UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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

NINTH STATUS REPORT OF THE SPECIAL MASTER

Douglas A. Doetsch, the Court-appointed special master (the "Special Master") in the case of *United States of America v. Michael E. Kelly*, hereby submits this Ninth Status Report of the Special Master, pursuant to this Court's Order Appointing Douglas A. Doetsch As Special Master dated February 10, 2009 (the "Order"), to update the Court and interested parties on the status of the Special Master's progress since October 8, 2010 through January 31, 2011 (the "Reporting Period") with respect to the goals of his appointment: namely, preserving and repatriating Assets as defined in the Order potentially subject to forfeiture, administering their liquidation, and distributing restitution to the victims of the Defendant.

I. THE ORIGINAL PLAN OF ACTION

Under the terms of this Court's Order Appointing Douglas A. Doetsch As Special Master dated February 10, 2009 (the "Order"), the Special Master presented a plan of action to this Court within ninety days of the Order on June 19, 2009 to (a) advise the Court of the Special Master's appraisal and valuation of the assets subject to liquidation for restitution (the "Assets"); (b) determine whether additional funds will be necessary to make full restitution to the victims and pay the fees and expenses of the Special Master and his retained professionals; (c) if necessary, advise the court as to additional steps that need to be taken to investigate, evaluate, obtain and liquidate such Assets; and (d) recommend a methodology, timetable and approximate cost associated with the control, possession and liquidation of the Assets with an end goal of making restitution to the victims (the "Original Plan of Action").

The Special Master's Original Plan of Action (i) set forth the preliminary results of the diligence and valuation exercise involving the Grupo Kelly entities in Panama and Mexico; (ii) described the optimal legal structure to permit the Special Master to obtain control over the Assets and the companies owning and operating the Assets as a Mexican trust; (iii) identified certain "Exhibit B" assets that could be subjected to the Mexican trust and liquidated, if necessary; (iv) addressed issues of victim restitution and sales strategy; and (v) identified potential obstacles and next steps in each of the aforementioned areas.

II. THE ASSETS

A. Cash

The Special Master received a total of USD6,400,000 in cash from Grupo Kelly, which was deposited in an account maintained by Mayer Brown (the "Special Master's Operating Account") from which payment of professional fees incurred in connection with making restitution for the victims is made. On December 16, 2009, the Special Master received Court approval to consummate the sale of the Aguascalientes Property (as described in a prior Status Report submitted to the Court and defined below). The proceeds related to the Aguascalientes sale were deposited into the Special Master's Sales Proceeds Account (the "Special Master's Sales Proceeds Account") for the benefit of the victims. Taking into account interest accruals and disbursements to outside professionals for services rendered to the Special Master since February 10, 2009, the balance of cash and investments in the Special Master's Operating Account as of January 31, 2010 is USD3,049,371.19, and the balance of sale proceeds in the Special Master's Sales Proceeds Account as of January 31, 2010 is USD4,984,035.65.

After obtaining Court approval on November 17, 2010, the Special Master consummated the sale of The City (as defined below) on December 21, 2010 and obtained net proceeds therefrom amounting to approximately USD6,445,151. Pursuant to this Court's order of December 22, 2011, approximately USD4,000,000 of such amount were deposited into the Special Master's Sales Proceeds Account for the benefit of the victims with the balance dedicated for deposit into the Special Master's Operating Account.

B. The Assets

1. Formation of the Restitution Trust and Contribution of Exhibit B Assets

On July 17, 2009, the Special Master, with the assistance of Jáuregui, Navarrete y Nader, S.C. ("JNN"), Mexican counsel to the Special Master, and Arias, Fabrega & Fabrega ("ARIFA"), Panamanian counsel to the Special Master, completed the formation of a trust in Mexico to hold the Assets (the "Restitution Trust"). One salient feature of the final Restitution Trust is that it contemplates the post-execution joinder of assets as necessary to make full restitution to the victims. Accordingly, on October 9, 2009, several Exhibit B Assets (as defined in the Fourth Status Report of the Special Master) were contributed to the Restitution Trust. The Special Master is currently involved in discussions with the U.S. Attorney's Office (the "USAO") and with Grupo Kelly to consider other assets that may be suitable for contribution to the Restitution Trust, as appropriate.

2. Strategies to Minimize Corporate Expenses

To address the liquidity crisis experienced by Grupo Kelly in light of a sluggish real estate market and generally weak global economy, the Special Master has been working with Grupo Kelly and Frontera Capital Advisors ("Frontera"). The Special Master has previously eliminated Grupo Kelly's vacation club operation and terminated a number of Grupo Kelly employees in furtherance of this goal. Additionally, the Special Master is working with JNN to renegotiate employment agreements with several other senior employees. The aggregate savings resulting from these head-count reductions, the employment contract revisions, and the closing of the vacation club operation are approximately $1,000,000 per year.

The Special Master continues to look for cost-savings opportunities from an ongoing operational perspective. The managers of the hotel operations and the Puerto Cancún project ("Puerto Cancún") have also been instructed to implement cost-saving measures. The eventual sale of the Assets may also provide an opportunity to further downsize the corporate infrastructure supporting the operating companies.

3. The Asset Sale Process: Salient Points

a. Tax Review

The Special Master, with the assistance of Del Valle Torres ("DVT"), Mexican tax counsel to the Special Master, has invested significant time in analyzing the tax implications of a potential sale of the various Assets currently subject to the Restitution Trust. This analysis has involved reviewing the balance sheets and tax accounts of the various Grupo Kelly corporations and, in particular, focusing on the substantial intercompany accounts and how to best address such intercompany balances in order to minimize adverse tax consequences for the disposition of Assets. JNN and DVT, under the oversight of the Special Master, are presently engaged in certain corporate restructuring steps relating to specific Grupo Kelly entities (*e.g.*, mergers of certain entities) that should permit the Special Master to maximize the proceeds of particular Asset sales available to make restitution to the victims. Specifically, current tax structuring efforts are focused on Puerto Cancún given the progress made in the sales process for this Asset.

b. The City Discotheque

As discussed in the preceding section, The City nightclub was recently sold to a Mexican nightclub operator for USD7,750,000, resulting in net proceeds of approximately USD6,445,151 after taxes and legally-required employee severance costs. In addition to the real property and the building housing The City, the purchase price included certain operating licenses, intellectual property, furniture and equipment owned by Panorama Communities, S.A. de C.V. (as successor in interest to Inmobiliaria OASC, S.A. de C.V., a previous corporate owner) relating to the operation of the nightclub, and liquor inventory owned by Wombat, S.A. de C.V. (an additional corporate owner).

c. Puerto Cancún

The Special Master and his advisors initiated the sales process for the Puerto Cancún project in 2010 as a bulk sale process of remaining lots in inventory and related assets and liabilities. Approximately 45 potential purchasers of Puerto Cancún were identified and contacted in the first quarter of 2010. Beginning in late March 2010, information packages containing a teaser and non-disclosure agreements were distributed to interested parties in anticipation of conducting a diligence process. In late April of 2010, a number of such parties submitted non-binding letters of interest and preliminary bids, and in early May 2010, a sub-set of such group signed non-disclosure agreements and were granted data room access to conduct due diligence on the property.

In August and September 2010, potential bidding groups attended multi-day management meetings and presentations in Cancún, Mexico. The Special Master is currently in contact with a sub-set of such parties regarding their bids to acquire Puerto Cancún.

The Special Master presented the potential bids, as well as the possibility of an alternative to a bulk sale that would involve the continued sales of individual lots by the Special Master and Frontera, to this Court in December 2010 and January 2011. Once the Special Master and an approved bidder have agreed on the terms of a potential sale of Puerto Cancún, the Special Master will publish the winning bid and the material negotiated terms in an effort to see if any higher and better bids will come forward before proceeding further with the Puerto Cancún Project sales process.

d. Financial Monitoring Process

Since the beginning of October 2009, Grupo Kelly has provided to the Special Master and Frontera, on a weekly basis, a rolling 13-week company-by-company cash flow model (the "Cash Flow Model") to forecast income and expenses (the "Cash Flow Forecast"). On a weekly basis, the Special Master has held a conference call with Grupo Kelly management and Frontera to review these forecasts. The Cash Flow Model and Cash Flow Forecast have been effective in highlighting operational strengths and weaknesses within the Grupo Kelly companies and providing the Special Master with up-to-date information to make operational decisions to maintain the value of the Assets.

e. Bella Vista

The Special Master and Frontera have been in discussions with Grupo Kelly regarding the future of the Bella Vista Towers project ("Bella Vista"). The parties are analyzing the viability of the construction of Towers Three and Four at Bella Vista. Bella Vista was originally to consist of four condominium towers (approximately 220 condominium units) adjacent to the Puerto Cancún Project, but, in light of recent economic conditions, Grupo Kelly is developing only three of the four towers at this time. The first two towers, Tower 1 and Tower 2, are virtually complete and saw residents move into the towers in the past several months. The internal structure for Tower 3 has been erected, but the tower is not yet ready for residents at this time. Tower 4 has not been initiated. As of January 2011, approximately 60% of the available condominium units have been sold.

Grupo Kelly estimates that Bella Vista will require approximately USD12,000,000 in additional funds to complete construction of three of the four planned condominium towers. The Special Master, along with Grupo Kelly, decided to invest the resources necessary to finalize at least the first two towers in the Bella Vista Towers project, given that this project, at least indirectly, serves as a visible "flagship" element for all of the Puerto Cancún Project, in part because it is located adjacent to the main entrance of the Puerto Cancún Project. In October 2010, Bella Vista was awarded second place (out of 57 comparable developments) in the Cemex Building Awards.

In addition, the Special Master, together with Grupo Kelly, is in the process of analyzing the legal documentation provided by Grupo Kelly related to Bella Vista purchasers to verify and decide which units shall be delivered and whether there are any defaulting purchasers. This analysis will inform the decisions as to whether to finish Tower Three and to construct Tower Four. An initial group of condominium buyers was offered delivery of their Bella Vista units in 2010. The process of delivery for these units has been slower than the Special Master would have liked because of the complexity of the records of condominium purchases at Bella Vista. The original condominium purchase contracts are opaque and overlapping, payment funds were often intended for Mexican bank accounts but deposited into Panamanian accounts, and certain buyers "rolled over" a portion of their universal lease "rights" toward the purchase of a Bella Vista condominium. These complexities, along with various others, have slowed the process of offering delivery. However, 14 deliveries have been made to condominium buyers, with more anticipated in the first quarter of 2011.

f. Panamanian Issues

During this Reporting Period, the Special Master has worked, with the assistance of ARIFA, Panamanian counsel to the Special Master, to address marketability issues involving the Grupo Kelly corporate entities in Panama that must be resolved prior to the sale of the Avalon Grand Panama Hotel (the "Avalon Grand Panama"). Recently, an influential Panamanian labor union, the National Union of Tourism and Gastronomy (*Sindicato Nacional de Turismo y Gastronomía*), has made a variety of claims against the Avalon Grand Panama. At this time, the Special Master is working with local counsel in Panama to delay the economic impact of these claims until April 2011.

During the Special Master's due diligence trip to the hotel property, the general manager of the hotel also indicated that he contributed capital in an amount between USD1,500,000 and USD2,000,000 to complete construction of the hotel at the time that he first assumed oversight of the Avalon Grand Panama. The general manager, through an entity he controls, has placed a judicial lien on the real estate comprising the hotel property. The general manager must lift, or, at a minimum, suspend this lien prior to selling the property. The Office of the Special Master is currently working with the general manager to reach agreement with respect to documenting this receivable.

Additionally, the Special Master has recently distributed a draft promise-to-purchase agreement to a potential purchaser for the Grand Panama and is anticipating entering into negotiations to sell this property. Frontera has also been involved in discussions with a handful of other potential purchasers for this property.

g. Additional Assets

(a) The Mexican Hotel Properties

Based on an FTI valuation, the four Mexican hotels (the Avalon Grand Cancún Hotel, the Avalon Reef Club Isla Mujeres Hotel, the Avalon Baccara Hotel and the Avalon Excalibur Acapulco Hotel) and The City nightclub have a combined total estimated net realizable value of between USD$17,100,000 and USD$19,400,000.[1]

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1 Note that Grupo Kelly estimated the value of these assets at USD$44,000,000.

The Special Master summarized his findings with respect to the highest and best use of the hotel properties and their specific features in some detail in the Original Plan of Action. At this time, the Special Master and Frontera have prepared marketing materials for each hotel property that will ultimately be distributed to interested parties within the first half of 2011.

(b) The Palmer Johnson Yacht

The 126-foot Palmer Johnson yacht, "Time," is owned by Saint Etienne, Inc., a Panamanian entity. Since the filing of the Original Plan of Action with this Court, Frontera has engaged a yacht broker to sell this asset, and it is currently on the market with a listing price of USD2,250,000. The yacht broker is actively marketing the yacht.

(c) The Sabre 80 Jet Aircraft

The Sabre 80 Jet Aircraft is the sole asset of First Sabre, S.A. de C.V., a Mexican corporation ("First Sabre"). The plane is presently located in a hangar in Toluca, Mexico. The condition of the plane is poor and maintenance costs are accumulating; presumably, the plane has minimal value. The Special Master is currently analyzing this issue in greater detail and hopes to dispose of the plane as quickly as possible.

(d) Puerto Cancún Family Lot

Grupo Kelly also contributed a large residential lot at Puerto Cancún (the "Puerto Cancún Family Lot") to the Restitution Trust in July 2009. Net realizable value for this lot was not calculated by FTI. It is likely that the Puerto Cancun Family Lot will be sold to any purchaser of Puerto Cancun as part of that sale transaction.

(e) Quarry

Grupo Kelly conveyed to the Restitution Trust a 320-hectare quarry (the "Quarry") located within six kilometers of the Puerto Cancún Project. The Quarry has been an important source of supply for the construction of Puerto Cancún, because it has provided thousands of tons of landfill that have been used to fill in the swamp land on which the Puerto Cancún Project is constructed. Approximately forty hectares of the land comprising the Quarry were originally sold to Desarolladora Homex, S.A. de C.V. ("Homex"), a company that engages in the development of residential housing in Mexico ("Original Sale"). Since the Original Sale, Grupo Kelly and Homex have entered into a subsequent agreement pursuant to which Homex will acquire the entirety of the Quarry (except for the landfill donation described below) in exchange for the monies Homex had already deposited in connection with the purchase of an unrelated parcel in Puerto Cancún ("Homex Puerto Cancún Parcel") and USD3,000,000.

(f) Avanti Office Building, Real Property and Intellectual Property

Grupo Kelly owns an office building in Cancun that houses inventory owned by Avanti Automative, S.A. de C.V. The Special Master is seeking to sell the office building with the assistance of Grupo Kelly.

In addition, the Special Master and Frontera have distributed marketing material to interested parties and have received preliminary non-binding indications of interest and non-disclosure agreements for the stock owned by Avanti Automotive S.A. de C.V. and the active US trademarks and design patent owned by Avanti Motor Corporation, as well as a variety of classic cars owned by the Kelly family that were added to the sales offering. The bidders have requested additional diligence, and the Special Master and Frontera are working with Grupo Kelly to obtain the necessary information. On-site diligence trips are expected to begin in February 2011.

(g) Odyssey Health Club

The Odyssey Health Club was listed for sale with a commercial real estate broker, Colliers International, in January 26, 2010 for USD2,900,000. The Odyssey Health Club consists of two properties on the coastline 10 minutes north of the downtown Cancun. One property holds a building where the Health Club's main operations used to be, including a pool, tennis courts and basketball courts. The other property is located across the street on the beach and was used as a beach club for the members. The operations of the Odyssey Health Club have been closed for several years.

The property has received some interest over the last few months, including offers that the Special Master and Frontera did not seriously entertain, because they were well outside the set sales parameters in price and terms. The broker continues to market the property.

(h) Grupo Kelly Corporate Building

The corporate building was listed for sale with Coldwell Banker in October 28, 2010 for USD1,550,000. The broker is actively marketing the property.

III. THE VICTIMS

A. The Universal Lease Files

The Universal Lease files have been produced by Grupo Kelly and have been scanned by the USAO. The USAO conducted an audit of the calculation of the victims' restitution claims provided by Grupo Kelly against the universal lease information the USAO has received directly from the victims in October-December 2009. Generally, the USAO's audit found that the information provided by Grupo Kelly was consistent with the information provided by the victims.

B. The Victim Claim Process: Salient Points

The Special Master and the Special Master's Claim Processing Agent ("Stenger"), in consultation with the USAO, drafted a proposed Amended Claims Procedure Order (the "Amended Claims Procedure Order"), which was approved by this Court on June 14, 2010. The Amended Claims Procedure Order gave the Special Master and Stenger 60 days from the date the Claims Procedure Order became effective to send each victim a Victim Claim Form with the total restitution amount that each victim is entitled to receive should the Special Master be able to make full restitution to all victims (the "Total Restitution Amount"),[2] as well as an explanation of how the Special Master and Stenger reached that value. Stenger sent 8,113 claim forms to the victims between June 24 and June 25, 2010. Since then, Stenger has sent an additional 1,381 claim forms per request or upon the discovery of a new address for an investor. Stenger has also sent 457 claim forms to newly discovered co-investors who had not previously received a claim form.

The Amended Claims Procedure Order required each victim to review their Claim Form and either approve the calculated Total Restitution Amount or ask for a recalculation of the Total Restitution Amount. The Victim Claim Form also asks the victims to terminate their leases and release their claims on the properties themselves to allow the properties to be sold free and clear of all liens and/or liabilities in order to receive the maximum value possible. (Any claims a victim might have against Michael E. Kelly in his personal capacity, however, will not be affected by this release.)

In an effort to clarify questions raised by victims with regard to both the waiver language included with the Victim Claim Form and the deadline for submission of the Victim Claim Form as outlined in the Amended Claims Procedure Order, the Special Master submitted a proposed Superseding Claims Procedure Order (the "Superseding Claims Procedure Order") to the Court, which was approved on July 28, 2010. The Superseding Claims Procedure Order made three clarifications. First, it made clear that the Claims Bar Date referred to in the Amended Claims Procedure Order was the actual deadline to challenge the Total Restitution Amount rather than a bar to receiving restitution generally. Second, the Superseding Claims Procedure Order approved the sending of a Substitute Waiver/Release (the "Substitute Waiver") to make it clear that the waiver applied only to certain Assets (as defined in the Amended Claims Procedure Order) that currently are or may come under the control of the Court through the Special Master, and any other assets of the Defendant are subject to legal actions and other legal rights of any victim. Finally, the Substitute Waiver did not apply to any claims that victims may have against Michael E. Kelly or any agent, servant, or co-conspirator of Michael E. Kelly.

In accord with the Superseding Claims Procedure Order, a Substitute Waiver form was sent to all identified victims on August 13, 2010, which included a clarifying letter that outlined these changes and highlighted the fact that victims were not required to sign a waiver in order to participate in the restitution program. However, the Substitute Waiver stressed the importance of the Special Master and Stenger receiving the waivers from the victims. Pursuant to advice received from both JNN and ARIFA, until the victims largely have released their claims on the hotel properties, the Special Master's ability to market effectively these properties will be compromised (due to potential purchasers' concerns regarding the properties being free and clear of adverse claims).

[2] The Total Restitution Amount will be the basis for the claim; however, the amount of the actual distribution received by each victim will be reduced, depending on the amount of funds available for distribution. All victims will receive a pro rata share of the proceeds available for restitution if there are not enough proceeds from the liquidation of the Assets to make full restitution to all victims, provided they have not already received distributions greater than their pro rata share.

In October 2010, it came to Stenger's attention that the information provided by Grupo Kelly only included the information for the primary leaseholders and, in many cases, did not list the information for co-investors. While the discovery of co-investors did not affect the overall calculation of the Total Restitution Amount for each lease, the amount paid to each victim associated with such lease would differ, depending on how many co-investors there were and what percentage of the lease each co-investor owned. After consultation with the Special Master and the USAO, Stenger issued revised Victim Claim Forms to each victim affected and their co-investors.

As of January 21, 2010, Stenger had received 6,838 executed Victim Claim Forms from the victims. Of the 6,838 executed Victim Claim Forms, only 14.13% of victims disagreed with their claim as calculated by Stenger. An additional 1.9% did not return all pages of the Victim Claim Form. Also, 6,763 Substitute Waivers were returned. Of those 6,763 Substitute Waivers, 86.07% agreed to waive their claims to the Assets, 12.12% did not agree and 1.80% returned a blank form. Victims had until September 24, 2010 to contest the calculation of their Total Restitution Amount and provide supporting documentation. Co-investors who were discovered later or whose claim forms were adjusted due to the discovery of their co-investments were also given 60 days to return their Victim Claim Forms. Although the deadline for objecting to the Total Restitution Amount has now passed, Stenger is in the process of following up with those victims who have either not submitted a Victim Claim Form, have not submitted a Substitute Waiver/Release or who failed to fully complete either document. Stenger has not been able to locate 419 victims.

The most common objection to the calculation of the Total Restitution Amount is that promised interest (or, in a few cases, promised rental payments) on the Universal Lease should be included in the Total Restitution calculation. Other objections were that (a) the initial lease investment or payments received were calculated incorrectly or (b) restitution should be based on current fair market value of lease, not net investment. Once Stenger has obtained and reviewed the remaining outstanding Victim Claim Forms, the Special Master will raise these objections, and any other objections that may arise, with the Court for resolution.

While the liquidation of Kelly's Assets may take a considerable amount of time to complete, the Special Master does anticipate being able to make periodic restitution payments to victims on a rolling basis as substantial Assets are sold. The Special Master will decide in his discretion, with the guidance of the Court, when such distributions can be made, but is hopeful that distributions will begin in 2011. Distributions will be made equitably on a pro rata basis to the victims as this Court determines it is appropriate.

C. Victim Communication

Very few victims have contacted the Special Master at this point, and the Special Master has not had cause to contact victims himself. Any victim who has contacted the Special Master directly was referred to the resources provided by the USAO, which include:

1) a telephone line established by the USAO dedicated to addressing victims' questions. The telephone number associated with such phone line is (866) 364-2621;

2) an email address established by the USAO dedicated to addressing victims' questions. The email address is USAILN-Victim.MK@usa.doj.gov;

3) for victims who have already been identified, the USAO has created a password-protected web site, www.notify.usdoj.gov, which victims can access with a Victim Identification Number ("VIN") and Personal Identification Number ("PIN") provided to them by the USAO. Victims should call (866) 625-1631 if they have any problems accessing such web site; and

4) for victims who have already been identified and do not have access to the Internet, the USAO has also established a call center, (866) DOJ-4YOU (1-866-365-4968), which victims can access with the same VIN and PIN provided to them by the USAO.

IV. CONTINUING STRATEGY

The Special Master will continue his efforts to transfer control of the Assets to the Restitution Trust or otherwise take control of additional assets or the proceeds therefrom, analyze the value and sale prospects of Assets, prepare a sales strategy for the various Assets, and facilitate the sale of such Assets. Additionally, the Special Master continues to engage in regular discussions with Grupo Kelly regarding the financial performance of the Assets.

CONCLUSION

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

RESPECTFULLY SUBMITTED this **14th day of February 2011**.

/s/ Douglas A. Doetsch

Douglas A. Doetsch, Special Master

Exhibit A

STANDARDIZED FUND ACCOUNTING REPORT for Michael Kelly Restitution Fund - Cash Basis
Criminal Court Case No. 06 CR 964
Reporting Period 10/01/2010 to 1/31/2011

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	**Beginning Balance (As of 10/01/2010):**	$2,117,151.76	$2,117,151.76	$2,117,151.76
	Increase/ Decreases in Fund Balance:			
Line 2	**Business Income**	-	-	-
Line 3	**Cash and Securities**	-	-	-
Line 4	**Interest / Dividend Income/ Loss**	$637.02	$637.02	$637.02
Line 5	**Business Asset Liquidation**	$6,438,571.00	$6,438,571.00	$6,438,571.00
Line 6	**Personal Asset Liquidation**	-	-	-
Line 7	**Third-Party Litigation Income**	-	-	-
Line 8	**Miscellaneous - Other (transferred by the defendant)**	-	-	-
	Total Funds Available (Lines 1 – 8):	**$8,556,359.78**	**$8,556,359.78**	**$8,556,359.78**
	Decreases in Fund Balance:			
Line 9	**Disbursements to Investors**	-	-	-
	Total Disbursements for Receivership Operations	-	-	-
Line 10	**Disbursements for Distribution Expenses Paid by the Fund:**	-	-	-
	1. Fees:			
	Special Master (including related U.S. legal fees and expenses)...............................	$185,016.61	$185,016.61	$185,016.61
	Independent Distribution Consultant (IDC)..	-	-	-
	Distribution Agent..	-	-	-
	Consultants..	$88,673.99	$88,673.99	$88,673.99
	Other Legal Advisers..	$67,547.96	$67,547.96	$67,547.96
	Tax Advisers...	$111,414.20	$111,414.20	$111,414.20
	Claims Processing...	$66,954.64	$66,954.64	$66,954.64
	2. Administrative Expenses			
	3. Miscellaneous (Annual Account fees and Publication Fees)	$3,345.54	$3,345.54	$3,345.54
Line 11	**Disbursements to Court/Other:**	$0.00	$0.00	$0.00
Line 11a	*Investment Expenses/Court Registry Investment System (CRIS) Fees*	$0.00	$0.00	$0.00
Line 11b	*Federal Tax Payments*	$0.00	$0.00	$0.00
	Total Disbursements to Court/Other:	-	-	-
	Total Funds Disbursed (Lines 9 – 11):	$522,952.94	$522,952.94	$522,952.94
Line 12	**Ending Fund Balance (As of 1/31/2011):**			**$8,033,406.84**
Line 12a	*Cash and Cash Equivalents*			$7,313,601.94
Line 12b	*Investments*			$719,804.90
	Additional disclosure on the Ending Fund Balance:			
Line 12c	*Operating Account*			$3,049,371.19
Line 12b	*Sales Proceeds Account*			$4,984,035.65

STANDARDIZED FUND ACCOUNTING REPORT for Michael Kelly Restitution Fund - Cash Basis
Criminal Court Case No. 06 CR 964
Reporting Period 10/01/2010 to 1/31/2011

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

Special Master:
By: Douglas A. Doetsch
(signature)
Douglas A. Doetsch
(print)
Special Master
(title)
Date: 2/11/11