

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT D
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Affidavit of Phillip S. Stenger

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

ALAN JAMES WATSON, MICHAEL POTTS and)
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

AFFIDAVIT OF PHILLIP S. STENGER

STATE OF MICHIGAN)

) ss.

COUNTY OF KENT)


PHILLIP S. STENGER, being duly sworn, says:

1. I am a resident of the State of Michigan, over the age of 18 years, competent to make this Affidavit, and the statements herein are based upon my personal knowledge, unless otherwise stated.

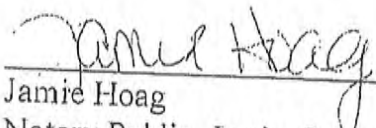
2. I make this Affidavit in my capacity as Temporary Receiver ("Receiver") in the captioned matter, in support of the Receiver's Motion and Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 (the "Motion").

3. As stated in Paragraph 5 of the Motion, a copy of the Motion, with supporting invoices, was provided to plaintiff Commodity Futures Trading Commission (the "Commission") in advance of filing, and the Commission notified the Receiver on April 2, 2019, that it will take no position on the Motion.

4. If sworn as a witness, I can competently testify from personal knowledge as to the truth of the statements set forth in this Affidavit.


Phillip S. Stenger
Receiver

Subscribed and sworn to before me
this 19th day of April, 2019.


Jamie Hoag
Notary Public, Ionia County, Michigan
My Commission Expires: 10/11/2025
Acting in the County of Kent, Michigan

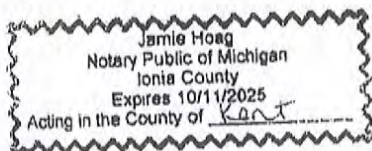


EXHIBIT A-12
To
RECEIVER'S FINAL REPORT

Proposed Closing Order

2. Approving the Receiver's Final Accounting;
3. Unfreezing and authorizing consolidation of the Receivership Estate's three bank accounts at Fifth Third Bank, and authorizing and directing the Receiver to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
4. Approving the Receiver's Compensation Motion No. 24, concurrently filed by the Receiver, in the amount of USD \$38,344.81 for the period of October 1, 2018 through February 28, 2019, and authorizing the Receiver to pay that sum from the consolidated CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank;
5. Approving all distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Court's Second Distribution Approval Order dated June 21, 2018;
6. Approving the payment of taxes previously made by the Receiver, and authorizing the Receiver to make any filings with the Internal Revenue Service ("IRS"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;
7. Approving and authorizing the Receiver to hold back a Reserve Fund of approximately USD \$69,675.91, comprised of the residual Receivership

Estate assets in the consolidated CFF Operating Account (Account No. xxxx2612) at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's open Qualified Settlement Fund tax returns ("Open QSF Returns"); and authorizing the Receiver to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise;

8. Approving and authorizing disgorgement by the Receiver to the Commission, for Commission turnover to the United States Treasury, of the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing down the Receivership Estate, and responding to other issues, if any, that may arise, without necessity of further court orders;

9. Authorizing the Receiver to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership;

10. Finding that the Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel for, accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and

11. Discharging the Receiver; reaffirming this Court's exoneration of the Receiver, his Retained Personnel and their affiliates, consultants and employees, from any liability in connection with the Receivership, and closing the Receivership Estate, subject only to the making of those payments listed above.

The Court, being fully familiar with the background of this matter, having determined that the Commission has agreed to payment of the Receiver's Compensation Motion No. 24, and the Court hereby finding that the requested fees are reasonable and commensurate with the services performed, and further finding

that the Receiver and his Retained Personnel have discharged their duties and responsibilities in good faith.

WHEREFORE, in addition to the other findings and conclusions contained in this Closing Order, the Court hereby finds, concludes and orders as follows.

IT IS ORDERED AND ADJUDGED that:

- A. The Receiver's Final Report is approved;
- B. The Final Accounting is approved;
- C. The Court unfreezes, and authorizes consolidation of, the Receivership Estate's three bank accounts at Fifth Third Bank, and the Receiver is authorized and directed to transfer the current balances in the CFF Distribution Account (Account No. xxxx2638) and CFF Savings Account (Account No. xxxx2620) into the CFF Operating Account (Account No. xxxx2612);
- D. The Receiver's Compensation Motion No. 24, in the amount of USD \$38,344.81, is hereby approved, and the Receiver is authorized and directed to pay that sum from the consolidated CFF Operating Account No. xxxx2612;
- E. All distributions made by the Receiver pursuant to the orders of this Court, including the Second Distribution made pursuant to the Second Distribution Approval Order, are approved;

F. The payment of taxes previously made by the Receiver are approved, and the Receiver is authorized to make any filings with the Internal Revenue Service ("IRS"), state or local authorities which are necessary or incident to closing the Receivership Estate, without necessity of further court orders;

G. The Receiver is authorized and directed to hold back a Reserve Fund of approximately USD \$69,675.91, comprised of the residual Receivership Estate assets in the consolidated CFF Operating Account No. xxxx2612 at Fifth Third Bank after payment of Compensation Motion No. 24, which Reserve Fund shall be held in trust in the CFF Operating Account as a reserve, pending IRS clearance of the Receivership Estate's Open QSF Returns; if obtaining IRS tax clearance becomes more complicated than the Receiver anticipates, or other issues arise, the Receiver is authorized to file a petition to reopen the Receivership Estate and seek further compensation out of the Reserve Fund;

H. The Receiver is authorized and directed to disgorge to the Commission, for Commission turnover to the United States Treasury, the Reserve Fund balance remaining after IRS clearance of the Receivership Estate's Open QSF Returns, and any final expenses that may be incurred in obtaining such clearance, in closing the Receivership Estate, or in response to other issues, if any arise, without necessity of further court orders;

I. The Receiver is authorized and directed to destroy all documents and other records of or related to the Receivership Estate or its current or former properties and assets which are non-essential to winding up the Receivership Estate;

J. The Receiver and his Retained Personnel are entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for their own good faith compliance with an order, rule, law, judgment or decree; in no event shall the Receiver or his Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or counsel or accountant for, or consultant to, the Receiver, nor shall the Receiver or his Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that he or they acted or failed to act as a result of misfeasance or a bad faith disregard of their duties; and the Receivership Estate shall indemnify the Receiver and his Retained Personnel harmless from any and all third party claims, demands, liabilities, judgments, losses, damages, actions, causes of action, expenses and costs (including reasonable attorney fees) that the Receiver and his Retained Personnel may incur arising out of or by reason of their duties and responsibilities as Receiver or counsel or accountant for, or consultant to, the Receiver;

K. The Receiver is hereby discharged, the Receiver and his Retained Personnel and their affiliates, consultants and employees, are hereby exonerated from any liability in connection with the Receivership, and the Receivership is hereby closed, subject only to the making of those payments and filings listed above;

L. The Closing Motion with all exhibits, and this Closing Order, shall be available to the public at the Clerk of the Court for the United States District Court for the Eastern District of Michigan (Southern Division) for inspection and copying at such Court Clerk's offices during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of the Closing Motion with all exhibits, and this Closing Order to any person requesting the same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same; and

M. The Receiver is further directed to post a copy of the Closing Motion with all exhibits, and this Closing Order on the Receiver's website at www.cffreceiver.com

SO ORDERED on this ____ day of _____, 2019.

Mark A. Goldsmith
UNITED STATES DISTRICT JUDGE

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT B
To
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

Final Accounting

CFTC v CASH FLOW FINANCIAL

SOURCES AND USES OF FUNDS

AS OF 02/28/19

SOURCES OF FUNDS FROM CFF, WATSON AND JEDBURGH

Jedburgh Group Escrow	\$	36,863.64
Bank of America #6179 Alan Watson		1,042.98
Bank of America #3383 Alan Watson		7,670.82
Frinkebelner Trust Account		3,226,233.77
Christian Financial CU 91031 Alan Watson		40.01
Christian Financial CU 211456 Alan Watson		830.09
Garnishment of Keith Freemans BOA Account		4,637.79
Merrill Lynch		0.99
Total Received;		<u>3,277,320.09</u>

OTHER SOURCES OF FUNDS

Trade Station Securities		138.90
PFG, Inc		1,729.00
TD Ameritrade Inc		2,303.56
Restitution Received		3,788,304.89
Interest Earned		39,763.81
Fulton Bank Potts		156.26
Stenger & Stenger -open account -2620		200.00
Trade LLC		2,009,903.66
Total Received;		<u>5,842,500.08</u>

TOTAL SOURCES OF FUNDS:

9,119,820.17

USES OF FUNDS

Bank Service and Check Charges		18,025.67
Professional Fees & Expenses	see Note 1	1,599,455.35
Distribution settlement to investors		7,269,838.36
Return order-Jeffrey Schneider		123,880.07
Tax Penalties		600.00

TOTAL USES OF FUNDS

9,011,799.45

NET SOURCES OF FUNDS AS OF 02/28/19:

108,020.72

Fifth Third Bank - savings money market-2612

50,129.90

Fifth Third Bank - checking-2638

27,687.63

Fifth Third Bank - checking-2620

30,203.19

BALANCE IN CFF BANK ACCOUNTS ON 02/28/19

108,020.72

Note 1: Professional Fees & Expenses Paid Through 02/28/19:

Stenger & Stenger	1,289,999.29
Plante Moran	47,353.32
Harry Wise, III	146,140.58
Cotton Bledsoe	72,860.46
Edward Mitchell	11,456.33
Alice Romsek, expert witness	1,500.00
Holland & Knight	30,145.37
	<u>1,599,455.35</u>



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.362.2500
Fax: 248.362.0018
platemoran.com

March 27, 2019

Mr. Phillip Stenger
Receiver for Cash Flow Financial
Stenger & Stenger, P.C.
2618 E. Paris Avenue SE
Grand Rapids, MI 49546

Re: Commodity Futures Trading Commission v Cash Flow Financial, LLC

Dear Mr. Stenger:

As Receiver, you are responsible for the accompanying financial statements of receivership estate of Cash Flow Financial (the "Estate"), which comprise the statements of assets and liabilities arising from cash transactions as of February 28, 2019 and the related statements of receipts collected and expenses paid for period from March 25, 2011 through February 28, 2019 in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

You have elected to omit all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Sincerely,

PLANTE & MORAN, PLLC

Plante & Moran, PLLC

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT C

To

**MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE**

Compensation Motion No. 24

Ex. A: Stenger & Stenger Invoices

Ex. B: Holland & Knight's Invoices

Ex. C: Plante Moran's Invoices

Ex. D: Affidavit of Phillip S. Stenger

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

Case No. 11-cv-10949

Hon. Mark A. Goldsmith

ALAN JAMES WATSON, MICHAEL POTTS and)
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

**MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24**

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), undersigned counsel certifies that on March 12, 2019, she communicated in writing with counsel for Plaintiff Commodity Futures Trading Commission (the "COMMISSION"), and counsel for all parties, explaining the nature of the relief sought by way of this motion and seeking concurrence in the relief. Counsel for the COMMISSION advised the Receiver on April 2, 2019, that it will take no position on the motion, and attorney Erika Butler advised the Receiver on March 15, 2019, that she will take no position on the motion. More than three weeks have passed without remaining counsel expressly agreeing to the relief sought, either orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d) (3).

Now comes the Temporary Receiver, Phillip S. Stenger, by and through his attorneys, STENGER & STENGER, P.C., and respectfully moves the Court to enter an Order for Payment of Costs, Fees and Expenses of the Receiver No. 24 for the period of October 1, 2018 through February 28, 2019 (the "**BILLING PERIOD**"), and states the following in support of this Motion, which shall be referred to as "**COMPENSATION REQUEST NO. 24.**"

1. This Court appointed Phillip S. Stenger as Temporary Receiver ("**RECEIVER**") for the Defendants' assets, the assets of any affiliates or subsidiaries of any Defendant and for certain assets of the Relief Defendant, with the full powers of an equity receiver ("**STATUTORY RESTRAINING ORDER**") (Dkt. No. 5), stating at Paragraph G that:

[t]he Receiver and his [RETAINED PERSONNEL], are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, or in the possession or control of, or which may be received by the Defendants. The [RECEIVER] shall file with the Court and serve on the parties, including Plaintiff COMMISSION, periodic requests for the payment of such reasonable compensation [. . . and] Plaintiff COMMISSION may object to any part of a request within 30 calendar days of service of a request.

Prior to filing, copies of this COMPENSATION REQUEST NO. 24, with exhibits, were served upon the Service List in this matter.

2. The gross assets held by the Receivership Estate total **\$108,020.72**, as of February 28, 2019.

3. Services provided by the RECEIVER and his RETAINED PERSONNEL
during the BILLING PERIOD included the following:

Receive, review and reply to correspondence/emails from investors; update investor database; update investor hotline; retrieve and transcribe voicemails from investors regarding status of case; return telephone calls to investors regarding status of case, and update investor database; update receivership website script; correspondence exchanges with team regarding updates to investor hotline and website; receive and review mail returned from bad addresses; search of Accurint/TLO records for investors with incorrect contact information; analyze search results; update investor database regarding same;

Continue processing of final distribution; verify positive pay images and update spreadsheet; correspondence exchanges with J. Hoag regarding various investor requests for reissuance of final distribution checks; generate list of investors to prepare reissued checks; prepare reissued checks for mailing; scan and save same to system; update spreadsheets accordingly; generate report to be skip traced of uncashed checks; request stop payments to be issued; prepare email correspondence to investors with uncashed checks for which a better address cannot be located; update system database and uncashed lists regarding same; correspondence exchanges with team regarding numbers and amounts of uncashed distribution checks;

Review outstanding professional fees; correspondence exchanges with M. Herr regarding outstanding vendor fees; request, receive and review updated sources and uses of funds reports; draft compensation motion #23, supporting affidavit, supporting exhibits and proposed order; preparation of correspondence to CFTC forwarding same for review; receive and review correspondence from D. Grimm regarding CFTC position on compensation motion; preparation of correspondence to counsel of record requesting concurrence with relief sought in motion; receive and review responses from attorneys regarding same; e-file motion and supporting documents; preparation of correspondence to Judge Goldsmith regarding e-filings; preparation of correspondence to attorneys of record regarding same;

Telephone conferences and correspondence exchanges with R. Davis, local counsel in Florida, regarding judgment enforcement status and strategies in *Stenger v. Freeman*; receive and review magistrate judge's report and recommendation regarding motion for final judgment against garnishee Bank of America; telephone conferences with R. Davis regarding Freeman's deposition testimony; legal research and analysis of Delaware enforcement law that would be applicable to Freeman's assets in Applied Bank of DE; preparation of correspondence to Receiver regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling; preparation of correspondence to R. Davis regarding same; attorney analysis conference with P. Stenger regarding status of efforts to enforce \$1.5 million judgment against Freeman; preparation of correspondence to R. Davis regarding same; telephone conference with D. Grimm and P. Stenger regarding decision to forego any further collection efforts on judgment against Freeman; preparation of correspondence to R. Davis regarding same; receive and review correspondence from R. Davis regarding closure of Freeman collection action; receive and review correspondence from R. Davis forwarding check from BOA in payment of garnishment judgment; receive and review SEC notification regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action;

Review CFF tax records regarding TY2018 taxable transaction data and trial balance reports to be prepared; correspondence exchanges with N. Cambridge regarding TY2018 updates to accounting reports required to prepare the QSF return; correspondence exchanges with B. Venema regarding TY2018 general ledger trial balance and general ledger reports required for preparation of return; receive and review requested accounting reports; review professional billing records for TY2018 and analyze deductibility of professional fees and expenses paid in 2018; prepare spreadsheet report of analyses results; preparation of correspondence to D. Ryneerson of Plante Moran requesting preparation of CFF's QSF tax return for TY2018, and forwarding related tax and accounting reports; correspondence exchanges with C. Meyering of Plante Moran regarding deductibility analysis of fees approved for payment in December 2017, but not paid until January 2018; correspondence exchanges with D.

Rynearson regarding status of return and request for Plante Moran's outstanding fees for tax preparation services;

Review outstanding professional fees; correspondence exchanges with J. Hoag regarding same; receive and review professional fee statements for October 2018 through February 2019; request, receive and review updated sources and uses of funds reports; draft compensation motion #24, and supporting exhibits. Begin drafting final report to the Court.

4. The RECEIVER and his RETAINED PERSONNEL have incurred the following costs, fees and expenses during the BILLING PERIOD, which costs, fees and expenses are reasonable and commensurate with the services performed. STENGER & STENGER's detailed billing statements for the BILLING PERIOD are attached as **Exhibit A** and incorporated by reference:

	Hours	Fees	Costs/Expenses	Totals
Stenger & Stenger PC October 2018	30.30	5,733.30	4,073.04	9,806.34
Stenger & Stenger PC November 2018	18.5	3,271.20	7,026.75	10,297.95
Stenger & Stenger PC December 2018	13.70	1,837.10	0.00	1,837.10
Stenger & Stenger PC January 2019	37.60	7,902.80	43.33	7,946.13
Stenger & Stenger PC February 2019	17.20	3,638.00	4,819.26	8,457.29
Totals:	117.30	22,382.40	15,962.38	38,344.81

The RECEIVER, as authorized in the STATUTORY RESTRAINING ORDER (Dkt. No. 5, Para. IV.B.9), has retained the law firm of Holland & Knight, in Orlando, FL, to pursue execution of the judgments obtained by the RECEIVER against Keith

Freeman, Jedburgh Group International and CI Solar in the *Stenger v Freeman* recovery action. The professional fees and expenses of Holland & Knight incurred during September 2018, in the amount of \$4,013.96;¹ and incurred during October 2018, in the amount of \$6,150.82, are, collectively, included as expenses on the RECEIVER'S billing statements for the months of October 2018 and November 2018, respectively. Copies of Holland & Knight's professional fee statements for the BILLING PERIOD are attached as **Exhibit B** and incorporated herein by reference. The RECEIVER has also retained the accounting services of Plante Moran for tax reporting purposes. Plante Moran's professional fees and expenses for tax reporting services incurred for the period of January 10, 2019 through February 28, 2019, total \$2,906.00. A copy of Plante Moran's professional fee statement for that period is attached as **Exhibit C** and incorporated herein by reference.

5. Copies of this COMPENSATION REQUEST NO. 24, with supporting invoices, were provided to the COMMISSION in advance of filing for review, and

¹ Holland & Knight Invoice No. 5731260, dated October 8, 2018, in the amount of \$4,013.96, which is herein included as an expense on the RECEIVER'S attached Billing Statement for October 2018, was mistakenly referenced in the RECEIVER'S COMPENSATION REQUEST NO. 23 [ECF No. 209, Page ID.3840, on p. 5 of 7] as having been included as an expense on the RECEIVER'S Billing Statement for September 2018 – **which it was not**. Accordingly, the total fees and costs sought in COMPENSATION REQUEST NO. 23 and approved for payment by this Court's December 13, 2018 Order for Payment [ECF No. 210, Page ID.3870-3872],

the COMMISSION advised the RECEIVER on April 2, 2019, that it will take no position on COMPENSATION REQUEST NO. 24. See Affidavit of the RECEIVER, attached as **Exhibit D** and incorporated herein by reference.

6. Accordingly, the RECEIVER respectfully requests this Court to enter an order authorizing payment to the RECEIVER and his RETAINED PERSONNEL of the aggregate sum of **\$38,344.81** for the costs, fees and expenses incurred in connection with carrying out the RECEIVER'S duties under the STATUTORY RESTRAINING ORDER during the BILLING PERIOD.

DATED: April 24, 2019.

Respectfully submitted,

/s/ Kay Griffith Hammond

Kay Griffith Hammond (P37425)

STENGER & STENGER, P.C.

Attorneys for Phillip S. Stenger, Receiver

Business Address:

2618 East Paris Avenue, S.E.

Grand Rapids, MI 49546-2425

Telephone: (616) 988-2230

Facsimile: (616) 940-1192

Email: kay@stengerlaw.com

totaling \$22,734.08, did **not** include payment of Holland & Knight's Invoice No. 5731260 in the amount of \$4,013.96.

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that she caused a copy of the foregoing COMPENSATION REQUEST NO. 24, and Exhibits thereto, to be served via electronic filing on the following ECF parties on April 24, 2019:

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
211 W. Fort Street, Suite 2001
Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
43 West 43rd Street, Suite 109
New York, NY 10036
hwise1aw@aol.com

Sonya N. Goll
Stevenson & Bullock PLC
29200 Southfield Rd., Ste. 210
Southfield, MI 48076
sgoll@sbplclaw.com

Erika Lorraine Davis
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

DATED: April 24, 2019.

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
STENGER & STENGER, P.C.
Business Address:
2618 East Paris Avenue, S.E.
Grand Rapids, MI 49546-2425
Telephone: (616) 988-2230
Facsimile: (616) 940-1192
Email: kay@stengerlaw.com

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT A
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

*Invoices of Stenger & Stenger, P.C.,
(October 2018 through February 2019)*

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

PHILLIP S. STENGER
ADMITTED IN MI, KY, MN, CA, CO, & OH
KAY GRIFFITH HAMMOND
ADMITTED IN MI
JOSEPH M. JAMMAL
ADMITTED IN MI, MN, WI, TN & OH
AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
ADMITTED IN MI, IN, NJ, KY & CO
M. KYLE FLOYD
ADMITTED IN CA
PRESTON U. NATE
ADMITTED IN MI
ROBERT L. HENGCE
ADMITTED OH, KY & IN
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JOSHUA A. STIERS
ADMITTED IN NY, NJ
PHILLIP A. LAMERE
ADMITTED IN IN
R. GARY MARSCHHAUSEN
ADMITTED IN CO
SHERYLE L. DICKENS
ADMITTED IN CA
OF COUNSEL:
LEE SILVER
ADMITTED IN MI
DOUGLAS W. VANESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN CA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through October 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
10/3/2018	KGH Telephone conference with R. Davis regarding upcoming second deposition of K. Freeman.	0.20 257.00/hr	51.40
10/4/2018	KGH Review status of outstanding fee motions. Telephone conference with case manager regarding status of same. Correspondence exchange with S. Pattison regarding same. Correspondence exchange with N. Cambridge requesting updated financial reports. Preparation of correspondence to J. Hoag requesting fee statements for July through September. Preparation of correspondence to M. Herr regarding Holland & Knight services rendered in September. Telephone conferences with R. Davis regarding deposition testimony of K. Freeman and options for obtaining funds in Applied Bank, a DE state chartered bank, because of asset protections provided under DE state law to such banks.	3.10 257.00/hr	796.70
10/5/2018	KGH Receive and review correspondence from R. Davis regarding deposition testimony of K. Freeman, and strategic options going forward. Receive and review Holland & Knight invoice for September services. Receive and review updated reports regarding CFF receipts, and sources and uses of funds.	1.00 257.00/hr	257.00

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
10/9/2018	JLH Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding distribution.	1.80 94.00/hr	169.20
10/10/2018	KGH Receive and review fee statements for July through September. Preparation of correspondence to J. Hoag regarding same. Telephone conference with R. Davis regarding K. Freeman's deposition testimony, and strategic options and considerations going forward.	2.20 257.00/hr	565.40
10/11/2018	KGH Receive and review magistrate judge's report and recommendation regarding granting receiver's motion for final judgment against garnishee BOA in Stenger v Freeman case.	0.20 257.00/hr	51.40
10/17/2018	KGH Receive and review correspondence from R. Davis regarding options going forward in Stenger v Freeman execution efforts. Correspondence exchange with J. Hoag regarding query concerning check payable to dissolved trust. Receive and review correspondence from J. Hoag regarding number and amount of final distribution checks cashed to date. Legal research DE enforcement law that would be applicable to Freeman's assets in Applied Bank of DE. Preparation of correspondence to P. Stenger regarding status of case, summary of enforcement proceedings to date and recommendations regarding further handling. Preparation of correspondence to R. Davis regarding same.	3.20 257.00/hr	822.40
	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Conference with K. Hammond regarding same.	2.70 94.00/hr	253.80
10/18/2018	JLH Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	3.20 94.00/hr	300.80
10/24/2018	KGH Conference with J. Hoag regarding status of returned checks. Receive and review request for reissuance of check made payable to defunct LLC. Preparation of correspondence to J. Hoag authorizing requested reissuance. Preparation of correspondence to J. Hoag regarding current number and amount of cashed checks.	1.00 257.00/hr	257.00
10/25/2018	KGH Receive and review orders approving payment of comp requests #21 and #22. Preparation of correspondence to N. Cambridge regarding processing of payment orders. Receive and review correspondence	1.80 257.00/hr	462.60

U.S. Commodity Futures Trading Commission

Page 3

		<u>Hrs/Rate</u>	<u>Amount</u>
	from J. Hoag regarding investor request for reissuance of final distribution check.		
10/25/2018 JLH	Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate list of investors to prepare reissued checks. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	4.90 94.00/hr	460.60
10/29/2018 KGH	Correspondence exchange with N. Cambridge regarding restitution check from unidentified defendant. Telephone conference with Clerk of Court regarding same. Correspondence exchange with J. Hoag regarding status of distribution check cashing. Draft compensation motion #23, supporting exhibits and proposed payment order. Preparation of correspondence to D. Grimm regarding status of distribution and forwarding compensation motion #23 for review and comment. Preparation of correspondence to attorneys of record requesting concurrence on relief sought in motion.	3.80 257.00/hr	976.60
10/31/2018 KGH	Receive and review judgment against garnishee defendant BOA in Stenger v Freeman enforcement action. Participate in conference with P. Stenger regarding status of efforts to enforce \$1.5M judgment against Keith Freeman. Preparation of correspondence to D. Grimm regarding conference call to discuss same.	1.20 257.00/hr	308.40
	For professional services rendered	30.30	\$5,733.30
	Additional Charges :		
10/10/2018	Holland & Knight Invoice No. 5731260 dated October 8, 2018.		4,013.96
10/31/2018	Storage Unit Charge for October, 2018.		43.33
	TLO Expenses		15.75
	Total costs		\$4,073.04
	Total amount of this bill		\$9,806.34

Summary				
<u>Name</u>		<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		12.60	94.00	\$1,184.40
Kay Griffith Hammond		17.70	257.00	\$4,548.90

STENGER & STENGER

A MICHIGAN PROFESSIONAL CORPORATION

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ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN & IL
CINQUE AXAM
ADMITTED IN GA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20681

March 13, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through November 30, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
11/1/2018 KGH	Correspondence exchange with R. Davis regarding recommended cessation of Freeman judgment enforcement efforts. Preparation of correspondence to N. Cambridge regarding source of restitution payment.	0.40 257.00/hr	102.80
11/2/2018 KGH	Receive and review financial reports updated through 10/31/2018. Correspondence exchange with N. Cambridge regarding same.	0.40 257.00/hr	102.80
11/5/2018 KGH	Telephone status conference with P. Stenger and D. Grimm. Telephone conference with R. Davis regarding decision to forego any further collection efforts on judgment against K. Freeman. Preparation of correspondence to D. Grimm concerning estimated estate balance after final distribution checks are cashed.	2.20 257.00/hr	565.40
11/9/2018 JLH	Prepare reissued checks for mailing. Scan and save same to system. Update spreadsheets accordingly.	1.60 94.00/hr	150.40
11/12/2018 KGH	Correspondence exchange with J. Hoag regarding whether second distribution will be final distribution.	0.40 257.00/hr	102.80

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
11/12/2018	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor databases.	1.30 94.00/hr	122.20
11/16/2018	KGH Receive and review correspondence from R. Davis regarding closure of Freeman collection action.	0.20 257.00/hr	51.40
11/19/2018	KGH Correspondence exchange with D. Grimm regarding proposed compensation motion #23. Correspondence exchanges with J. Hoag regarding status of final distribution checks. Correspondence exchange with D. Grimm regarding same.	1.20 257.00/hr	308.40
11/21/2018	KGH Receive and review satisfaction of garnishment judgment against BOA in Stenger v Freeman action. Receive and review correspondence from R. Davis regarding same and check from BOA in payment of judgment.	0.40 257.00/hr	102.80
11/28/2018	KGH Correspondence exchanges with J. Hoag regarding status of final distribution check cashing. Receive and review correspondence from R. Davis regarding check in satisfaction of judgment against garnishee Bank of America in Stenger v Freeman action. Finalize and e-file compensation motion #23 and supporting exhibits. Prepare proposed order and send copy to Judge Goldsmith through Utilities. Preparation of correspondence to Judge Goldsmith regarding compensation request. Preparation of correspondence to counsel of record regarding same. Preparation of correspondence to D. Grimm regarding final distribution checks cashed to date.	3.30 257.00/hr	848.10
11/30/2018	KGH Correspondence exchange with J. Hoag, and related CLS file review, regarding sufficiency of documentation to support changing name on a final distribution check.	0.90 257.00/hr	231.30
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Receive and review mail returned from bad addresses. Update investor database with same. Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same. Prepare list of checks to be reissued.	6.20 94.00/hr	582.80
For professional services rendered		18.50	\$3,271.20

U.S. Commodity Futures Trading Commission

Page 3

Additional Charges :

	<u>Amount</u>
11/30/2018 Storage Unit Charge for November, 2018.	43.33
Document Imaging: October - November, 2018.	762.80
PACER Charges: Public Access to Court Records	1.80
Holland & Knight Invoice No. 5754885 dated November 23, 2018	6,150.82
Copy Charges, November 2018	68.00
Total costs	<u>\$7,026.75</u>
Total amount of this bill	<u><u>\$10,297.95</u></u>

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		9.10	94.00	\$855.40
Kay Griffith Hammond		9.40	257.00	\$2,415.80

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CINQUE AXAM
ADMITTED IN CA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through December 31, 2018

		<u>Hrs/Rate</u>	<u>Amount</u>
12/6/2018 JLH	Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare reissue requests and mailing.	2.20 94.00/hr	206.80
12/10/2018 JLH	Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database.	1.10 94.00/hr	103.40
12/12/2018 KGH	Correspondence exchange with J. Hoag regarding check cashing deadline extension for recently mailed checks. Status conference with J. Hoag regarding number and type of uncashed checks, further handling of uncashed checks and timeline for resolution of final distribution checks.	1.00 257.00/hr	257.00
JLH	Conference with K. Hammond regarding uncashed checks. Prepare report regarding same.	0.30 94.00/hr	28.20

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
12/14/2018	KGH Receive and review SEC notice regarding entry of final judgment against G. Webb, chairman of InfrAegis, and restitution order entered against Webb in related criminal action. Receive and review order for payment of comp motion #23. Preparation of correspondence to N. Cambridge regarding processing of payments to Holland & Knight.	1.00 257.00/hr	257.00
12/17/2018	KGH Conference with J. Hoag regarding investor request to reissue check. Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.60 257.00/hr	154.20
	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Generate report to be skip traced of uncashed checks. Request stop payments to be issued.	2.10 94.00/hr	197.40
12/18/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	0.50 79.00/hr	39.50
12/19/2018	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/20/2018	JLH Prepare letters to be mailed with reissued checks. Scan and save same to system.	1.90 94.00/hr	178.60
	AC Perform search of Accurint/TLO records for investors with incorrect contact information. Analyze results regarding same. Update investor database regarding same.	1.00 79.00/hr	79.00
12/26/2018	KGH Review CFF tax records regarding 2018 taxable transaction data and trial balance reports to be prepared. Review professional fee statements regarding 2018 analysis to be prepared of taxable and non-taxable services rendered.	1.00 257.00/hr	257.00
	For professional services rendered	13.70	\$1,837.10
	Additional Charges :		
12/31/2018	Storage Unit Charge for December, 2018.		43.33
	Total costs		\$43.33
	Total amount of this bill		\$1,880.43

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Autumn Cardinal		2.50	79.00	\$197.50

U.S. Commodity Futures Trading Commission

Page 3

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	7.60	94.00	\$714.40
Kay Griffith Hammond	3.60	257.00	\$925.20

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CINQUE AXAM
ADMITTED IN CA
ERIC W. SITLER
ADMITTED IN TN

Invoice submitted to:

U.S. Commodity Futures Trading Commission
Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through January 31, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
1/2/2019	KGH Receive and review correspondence from M. Goldstein regarding status of recovery efforts against K. Freeman	0.20 257.00/hr	51.40
1/5/2019	KGH Receive and review correspondence from J. Hoag regarding number and status of uncashed checks, skip trace results on returned checks, and recommendations regarding follow-up of investors with new email and/or postal addresses. Respond to J. Hoag regarding her recommendations. Review tax filing status, and analysis of accounting data required to prepare 2018 QSF tax return.	1.20 257.00/hr	308.40
	JLH Prepare email to K. Hammond regarding uncashed checks. Prepare report regarding same.	1.00 94.00/hr	94.00
1/7/2019	KGH Review tax records regarding drafting requirements for preparation of 2018 QSF tax return. Preparation of correspondence to N. Cambridge requesting required TY 2018 updates to accounting reports required to prepare the QSF return. Preparation of correspondence to B. Venema requesting preparation of 2018 general ledger trial balance and general ledger reports required to prepare the QSF return. Preparation of correspondence to J. Hoag regarding outstanding fees for October through December 2018. Review prior	6.70 257.00/hr	1,721.90

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	year deductibility analyses regarding professional fees. Compile billing records pertinent to TY 2018 fee deductibility analysis. Begin tax analysis. Receive and review updated receipts and sources and uses of funds reports from N. Cambridge. Correspondence with N. Cambridge regarding unidentified source of one receipt. Preparation of correspondence to N. Cambridge regarding description of garnishee disclosure fee paid in Grill v Genitrini garnishment action.		
1/7/2019 NC	Preparation of updates to the Sources and Uses of Funds reports for required TY 2018. Completion of bank reconciliations for 2018. Correspondence with K. Hammond regarding the same.	3.00 94.00/hr	282.00
1/9/2019 KGH	Receive and review TY 2018 general ledger and general ledger trial balance reports from B. Venema. Preparation of correspondence to D. Ryneerson regarding Plante Moran's preparation of CFF 2018 QSF return, and forwarding requisite tax accounting reports. Analyze deductibility of professional fees and expenses paid during TY 2018.	2.90 257.00/hr	745.30
1/10/2019 KGH	Correspondence exchanges with D. Ryneerson regarding email delivery failures to Plante Moran. Correspondence exchanges with C. Gumowski regarding same. Analyze deductibility of professional fees and expenses paid in 2018.	2.80 257.00/hr	719.60
1/12/2019 KGH	Analyze deductibility of professional fees and expenses paid during TY 2018 and prepare spreadsheet report. Preparation of correspondence to D. Ryneerson forwarding copy of same. Preparation of correspondence to B. Venema regarding actual date of payment of comp motion #23 approved for payment in 12/2018.	5.80 257.00/hr	1,490.60
1/14/2019 KGH	Correspondence exchanges with D. Ryneerson regarding tax preparation. Receive and review correspondence from A. Wood regarding issues concerning vendor invoices in TY2018. Review and respond to same.	1.20 257.00/hr	308.40
JLH	Prepare email correspondence to investors with uncashed checks that we are unable to locate a better address for. Update system database and uncashed lists regarding same.	1.20 94.00/hr	112.80
1/16/2019 KGH	Conference with J. Hoag regarding status of outstanding uncashed checks.	0.40 257.00/hr	102.80
JLH	Conference with K. Hammond regarding status of outstanding uncashed checks.	0.40 94.00/hr	37.60
1/18/2019 KGH	Correspondence exchange with J. Hoag regarding investor request for name change on check. Receive and review proposed engagement agreement from Plante Moran. Preparation of correspondence to J. Hoag regarding same.	1.00 257.00/hr	257.00
1/19/2019 JLH	Receive and review investor correspondence/emails received from investors. Reply to same. Save same to investor database. Preparation of correspondence regarding stop payments to be issued.	0.70 94.00/hr	65.80

U.S. Commodity Futures Trading Commission

Page 3

		<u>Hrs/Rate</u>	<u>Amount</u>
1/23/2019	KGH Receive and review correspondence from C. Meyering of Plante Moran regarding fee deductibility analysis of fees paid in 1/2018. Telephone conferences with J. Hoag regarding same. Review compensation motion #19 and order for payment issued in 12/17. Analysis of associated fee statements regarding tax deductibility. Draft spreadsheet results of analysis. Preparation of correspondence to C. Meyering regarding same. Telephone conference and correspondence exchange with J. Hoag regarding inquiry concerning bond issued by Malachai Corp.	4.60 257.00/hr	1,182.20
	JLH Make telephone calls with investors regarding status of matter. Update investor database regarding same. Verify positive pay images and update spreadsheet. Telephone conference with K. Hammond regarding fee deductibility analysis of fees paid.	1.20 94.00/hr	112.80
1/29/2019	JLH Prepare enclosure letters. Verify reissued checks. Collate same to prepare to save to system. Prepare for mailing.	1.80 94.00/hr	169.20
1/30/2019	JLH Scan reissued check packages to system. Prepare for mailing. Update positive pay spreadsheet.	1.50 94.00/hr	141.00
	For professional services rendered	37.60	\$7,902.80
	Additional Charges :		
1/31/2019	Storage Unit Charge for January, 2019.		43.33
	Total costs		\$43.33
	Total amount of this bill		\$7,946.13

<u>Name</u>	<u>Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag		7.80	94.00	\$733.20
Kay Griffith Hammond		26.80	257.00	\$6,887.60
Neil Cambridge		3.00	94.00	\$282.00

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Invoice submitted to:

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Attn: Jason Mahoney - Division of Enforcement
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

March 12, 2019

In Reference To: CFTC v Watson, et al
Case No. 11-CV-10949

Invoice # 19211

Professional Services through February 28, 2019

		<u>Hrs/Rate</u>	<u>Amount</u>
2/5/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Prepare list of checks to be reissued.	0.90 94.00/hr	84.60
2/6/2019	KGH Correspondence exchange with J. Hoag regarding reissuance of final distribution check payable to dissolved investor entity.	0.40 257.00/hr	102.80
	JLH Verify, collate and scan reissued check packages. Prepare mailing of same. Return telephone calls to investors regarding status of case. Update investor database regarding same.	1.40 94.00/hr	131.60
2/11/2019	KGH Correspondence exchange with J. Hoag regarding status of uncashed checks.	0.40 257.00/hr	102.80
2/12/2019	KGH Receive and review correspondences from J. Hoag regarding check cashing issue.	0.20 257.00/hr	51.40
2/18/2019	KGH Preparation of correspondence to J. Hoag regarding number and amount of uncashed checks. Preparation of correspondence to N. Cambridge regarding updating of sources and uses of cash and CFF	0.80 257.00/hr	205.60

U.S. Commodity Futures Trading Commission

Page 2

		<u>Hrs/Rate</u>	<u>Amount</u>
	receipts reports. Preparation of correspondence to J. Hoag regarding outstanding billing statements.		
2/19/2019	KGH Receive and review correspondence from J. Hoag regarding currently outstanding uncashed checks. Correspondence exchange with J. Hoag regarding circumstances of request for check reissuance.	0.60 257.00/hr	154.20
2/20/2019	KGH Correspondence exchange with J. Hoag regarding checks that need to be reissued.	0.40 257.00/hr	102.80
2/22/2019	KGH Receive and review updated financial reports from N. Cambridge.	0.20 257.00/hr	51.40
2/25/2019	JLH Retrieve and transcribe voicemails from investors regarding status of case. Return telephone calls to investors regarding same. Update investor database with same. Request issuance of stop payments. Prepare final list of reissued checks.	1.40 94.00/hr	131.60
2/26/2019	KGH Conference with J. Hoag regarding number and amount of uncashed checks. Correspondence exchange with N. Cambridge regarding sources and uses of cash report. Review professional fees for October 2018 through January 2019. Correspondence exchanges with J. Hoag regarding same. Correspondence exchanges with N. Cambridge regarding allocation of fees paid pursuant to comp motion #23. Begin preparation of closing documents and exhibits. Correspondence exchanges with N. Cambridge and J. Hoag regarding same. Preparation of correspondence to Plante Moran regarding status of CFF's TY2018 QSF tax return.	5.00 257.00/hr	1,285.00
	JLH Verify, collate and scan reissued checks packages. Prepare mailing of same.	1.10 94.00/hr	103.40
2/27/2019	KGH Conference with J. Hoag regarding status of uncashed checks and closing preparations. Draft compensation request #24 and supporting exhibits. Receive and review correspondence from D. Ryneason regarding status of tax return. Begin drafting receiver's final report to the court.	4.40 257.00/hr	1,130.80
	For professional services rendered	17.20	\$3,638.00
	Additional Charges :		
2/13/2019	2019 State of MI Annual Report Filing Fee for Cash Flow Financial LLC		25.00
2/28/2019	Copy Charges: December, 2018 - February, 2019.		715.53
	Storage Unit Charge for February, 2019.		43.33
	Document Imaging: December, 2018 - February, 2019.		1,129.40

U.S. Commodity Futures Trading Commission

Page 3

Amount

2/28/2019 Plante Moran Invoice No. 1641742 dated February 28, 2019.

2,906.00

Total costs

\$4,819.26

Total amount of this bill

\$8,457.26

Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jamie L. Hoag	4.80	94.00	\$451.20
Kay Griffith Hammond	12.40	257.00	\$3,186.80

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT B
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Holland & Knight
(October 2018 through February 2019)

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	3,411.00
REIMBURSABLE COSTS:	\$	602.96

TOTAL DUE THIS INVOICE:	(U.S. Dollar)	\$	<u>4,013.96</u>
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To expedite processing of your payment, please return remittance page(s) or include your Matter number(s) or invoice number(s) with your payment.

WIRE TRANSFER INFORMATION:

Domestic and International Wires

Please indicate our Invoice Number as reference in your wire transfer

W. H. F. Bank NA
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

SWIFT BIC Number: [REDACTED] (for international wires)

For Credit to: Holland & Knight, LLP

PLEASE REMIT TO:

Holland & Knight LLP
PO Box 864084
Orlando, FL 32886-4084

If You Wish to Overnight Payment:

Holland & Knight LLP, Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
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Holland & Knight LLP | www.hklaw.com | (407) 399-9999

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Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

October 8, 2018
Invoice: 5731260
Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through September 30, 2018 in connection with the following:

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/4/18	Robert W. Davis	Review status of service of subpoena; strategize re options.	0.30	340.00	102.00
9/6/18	Robert W. Davis	Email correspondence with process server re status of service of subpoena for deposition; email correspondence with client re status of proposed deposition and whether to cancel same; strategize re next steps.	0.60	340.00	204.00
9/10/18	Robert W. Davis	Telephone conference with client re status of judgment collection.	0.30	340.00	102.00
9/11/18	Robert W. Davis	Prepare for and attend telephone conference with possible private investigator to use for service of subpoena on judgment debtor.	0.70	340.00	238.00
9/12/18	Robert W. Davis	Email correspondence to client re hiring private investigator to serve judgment debtor; telephone conference with PI regarding work to be completed; compile documents to submit to PI to assist with pre-service investigatory work.	1.10	340.00	374.00
9/12/18	Robert W. Davis	Draft affidavit in response to court's Supplemental Briefing Order and Notice of Filing re same.	1.20	340.00	408.00
9/12/18	Rachel L. Hradecky	Research for R. Davis	0.20	225.00	45.00
9/13/18	Robert W. Davis	Research matters related to service of Federal Rule 45 subpoena on judgment debtor.	0.50	340.00	170.00

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October 8, 2018
Invoice: 5731260
Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
9/14/18	Robert W. Davis	Draft Notice of Filing Affidavit to Supplement Amended Motion for Final Judgment; confirm inability to contact estate or counsel; file same.	0.50	340.00	170.00
9/14/18	Robert W. Davis	Draft and file notice of extension of NY Life writ; telephone conference with PI re information obtained to date.	0.40	340.00	136.00
9/17/18	Robert W. Davis	Research matters related to service of Rule 45 subpoenas in the Middle District of Florida, as well as local rule requirements related to same; strategize re service of subpoena on judgment debtor; review information received from private investigator.	2.60	340.00	884.00
9/18/18	Robert W. Davis	Telephone conference with private investigator re strategy for service of subpoena; draft subpoena documents and forward to private investigator for service.	0.60	340.00	204.00
9/19/18	Robert W. Davis	Telephone conference with private investigator re service on judgment debtor; email correspondence with client re same.	0.30	340.00	102.00
9/26/18	Robert W. Davis	Telephone conference with opposing counsel re status of upcoming deposition and preparation for same; telephone conference with client re updates on status of matter; strategize re matters to address in deposition.	0.60	340.00	204.00
9/27/18	Robert W. Davis	Continue to prepare for deposition in aid of execution.	0.20	340.00	68.00
TOTAL FEES FOR PROFESSIONAL SERVICES:				\$	3,411.00

Professional Summary through September 30, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	9.90

Holland & Knight

October 8, 2018
Invoice: 5731260
Page 3

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RLH	Miscellaneous	0.20

Reimbursable costs through September 30, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
9/10/18	VENDOR: Investigative Process Service, Inc. INVOICE#: ILS-2018003793 DATE: 9/10/2018 Service fee and rush fee to be served on David K. Freeman	60.00
9/18/18	UPS-Tracking number:1ZX960W82496693110-Date:2018-09-18-Receiver Name:David K. Freeman-Receiver Company Name:David K. Freeman-Service Description:Next Day Air Residential	14.42
9/27/18	VENDOR: Legal Services, Inc INVOICE#: 2560 DATE: 9/27/2018 Subpoena attempt on 9/19/2018 on David Keith Freeman	503.02
	Online Research	6.20
	Westlaw	19.32
	TOTAL REIMBURSABLE COSTS:	\$ 602.96
	FEES FOR PROFESSIONAL SERVICES:	\$ 3,411.00
	REIMBURSABLE COSTS:	\$ 602.96
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 4,013.96

Holland & Knight

P.O. Box 864084 | Orlando, FL 32886-4084
Email accounts@hklaw.com | T 813.901.4180
Holland & Knight LLP | www.hklaw.com | [REDACTED]

Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial,
LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885

TERMS: DUE ON RECEIPT

REMITTANCE COPY

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

FEES FOR PROFESSIONAL SERVICES:	\$	5,857.50
REIMBURSABLE COSTS:	\$	293.32

TOTAL DUE THIS INVOICE:	(U.S. Dollar)	\$	<u>6,150.82</u>
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To expedite processing of your payment, please include the matter number(s) or invoice number(s) with your payment.

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Holland & Knight LLP
420 Montgomery Street
San Francisco, CA 94104-1207

[REDACTED]
[REDACTED]

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(for international wires)

ACH:

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Holland & Knight LLP
P.O. Box 864084
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Holland & Knight LLP
Suite 864084
11050 Lake Underhill Road
Orlando, FL 32825-5016

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Stenger, Phillip S. - Receiver For The Assets of Cash Flow Financial, LLC
Stenger & Stenger, P.C.
2618 East Paris Avenue S.E.
Grand Rapids, MI 49546

November 23, 2018
Invoice: 5754885
Page 1

TERMS: DUE ON RECEIPT

For professional services rendered through October 31, 2018 in connection with the following:

Our Matter: 156876.00001
Phillip S. Stenger as Receiver of Cash Flow Financial LLC

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
10/2/18	Robert W. Davis	Prepare for deposition in aid of execution; review documents produced subsequent to previous deposition and strategize re matters to address at deposition.	2.30	355.00	816.50
10/3/18	Robert W. Davis	Continue to review and analyze documents in preparation for deposition in aid of execution; continue to review and organize strategy re same.	5.30	355.00	1,881.50
10/4/18	Robert W. Davis	Prepare for and attend second deposition in aid of execution of David K. Freeman; telephone conference with client re results of same; begin to research judgment collection options accordingly.	5.40	355.00	1,917.00
10/7/18	Robert W. Davis	Continue to research case law interpreting/addressing proceedings supplementary.	0.80	355.00	284.00
10/8/18	Robert W. Davis	Draft email to client summarizing pertinent deposition matters, options re continued judgment collection, and statutory remedies re same.	1.40	355.00	497.00
10/10/18	Robert W. Davis	Prepare for and attend telephone conference with client re status of judgment collection efforts and debriefing from deposition.	0.60	355.00	213.00
10/15/18	Robert W. Davis	Draft email to client re additional judgment collection options and analysis of same.	0.70	355.00	248.50

Holland & Knight

November 23, 2018
Invoice: 5754885
Page 2

Stenger, Phillip S. - Receiver For The Assets of Cash
Flow Financial, LLC
156876.00001

TOTAL FEES FOR PROFESSIONAL SERVICES: \$ 5,857.50

Professional Summary through October 31, 2018:

<u>Professional</u>	<u>Title</u>	<u>Hours</u>
RWD	Associate	16.50

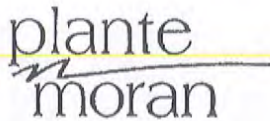
Reimbursable costs through October 31, 2018:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/9/18	VENDOR: Orange Legal, Inc INVOICE#: 622418 DATE: 10/9/2018 Deposition of David K. Freeman	207.50
	Online Research	36.50
	Westlaw	49.32
	TOTAL REIMBURSABLE COSTS:	\$ 293.32
	FEES FOR PROFESSIONAL SERVICES:	\$ 5,857.50
	REIMBURSABLE COSTS:	\$ 293.32
	TOTAL DUE THIS INVOICE: (U.S. Dollar)	\$ 6,150.82

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT C
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Invoices of Plante Moran
(January 10, 2019 through February 28, 2019)



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018

INVOICE

Stenger & Stenger
2618 E. Paris Avenue S.E.
Grand Rapids, MI 49546-2425

Date: February 28, 2019
Client No: 78682
Invoice No: 1641742
Page: 1

For Professional Services Rendered

Professional services rendered from January 10, 2019 through February 28, 2019 2,906.00
in connection with preparation of CFTC v Cash Flow Financial 2018 Qualified
Settlement Fund return (Form 1120-SF)

Balance Due \$ 2,906.00 USD

Remittance information:

Check:

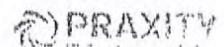
Plante & Moran, PLLC
16060 Collections Center Drive
Chicago, IL 60693

Wire Transfer:

Bank [REDACTED]
Routing/ABA# [REDACTED]
Bank Address [REDACTED]
Account Number [REDACTED]
Account Name Plante & Moran, PLLC

ACH:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Plante & Moran, PLLC



CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT D
To
RECEIVER'S MOTION AND BRIEF FOR PAYMENT OF COSTS, FEES
AND EXPENSES OF THE RECEIVER NO. 24

Affidavit of Phillip S. Stenger

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,)

Plaintiff,)

v.)

ALAN JAMES WATSON, MICHAEL POTTS and
CASH FLOW FINANCIAL, LLC,)

Defendants,)

and)

THE JEDBURGH GROUP,)

Relief Defendant.)

Case No. 11-cv-10949
Hon. Mark A. Goldsmith

AFFIDAVIT OF PHILLIP S. STENGER

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)


PHILLIP S. STENGER, being duly sworn, says:

1. I am a resident of the State of Michigan, over the age of 18 years, competent to make this Affidavit, and the statements herein are based upon my personal knowledge, unless otherwise stated.

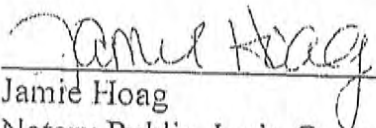
2. I make this Affidavit in my capacity as Temporary Receiver ("Receiver") in the captioned matter, in support of the Receiver's Motion and Brief for Payment of Costs, Fees and Expenses of the Receiver No. 24 (the "Motion").

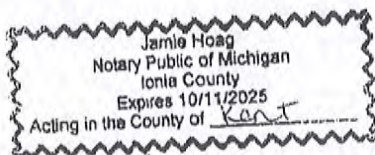
3. As stated in Paragraph 5 of the Motion, a copy of the Motion, with supporting invoices, was provided to plaintiff Commodity Futures Trading Commission (the "Commission") in advance of filing, and the Commission notified the Receiver on April 2, 2019, that it will take no position on the Motion.

4. If sworn as a witness, I can competently testify from personal knowledge as to the truth of the statements set forth in this Affidavit.


Phillip S. Stenger
Receiver

Subscribed and sworn to before me
this 14th day of April, 2019.


Jamie Hoag
Notary Public, Ionia County, Michigan
My Commission Expires: 10/11/2025
Acting in the County of Kent, Michigan



CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT D
To
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

Second Distribution Motion (without exhibits)

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

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

ALAN JAMES WATSON,
MICHAEL POTTS, and
CASH FLOW FINANCIAL, LLC,

Defendants,

and

THE JEDBURGH GROUP,

Relief Defendant.

Case No. 11-cv-10949

HON. MARK A. GOLDSMITH

**MOTION AND MEMORANDUM FOR
SECOND DISTRIBUTION OF RECEIVERSHIP ASSETS**

LOCAL RULE CERTIFICATION: Pursuant to Local Rule 7.1(a), the undersigned counsel certifies that on May 24, 2018, counsel communicated in writing with counsel for all parties and with pro se defendants Alan Watson and Michael Potts, explaining the nature of the relief to be sought by way of this motion and seeking concurrence in the relief. Counsel for Plaintiff, Commodity Futures Trading Commission, responded that the Commission will not take any position on the motion, and Counsel for The Jedburgh Group and Elizabeth Grill concurred in the relief sought in writing. More than three weeks have passed without remaining counsel or pro se defendants expressly agreeing to the relief, orally or in writing.

LOCAL RULE CERTIFICATION: I, Kay Griffith Hammond, certify that this document complies with Local Rule 5.1(a), including double-spaced (except for quoted materials and footnotes); at least one-inch margins on the top, sides, and bottom; consecutive page numbering; and type size of all text and footnotes that is no smaller than 10-1/2 characters per inch (for non-proportional fonts) or 14 point (for proportional fonts). I also certify that it is the appropriate length. Local Rule 7.1(d)(3).

Phillip S. Stenger, Temporary Receiver for Cash Flow Financial, LLC ("CFF"), by and through his attorneys, STENGER & STENGER, P.C., submits this *Motion and Memorandum for Second Distribution of Receivership Assets* ("Second Distribution Motion"), and moves this Court for authority to distribute USD \$800,000.00 (the "Second Distribution Fund") to investors whose claims have been approved ("Approved Claimants")^{1,2} and hold back approximately USD \$210,342.37 to apply to costs of winding up the Estate, all as detailed below.

INTRODUCTION

The Adjusted Net Investor Claims ("ANICs") in this Receivership total USD \$32,001,411.42. To date, an aggregate USD \$6,483,242.31 in Receivership assets has been distributed to Approved Claimants, as discussed in more detail below. The Receiver seeks authority to make a second (and likely final) distribution of USD \$800,000.00, which, if approved, will result in total distributions of USD \$7,283,242.31, representing a return by the Receivership of

¹ Except as set forth herein, all capitalized terms not defined herein shall have the definitions set forth in the **Claims Procedure Motion** (Dkt. No. 78); the **Claims Procedure Adoption Order** (Dkt. No. 98), and the **Investor Claims Procedure** attached to that Order (Dkt. No. 98-3); the Receiver's initial **Distribution Motion and Distribution Memorandum** (Dkt. Nos. 160-161); and the **First Distribution Order** (Dkt. No. 166).

² To protect the privacy of CFF investors, their names have not been disclosed; rather, all investor claims are identified by File ID numbers only. Upon request by

more than 22% of each Approved Claimant's Adjusted Net Investor Claim ("ANIC").

BACKGROUND

1. The procedural history of this matter, which is well known to this Court, was fully detailed in the initial Distribution Memorandum (Dkt. No. 161, Pages 2-10, Page ID 3125-3133), and will thus not be repeated here.
 2. As of April 30, 2018, the gross assets held by the Receivership Estate total USD \$1,010,342.37 in cash. See **Sources and Uses of Funds Report as of April 30, 2018**, a copy of which is attached as **Exhibit A** hereto and is incorporated herein by reference. [Of that cash total, USD \$16,757.69 is attributable to uncashed checks from the initial distribution in 2016, as discussed below.] The Receiver estimates that "**Windup Costs**" will total approximately USD \$210,342.37 (comprised of USD \$56,655.27 in professional fees outstanding as of March 31, 2018; and USD \$153,687.10 to cover the estimated aggregate costs of processing the Second Distribution, preparation and filing of a closing motion, final accounting, final report and final compensation motion, preparation and filing of final tax returns, and document destruction costs), as discussed in more detail below. Accordingly, the Receiver seeks the Court's authorization to (i) distribute the Second Distribution Fund of USD \$800,000.00 to Approved
-
- the Court, the Receiver will provide a confidential key register, to be filed under

Claimants; and (ii) hold back the approximate sum of USD \$210,342.37 to apply to the Windup Costs.

FIRST DISTRIBUTION

3. On January 4, 2016, this Court entered its First Distribution Order (Dkt. No. 166) approving and authorizing distribution of an initial distribution fund of US \$6,500,000 (the “**First Distribution Fund**”) from the Receivership assets to the Approved Claimants in the ratio of their Adjusted Net Investor Claims (“ANIC”), as listed on the Approved Claimants List (Exhibit B to the Distribution Memorandum, Dkt. No. 161-3, Page ID 3180).

4. Pursuant to the terms of the First Distribution Order (Dkt. No. 166, Para. 16, Page ID 3292), the Receiver posted a copy of the Distribution Motion and Memorandum, including all Exhibits, and a copy of the First Distribution Order on the Receiver’s website at www.cffreceiver.com.

5. After entry of the First Distribution Order, the Receiver made the required distributions from the First Distribution Fund to each Approved Claimant on February 8, 2016, by *United States First Class Mail*, to the last known address of each Approved Claimant contained in the Receiver’s records, and the Positive Pay security procedures pertaining to presentment of those checks for cashing were implemented.

seal, listing investor names with their corresponding File ID numbers.

6. Of the 776 distribution checks mailed, totaling USD \$6,500,000, a total of 769 checks were cashed (inclusive of two checks reissued pursuant to Small Estate Affidavits), totaling USD \$6,483,242.31, while seven (7) checks, totaling USD \$16,757.69, were uncashed. A list of the **Uncashed First Distribution Checks** is attached hereto as **Exhibit B**, and incorporated herein by reference.

7. Under the terms of the First Distribution Order (Dkt. No. 166, Para. 7, Page ID 3287), distribution checks which were returned or which had not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks, are permanently void, the right to receive such payments has terminated, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants have been returned to the Distribution Fund to be disposed of according to the Court's further instructions; further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case.

8. In mailing the checks, the Receiver warned Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an Investor Distribution Letter, substantially in the form attached as

Exhibit F to the Distribution Memorandum (Dkt. No. 161-7, Page ID 3228), which the Court approved.

9. Due to joint ownership of some claims, the Receiver, prior to mailing the distribution checks, mailed via *United States First Class Mail* to each Co-Investor Claimant a Letter to Co-Investor Claimant, substantially in the form attached as Exhibit G to the Distribution Memorandum (Dkt. No. 161-8, Page ID 3231), which the Court approved, advising them as to which address the checks would be mailed, and further, a copy of the Investor Distribution Letter attached as Exhibit F to the Distribution Memorandum (Dkt. No. 161-7, Page ID 3228), mailed with the distribution checks, was also mailed to each Co-Investor Claimant so that each was informed as to when the checks are mailed.³

10. If a distribution check made payable to a deceased claimant, or a deceased claimant's estate, had not been cashed or negotiated, and the representatives and/or family members of such deceased claimant informed the Receiver that they were unable to cash or negotiate the check, the Distribution Approval Order (Dkt. No. 166, Para. 9-12, Page ID 3288-3290) authorized the

³ Provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants. [Distribution Approval Order, Dkt. 166, Para. 8, Page ID 3288.]

Receiver to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, in order to determine whether such documentation was sufficient to satisfy the decedent's state requirements for reissuing the decedent's distribution check to the identified Affiant (designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and in order to determine whether such documentation was sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate court involvement.

11. The Receiver approved two requests for reissuance of decedents' distribution checks, mailed the reissued checks to the Affiants as authorized, implemented the Positive Pay security procedures concerning presentment of those checks for cashing, and all such reissued checks were timely negotiated.

12. In order to effectuate the First Distribution (and any subsequent distribution) to Approved Claimants, and, where applicable, to effectuate processing and distribution of reissued estate checks to Affiants in reliance on Small Estate Affidavits, the Court's First Distribution Order (Dkt. No. 166, Para. 13, Page ID 3290-3291) released and discharged the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants,

and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate affidavits, or otherwise involved in the estate's administration, from any act or omission arising out of such involvement.

13. The Court's First Distribution Order (Dkt. No. 166, Para. 14, Page ID 3291-3292) further provided that the CFF Receivership Estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of processing and reissuance of Estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the Estate's administration (collectively, the "**Indemnified Parties**"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not

limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case.

ADMINISTRATIVE MATTERS

14. **Uncashed First Distribution Checks:** As reflected on the list of **Uncashed First Distribution Checks**, attached as **Exhibit B**, and incorporated herein by reference, a total of seven (7) Approved Claimants failed to cash their initial distribution checks, totaling USD \$16,757.69. The Receiver and his staff made their best efforts to locate those who failed to cash their checks and issue new checks to them at their present location.⁴ Pursuant to the First Distribution Order (Dkt. No. 166, Para. 7, Page ID 3287), the US \$16,757.69 otherwise distributable to such Approved Claimants shall be returned to the Distribution Fund and disposed of according to the Court's further instructions.

15. **Reconciliation of Approved Claimants List:** Under the terms of the First Distribution Order (Dkt. No. 166, Para. 12, Page ID 3290), the uncashed Approved Claimants "shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify

⁴ Those efforts included research through Accurant, TLO and various other databases of addresses and contact information to attempt to locate current contact information for any investors who have previously failed to cash their checks. Letters were then sent to each investor for whom new potential contact information was discovered in an attempt to verify said contact information. If and when current contact information could be verified, checks were reissued to the current addresses.

them of future hearings, motion, orders or developments in this case.” Pursuant to those directives, the Receiver has stricken the uncashed Approved Claimants from the Approved Claimants List, and their shares of the initial distribution have been returned to the Receivership Estate for distribution to other Approved Claimants in the Second Distribution or as the Court may otherwise direct. The Receiver seeks the Court’s ratification of the foregoing actions and of the **Reconciled Approved Claimants List** (which is a list of Investors who are eligible to participate in this Second Distribution), a copy of which is attached as **Exhibit C** and incorporated herein by reference. The Reconciled Approved Claimants List also reflects (in Column C on attached **Exhibit C**) the recalculated Adjusted Net Principal Claim for each Approved Claimant after the distributive shares of those purged were returned to the Receivership Estate for distribution to other Approved Claimants in the Second Distribution or as the Court may otherwise direct. The Receiver seeks ratification of the determinations of Adjusted Net Principal Claim for each Approved Claimant set forth in Column C on **Exhibit C**.

16. **Trade Creditor Claims:** The Investor Claims Procedure approved by the Court (Dkt. No. 98-3, Page ID 1978) did not address the claims of creditors who provided goods or services to CFF prior to commencement of the Receivership. For the reasons stated below, the Receiver believes that under the

circumstances of this case, establishment of a separate trade creditor claims procedure would not be fair and equitable, or in the best interests of the victims of the CFF Ponzi scheme.

17. In receivership proceedings, the District Court, sitting in equity, has “the authority to approve any plan provided it is ‘fair and reasonable.’” *S.E.C. v. Byers*, 637 F. Supp. 2d 166, 174-75 (S.D.N.Y. 2009) (quoting *S.E.C. v. Wang*, 944 F.2d 80, 81 (2d Cir. 1991)). This discretion derives from the inherent powers of an equity court to fashion relief, *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). The District Court’s “‘broad powers and wide discretion’ extend to allocating the priority of distributions from the receivership estate.” *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, at *3 (W.D.Mich. Jan. 9, 2007) (quoting *In re Indian Motorcycle Litigation*, 307 B.R. 7, 16 (D.Mass.Bankr. 2004)).

18. Differing treatment may be sought for distributions to investors in contrast to trade creditors. See, e.g., *Norwest Bank Wisconsin, N.A. v. Malachi Corp.*, 245 Fed. App’x 488, 495 (6th Cir. 2007). For example, the court in *CFTC v. Capitalstreet Financial, LLC*, 2010 WL 2572349 (W.D.N.C., June 18, 2010) (“*Capitalstreet*”), approved a higher priority for defrauded investors as compared to non-investor general creditors, stating:

The Receivership Estate shall be distributed in the following order:

A. To claims for expenses of the administration of the Receivership Estate, including legal and accounting fees; expenses to preserve the value of assets;

and costs of realization and payment of any taxes due on property or income of property of the Receivership Estate incurred during the pendency of the receivership (the "Administrative Claimants");

B. To the return of investments to Investors; and

C. To any General Creditors, *should any assets remain in the Receivership Estate*. [Emphasis added].⁵

19. There are insufficient assets in the CFF Receivership Estate to repay the defrauded CFF Ponzi scheme victims, who, inclusive of the proposed Second Distribution, will have received distributions totaling approximately 22% of the amount of their allowed claims. See *Affidavit of the Receiver*, a copy of which is attached as **Exhibit D** and incorporated herein by reference. The Receiver therefore believes that establishment of a trade creditor claims procedure in such

⁵ *Capitalstreet*, 2010 WL 2572349, at *2 (W.D.N.C. June 18, 2010); see also *S.E.C. v. HKW Trading LLC*, No. 8:05-cv-1076-T-24-TBM, 2009 WL 2499146, at *2 (M.D. Fla. Aug. 14, 2009). The claims processing procedure approved by the *Capitalstreet* court specifically provided that general creditors "shall not" submit claims to the receiver:

2.A. *Because the Receiver does not anticipate that the assets in the Receivership Estate are sufficient to repay the Investors, General Creditors shall not submit claims to the Receiver*. [Emphasis added]. However, if it should appear to the Court that assets will remain in the Receivership Estate after distributions have been made to the Investors, the General Creditors shall be permitted to submit claims to the Receiver by further Order of the Court.

Capitalstreet, *supra*, 2010 WL 2572349, at *2.

circumstances would not be fair and equitable, or in the best interests of the victims of the CFF Ponzi scheme.

Accordingly, the Receiver asks the Court to find under the circumstances that (i) no trade creditor claims procedure shall be established in this case; and (ii) that general trade creditors who previously submitted claims to the Receiver shall recover nothing on those claims.

**SECOND (AND LIKELY FINAL) DISTRIBUTION
OF RECEIVERSHIP ASSETS**

For the reasons detailed above, the Receiver respectfully requests that this Court enter a Second Distribution Approval Order:

A. Ratifying the proposed **"Reconciled Approved Claimants List"** attached as **Exhibit C** and incorporated herein by reference, and the actions of the Receiver in compiling the Reconciled Approved Claimants List;

B. Authorizing the Receiver to distribute the sum of Eight Hundred Thousand Dollars (USD \$800,000) (the **"Second Distribution Fund"**) from the Receivership Estate to the Reconciled Approved Claimants listed on Exhibit C in the ratio of their **"Adjusted Net Investor Claim"** (**"ANIC"**);⁶

⁶ On January 4, 2016, the Court entered its First Distribution Order (Dkt. No. 166), holding that the procedures used by the Receiver in calculating ANICs, including

C. Authorizing the Receiver to transfer sufficient funds from CFF's Operating Account xxxx2620 at Fifth Third Bank, and/or from CFF's Savings Account xxxx2612 at Fifth Third Bank, into CFF's Distribution Account xxxx2638 at Fifth Third Bank, as necessary to bring the total in Distribution Account xxxx2638 to USD \$800,000 for distribution to the Approved Claimants in accordance with the ANICs set forth in Exhibit C;

D. Holding that the determinations of adjusted ANIC and Second Distribution Share for each Approved Claimant listed on Exhibit C constitute final and binding determinations of ANIC and Second Distribution Share for each Approved Claimant, and that the Approved Claimants, and each of them individually, are barred from asserting any claim against the Receiver (either personally or in his representative capacity) or his employees, agents, attorneys or accountants, or the Receivership Estate, in excess thereof;

but not limited to combining the claims of Co-Investor Claimants who purchased investments jointly, and the netting of positive and negative claims of Investor Claimants, were fair and equitable; that the claims administration process conducted by the Receiver complied with all requirements of the Claims Procedure Adoption Order and the Investor Claims Procedure; and that the procedures used by the Receiver to provide notice to Investor Claimants of their ANICs, including posting on the Receiver's CFF Website and publication in *USA Today*, were fair and equitable and provided adequate due process to Investor Claimants. (Dkt. 166, Para. 4, Page ID 3286).

E. Holding that all claims from individuals and/or entities not specifically listed as Reconciled Approved Claimants on Exhibit C, as well as all claims of those Investor Claimants or potential Investor Claimants whose claims have been rejected or determined to be zero since they failed to cash their First Distribution checks, as listed on the “**Denied Claimants List**,” a copy of which is attached as **Exhibit E** and incorporated herein by reference, are hereby forever barred and may not be asserted against the Receiver (either personally or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership Estate;

F. Ordering that the Receiver shall distribute the Second Distribution Amount to the Approved Claimants as provided on the Reconciled Approved Claimants List (Exhibit C) after entry of the Second Distribution Approval Order; and further that (i) the distribution shall be mailed by *United States First Class Mail* to the last known address of each Approved Claimant contained in the Receiver’s records; (ii) the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant’s current address and other contact information, and to insure that the Approved Claimant’s name and/or proper contact information are contained in the Receiver’s records; (iii) the Receiver is under no duty or obligation to attempt to determine any Approved Claimant’s current address

and other contact information; and (iv) the Receiver shall implement the Positive Pay security procedures to ensure the proper negotiation of each distribution check;

G. Ordering that second distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks will be void and the right to receive such payments will terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions; and, further, the Receiver shall, in the mailing of the second distribution checks, warn Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an "**Investor Second Distribution Letter**" substantially in the form attached as **Exhibit F**, which is incorporated herein by reference, which the Court hereby approves; and, further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the list of Approved Claimants, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case;

H. Ordering that, because of the joint ownership of claims, the Receiver, prior to mailing the second distribution checks, will mail via *United States First Class Mail* to each Co-Investor Claimant a **"Letter to Co-Investor Claimants,"** substantially in the form attached as **Exhibit G**, which is incorporated herein by reference, which the Court hereby approves, advising them as to which address the checks will be mailed, and further ordering that a copy of the Investor Second Distribution Letter (Exhibit F), which is to be mailed with the second distribution checks, will also be mailed to each Co-Investor Claimant so that each Co-Investor Claimant will be informed as to when the checks are mailed; provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Second Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership Estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants;

I. Ordering that if a second distribution check was made payable to a deceased claimant, or a deceased claimant's estate, and the representatives and/or family members of such deceased claimant inform the

Receiver that they are unable to cash or negotiate the check, the Receiver is authorized to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, to: (i) determine whether such documentation is sufficient to satisfy the decedent's state requirements for reissuing the decedent's second distribution check to the Affiant (the designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and (ii) determine whether such documentation is sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate or other court involvement;

J. Ordering that if the Receiver determines that the documentation is sufficient, as detailed above, the Receiver is authorized to reissue the decedent's second distribution check in the name of the Affiant, and mail the reissued second distribution check to the Affiant via *United States First Class Mail* at the address provided by the Affiant, and further that: (i) the burden is on the Affiant to notify the Receiver of any updated contact information, and to insure that the Affiant's name and proper contact information are contained in the Receiver's records; (ii) the Receiver is

under no duty or obligation to attempt to determine the current address and/or other contact information for any Affiant; and (iii) the Receiver shall implement the security procedures of Positive Pay;

K. Ordering that the Receiver shall only reissue a second distribution check if, in addition to the requirements described above, the second distribution check was made payable to a deceased claimant or a deceased claimant's estate, and the second distribution check has not been cashed or negotiated;

L. Ordering that reissued second distribution checks made payable to the Affiants which are returned or which have not been cashed within sixty (60) days of mailing, will be void, the right to receive such payments will terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Affiants shall be returned to the Second Distribution Fund and disposed of according to the Court's further instructions; and that in the mailing of reissued second distribution checks to Affiants, the Receiver shall warn Affiants of this potential loss of right and the need to promptly cash or negotiate their checks; and further that if Affiants fail to cash the reissued second distribution checks within sixty (60) days of mailing, such Affiants shall have no right to participate in future distributions (if any) and shall be removed from the Receiver's list of

Approved Claimants, and the Receiver shall have no further duty to notify such Affiants of future hearings, motions, orders or developments in this case;

M. Ordering that, in order to effectuate this distribution, and subsequent distributions (if any), to the Approved Claimants, and, where applicable, to effectuate the processing and distribution of reissued decedents or decedents estate checks to Affiants in reliance on Small Estate Affidavits, as detailed in Paragraphs I through L above, the Court releases and discharges the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the administration of the estate, from any act or omission arising out of such involvement;

N. Ordering that the Receivership Estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative

capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the administration of the estate (collectively, the "**Indemnified Parties**"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case;

O. Ordering that the Second Distribution Motion and subsequent Order, including all Exhibits, shall be available to the public at the Clerk of the Court for the United States District Court, Eastern District of Michigan (Southern Division) for inspection and copying at such Clerk's office during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of this Second Distribution Motion and subsequent Order to any person requesting same at

such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same;

P. Ordering that the Receiver is further directed to post a copy of this Second Distribution Motion and subsequent Order, with all Exhibits attached, on the Receiver's website at www.cffreceiver.com; and

Q. Ordering that following the Second Distribution, and completion of all remaining matters necessary to wind up the Receivership, the Receiver is directed to file a final report, final accounting and final application for compensation and expenses.

Respectfully submitted,

STENGER & STENGER, P.C.
Attorneys for the Receiver

Dated: June 14, 2018.

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
Business Address:
2618 East Paris Ave, S.E.
Grand Rapids, MI 49546
Telephone: (616) 988-2230
Facsimile: (616) 940-1192
Email: kay@stengerlaw.com

CERTIFICATE OF SERVICE

Kay Griffith Hammond, an attorney, hereby certifies that on June 14, 2018, she caused to be served a copy of the foregoing *Motion for Order Ratifying Approved Claimants List and Authorizing Second Distribution of Receivership Assets* via electronic filing on the following ECF parties:

Jason A. Mahoney
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
jmahoney@cftc.gov

Daniel J. Grimm
U.S. Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street, N.W.
Washington, D.C. 20581
dgrimm@cftc.gov

Peter A. Caplan
United States Attorney's Office
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Detroit, MI 48226-3211
peter.caplan@usdoj.gov

Harry H. Wise, III
Attorney for The Jedburgh Group
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New York, NY 10107
hwiselaw@aol.com

Sonya N. Goff
Stevenson & Bullock PLC
29200 Southfield Rd., Ste. 210
Southfield, MI 48076
sgoll@sbplclaw.com

Erika Lorraine Davis
Butler Davis, PLLC
P.O. Box 2411
Detroit, MI 48202-9998
erika@butlerdavispllc.com

and caused to be served a copy of said *Motion* by First Class Mail on the following non-ECF parties:

Alan J. Watson
Inmate ID #79104-083
FCI Ashland
P.O. Box 6001
Ashland, KY 41105
Newemail4aj@gmail.com

Michael S. Potts
Pro Se Defendant
590 Centerville Road
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STENGER & STENGER, P.C.
Attorneys for the Receiver

/s/ Kay Griffith Hammond
Kay Griffith Hammond (P37425)
Business Address:
2618 East Paris Ave, S.E.
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Email: kay@stengerlaw.com

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT E
To
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

Second Distribution Approval Order

1. The Reconciled Approved Claimants List, attached as Exhibit C to the Second Distribution Motion, and the actions of the Receiver in compiling the Reconciled Approved Claimants List, are ratified, and the determinations of Adjusted Net Investor Claim ("ANIC") and distribution amount for each Approved Claimant listed on Ex. C constitute final and binding determinations of ANIC and distribution amount for each Approved Claimant, and the Approved Claimants, and each of them individually, are barred from asserting any claim against the Receiver (either personally or in his representative capacity) or his employees, agents, attorneys or accountants, or the Receivership estate, in excess thereof;

2. The Receiver is authorized to distribute a Second Distribution Fund in the amount of Eight Hundred Thousand Dollars (**USD \$800,000.00**) from the Receivership estate to the Approved Claimants listed on Ex. C in the ratio of their ANICs as listed on Ex. C;

3. The Receiver is authorized to transfer sufficient funds from CFF's Operating Account xxxx2620 at Fifth Third Bank, and/or from CFF's Savings Account xxxx2612 at Fifth Third Bank, into CFF's Distribution Account xxxx2638 at Fifth Third Bank, as necessary to bring the total in Distribution Account

¹ All capitalized terms shall have the definitions set forth in the Second Distribution Motion.

xxxx2638 to USD \$800,000.00 for distribution to the Approved Claimants in accordance with the ANICs set forth in Exhibit C;

4. All claims from individuals and/or entities not specifically listed as Approved Claimants on Ex. C, and all claims of the Denied Claimants listed on E to the Second Distribution Motion, are hereby forever barred and may not be asserted against the Receiver (either personally or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate;

6. After entry of this Order ("**Second Distribution Order**"), the Receiver shall make the required distributions from the Second Distribution Fund to each Approved Claimant listed on Ex. C of their Second Distribution Amount (as set forth in Column E of Ex. C); and further, (i) the distribution shall be mailed by *United States First Class Mail* to the last known address of each Approved Claimant contained in the Receiver's records; (ii) the burden is on the Approved Claimant to notify the Receiver of the Approved Claimant's current address and other contact information, and to insure that the Approved Claimant's name and/or proper contact information are contained in the Receiver's records; (iii) the Receiver is under no duty or obligation to attempt to determine any Approved Claimant's current address and other contact information; and (iv) the Receiver shall implement the Positive Pay security procedures to ensure the proper negotiation of each distribution check;

7. Second Distribution checks which are returned or which have not been cashed within one hundred and twenty (120) calendar days from the date of mailing of such checks shall be void, the right to receive such payments shall terminate, subject only to the Receiver's sole discretion, and the amounts otherwise distributable to such Approved Claimants shall be returned to the Distribution Fund and disposed of according to the Court's further instructions; further, the Receiver shall, in the mailing of the checks, warn Approved Claimants of this potential loss of rights and the need to promptly cash their checks by including copies of an Investor Second Distribution Letter substantially in the form attached as Exhibit F to the Second Distribution Motion, which the Court hereby approves; and, further, such Approved Claimants shall have no right to participate in future distributions, if any, shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to locate these Approved Claimants or notify them of future hearings, motions, orders or developments in the case;

8. Because of the joint ownership of some claims, the Receiver, prior to mailing the Second Distribution checks, will mail via *United States First Class Mail* to each Co-Investor Claimant a Letter to Co-Investor Claimant, substantially in the form attached as Exhibit G to the Second Distribution Motion, which the Court hereby approves, advising them as to which address the checks will be mailed, and further, a copy of the Investor Second Distribution Letter (Ex. F)

which is to be mailed with the distribution checks, will also be mailed to each Co-Investor Claimant so that each will be informed as to when the checks are mailed; provided, however, that failure of the Receiver to mail the Letter to Co-Investor Claimants or the Investor Second Distribution Letter to Co-Investor Claimants shall not give rise to any claim against the Receiver (individually or in his representative capacity), or his employees, agents, attorneys and accountants, or the Receivership estate, as these letters are meant to provide courtesy notices and do not convey substantive rights to Approved Claimants or Co-Investor Claimants;

9. If a Second Distribution check was made payable to a deceased claimant, or a deceased claimant's estate, and the representatives and/or family members of such deceased claimant inform the Receiver that they are unable to cash or negotiate the check, the Receiver is authorized to receive and review Small Estate Affidavits, or other such similar small estate probate documents as authorized by state law, as provided to the Receiver by representatives of the deceased claimant's estate, in order to: (i) determine whether such documentation is sufficient to satisfy the decedent's state requirements for reissuing the decedent's Second Distribution check to the Affiant (the designated surviving spouse, child or other heir as identified in the Small Estate Affidavit), without further probate or other court involvement; and (ii) determine whether such documentation is

sufficient for the Receiver to send future court-approved distribution amounts (if any) to the identified Affiant, without further probate or other court involvement;

10. If the Receiver determines that the documentation is sufficient, the Receiver is authorized to reissue the decedent's Second Distribution check in the name of the Affiant and mail the reissued distribution check to the Affiant via *United States First Class Mail* at the address provided by the Affiant, and (i) the Affiant has the burden to notify the Receiver of any updated contact information, and to insure that the Affiant's name and proper contact information are contained in the Receiver's records; (ii) the Receiver is under no duty or obligation to attempt to determine the current address and/or other contact information for any Affiant; and (iii) the Receiver shall implement the security procedures of Positive Pay;

11. The Receiver shall only reissue a Second Distribution check if, in addition to the requirements described above, the distribution check was made payable to a deceased claimant or a deceased claimant's estate, and the distribution check has not been cashed or negotiated;

12. Reissued Second Distribution checks made payable to Affiants which are returned or which have not been cashed within sixty (60) days of mailing, shall be void, the right to receive such payments shall terminate, subject only to the sole discretion of the Receiver, and the amounts otherwise distributable to such Affiants shall be returned to the Distribution Fund and disposed of according to the Court's

further instructions; further, in the mailing of reissued Second Distribution checks to Affiants, the Receiver shall warn Affiants of this potential loss of rights and the need to promptly cash or negotiate their checks; if Affiants fail to cash the reissued distribution checks within sixty (60) days of mailing, such Affiants shall have no right to participate in future distributions (if any) and shall be removed from the Approved Claimants list, and the Receiver shall have no further duty to notify such Affiants of future hearings, motions, orders or developments in this case;

13. In order to effectuate this Second Distribution, and subsequent distributions (if any), to the Approved Claimants, and, where applicable, to effectuate processing and distribution of reissued estate checks to Affiants in reliance on Small Estate Affidavits, as detailed in Paragraphs 9 through 12 above, the Court hereby releases and discharges the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of the processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the estate's administration, from any act or omission arising out of such involvement;

14. There being insufficient CFF Receivership estate assets to fully repay the Approved Claimants' Adjusted Net Investor Claims (ANIC), no trade creditor claims procedure shall be established in this case, and general trade creditors who previously submitted claims to the Receiver shall recover nothing on those claims;

15. The CFF Receivership estate shall indemnify, defend and hold harmless the Receiver (individually and in his representative capacity), and his employees, agents, attorneys and accountants, and all persons involved in the review, verification, calculation, tabulation, or any other aspect of processing and distribution of checks and determination of claims filed pursuant to the Investor Claims Procedure, or involved in the review, verification, calculation, tabulation, or any other aspect of processing and reissuance of estate checks to any Affiants based on their reliance on the Small Estate Affidavits, or otherwise involved in the estate's administration (collectively, the "Indemnified Parties"), from and against all actions pending or threatened, whether at law or in equity, in any forum, from liabilities, damages, losses, costs and expenses, including but not limited to, reasonable attorneys' and other professionals' fees and costs, arising from conduct or omission of the Indemnified Parties in connection with this case;

16. The Second Distribution Motion, including all Exhibits, and this Second Distribution Order, shall be available to the public at the Clerk of the Court for the United States District Court, Eastern District of Michigan (Southern

Division) for inspection and copying at such Clerk's office during normal business hours by any interested party who wishes to examine the same; provided that the Court Clerk shall provide a copy of the Second Distribution Motion and this Second Distribution Order to any person requesting same at such person's cost, subject to such Court Clerk's normal practices, procedures and requirements concerning same;

17. The Receiver is further directed to post a copy of the Second Distribution Motion, including all Exhibits, and this Second Distribution Order on the Receiver's website at www.cffreceiver.com;

18. The Receiver is authorized to hold back the sum of USD \$210,342.37 to apply to estimated Windup Costs;

19. Following completion of the Second Distribution, and completion of all remaining matters necessary to wind up the Receivership, the Receiver is directed to file a final report, final accounting and final application for compensation and expenses.

SO ORDERED.

Dated: June 21, 2018
Detroit, Michigan

s/Mark A. Goldsmith
MARK A. GOLDSMITH
United States District Judge

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served upon counsel of record and any unrepresented parties via the Court's ECF System to their respective email or First Class U.S. mail addresses disclosed on the Notice of Electronic Filing on June 21, 2018.

s/Karri Sandusky
Case Manager

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT F
To
MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE

Investor Distribution Letter

STENGER & STENGER
A MICHIGAN PROFESSIONAL CORPORATION

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ADMITTED IN IN
ANTHONY J. HUSPASKA
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DANIELLE P. ROBERTS
ADMITTED IN GA
ERIC SITLER
ADMITTED IN TN
R. GARY MARSCHEHAUSEN
ADMITTED IN CO

August 31, 2018

VIA UNITED STATES FIRST CLASS MAIL



Re: *Commodity Futures Trading Commission v. Watson, et al.*
Case No. 11-cv-10949 (E.D. Mich.)
TIME SENSITIVE MATTER

Dear [REDACTED],
Claim Number: [REDACTED]

We are happy to report that on June 21, 2018, the Honorable Mark A. Goldsmith entered his *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* (the "Order"), directing the Receiver to make a distribution of the Cash Flow Financial ("CFF") Receivership assets in the amount of Eight Hundred Thousand and 00/100 Dollars (\$800,000). A copy of the Order is posted on the Receiver's website at www.cffreceiver.com under Pleadings.

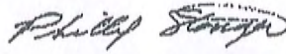
Accordingly, enclosed is your distribution check dated August 31, 2018.

IMPORTANT NOTICE: Checks must be cashed within 120 calendar days from the date of mailing such checks. Checks which are returned or have not been cashed within 120 calendar days from the date of mailing of such checks will become permanently null and void, your right to receive such payment and any future payments (if any) from the CFF Receivership will terminate and the amount otherwise distributable to you shall be disposed of according to the provisions set by the Court.

Also, please note, we cannot provide any tax, legal, estate planning or IRA advice. Please feel free to consult your own attorney or tax consultant should you have any questions related to such issues.

Should you have any other questions or concerns, please do not hesitate to contact my office.

Kind Regards,

A handwritten signature in dark ink, appearing to read "Phillip S. Stenger". The signature is fluid and cursive, with the first name "Phillip" and last name "Stenger" clearly distinguishable.

Phillip S. Stenger
Receiver

Enclosure

CFTC v. Watson, et al.
Case No. 11-CV-10949

EXHIBIT G

To

**MOTION AND MEMORANDUM FOR ENTRY OF AN ORDER
APPROVING THE RECEIVER'S FINAL REPORT, FINAL ACCOUNTING
AND COMPENSATION REQUEST AND CLOSING THE ESTATE**

Letter to Co-Investor Claimant

STENGER & STENGER
A MICHIGAN PROFESSIONAL CORPORATION

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ADMITTED IN MI, KY, MN, GA & CO
KAY GRIFFITH HAMMOND
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AARON S. MURRAY
ADMITTED IN IN
ANTHONY J. HUSPASKA
ADMITTED IN OH
KEITH A. SPARKS
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M. KYLE FLOYD
ADMITTED IN GA
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ADMITTED IN MI
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DOUGLAS W. VAN ESSEN
ADMITTED IN MI
DENISE M. HALLETT
ADMITTED IN IN
CINQUE AXAM
ADMITTED IN GA
DANIELLE P. ROBERTS
ADMITTED IN GA
ERIC SITLER
ADMITTED IN TN
R. GARY MARSCHHAUSEN
ADMITTED IN CO

August 27, 2018

VIA UNITED STATES FIRST CLASS MAIL

[REDACTED]

Re: *Commodity Futures Trading Commission v. Watson, et al.*
Case No. 11-cv-10949 (E.D. Mich)

Dear [REDACTED]:

We are happy to report that on June 21, 2018, the Honorable Mark A. Goldsmith entered his *Order Ratifying Approved Investor Claimants List and Authorizing Second Distribution of Receivership Assets* (the "Order") directing the Receiver to make a distribution of the Cash Flow Financial ("CFF") Receivership assets in the amount of Eight Hundred Thousand and 00/100 Dollars (\$800,000.00). A copy of the Order is posted on the Receiver's website at www.cffreceiver.com under Pleadings.

Accordingly, checks are currently being prepared for distribution to all Approved Investor Claimants who have been identified as having a positive Adjusted Net Investor Claim ("ANIC") (and appropriately cashed the first distribution check) and should be mailed in the next few weeks. Our records indicate that you are an Approved Investor Claimant who has a joint claim with another Approved Investor Claimant. As such, your distribution check will be made payable to both you and [REDACTED], and will be physically mailed to [REDACTED].

IMPORTANT NOTICE: Checks must be cashed within 120 calendar days from the date of mailing such checks. Checks which are returned or have not been cashed within 120 calendar days from the date of mailing such checks will become permanently null and void, your right to receive such payment and any future payments (if any) from the CFF Receivership will terminate and the amount otherwise distributable to you shall be disposed of according to the provisions set by the Court.

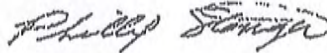
Also, please note, we cannot provide any tax, legal, estate planning or IRA advice. Please feel free

to consult your own attorney or tax consultant should you have any questions related to such issues.

Should you have any other questions or concerns, please do not hesitate to contact my office.

Very truly yours,

STENCER & STENCER, P.C.

A handwritten signature in black ink, appearing to read "Phillip Stenger", written in a cursive style.

Phillip S. Stenger