

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION**

SECURITIES AND EXCHANGE	)	
COMMISSION,	)	
	)	
<b>Plaintiff,</b>	)	
	)	
vs.	)	
	)	<b>No. 3:12-CV-519</b>
REX VENTURE GROUP, LLC	)	
d/b/a ZEEKREWARDS.COM, and	)	
PAUL BURKS,	)	
	)	
<b>Defendants.</b>	)	
	)	
	)	
	)	

**RECEIVER’S STATUS REPORT FOR THE SECOND QUARTER OF 2014**

Kenneth D. Bell, Esq., the Court-appointed Temporary Receiver (the “Receiver”) for and over the estate of Rex Venture Group, LLC d/b/a ZeekRewards.com, any of its subsidiaries, whether incorporated or unincorporated, and any businesses or business names under which it does business (the “Receivership Defendant”), submits this Quarterly Status Report (the “Report”) in accordance with the Order of this Court entered on August 17, 2012, and for the purpose of providing a status report on the work and findings to date (the “Investigation”) of the Receiver, his counsel, agents, consultants, and advisors (the “Receiver Team”). The facts presented herein may be supplemented, amended and/or corrected as the Investigation continues.

**I. INTRODUCTION**

The Court knows well the ZeekRewards Receivership and the story of its origin. During the second quarter of 2014, the Receiver requested the authorization of the Court to make a significant interim distribution to those who lost money to the ZeekRewards scheme, continued

resolving purported creditors' claims and issuing claim determinations, litigated four separate clawback lawsuits, and continued his investigation and pursuit of funds wrongfully held by certain financial institutions, e-wallets, and payment processors.

## **II. SUMMARY OF ACTIVITIES OF THE RECEIVER BETWEEN APRIL 1, 2014 AND JUNE 30, 2014**

### **A. Operations of the Receiver**

#### **1. Investigating the Receivership Defendant's Financial Information**

During the second quarter, the Receiver Team continued to work with FTI and various government agencies to collect and further reconcile information from various financial institutions, e-wallet vendors, payment processors, and other related entities and individuals to identify and recover potential outstanding Receivership Assets. Significant time and efforts were spent investigating further improper transfers or withdrawals of these entities and affiliated individuals upon notice and/or entrance of the Court's Order freezing all Receivership Assets ("Freeze Order") and pursuing the recovery of any outstanding assets or assets that were transferred or withdrawn in violation of the Court's Freeze Order.

In addition, the Receiver Team continued to assist various federal, state, and local government agencies in their own investigations related to the Receivership Defendant, affiliates, and the entities and financial institutions that transacted with the Receivership Defendant.

#### **2. Marshaling and Preserving Receivership Assets**

##### **a. Accounts for Holding Receivership Assets**

The Receiver maintains four interest-bearing bank accounts on behalf of the Receivership Estate: the "Affiliate Account," the "Seized Asset Account," the "Pre-Filing Account," and the "Settlement Account."

The Receiver deposited the following funds into its accounts during the second quarter of 2014:

- \$310,755.00 into the Affiliate Account from payments from various financial institutions relating to previously dishonored cashier's checks, teller's checks and bank money orders;
- \$183,508.86 into the Settlement Account from settlements with net-winners; and
- \$1,164,022.41 into the Seized Asset Account from Receivership Assets turned over by Preferred Merchant Services, American Express, FXDirectDealer ("FXDD"), and ClickBank.

As of June 30, 2014, the Receivership Estate held approximately \$90.4 million in the Affiliate Account, approximately \$229 million in the Seized Asset Account, approximately \$297,000 in the Pre-Filing Account, and approximately \$2.5 million in the Settlement Account.

**b. Cashier's Checks**

In the quarter ending June 30, 2014, the Receiver's conflicts counsel, Erwin, Bishop, Capitano & Moss, P.A. ("EBCM") implemented non-litigation strategies to resolve claims for dishonored cashier's checks, teller's checks, and bank money orders and continued analysis to determine which remaining claims are appropriate for litigation. EBCM worked with many financial institutions and individually reviewed their respective dishonored instruments to resolve disputed claims.

As of June 30, EBCM was working fifty-two (52) unresolved claims with a current total value of \$791,686. Of that total, five (5) claims have conditionally resolved and EBCM is awaiting receipt of funds in the amount of \$157,553. After receipt of payments anticipated at

June 30, EBCM anticipates the current total value of the remaining forty-seven (47) claims will be \$634,133.

Of the remaining forty-seven (47) claims, EBCM remains in active communications with ten (10) financial institutions on claims with a total value of \$310,143. For eleven (11) claims with a total value of \$82,798, communications from the financial institutions have ceased. For the remaining twenty-six (26) claims worth \$241,192, these financial institutions have failed to respond to demands or have clearly stated a refusal to pay the Receiver.

During the second quarter of 2014, EBCM transferred a total of \$310,755 to the Receiver from payments by financial institutions on cashier's checks, teller's checks and bank money orders for which payment had previously been stopped. As of June 30, 2014, EBCM maintained an additional \$53,518 on-site pending resolution of contingencies or conditions set by the issuing financial institution.

**c. Funds Held by E-Wallets**

During the second quarter, the Receiver Team engaged in extensive conversations with counsel for NxPay regarding the outstanding \$13 million identified as Receivership Assets. The Receiver Team issued a demand for these funds. In response to its demand, the Receiver Team has recovered approximately \$3.98 million,<sup>1</sup> which NxPay does not dispute are Receivership Assets. The Receiver Team continues to work to recover the outstanding amount through continued conversations with NxPay's counsel and the coordination of efforts with various government agencies.

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<sup>1</sup> This transfer of funds to the Treasury Account occurred on July 1, 2014 and is therefore not reflected in amounts recovered during this reporting period.

**d. Additional Asset Recovery**

The Receiver Team continues to investigate and pursue the recovery of funds from Preferred Merchants and its CEO Jaymes Meyer. As part of these efforts, in the second quarter, the Receiver Team issued a demand letter to Preferred Merchants for the recovery of approximately \$5.8 million of Receivership Assets that had been improperly transferred to Preferred Merchants and its agents in 2012. The Receiver Team recovered approximately \$1 million of this \$5.8 million, which had been transferred to Barnes & Thornburg, and continues to pursue the outstanding amount and investigate any additional outstanding funds. In addition, the Receiver Team conducted a meet and confer with Preferred Merchants' counsel to discuss Preferred Merchants' objections to the Receiver Team's subpoena requesting additional information. Preferred Merchants subsequently produced additional information, which the Receiver Team is currently reviewing to facilitate its investigation and recovery of outstanding Receivership Assets.

The Receiver Team also continues to investigate and pursue the recovery of Receivership Assets totaling approximately \$9.5 million from Plastic Cash International, Inc. ("Plastic Cash"), which includes improper transfers and withdrawals. The Receiver Team is engaged in conversations with Plastic Cash's counsel regarding these funds and is exploring various options of recovery.

The Receiver Team recovered \$107,697 from FXDD in an account for Wandering Rex. Wandering Rex was an entity established by Dawn Wright-Olivares and/or her affiliates, through which Rex Venture Group funds were fraudulently transferred. While the Receiver has been informed that some claims may in the future be made with respect to a portion of these funds, these funds appear to be Receivership Assets as defined in the Court's Order.

**e. Foreign Accounts**

The Receiver Team is continuing its investigation and recovery of funds from Payza, Payment World, Solid Trust Pay, and CyberProfit. The Receiver estimates the outstanding amounts owed to the Receivership by these institutions is approximately \$13.2 million from Payza and/or Payment World collectively, approximately 1.7 million from Solid Trust Pay, and approximately \$5.1 million from CyberProfit. As part of these efforts, the Receiver Team is working closely with various government agencies at various levels to investigate, pursue outstanding information, and recover funds from these foreign accounts.

**3. Analyzing the Operations of the Receivership Entity**

**a. Investigating and Validating the Receivership Defendant's Electronic and Financial Data**

The Receiver continues to investigate and validate the Receivership Defendant's electronic databases and financial data. Similar to the first quarter, FTI continued working on the reconciliation process related to NxPay's frozen funds. During the second quarter, NX Systems provided additional account information for these previously frozen funds. Furthermore, NX Systems provided additional information associated with payments made by RVG to Affiliate-Investors for which the recipients of these payments were previously unknown.

During the second quarter, FTI received and reconciled new financial information from Plastic Cash, which was a credit card processing facilitator for RVG. FTI researched and analyzed Plastic Cash's flow of funds by reviewing Plastic Cash's bank statements and transactional data. The Receiver's financial books and records were updated to include all new transactional data received from financial institutions during the second quarter. Outstanding requests for transactional information remain, and The Receiver Team continues to communicate and work with financial institutions on this front. The financial books and records of the

Receivership Defendant continue to be revised and modified due to the ongoing nature of productions of data and other relevant information by financial institutions.

**b. Investigating the Receivership Defendant's Operations**

The Receiver Team continued its investigation into RVG's operations during the Second Quarter of 2014. To this end, the Receiver interviewed multiple individuals involved with RVG during the operation of ZeekRewards, including attorneys Kevin Grimes, Gerald Nehra, Richard Waak, Howard Kaplan and other attorneys. In addition, the Receiver conducted an interview of a former employee of RVG. Furthermore, the Receiver Team analyzed in detail the transfers of specific ZeekRewards insiders, net winners, and third-party advisors and vendors.<sup>2</sup>

**c. Privilege Review Team**

During the second quarter, the Receiver Team obtained affidavits from outside counsel who represented RVG during the operation of ZeekRewards. On June 11, 2014, the Taint Team sent a letter to the Court attaching the affidavits from outside counsel, which state that these counsel solely represented RVG, in order to assist the Court with its analysis of the outstanding privilege assertions by Mr. Burks.

**4. Communicating with Affiliates and Creditors**

The Receiver Team continued to communicate with individual Affiliates and other Creditors throughout the second quarter of 2014. The vast majority of these individual communications were related to the claims determination process or the litigation that was filed against certain net-winner Affiliates in the first quarter of 2014. In excess of 30,000 Affiliate claimants and one Creditor claimant were sent their claim determinations in the second quarter of 2014, bringing the total number of claim determinations issued to more than

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<sup>2</sup> This analysis was performed for various purposes, including support for the Receiver's ongoing fraudulent transfer lawsuits, analysis of potential claims against foreign net winners, and analysis of potential claims against third parties. These lawsuits and potential claims are discussed in Section II.E below.

156,000. Additionally, Affiliates who have received their claim determinations often contact the Receiver Team regarding the claim acceptance and objection process.

In addition to these individual communications, the Receiver posted updates on the Receivership website ([www.zeekrewardsreceivership.com](http://www.zeekrewardsreceivership.com)), which included:

- A copy of the Receiver's Motion to Authorize First Interim Distribution, Establish Record Dates and Set First Interim Distribution Date; and
- A May 29, 2014 update letter explaining the Receiver's request to the Court to allow an interim distribution and explaining the steps claimants with recognized claims must take in order to receive an interim distribution.

The Receiver Team also communicated directly with numerous Affiliates regarding potential settlements of the Receiver's clawback claims against them.

## **5. Issues Concerning Federal Taxes**

The Receiver Team determined during the first quarter that it would be necessary to file amended 1099s for payments made during the calendar year 2011 and 2012 to certain Affiliate-Investors. The efforts in the second quarter were focused on addressing the issues that arose during the preparation of the amended 1099s. The Receiver Team resolved the issues, and in working with FTI and National Law Forms, the amended 1099s were filed with the IRS and were mailed out to those certain Affiliate-Investors.

In connection with the issuance of the amended 1099s, the Receiver Team continues to work with FTI and National Law Forms to respond to Affiliate-Investor inquiries regarding the 2011 and 2012 amended 1099s. The Receiver Team anticipates that responding to Affiliate-Investor inquiries will be an ongoing process.

As previously reported for the first quarter of 2014, the Receiver Team had discussions to determine whether a penalty abatement request is viable with respect to outstanding employment-related taxes and related penalties and interest. The penalties and interest arose from the failure to timely pay such taxes that were owed prior to the appointment of the Receiver. The Receiver Team is in the process of preparing a request seeking a penalty waiver with respect to these taxes. In addition, the Receiver Team reviewed the payment records of the tax withholding with the North Carolina Department of Revenue and determined the balance was accurate. Payment was submitted for the amount of tax owed and interest. The Receiver Team is in the process of seeking relief for the penalty amount.

Also during the second quarter, the IRS reached out to the Receiver Team for assistance in determining the tax liability, if any, of RVG for the year 2011. The Receiver Team worked in preparing documents to turn over to the IRS as requested. The Receiver Team will continue to work with the IRS in this regard.

## **6. Litigation in the SEC Enforcement Action<sup>3</sup>**

The Receiver Team was forced once again to spend effort and funds responding to distractions created by counsel for the Belsome class action plaintiffs. These non-party movants filed on April 7, 2014, a “Motion for Clarification” seeking to revisit what the Court had already decided: that the Receiver should pay claimants directly, rather than their lawyers who wish to take a cut before the distribution reaches the actual claimant. The Receiver filed a brief in

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<sup>3</sup> This section discusses litigation in the SEC Enforcement Action. The Receiver’s efforts related to the recovery of fraudulently transferred funds and other damages incurred by RVG are discussed later in this Report.

opposition to this motion during the second quarter, and the Court later issued an order in agreement with the Receiver's position.<sup>4</sup>

**B. The Receiver's Fund Accounting**

The Receiver's Second Standardized Fund Accounting Report ("SFAR") is attached hereto as Exhibit A.

**C. The Receiver's Receipts and Disbursements**

The Receiver's Schedule of Receipts and Disbursements ("Schedule") from April 1, 2014 through June 30, 2014, is attached hereto as Exhibit B. The Schedule sets forth the following receipts and disbursements:

1. The Receivership received funds in the amount of \$310,755.00 from the deposit of Affiliate-Investor financial instruments;<sup>5</sup>
2. Received funds of \$183,508.86 from third-party litigation settlements;<sup>6</sup>
3. Received funds of \$1,164,042.21 from returns of funds by financial institutions holding RVG funds on the date of the Freeze Order;
4. Received interest income totaling \$80,340.07; and,
5. Disbursed funds from the Receiver's accounts of \$1,862,306.62. These funds were disbursed for legal services; bank fees related to management of the Receiver's accounts; a claim settlement; claims process expenses; RVG website

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<sup>4</sup> The Belsome plaintiffs have now appealed this order to the Fourth Circuit Court of Appeals, in addition to their ongoing appeal of the order staying their lawsuit.

<sup>5</sup> These funds are the result of financial institutions paying the Receiver for affiliates' cashier's checks upon which those financial institutions had previously wrongfully stopped payment.

<sup>6</sup> As of the end of the second quarter, the Receiver has agreed to approximately \$2.5 million in settlements with third parties.

and database hosting; and other professional services. These disbursements include the fees previously approved for payment of FTI and MW.<sup>7</sup>

In sum, between April 1, 2014 and June 30, 2014, the Receivership Estate received \$1,738,446.14 and disbursed \$1,862,306.62. The Receiver has marshaled total assets of approximately \$336.3 million during the period between August 17, 2012 and June 30, 2014, while disbursing approximately \$14.2 million during the same period.

**D. Description of All Known Non-Cash Receivership Property**

The Receivership Estate did not hold title to any non-cash Receivership Property during the second quarter of 2014.

**E. Description of Claims Held by the Receivership Estate**

**1. Identifying and Pursuing Fraudulently Transferred Funds Held by Net-Winner Affiliate-Investors**

**a. Lawsuit Against U.S. Net Winners**

The Receiver Team worked on the early stages of the lawsuit against U.S. net winners during the second quarter. After multiple discussions with defense counsel, the Receiver's counsel attended the case management conference on April 15, 2014. Upon the Court's issuance of the Pretrial Order and Case Management Plan, the Receiver Team worked diligently to make available to defense counsel large volumes of RVG records held by the Receiver. In addition, the Receiver team conducted extensive legal research and analysis in preparation for defendants' motions to dismiss, which the Court had ordered the defendants to file no later than June 30, 2014. Further, the Receiver Team worked in preparing its motion for class certification for filing by the July 30, 2014 deadline.

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<sup>7</sup> See attached Exhibit B for further detail regarding disbursements and receipts.

On June 30, 2014, motions to dismiss the Receiver's Complaint were filed by the following defendants: Trudy Gilmond; Trudy Gilmond, LLC; Darren Miller; Jerry Napier; Durant Brockett; Aaron Andrews; Shara Andrews; Innovation Marketing, LLC; Rhonda Gates; T. Le Mont Silver; Karen Silver; and Global Internet Formula, LLC. Answers with counterclaims against the Receiver were filed by: Aaron Andrews; Shara Andrews; Innovation Marketing, LLC; Durant Brockett; Rhonda Gates; Trudy Gilmond; Trudy Gilmond, LLC; Jerry Napier; and Darren Miller. A *pro se* Answer with no counterclaims was filed by David Kettner and Mary Kettner. No Answer or Motion to Dismiss was filed by defendants Todd Disner, Michael Van Leeuwen, or David Sorrells.

**b. Claims Against Foreign Net Winners**

In addition to the U.S. net winner lawsuit, the Receiver Team made progress in pursuing claims against foreign net winners as well. The Receiver Team conducted extensive research into various legal issues relating to the pursuit of claims against foreign net winners. In addition, counsel for the Receiver prepared a request for proposal, which it distributed to a select number of law firms in countries where the largest ZeekRewards net winners reside.

The Receiver Team has been in discussions with multiple overseas law firms regarding the logistics, strategy, and costs involved with pursuit of net winners residing in these firms' various countries. Claims against foreign net winners will likely be grouped by the country in which these individuals reside, with some actions being initiated here in the Western District of North Carolina and other actions being filed in the foreign net winners' home countries. The Receiver is evaluating the most efficient means of pursuing these individuals that will generate the greatest possible return for the Receivership Estate.

## **2. Lawsuit Against Insider Defendants**

The lawsuit against the ZeekRewards Insiders was placed on the same track as the lawsuit against U.S. net winners, and the Receiver's counsel attended the scheduling conference on April 15, 2014 regarding this matter as well. On the June 30, 2014 deadline for answers and motions to dismiss, defendants Beth C. Plyler and James L. Quick, as Co-Trustees of the Roger A. Plyler Revocable Trust and Co-Administrators of the Estate of Roger Anthony Plyler, filed a motion to dismiss the Receiver's lawsuit. In addition, Plyler and Quick, as well as defendant Alex de Brantes, filed Answers to the Receiver's claims. No counterclaims were filed against the Receiver in this case.

The Receiver engaged in multiple settlement discussions with certain Insider defendants during the second quarter. By the filing date of this report, the Receiver had reached settlement agreements with Paul Burks, Dawn Wright-Olivares, and Daniel Olivares, pending Court approval. Each of these defendants agreed to a consent judgment of \$600 million to be satisfied with substantially all of their assets.

## **3. Investigating Claims against the Receivership Defendant's Third-Party Advisors and Others**

During the past quarter, the Receiver filed lawsuits against two attorneys who represented RVG during the life of the ZeekRewards scheme. On June 25, 2014, the Receiver filed a complaint in the Western District of North Carolina against Kevin Grimes, alleging claims of legal malpractice, aiding and abetting breach of fiduciary duty, and seeking the imposition of a constructive trust. (Case No. 3:14-cv-351). The same day, the Receiver filed a separate complaint against Howard Kaplan for legal malpractice, aiding and abetting breach of fiduciary duty, and seeking the imposition of a constructive trust. (Case No. 3:14-cv-352).

The Receiver will pursue other RVG advisors and vendors to the extent colorable claims exist against these individuals for their receipt of fraudulent transfer or for their role in supporting the ZeekRewards scheme.

**F. Potential Creditors of the Receivership Estate**

The Receiver Team continues to investigate the roles of Plastic Cash and Preferred Merchants Solutions LLC (“Preferred Merchants”) in the ZeekRewards scheme, including their aiding and abetting of the scheme. Additionally, the Receiver Team has been investigating the actions of Plastic Cash and Preferred Merchants that appear to have been in direct violation of the Freeze Order. On an aggregate basis, the actions of Plastic Cash and Preferred Merchants appear to have deprived the Receivership Estate and the Affiliate victims of more than \$14 million.

The Receiver has sought to negotiate resolution of the claims the Receivership Estate holds against both Plastic Cash and Preferred Merchants in connection with Receivership Assets that these entities respectively improperly transferred or withdrew in violation of the Freeze Order or upon notice that the shutdown of the Receivership Defendant and seizure of its Assets were imminent. Unfortunately, as set forth below, no resolution has been reached, and the Receiver is exploring various avenues to pursue the recovery of the funds still being held.

Both Plastic Cash and Preferred Merchants maintain that they have not acted improperly in withholding the subject funds from the Receiver. Specifically, Plastic Cash disputes that it is improperly withholding Receivership Assets. Plastic Cash has also submitted a claim through the Court-approved claims process, arguing that it holds certain secured claims against the Receivership Estate. The Receiver disputes and plans to vigorously defend against Plastic Cash’s claims and will continue to pursue the outstanding Receivership Assets held by Plastic Cash and its agents and affiliates that were not submitted upon the Court’s appointment of the

Receiver and those which were improperly transferred or withdrawn in violation of the Freeze Order.

Similarly, instead of complying with the Receiver's demand for the funds that Preferred Merchants had fraudulently transferred from an account held for the benefit of the Receivership Defendant when it knew that the shutdown and asset freeze of the Receivership Defendant were imminent, Preferred Merchants submitted an invoice, claiming that it is owed funds from the Receivership Estate from which any outstanding funds, if owed, would be set off. The Receiver disputes Preferred Merchants' claim on the merits. Moreover, any such claim was not submitted through the Court-approved claims process.

The Receiver takes very seriously any violation of the Freeze Order, and invoking any rights to the outstanding funds years after the entry of the Freeze Order does not change the fact that these institutions are holding the funds in direct violation of the Order. The Receiver will continue to pursue the recovery of these outstanding Receivership Assets and expects that he will be required to commence litigation against Plastic Cash and Preferred Merchants to resolve these matters.

**G. Status of Creditor Claims Proceedings, After Such Proceedings Have Been Commenced**

The period for filing claims against the Receivership closed in September 2013. The Receivership Team has reconciled and issued claim determinations for more than 156,000 claims that were filed by Affiliates and subrogees of Affiliates in the claims process. As of the date of this filing, of these 156,000 claimants who have received Claim Determinations, approximately 89,000 such claimants have accepted their Claim Determination, 515 claimants have objected to their Claim Determinations, and approximately 67,000 have not responded to their Claim Determination. For the vast majority of these 67,000, the time to object to the Claim

Determination has expired. Upon entry of an order approving the Motion To Authorize First Interim Distribution, Establish Record Dates And Set First Interim Distribution Date (the “Interim Distribution Motion”), the Receiver Team anticipates sending an additional reminder to those claimants who have not yet accepted their claim determination requesting that the claimant provide the required information so that the claimant can receive a distribution from the Receivership Estate.

More than 19,000 claims remain generally subject to review and reconciliation at this time. 4,000 Claim Determinations should be issued within the next 30 days. Of the remaining 15,000 claims, approximately 10,000 claims are either duplicative or amendments of prior claims. The Receiver Team is in the process of determining which of these claims should be the surviving claim and will issue claim determinations accordingly. The remaining claims will require more in-depth review because of discrepancies in the data submitted by the claimants versus the data held in the ZeekRewards Database. Additionally, the subrogation claims made by financial institutions against the Receivership Estate are in the process of being reconciled, and no claim determinations have been issued in regard to such subrogation claims at this time. The Receiver Team has every expectation of making determinations on all unreconciled claims by the end of 2014.

The cementing of the claims pool through the issuance of Claim Determinations permitted the Receiver to file the Interim Distribution Motion on May 1, 2014. That motion seeks to distribute or reserve amounts sufficient to ensure that Affiliate holders of recognized claims receive 40% of their investment into the ZeekRewards scheme in the near future.<sup>8</sup> This

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<sup>8</sup> The Interim Distribution Motion seeks to make a first interim distribution to Affiliates who hold allowed claims against the Receivership Defendant. The proposed distribution (or reserve) together with payments made to Affiliates by ZeekRewards prior to the appointment of the Receiver will provide Affiliates with at least 40% of the total amount of the amount that an Affiliate invested with ZeekRewards. The Receiver Team anticipates making a

motion further seeks to set certain dates to establish who will receive such distributions. Unfortunately, Plastic Cash, which has filed a claim with the Receivership for \$14.9 million, has objected to the Interim Distribution Motion. This objection significantly decreases the likelihood that the dates set forth in the Interim Distribution Motion will be met. The Receiver intends to reserve the \$14.9 million for this contested claim, which has been denied, in order to expedite the process of making an interim distribution. Nevertheless, the objection threatens to significantly delay the payment of an interim distribution to Affiliates.

### **III. CONCLUSION**

At this time, the Receiver recommends the continuation of the Receivership for the following reasons:

1. The continuing efforts of the Receiver to investigate and marshal assets of the Receivership Estate;
2. The continuing efforts of the Receiver to implement the claims and distribution processes in order to distribute proceeds to injured claimants; and
3. The carrying out of any other legal and/or appointed duties of the Receiver as identified in the Receiver Orders or as the Court deems necessary.

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further distribution or additional distributions to Affiliates in the future, as and when additional assets of the Receivership Defendant are recovered and when additional claims asserted against the Receivership Defendant are reconciled on a final basis.

Dated: July 29, 2014

By: /s/ Kenneth D. Bell  
Kenneth D. Bell, Esq., Receiver

and

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have electronically filed the foregoing **RECEIVER'S STATUS REPORT FOR THE SECOND QUARTER OF 2014** with the Clerk of Court using the CM/ECF system, which will send electronic copies to counsel of record registered to receive electronic service.

Dated: July 29, 2014

/s/ Kenneth D. Bell  
Kenneth D. Bell, Esq., Receiver