

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

KEVIN B. MERRILL, et al.,

Defendants.

Case No. 1:18-cv-02844-RDB

**RECEIVER GREGORY S. MILLIGAN'S EIGHTEENTH QUARTERLY STATUS
REPORT FOR THE PERIOD BETWEEN JANUARY 1, 2023 AND MARCH 31, 2023**

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Receiver Gregory S. Milligan (the “Receiver”) respectfully submits this Eighteenth Quarterly Status Report for the Period Between January 1, 2023 and March 31, 2023 (the “Report”) in accordance with the Second Amended Order Appointing Temporary Receiver dated September 14, 2021 (Dkt. No. 484) (the “Receivership Order”),¹ and would respectfully show the Court as follows:

I. INTRODUCTION

On September 13, 2018, the Securities and Exchange Commission (“SEC”) filed a Complaint (“SEC Action”) that initiated this action against the Defendants alleging various securities violations arising from the Defendants’ operation of a Ponzi scheme.² A more detailed description of the case background is included with the Receiver’s prior quarterly status reports (collectively, the “Prior Reports”), which are available on the Receiver’s website at <https://merrill-ledford.com/case-updates/> and incorporated herein by reference.

Pursuant to the Receivership Order, this Report provides information regarding the assets and liabilities of the Receivership Estate, a summary of the Receiver’s activities for the period between January 1, 2023 and March 31, 2023 (the “Applicable Period”), and information regarding claims held by and against the Receivership Estate. A summary of all the Receiver’s receipts and disbursements for the Applicable Period is being filed contemporaneously with this Report and is incorporated herein by reference.

¹ A copy of the Receivership Order can be found on the Receiver’s website for this SEC Action at: <https://merrill-ledford.com/wp-content/uploads/2021/09/2021-09-14-484-Second-Amended-Order.pdf>.

² Capitalized terms herein shall have the meaning as used in the Receivership Order unless otherwise noted.

II. OVERVIEW OF THE RECEIVER'S ACTIVITIES

During the Applicable Period, the Receiver, in coordination with the federal authorities, has continued to control, or taken steps to assume control of, the Receivership Assets with the objective of preserving the Receivership Assets to maximize the recovery for the Receivership Estate. As detailed herein, the Receiver has continued the efforts outlined in the Prior Reports, as well as addressed new issues that have arisen during the Applicable Period.

During the Applicable Period and as discussed in more detail below, the Receiver facilitated the in-person inspection and tagging of the remaining personal property that had been claimed by Relief Defendant Amanda Merrill ("Mrs. Merrill"). Following a hearing on March 21, 2023, the Court denied all but three of Mrs. Merrill's claims to personal property and the entirety of her attempt to buy back certain personal property held by the Receiver. The Receiver also continued his negotiations related to potential claims against investors who withdrew fictitious profits from the Receivership Parties and resolved four such claims totaling approximately \$250,000.00, subject to Court approval. During the Applicable Period, the Receiver also collected approximately \$337,000.00 in clawback settlements that were entered into during a prior quarter. Meanwhile, the Receiver has continued to maintain and update the Receivership Estate website, located at www.Merrill-Ledford.com, with relevant and required information regarding asset sales, Claims Procedure, Distribution Plan, and other matters related to the case.

A. **Summary of Assets**

The Receiver continued the process of assuming control and management of all property of the Receivership Estate during the Applicable Period.

1. **Cash**

As of March 31, 2023, the Receivership Estate had approximately \$17.2 million of cash on hand in Receivership Estate bank accounts under the sole control of the Receiver. During the

Applicable Period, the cash on hand increased by approximately \$1.4 million because of the Receiver's continued recovery of settlement proceeds from Net Winners (defined and further discussed below) and the closing of the sale of the one remaining real property in the Receivership Estate.³ The Receiver anticipates that cash on hand will increase during the next applicable period due to payments received on claims resolved during the Applicable Period and further recoveries on claims against third parties, including Clawbacks (defined and further discussed below), and the sale of personal property previously claimed by Mrs. Merrill.

2. Business Operations & Assets

All ongoing business operations of the Receivership Parties have been terminated and their assets liquidated, as detailed in the Receiver's eighth quarterly status report. *See* Dkt. No. 370.

3. Real Property

As discussed in greater detail below, the Receivership Estate held one commercial real property at the beginning of the Applicable Period. The sale of the final piece of real property closed on January 24, 2023 and resulted in net sale proceeds of \$1,314,290.52 to the Receivership Estate.

4. Other Property

Additionally, there are several personal property items that the Receiver has recovered or identified to date, including:

- Other Property. As provided in the Prior Reports, the Receivership Estate holds several remaining assets and investments made by the Defendants including, but not limited to: (i) jewelry; (ii) luxury goods; (iii) clothing; (iv) household goods; (v) watches; (vi) a litigation financing arrangement; and (vii) minority ownership interest in a commercial shopping center.

³ The Receiver is filing a Standardized Fund Accounting Report contemporaneously with the filing of this Report, which contains a more detailed accounting of Receivership Estate funds during the Applicable Period.

Some of the foregoing assets are of unknown value, and the Receiver is in the process of determining the best means to monetize the remaining them for the benefit of the Receivership Estate.

- Clawbacks. The Receivership may hold claims (“Clawbacks”) against individuals and entities, in addition to the Relief Defendants, that received gifts, donations, or fraudulent transfers from the Receivership Parties. These individuals and entities may have received funds from the Receivership Parties derived from Ponzi scheme funds fraudulently obtained from investors. The Clawbacks include potential claims against investors who withdrew fictitious profits from the Receivership Parties (the “Net Winners”). An investor’s withdrawn profits may be fictitious, for example, if that party received payments in excess of investments. On September 14, 2021, the Court authorized the Receiver to investigate and make demands for full repayment of the gift, donation, or fraudulent transfer that may have been received from Receivership Parties. During the Applicable Period, the Receiver continued negotiations with Net Winners and resolved potential claims against four Net Winners for the return to the Receivership Estate of the vast majority of the Net Winners’ fictitious profits totaling approximately \$250,000.00. The Receiver is also in active negotiations with several other Net Winners, and if settlement negotiations are unsuccessful, the Receiver will, if and as appropriate, seek authority from the Court to file suit against the Net Winners. The Receiver anticipates seeking Court approval and filing suit against the remaining Net Winners in May 2023.
- Claims against Other Persons or Entities. The Receiver has investigated, analyzed, and collected evidence regarding potential causes of action against other third parties in addition to the Clawbacks against Net Winners. The Receiver has concluded there exists one known remaining claim for a \$150,000 deposit on a 2018 Porsche that was never delivered and the deposit never returned. The \$150,000 deposit was the subject of a motion for turnover filed by the Receiver (Dkt. No. 334) and an Order (Dkt. No. 368) entered by the Court determining the claim is subject to binding arbitration. The Receiver anticipates seeking Court approval to file a demand for arbitration for a return of the \$150,000 deposit during the second quarter of 2023.

Based upon current available information, which is preliminary and subject to further due diligence, the Receiver team estimates total expected distributions to claimants could range between \$65 million and \$75 million. Future quarterly reports will have the benefit of additional recoveries, market data regarding assets yet to be monetized, and more due diligence leading to an increasingly accurate estimate of total expected distributions to claimants.

B. Administration and Management

The Receiver and his team continue to manage and marshal the Receivership Assets with the goal of maximizing the recovery to the Receivership Estate consistent with concepts outlined in the Initial Preservation Plan (Dkt. No. 54) (the “Preservation Plan”)⁴ and the Prior Reports. To fulfill his obligations to the Court, the Receiver has undertaken the following tasks during the Applicable Period with respect to the various forms of property remaining in the Receivership Estate.

1. Coordination and Conference with Other Parties

Since being appointed in this case, the Receiver has coordinated extensively with the SEC, U.S. Attorney’s Office, FBI, and U.S. Marshals Service regarding the identification and safeguarding of Receivership Assets and the Receiver’s proposed disposition of the Receivership Assets. As detailed in greater detail in Prior Reports, the Receiver has also facilitated discussions with criminal counsel for Defendant Kevin B. Merrill (“Merrill”) and Defendant Jay B. Ledford (“Ledford”), and counsel for Mrs. Merrill and counsel for Relief Defendant Lalaine Ledford (“Lalaine Ledford”) (Mrs. Merrill and Lalaine Ledford are collectively, the “Relief Defendants”), to obtain their consent to the procedures and proposed disposition of the real property, personal property, and vehicles owned or purchased by Merrill, Ledford, and/or the Relief Defendants.

2. Real Property

(a) Overview

As described in Prior Reports, the Receiver has engaged Sotheby’s International Realty, Inc. (“Sotheby’s”) to assist with the monetization of the majority of the real properties. On April

⁴ A copy of the Initial Preservation Plan can be found on the Receiver’s website for this SEC Action at: <https://merrill-ledford.com/wp-content/uploads/2019/05/Initial-Preservation-Plan-11.13.18.pdf>.

23, 2019, the Court entered an Agreed Order on the Sotheby's Motion (the "Merrill Agreed Order") with respect to certain real property owned or purchased by Merrill and/or Mrs. Merrill (the "Merrill Real Property"), which established the procedures for the sale of the Merrill Real Property (the "Real Property Sales Procedures"). *See* Dkt. No. 137.⁵ In addition, the Receiver sought and obtained Court approval to retain Coldwell Banker Commercial Amarillo to market and, upon further order of the Court, sell the commercial real property owned by Ledford that is located at 2801 Paramount Boulevard, Amarillo, TX 79109. *See* Dkt. Nos. 185 & 189.

(b) Disposition of Remaining Real Property

The Receivership Estate held one remaining real property that had not yet been monetized at the beginning of the Applicable Period: 1132 Glade Road, Colleyville, Texas 76034 (the "Glade Road Property"). Prior to the Applicable Period, after extensively marketing the Glade Road Property for sale, the Receiver accepted an all-cash offer to purchase the Glade Road Property for \$1,795,000.00. Following inspections and additional negotiations with the purchaser, the Receiver agreed to a reduction of the sales price to \$1,735,000.00 to credit necessary repairs to the lighting system on the Glade Road Property. On December 1, 2022, the Receiver filed a motion for authority to sell the Glade Road Property (Dkt. No. 691), which the Court granted on January 5, 2023. *See* Dkt. No. 711. The sale of the Glade Road Property closed on January 24, 2023 and resulted in net sale proceeds to the Receivership Estate in the amount of \$1,314,290.52.

3. Other Property

The Receiver, independently and through collaboration with the SEC, FBI, and U.S. Attorney's Office, has identified other personal property as described in the Prior Reports. This

⁵ A copy of the Merrill Agreed Order can be found on the Receiver's website for this SEC Action at: <https://merrill-ledford.com/wp-content/uploads/2019/05/2019-04-29-137-Agreed-Order.pdf>.

category of assets includes but is not limited to art, collectibles, clothing, household goods, jewelry, watches, luggage, and similar luxury items. To maximize recovery to the Receivership Estate, the Receiver has researched and identified various consignment and/or auction outlets for monetizing the different classes of personal property at the appropriate time.

The Receiver previously obtained an Order from the Court to retain Heritage Auctioneers & Galleries, Inc. (“Heritage”) as broker for the Receivership Estate to sell certain categories of personal property that were being held in storage by the Receiver or held by the U.S. Marshals or the FBI (“Heritage Order”). *See* Dkt. No. 272. During the Applicable Period, the Receiver also obtained Orders from the Court authorizing the Receiver to retain The RealReal, Inc. (the “RealReal”) and Quinn & Sons Inc. (“Quinn’s”) as brokers for the Receivership Estate to sell certain categories of personal property previously claimed by Mrs. Merrill. *See* Dkt. Nos. 720, 721, 722, & 723.

The Receiver continues to pursue additional potential Receivership Assets, including:

- minority ownership interest in a commercial shopping center;⁶
- \$150,000 cash deposit for the purchase of a Porsche;
- a condemnation award related to one of the real properties; and
- one or more cryptocurrency accounts.

The Receiver has diligently pursued the voluntary turnover of the fictitious profits that were paid to Net Winners in the Ponzi scheme. The Receiver has recovered approximately \$6.7 million from 35 net winners who voluntarily returned their net winnings without the need for litigation. There are approximately 40 Net Winners who have not voluntarily returned a total of \$18.8 million in net winnings. The Receiver intends to file a motion with the Court by the end of

⁶ The Receivership Estate receives approximately \$800.00 per month for its interest in the net profit generated by the shopping center.

May 2023 to obtain an Order authorizing the Receiver to pursue these claims against Net Winners through litigation.

4. Insurance

The one remaining real property owned by the Receivership Estate was adequately insured during the Applicable Period through the date of its closing on January 24, 2023.

III. ESTATE ADMINISTRATION

The Receiver has continued making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business for discharging his duties as Receiver. The financial report filed contemporaneously with this Report delineates activity between the operating entities and the balance of the Receivership Estate providing a clearer picture of the separate components of the Receivership Estate.

IV. UNRESOLVED CLAIMS AGAINST RECEIVERSHIP PROPERTY

As detailed in the Prior Reports, the Relief Defendants had asserted claims to certain Receivership Assets that are separate and apart from the Claims Procedure. The Receiver has protocols in place to ensure none of the contested Receivership Assets are sold without the Relief Defendants' consent or further Order of the Court.

On August 31, 2022, the Court entered a Final Judgment as to Lalaine Ledford that disgorged certain personal property and authorized the Receiver to sell it. *See* Dkt. No. 658. The Receiver has provided notice of the sale of certain personal property pursuant to the Heritage Order and will provide notice of the sale of remaining personal property pursuant to the Heritage Order. *See* Dkt. Nos. 680 & 681. The judgment also ordered the return of certain personal property to Lalaine Ledford, which the Receiver returned in October 2022.

On November 15, 2022, the Court conducted a hearing on Mrs. Merrill's Motion for Determination of Burden of Proof Regarding (1) SEC's and Receiver's Ongoing Seizure of Relief

Defendant's Property and (2) Merits Determination of Relief Defendants' Legitimate Claims and Ownership Interests in Seized Property (Dkt. No. 460) and related pleadings related to Mrs. Merrill's claims to personal property. *See* Dkt. Nos. 460, 466, 467, 588, 598, 606, 615, 618, 621, and 677. Following the hearing, the Court entered an Order directing the Receiver to return Mrs. Merrill's clothing that had been determined to have no net value to the Receivership Estate, and the Receiver returned these items during the prior period. *See* Dkt. No. 685.

The Court further Ordered the Receiver to allow Mrs. Merrill to inspect and tag all remaining personal property to which she asserted a claim and set a briefing schedule regarding the source of funds to purchase the claimed personal property. *See* Dkt. Nos. 685, 713, & 719. The Court's Order granted the Receiver immediate authority to sell all items not tagged by Mrs. Merrill during her inspection. *See* Dkt. No. 685. On January 18 & 19, 2023, the Receiver, the SEC, and Mrs. Merrill attended full-day inspections at Town & Country Moving & Storage's warehouses in Gaithersburg, MD, where the majority of disputed personal property has been stored throughout the case. *See* Dkt. No. 724. Additional items not stored at the Town & Country warehouse were shipped there for inspection by Mrs. Merrill. *See id.* A number of items were designated by Mrs. Merrill and/or her attorney for release to the Receiver for prompt disposition by Heritage, the RealReal, and Quinn's. *See id.* Other items were designated by the Receiver for release to Mrs. Merrill, and those items were delivered to Mrs. Merrill at her expense during the weekend of January 21-22. *See id.*

During the inspection, Mrs. Merrill tagged certain items to which she asserted a claim and tagged other items for which she would be seeking an Order from the Court requiring the Receiver to sell certain items to her at specific prices proposed by Mrs. Merrill. *See id.* On February 1, 2023, Mrs. Merrill filed (i) a Motion and Memorandum in Support of Release of Personal Property

to Her Pursuant to Court Orders ECF #'s 719, 713, and 685 (Dkt. No. 727) and (ii) a Motion to Obtain Court Order Directing the Sale by Receiver of Certain Personal Property to Her (Dkt. No. 728) (collectively, the "Personal Property Motions"). On March 21, 2023, the Court conducted a Hearing on the Personal Property Motions. *See* Dkt. No. 740. On March 22, 2023, the Court entered Orders denying the Personal Property Motions, except for Mrs. Merrill's claims to three pieces of jewelry. *See* Dkt. Nos. 741 & 742. The Receiver has retrieved the three pieces of jewelry the Court Ordered to be returned and is awaiting delivery instructions from Mrs. Merrill to return the items.

V. ACCRUED ADMINISTRATIVE EXPENSES

During the Applicable Period, the Receivership Estate accrued administrative expenses comprised of professional fees for the services of the Receiver's team and counsel, along with the Receiver's claims agent, Bankruptcy Management Solutions Inc. d/b/a Stretto ("Stretto"), and tax accountant, BDO, USA, LLP ("BDO"). On December 1, 2022, the Receiver and his counsel each filed fee applications for the period between July 1, 2022 and September 30, 2022 (Dkt. Nos. 692 & 693) (the "Sixteenth Fee Applications"), which were granted by the Court on December 19, 2022. *See* Dkt. Nos. 705 & 706.

Through the Sixteenth Fee Applications, the Receiver's fees total \$2,573,973.75 and costs total \$86,967.29, and Husch Blackwell's fees total \$2,785,209.58 and its costs total \$229,863.95. The total fees and expenses of all Receivership Estate professionals—including commissions paid to brokers, consignors, and auctioneers in conjunction with asset sales—through the Sixteenth Fee Applications total \$9,680,782.37, which is 9.98% of the \$97,038,387.79 recovered through March 31, 2023 and 14.36% of the \$67,412,623.16 in (i) distributions to claimants and (ii) remaining available cash on hand as of March 31, 2023.

Below is a detailed summary of all fee applications for the Receiver and his team, including the total fees and expenses incurred during each period and on a daily basis during each period, along with the date each prior fee application was approved by the Court. As detailed below, Receiver's fees have declined by approximately 96% on a per day basis from the first fee application to the Sixteenth Fee Application.

1st	9/13/18-10/31/18	70	\$ 357,908.89	\$ 7,304.26	6/7/2019	151
2nd	11/1/18-12/31/18	118	\$ 301,292.71	\$ 4,939.22	6/7/2019	151
3rd	1/1/19-3/31/19	159	\$ 405,380.62	\$ 4,504.23	10/4/2019	220
4th	4/1/19-8/31/19	238	\$ 447,644.74	\$ 2,925.78	11/20/2019	243
5th	9/1/19-12/31/19	278	\$ 263,152.31	\$ 2,126.71	3/12/2020	284
6th	1/1/20-3/31/20	303	\$ 210,272.09	\$ 2,310.68	6/24/2020	314
7th	4/1/20-6/30/20	338	\$ 191,503.08	\$ 2,127.81	9/1/2020	344
8th	7/1/20-9/30/20	374	\$ 129,818.38	\$ 1,426.58	12/17/2020	386
9th	10/1/20-12/31/20	404	\$ 70,651.78	\$ 776.39	4/13/2021	422
10th	1/1/21-3/31/21	451	\$ 57,165.12	\$ 642.30	7/15/2021	462
11th	4/1/21-6/30/21	487	\$ 67,034.92	\$ 747.96	11/29/2021	507
12th	7/1/21-9/30/21	521	\$ 36,357.47	\$ 395.19	12/6/2021	527
13th	10/1/21-12/31/21	608	\$ 36,598.13	\$ 397.81	6/30/2022	641
14th	1/1/22-3/31/22	628	\$ 33,314.68	\$ 370.16	6/30/2022	638
15th	4/1/22-6/30/22	661	\$ 25,459.98	\$ 282.89	10/4/2022	670
16th	7/1/22-9/30/22	692	\$ 27,377.14	\$ 297.58	12/19/2022	705
Total			\$ 2,660,932.04			

Below is a detailed summary of all fee applications for the Receiver's counsel, Husch Blackwell, including the total fees and expenses incurred during each period and on a daily basis during each period, along with the date each prior fee application was approved by the Court. As detailed below, Husch Blackwell's fees have declined by approximately 27% per day from the first fee application to the Sixteenth Fee Application.

Fee App. No.	Time Period	Dkt. No.	Fees and Expenses	Per Day	Approved On	Dkt. No.
1st	9/13/18-10/31/18	71	\$ 184,169.83	\$ 3,758.57	6/7/2019	151
2nd	11/1/18-12/31/18	119	\$ 254,017.68	\$ 3,885.64	6/7/2019	151
3rd	1/1/19-3/31/19	160	\$ 288,614.74	\$ 3,186.03	10/4/2019	220
4th	4/1/19-8/31/19	239	\$ 402,932.50	\$ 2,546.01	11/20/2019	244
5th	9/1/19-12/31/19	279	\$ 188,368.17	\$ 1,527.03	3/12/2020	285
6th	1/1/20-3/31/20	304	\$ 185,469.07	\$ 2,025.45	6/24/2020	315
7th	4/1/20-6/30/20	339	\$ 214,021.84	\$ 2,180.59	9/1/2020	345
8th	7/1/20-9/30/20	375	\$ 183,019.35	\$ 1,759.84	12/17/2020	387
9th	10/1/20-12/31/20	405	\$ 99,102.02	\$ 872.60	4/13/2021	423
10th	1/1/21-3/31/21	452	\$ 127,379.22	\$ 1,431.23	7/15/2021	463
11th	4/1/21-6/30/21	488	\$ 132,386.81	\$ 1,270.17	11/29/2021	508
12th	7/1/21-9/30/21	522	\$ 97,222.25	\$ 1,056.76	12/6/2021	528
13th	10/1/21-12/31/21	609	\$ 92,492.70	\$ 1,005.36	6/30/2022	642
14th	1/1/22-3/31/22	629	\$ 123,891.89	\$ 1,376.58	6/30/2022	639
15th	4/1/22-6/30/22	662	\$ 188,710.27	\$ 2,096.78	10/4/2022	669
16th	7/1/22-9/30/22	693	\$ 253,095.19	\$ 2,751.03	12/19/2022	706
Total			\$ 3,014,893.53			

At the end of the Applicable Period, the Receiver and his team had incurred approximately \$45,000.00 in unpaid fees and expenses for the three-month period ending December 31, 2022 and approximately \$25,000.00 in unpaid fees and expenses for the three-month period ending March 31, 2023, while the Receiver's counsel has incurred approximately \$55,000.00 in unpaid fees and expenses for the three-month period ending December 31, 2022 and approximately \$150,000.00 in unpaid fees and expenses for the three-month period ending March 31, 2023.

The Receiver anticipates the Receivership Estate will continue to accrue additional administrative expenses going forward with the actual amounts fluctuating commensurate with the activities required to properly administer the Receivership Estate.

VI. TAX MATTERS

As indicated in Prior Reports, the Receiver sought and obtained approval to retain BDO as tax accountant for the Receivership Estate to: (i) advise the Receiver on the tax liability of the Receivership Estate and the non-individual Receivership Parties; (ii) prepare and file state and federal tax returns on behalf of the Receivership Estate and the non-individual Receivership

Parties; (iii) advise the Receiver on obtaining and maintaining the status of a taxable “Settlement Fund” within the meaning of Section 468B of the Internal Revenue Code for Receivership Funds; and (iv) advise the Receiver on other tax matters related to the administration of the Receivership Estate. See Dkt. Nos. 198 & 201. During the Applicable Period, the Receiver worked with BDO to prepare all required 2022 tax returns for filing on or before each applicable deadline. The Receiver will continue working with BDO to ensure all taxes are timely paid and required tax returns are timely filed.

VII. RECEIVER’S ONGOING INVESTIGATION

The Receiver continues his investigation with the assistance of his counsel, Husch Blackwell. The Receiver will file supplemental reports to the Court for the duration of the Receivership, as required by the Receivership Order.

VIII. CLAIMS DETERMINATION AND DISTRIBUTION PROCESS

On February 9, 2021, the Receiver filed the Motion for Order Setting Claims Bar Date, Establishing Claims Procedure, and Approving Notification Process (the “Claims Procedure”). See Dkt. No. 395. On February 10, 2021, the Court entered the Order approving the Claims Procedure and set a claims bar date of May 20, 2021. See Dkt. No. 396.

On November 17, 2021, following completion of the Claims Procedure, the Receiver filed the Distribution Plan and proposed an interim distribution of \$50 million to claimants, which the Court approved on November 15, 2022. See Dkt. Nos. 504 & 687. Distributions to eligible claimants were sent during the prior applicable period. See Dkt. Nos. 702 & 725. The Receiver issued four additional distribution checks to eligible claimants during the Applicable Period and continued efforts to contact eligible claimants who had failed to submit a completed Form W-9 to the Receiver. Two claimants (out of the one hundred and fifty-nine distributions) have not yet cashed their distribution checks, and four claimants have not yet submitted a completed Form W-

9. The Receiver will continue to follow up with these claimants to ensure their distributions are received.

The Receiver has received numerous contacts from potential investor victims requesting information. The Receiver has provided general status updates and directed such parties to pleadings filed of record in the case that are available on the Receiver's website, including the Receiver's Preservation Plan, Prior Reports, the Claims Procedure, the Claims Objections, and the Distribution Plan.⁷

IX. CONCLUSION

Accordingly, the Receiver, Gregory S. Milligan, respectfully submits this Seventeenth Quarterly Status Report for the Court's consideration and, for the reasons stated in this Report, recommends the continuation of this Receivership Estate.

Respectfully submitted,

/s/ Jameson J. Watts

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⁷ The Receiver's website for this SEC Action contains a separate section to provide information regarding the claims and distribution process at: <https://merrill-ledford.com/claims-process/>.

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Counsel for Receiver Gregory S. Milligan

CERTIFICATE OF SERVICE

On April 30, 2023, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court for the District of Maryland, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or pro se parties of record electronically through the Court's CM/ECF filing system for all parties who have registered to receive electronic service. Additionally, the foregoing document was served on the following parties not registered for Court's CM/ECF filing system as indicated below:

Defendant Kevin B. Merrill (via U.S. Mail):

Kevin B. Merrill, #64274-037
FCI Allenwood Low
Federal Correctional Institution
P.O. Box 1000
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HSBC Bank USA, National Association, as trustee of
J.P. Morgan Alternative Loan Trust 2006-A5
c/o Howard n. Bierman, Trustee
c/o Select Portfolio Servicing, Inc.
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