

and their families; employees' salaries; Loans, SIBL CD commissions, SIBL Quarterly Bonuses, Performance Appreciation Rights Plan ("PARS") Payments, Branch Managing Director Quarterly Compensation, and Severance Payments paid to financial advisors, managing directors, and other Stanford employees; Bonus Payments and Consulting, Marketing, Branding, and Other Fees ("CD Proceeds") paid to Wealth Management Services, Ltd. ("WMSL"), which is owned and operated by former Stanford financial advisor David Nanes; and purported CD payments in the form of interest and redemptions to unwitting investors. This fraud endured, in part, by incentivizing a sales force and its support staff with big commissions and other compensation relating to the sale of CDs.

3. When Stanford paid CD Proceeds to WMSL, he did no more than take money out of investors' pockets and put it into the hands of WMSL. For the more than 20,000 investors who have thus far received little or nothing from their investment in Stanford CDs, money recovered from wherever it resides today is likely the only money they will ever receive in restitution. CD Proceeds — comprising Bonus Payments and Consulting, Marketing, Branding, and Other Fees paid to WMSL — are little more than stolen money and do not belong to WMSL but belong, instead, to the Receivership Estate.

4. The Stanford Defendants kept their fraudulent scheme going by employing Stanford financial advisors to lure new investors and then divert the investors' funds for the Stanford Defendants' own illicit purposes. The CD Proceeds paid to WMSL came not from revenue generated by legitimate business activities, but from monies contributed by defrauded investors. WMSL received assets traceable to the Stanford Defendants' fraudulent scheme, and it necessarily holds the assets in trust for the Receivership Estate for the benefit of defrauded investors.

5. At this stage of the Receivership, the Receiver has identified substantial sums of CD Proceeds paid to WMSL and, through this Complaint, seeks the return of those funds to the Receivership Estate in order to make an equitable distribution to claimants.¹

6. Between March 9, 2006 and January 15, 2009, WMSL received multiple payments of CD Proceeds — namely, Bonus Payments and Consulting, Marketing, Branding, and Other Fees — from the Stanford Defendants ranging in amounts from approximately \$225,000 to over \$1 million. WMSL received, at a minimum, \$9,825,333.00 in total CD Proceeds over this time period.

7. The Receiver seeks an order that: (a) CD Proceeds received directly or indirectly by WMSL from fraudulent CDs were fraudulent transfers or, in the alternative, unjustly enriched WMSL; (b) CD Proceeds received directly or indirectly by WMSL from fraudulent CDs are property of the Receivership Estate held pursuant to a constructive trust for the benefit of the Receivership Estate; (c) WMSL is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds it received from fraudulent CDs; (d) the Receiver may withdraw the assets contained in Pershing, JP Morgan, and SEI accounts in the name of or controlled by WMSL and add those assets, up to the amounts of fraudulent CD Proceeds it received, to the assets of the Receivership Estate; (e) WMSL must pay to the Receiver the difference, if any, between the amounts contained in its Pershing, JP Morgan, and SEI accounts, if any, and the total amount of fraudulent CD Proceeds it received; and (f) awards attorney's fees and costs to the Receiver.

PARTIES

8. The parties to this complaint are the Receiver and WMSL.

¹ The Receiver's claims in this Complaint are related to his claims against Former Stanford Employees on file in Case No. 03:09-CV-0724-N before this Court.

9. WMSL will be served pursuant to the Federal Rules of Civil Procedure, through its attorney of record, or by other means approved by order of this Court.

JURISDICTION & VENUE

10. This Court has jurisdiction over this action, and venue is proper, under Section 22(a) of the Securities Act (15 U.S.C. § 77v(a)), Section 27 of the Exchange Act (15 U.S.C. § 78aa), and under Chapter 49 of Title 28, Judiciary and Judicial Procedure (28 U.S.C. § 754).

11. Further, as the Court that appointed the Receiver, this Court has jurisdiction over any claim brought by the Receiver to execute his Receivership duties.

12. Further, within 10 days of his appointment, the Receiver filed the original Complaint and Order Appointing the Receiver in 29 United States district courts pursuant to 28 U.S.C. § 754, giving this Court *in rem* and *in personam* jurisdiction in each district where the Complaint and Order have been filed.

STATEMENT OF FACTS

13. On February 16, 2009, the Securities and Exchange Commission commenced a lawsuit in this Court against R. Allen Stanford, two associates, James M. Davis and Laura Pendergest-Holt, and three of Mr. Stanford's companies, Stanford International Bank, Ltd. ("SIB," "SIBL," or "the Bank"), SGC, and Stanford Capital Management, LLC (collectively, the "Stanford Defendants"). On the same date, the Court entered an Order appointing a Receiver, Ralph S. Janvey, over all property, assets, and records of the Stanford Defendants, and all entities they own or control.

I. Stanford Defendants Operated a Fraudulent Ponzi Scheme

14. As alleged by the SEC, the Stanford Defendants marketed fraudulent SIBL CDs to investors exclusively through SGC financial advisors pursuant to a Regulation D private

placement. SEC's Second Amended Complaint (Doc. 952), ¶ 27.² The CDs were sold by Stanford International Bank, Ltd. *Id.*

15. The Stanford Defendants orchestrated and operated a wide-ranging Ponzi scheme. Defendant James M. Davis has admitted that the Stanford fraud was a Ponzi scheme from the beginning. Doc. 771 (Davis Plea Agreement) at ¶ 17(n) (Stanford, Davis, and other conspirators created a "massive Ponzi scheme"); Doc. 807 (Davis Tr. of Rearrangement) at 16:16-17, 21:6-8, 21:15-17 (admitting the Stanford Ponzi fraud was a "massive Ponzi scheme ab initio").

16. In marketing, selling, and issuing CDs to investors, the Stanford Defendants repeatedly touted the CDs' safety and security and SIBL's consistent, double-digit returns on its investment portfolio. SEC's Second Amended Complaint (Doc. 952), ¶¶ 32-33.

17. In its brochure, SIBL told investors, under the heading "Depositor Security," that its investment philosophy is "anchored in time-proven conservative criteria, promoting stability in [the Bank's] certificate of deposit." SIBL also emphasized that its "prudent approach and methodology translate into deposit security for our customers." *Id.* ¶ 34. Further, SIBL stressed the importance of investing in "marketable" securities, saying that "maintaining the highest degree of liquidity" was a "protective factor for our depositors." *Id.*

18. In its 2006 and 2007 Annual Reports, SIBL told investors that the Bank's assets were invested in a "well-balanced global portfolio of marketable financial instruments, namely U.S. and international securities and fiduciary placements." *Id.* ¶ 35. More specifically, SIBL represented that its year-end 2007 portfolio allocation was 58.6% equity, 18.6% fixed income, 7.2% precious metals and 15.6% alternative investments. *Id.*

² Unless otherwise stated, citations to Court records herein are from the case styled *SEC v. Stanford Int'l Bank, Ltd., et al.*, Civil Action No. 3-09-CV-0298-N.

19. Consistent with its Annual Reports and brochures, SIBL trained SGC financial advisors, in February 2008, that “liquidity/marketability of SIB’s invested assets” was the “most important factor to provide security to SIB clients.” *Id.* ¶ 36. In training materials, the Stanford Defendants also claimed that SIBL had earned consistently high returns on its investment of deposits (ranging from 11.5% in 2005 to 16.5% in 1993). *Id.* ¶ 49.

20. Contrary to the Stanford Defendants’ representations regarding the liquidity of its portfolio, SIBL did not invest in a “well-diversified portfolio of highly marketable securities.” Instead, significant portions of the Bank’s portfolio were misappropriated by Defendant Allen Stanford and were either placed in speculative investments (many of them illiquid, such as private equity deals), diverted to other Stanford Entities “on behalf of shareholder” - *i.e.*, for the benefit of Allen Stanford, or used to finance Allen Stanford’s lavish lifestyle (*e.g.*, jet planes, a yacht, other pleasure craft, luxury cars, homes, travel, company credit card, etc.). In fact, at year-end 2008, the largest segments of the Bank’s portfolio were at least \$1.6 billion in undocumented “loans” to Defendant Allen Stanford; private equity; and over-valued real estate. *See id.* ¶¶ 39-40.

21. In an effort to conceal their fraud and ensure that investors continued to purchase the CD, the Stanford Defendants fabricated the performance of SIBL’s investment portfolio. *Id.* ¶ 4.

22. SIBL’s financial statements, including its investment income, were fictional. *Id.* ¶¶ 4, 53. In calculating SIBL’s investment income, Defendants Stanford and James Davis provided to SIBL’s internal accountants a pre-determined return on investment for the Bank’s portfolio. *Id.* Using this pre-determined number, SIBL’s accountants reverse-engineered the Bank’s financial statements to reflect investment income that SIBL did not actually earn. *Id.*

23. For a time, the Stanford Defendants were able to keep the fraud going by using funds from current sales of SIBL CDs to make purported interest and redemption payments on pre-existing CDs. *See id.* ¶ 1. However, in late 2008 and early 2009, CD redemptions increased to the point that new CD sales were inadequate to cover redemptions and normal operating expenses. As the depletion of liquid assets accelerated, this fraudulent Ponzi scheme collapsed.

II. The Stanford Defendants Transferred CD Proceeds from the Fraudulent Ponzi Scheme to WMSL

24. The Stanford Defendants used an elaborate and sophisticated incentive program to keep former Stanford employees — including former Stanford financial advisor David Nanes, the owner and operator of WMSL — highly motivated to sell SIBL CDs to brokerage customers. *See id.* ¶¶ 28-29. The program included Loans, high SIBL CD Commission rates, SIBL Quarterly Bonuses, PARS Payments, Branch Managing Director Quarterly Compensation, and Severance Payments to former Stanford employees and Bonus Payments and Consulting, Marketing, Branding, and Other Fees paid to WMSL — all closely tied to maintaining the Stanford Defendants' portfolio of CDs. In 2007, SIB paid SGC and its affiliates more than \$291 million in management fees for CD sales, up from \$211 million in 2006. *Id.* ¶ 30. As a result of SGC's aggressive sales tactics, a significant percentage of SGC customers bought CDs from SIBL. *Id.* ¶ 26.

25. CD Proceeds from the fraudulent Ponzi scheme described above were transferred by the Stanford Defendants to WMSL solely for the purpose of concealing and perpetuating the fraudulent scheme. Such CD Proceeds were paid to WMSL from funds supplied by investors who bought the fraudulent CDs. WMSL either performed no services in exchange for the CD Proceeds or performed only services that were in furtherance of the Ponzi scheme in exchange for the CD Proceeds. *See Warfield v. Byron*, 436 F.3d 551, 558-60 (5th Cir. 2006) (transfers

made from Ponzi scheme are made with intent to defraud; broker who worked for Ponzi scheme did not provide reasonably equivalent value in return for fraudulent transfers); *In re Randy*, 189 B.R. 425, 438-39 (Bankr. N.D. Ill. 1995) (as illegal services premised on illegal contracts, broker services provided in furtherance of a Ponzi scheme do not provide reasonably equivalent value). The CD Proceeds WMSL received are, therefore, properly considered assets of the Receivership Estate and must be returned to the Receivership Estate to compensate victims of the Stanford fraud according to principles of law and equity.

REQUESTED RELIEF

26. This Court appointed Ralph S. Janvey as Receiver for the “assets, monies, securities, properties, real and personal, tangible and intangible, of whatever kind and description, wherever located, and the legally recognized privileges (with regard to the entities), of the Defendants and all entities they own or control,” including those of the Stanford Group Company brokerage firm. Order Appointing Receiver (Doc. 10) at ¶¶ 1-2; Amended Order Appointing Receiver (Doc. 157) at ¶¶ 1-2. The Receiver seeks the relief described below in this capacity.

27. Paragraph 4 of the Order Appointing Receiver, entered by the Court on February 16, 2009, authorizes the Receiver “to immediately take and have complete and exclusive control, possession, and custody of the Receivership Estate and to any assets traceable to assets owned by the Receivership Estate.” Order Appointing Receiver (Doc. 10) at ¶ 4; Amended Order Appointing Receiver (Doc. 157) at ¶ 4. Paragraph 5(c) of the Order specifically authorizes the Receiver to “[i]nstitute such actions or proceedings [in this Court] to impose a constructive trust, obtain possession, and/or recover judgment with respect to persons or entities who received

assets or records traceable to the Receivership Estate.” Order Appointing Receiver (Doc. 10) at ¶ 5(c); Amended Order Appointing Receiver (Doc. 157) at ¶ 5(c).

28. One of the Receiver’s key duties is to maximize distributions to defrauded investors and other claimants. *See* Amended Order Appointing Receiver (Doc. 157) at ¶ 5(g), (j) (ordering the Receiver to “[p]reserve the Receivership Estate and minimize expenses in furtherance of maximum and timely disbursement thereof to claimants”); *Scholes v. Lehmann*, 56 F.3d 750, 755 (7th Cir. 1995) (receiver’s “only object is to maximize the value of the [estate assets] for the benefit of their investors and any creditors”); *SEC v. TLC Invs. & Trade Co.*, 147 F. Supp. 2d 1031, 1042 (C.D. Cal. 2001); *SEC v. Kings Real Estate Inv. Trust*, 222 F.R.D. 660, 669 (D. Kan. 2004). But before the Receiver can attempt to make victims whole, he must locate and take exclusive control and possession of assets of the Estate or assets traceable to the Estate. Doc. 157 ¶ 5(b).

I. The Receiver is Entitled to Disgorgement of CD Proceeds Fraudulently Transferred to WMSL

29. The Receiver is entitled to disgorgement of all CD Proceeds paid to WMSL because such payments constitute fraudulent transfers under applicable law. The Stanford Defendants transferred the CD Proceeds to WMSL with actual intent to hinder, delay, or defraud their creditors; as a result, the Receiver is entitled to the disgorgement of those CD Proceeds from WMSL.

30. The Receiver may avoid transfers made with the actual intent to hinder, delay, or defraud creditors. “[T]ransfers made from a Ponzi scheme are presumptively made with intent to defraud, because a Ponzi scheme is, as a matter of law, insolvent from inception.” *Quilling v. Schonsky*, No. 07-10093, 2007 WL 2710703, at *2 (5th Cir. Sept. 18, 2007); *see also Warfield*, 436 F.3d at 558. The uncontroverted facts establish that the Stanford Defendants were running a

Ponzi scheme and, to keep the scheme going, paid WMSL with CD Proceeds taken from unwitting SIBL CD investors. The Receiver is, therefore, entitled to disgorgement of the fraudulently transferred CD Proceeds that WMSL received.

31. Consequently, the burden is on WMSL to establish an affirmative defense, if any, of both objective good faith and provision of reasonably equivalent value. *See, e.g., Scholes*, 56 F.3d at 756-57 (“If the plaintiff proves fraudulent intent, the burden is on the defendant to show that the fraud was harmless because the debtor’s assets were not depleted even slightly.”). The Receiver is, therefore, entitled to recover the full amount of CD Proceeds that WMSL received, unless WMSL proves *both* objective good faith *and* reasonably equivalent value.

32. The good-faith element of this affirmative defense requires that WMSL prove objective — not subjective — good faith. *Warfield*, 436 F.3d at 559-560 (good faith is determined under an “objectively knew or should have known” standard); *In re IFS Fin. Corp.*, Bankr. No. 02-39553, 2009 WL 2986928, at *15 (Bankr. S.D. Tex. Sept. 9, 2009) (objective standard is applied to determine good faith); *Quilling v. Stark*, No. 3-05-CV-1976-BD, 2007 WL 415351, at *3 (N.D. Tex. Feb. 7, 2007) (good faith “must be analyzed under an objective, rather than a subjective, standard. The relevant inquiry is what the transferee objectively knew or should have known instead of examining the transferee’s actual knowledge from a subjective standpoint.”) (internal citations and quotation marks omitted).

33. There is no evidence that WMSL provided any services in exchange for the fraudulent transfers it received. Even if it had, the Fifth Circuit has held that providing services in furtherance of a Ponzi scheme does not confer reasonably equivalent value and that a receiver can recover the funds received for recruiting investors into the scheme. *Warfield*, 436 F.3d at 555, 560. The *Warfield* court eloquently observed that “[i]t takes cheek to contend that in

exchange for payments he received, the . . . Ponzi scheme benefited from [the broker's] efforts to extend the fraud by securing new investments.” *Id.* at 560 (citing *Randy*, 189 B.R. at 438-39, for the proposition that “as illegal services premised on illegal contracts, broker services provided in furtherance of a Ponzi scheme do not provide reasonably equivalent value”). WMSL cannot now claim that, in return for furthering the Ponzi scheme and helping it endure, it should be entitled to keep the Bonus Payments and Consulting, Marketing, Branding, and Other Fees taken from the defrauded victims who invested in SIBL CDs. Because WMSL cannot meet its burden to establish that it provided reasonably equivalent value for the CD Proceeds, the Receiver is entitled to the disgorgement of those funds.

34. Moreover, under applicable fraudulent transfer law, the Receiver is entitled to attorney's fees and costs for his claims against WMSL. *See, e.g.*, TEX. BUS. & COM. CODE ANN. § 24.013 (Vernon 2009) (“[T]he court may award costs and reasonable attorney's fees as are equitable and just.”). As a result, the Receiver requests reasonable attorney's fees and costs for prosecuting his fraudulent-transfer claims against WMSL.

35. In order to carry out the duties delegated to him by this Court, the Receiver seeks complete and exclusive control, possession, and custody of the CD Proceeds received by WMSL.

36. The Stanford Defendants, who orchestrated the Ponzi scheme, transferred the CD Proceeds to WMSL with actual intent to hinder, delay, or defraud their creditors. The Receiver is, therefore, entitled to disgorgement of all CD Proceeds fraudulently transferred to WMSL. Pursuant to the equity powers of this Court, the Receiver therefore seeks an order (a) establishing that the CD Proceeds received directly or indirectly by WMSL from fraudulent CDs were fraudulent transfers; (b) ordering that CD Proceeds received directly or indirectly by WMSL from fraudulent CDs are property of the Receivership Estate held pursuant to a constructive trust

for the benefit of the Receivership Estate; (c) ordering that WMSL is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds it received; (d) allowing the Receiver to withdraw the assets contained in Pershing, JP Morgan, and SEI accounts in the name of or controlled by WMSL and add those assets, up to the amounts of CD Proceeds it received, to the assets of the Receivership Estate; (e) ordering WMSL to pay to the Receiver the difference, if any, between the amounts contained in its Pershing, JP Morgan, and SEI accounts and the total amount of CD Proceeds it received; and (f) awarding attorney's fees and costs to the Receiver.

II. In the Alternative, the Receiver is Entitled to Disgorgement of CD Proceeds from WMSL under the Doctrine of Unjust Enrichment

37. In the alternative, the Receiver is entitled to disgorgement of the CD Proceeds paid to WMSL pursuant to the doctrine of unjust enrichment under applicable law. WMSL holds CD Proceeds that in equity and good conscience belong to the Receivership for ultimate distribution to the defrauded investors. WMSL has been unjustly enriched by the CD Proceeds, and it would be unconscionable for it to retain the CD Proceeds.

38. In order to carry out the duties delegated to him by this Court, the Receiver seeks complete and exclusive control, possession, and custody of all CD Proceeds received by WMSL.

39. WMSL has been unjustly enriched by its receipt of the CD Proceeds. Pursuant to the equity powers of this Court, the Receiver therefore seeks an order (a) establishing that WMSL was unjustly enriched by CD Proceeds received directly or indirectly from fraudulent CDs; (b) ordering that CD Proceeds received directly or indirectly by WMSL from fraudulent CDs are property of the Receivership Estate held pursuant to a constructive trust for the benefit of the Receivership Estate; (c) ordering that WMSL is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds it received; (d) allowing the Receiver to withdraw the assets contained in Pershing, JP Morgan, and SEI accounts in the name of or controlled by

WMSL and add those assets, up to the amounts of CD Proceeds it received, to the assets of the Receivership Estate; (e) ordering WMSL to pay to the Receiver the difference, if any, between the amounts contained in its Pershing, JP Morgan, and SEI accounts and the total amount of CD Proceeds it received; and (f) awarding attorney's fees and costs to the Receiver.

PRAYER

40. The Receiver respectfully requests the following:
- (a) An Order providing that CD Proceeds received directly or indirectly by WMSL from fraudulent CDs were fraudulent transfers under applicable law or, in the alternative, that WMSL was unjustly enriched by CD Proceeds received directly or indirectly from fraudulent CDs;
 - (b) An Order providing that CD Proceeds received directly or indirectly by WMSL from fraudulent CDs are property of the Receivership Estate;
 - (c) An Order providing that CD Proceeds received directly or indirectly by WMSL from fraudulent CDs are subject to a constructive trust for the benefit of the Receivership Estate;
 - (d) An Order establishing the amount of CD Proceeds WMSL received;
 - (e) An Order providing that WMSL is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds it received from fraudulent CDs;
 - (f) An Order allowing the Receiver to withdraw the assets contained in the Pershing, JP Morgan, and SEI accounts in the name of or controlled by WMSL and add those assets, up to the amounts of CD Proceeds it received, to the assets of the Receivership Estate;

- (g) An Order requiring WMSL to pay to the Receiver the difference between the amounts contained in its Pershing, JP Morgan, and SEI accounts and the total amount of CD Proceeds it received;
- (h) An award of costs, attorney's fees, and prejudgment interest; and
- (i) Such other and further relief as the Court deems proper under the circumstances.

Dated: March 8, 2010

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

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ATTORNEYS FOR RECEIVER RALPH S. JANVEY

CERTIFICATE OF SERVICE

On March 8, 2010, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the Court. I hereby certify that I will serve Wealth Management Services, Ltd. individually or through its counsel of record, electronically, or by other means authorized by the Court or the Federal Rules of Civil Procedure.

/s/ Kevin M. Sadler
Kevin M. Sadler

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTION ON THE REVERSE OF THE FORM.)

I.(a) PLAINTIFFS

Ralph S. Janvey, Receiver

DEFENDANTS

Wealth Management Services, Ltd.

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF **Dallas Co., TX**
(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT **New Castle Co., DE**
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

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ATTORNEYS (IF KNOWN)

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | | | | | |
|---|--------------------------------|--------------------------------|--|--------------------------------|--------------------------------|
| Citizen of This State | PTF <input type="checkbox"/> 1 | DEF <input type="checkbox"/> 1 | Incorporated <i>or</i> Principal Place of Business In This State | PTF <input type="checkbox"/> 4 | DEF <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated <i>and</i> Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury — Med. Malpractice <input type="checkbox"/> 365 Personal injury — Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW(405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/SAT TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS			
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. W/Disabilities - Employment <input type="checkbox"/> 445 Amer. W/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence/Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights			

V. ORIGIN(PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.) 28 USC 754 & 1692; 15 USC 78aa; 15 USC 77v(a)

Brief Description of Cause: Receivership Claims for Disgorgement and Fraudulent Transfer

VII. REQUESTED IN COMPLAINT:

DEMAND \$ \$9.8 Million
CHECK IF THIS IS A CLASS ACTION
 UNDER F.R.C.P. 23

CHECK YES only if demanded in complaint:
JURY DEMAND: YES NO

VIII. RELATED CASE(S) (See Instructions): IF ANY

JUDGE Godbey DOCKET NUMBER 3:09cv724-N

DATE: 3/8/10

SIGNATURE OF ATTORNEY OF RECORD
/s/ Kevin M. Sadler
Kevin M. Sadler

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE