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Court-Appointed Receiver

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH

U.S. COMMODITY FUTURES
TRADING COMMISSION,

Plaintiff,

v.

U.S. VENTURES LC, a Utah limited liability
company, WINSOME INVESTMENT
TRUST, an unincorporated Texas entity,
ROBERT J. ANDRES and ROBERT L.
HOLLOWAY,

Defendants.

Case No. 2:11CV00099 BSJ

EIGHTH STATUS REPORT OF
R. WAYNE KLEIN, RECEIVER

FOR PERIOD SEPTEMBER 16, 2012
TO DECEMBER 15, 2012

R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of U.S. Ventures LC (“USV”), Winsome Investment Trust (“Winsome”), and all the assets of Robert J. Andres (“Andres”) and Robert L. Holloway (“Holloway”) (collectively, the “Receivership Entities”), hereby submits this Eighth Status Report for the period of September 16, 2012 through

December 15, 2012 (the “Reporting Period”).

I. INTRODUCTION

1. The past quarter has seen a continuing heavy focus on the claims process and litigation.

2. The Claims Review process has been completed. The Receiver filed a separate report with the Court on December 20, 2012 summarizing the results of the Claims process and recommending which Claim amounts should be accepted, reduced, or rejected.

3. The Receiver has engaged in many aspects of litigation for those lawsuits he has filed which are still pending. These are described in a later section.

II. CLAIMS PROCESS

4. The claims process began on May 21, 2012, when the Court approved the claim form, claim guidelines, and claim instructions.

5. Since that time, the Receiver and his staff have been reviewing the claims that have been submitted. As is described in more detail in the claims report, this has included:

a. Reviewing the claim forms for completeness and informing claimants of what information is needed for the claim to be considered;

b. Comparing the claim forms with the records of the receivership, to determine how much of the claimed amounts are valid;

c. Telephone calls and emails with claimants, answering their questions and explaining the reasons for decisions made;

d. Devising guidelines for similar treatment of claims among claimants in various categories such as third party marketers, investors who sent their moneys to third

party marketers (but where the money was not forwarded to Winsome), business partners who were not investors, and prison inmates; and

e. Sending responses to claimants: notifications that the claims were accepted, reduced, or rejected. Many claimants whose claims were reduced have agreed to accept the amount of the Receivers' recommendation.

III. LITIGATION DEVELOPMENTS

6. Since the creation of the Receivership, the Receiver has filed 87 lawsuits, including one additional lawsuit filed during the prior quarter. These lawsuits seek recovery of funds paid out improperly. Prosecuting these lawsuits is consuming significant time of the Receiver and almost all of the time of the Receiver's counsel. The various lawsuits filed by the Receiver are at many different stages. Some of these stages are described in more detail below.

a. Service of Process: There were still a few defendants that had managed to avoid being served with the lawsuits. After receiving approval by the Court, the Receiver accomplished service on these defendants by publishing the summonses in newspapers;

b. Answers: For cases in the early stages, defendants filed answers and made "initial disclosures" conveying information about how they will be defending the lawsuits against them. The Receiver has also provided his initial disclosures to defendants;

c. Discovery: Substantial effort has been expended in providing documents and information in response to defendants' discovery requests. This has included providing copies of all bank records obtained by the Receiver and other relevant documents and responding to interrogatories;

d. Status Hearings: Status hearings were held in a number of cases, with the Court wanting to ensure the cases are moving forward and setting deadlines for certain key steps;

e. Defaults: The Receiver obtained default judgments against several defendants who failed to file answers after being served with summonses; and

f. Motions: A variety of motions have been filed – and decided – in some of these cases. These included a defendant’s summary judgment motion (still being litigated), motions to dismiss (the rulings to date have all been resolved in the Receiver’s favor), and a motion to intervene (which was denied).

7. The Receiver filed a new lawsuit on October 30, 2012. This lawsuit seeks the recovery of \$5.8 million from Wright, Lindsey & Jennings, a law firm that provided legal services for Winsome.

8. One of the defendants sued by the Receiver, Roberto Penedo, sought to intervene in the Receivership action. Penedo’s motion indicated an intention to seek more than \$70 million from the Receivership estate – based on commissions he asserts he is owed for his work towards development of a refinery in Guatemala. The Court denied Penedo’s motion, ruling that Penedo must use the claims’ process to seek monies from the receivership estate. In the end, Penedo submitted a claim form for substantially less than \$70 million.

IV. SETTLEMENTS

9. Three additional settlements have been reached during the quarter. These settlements were with Michael Roulhac, Devon Dahlke, and Alison Frank. All three of these defendants demonstrated financial hardship. The lawsuits against them were dismissed based on

information the defendants provided and their pledges of future assistance to the Receiver.

10. On October 10, 2012, the Receiver was paid the proceeds from the sale of the home of Elgin Clemons. The Receiver attempted, unsuccessfully, to negotiate with the financial institution holding a mortgage on the Clemons home for a reduction in the amount of the mortgage. During the quarter the Receiver also received payments from settlement agreements reached previously. These payments are listed in the financial section later in this report.

11. The Receiver is currently in negotiation with other defendants, to determine whether agreements can be reached. In some cases, this involves analysis of their financial condition and review of tax returns as a means of verifying claims of inability to pay.

V. INVESTIGATION, PONZI REPORT

12. Investigation continues on several fronts.

a. The Receiver has begun reviewing the non-privileged documents and emails found on the hard drive of the Winsome computer;

b. Substantial documents and computer files were reviewed and extensive financial analysis was conducted to determine whether Winsome had agreed to assume responsibility for making payments relating to a refinery being proposed in Guatemala;

c. Several years of American Express credit card records were analyzed to determine which expenses were personal and which expenses were business related. This information was used to make a demand on American Express for payment;

d. The Receiver has responded to multiple inquiries from persons who had done business with, or were contemplating doing business with, persons sued by the Receiver. These inquiries suggest that some of the marketers sued by the Receiver may

be involved in other promotional enterprises; and

e. The Receiver was contacted by an individual, who was concealing his identity. This person had purchased the contents of a storage unit and discovered that it contained a computer and many boxes of documents belonging to Winsome. After some initial exchanges of email, the individual quit communicating with the Receiver. This information was turned over to the U.S. Department of Justice, which succeeded in identifying the individual and seizing the computer and records. The Receiver expects to get access to these records.

13. On October 9, 2012, the Receiver finalized his report analyzing the extent to which US Ventures and Winsome were insolvent and operating as fraudulent Ponzi schemes.

The primary conclusions of the report are:

a. US Ventures was operating as a fraudulent Ponzi scheme, using funds from investors to make distribution payments to other investors. These Ponzi payments were without the knowledge or permission of the investors whose funds were being used to make payments to others.

b. Winsome was operating as a fraudulent Ponzi scheme, using funds from investors to make distribution payments to other investors. These Ponzi payments were without the knowledge or permission of the investors whose funds were being used to make payments to others.

c. US Ventures was insolvent as early as October 31, 2005 and remained so throughout the remainder of its existence.

d. Winsome expended millions of dollars on multifarious investment

schemes, other than US Ventures, which are described in the report. None of those investment schemes resulted in assets that have any material value.

e. Winsome was insolvent at least as early as December 31, 2005 and remained so throughout the remainder of its existence.

VI. ASSISTANCE TO LAW ENFORCEMENT, REGULATORY AGENCIES

14. The Receiver responded to requests for assistance by several state and federal law enforcement and regulatory agencies. Generally, this assistance consisted of providing documents or financial information that the Receiver had gathered.

15. In response to a request by the securities regulator of a state, the Receiver shared information he had gathered on a third party marketer who was being investigated by this agency.

16. The Receiver provided information to the FBI and U.S. Attorney who have charged a third party marketer with multiple felonies. These charges include conduct related to Winsome but also allegations of other fraud.

17. The non-privileged contents of the Winsome hard drive have been provided to law enforcement agencies in response to their requests.

VII. FINANCIAL REPORT

A. Recoveries for the Receivership

18. A total of \$310,770.16 was recovered for the Receivership Estate during the quarter.

Date	Source	Amount	Explanation
9/28/12	Norbert Keeney	\$5,000.00	Partial payment of settlement
9/25/12	Summa Stelly	\$2,500.00	Partial payment of settlement
9/28/12	Wells Fargo Bank	\$3.93	Interest earned on bank account

10/4/12	John Bassett	\$3,000.00	Partial settlement payment
10/15/12	Sacred Site Properties	\$576.77	Partial payment of settlement
10/11/12	Summa Stelly	\$2,500.00	Final settlement payment
10/12/12	Title Company	\$256,103.03	Net proceeds: sale of Clemons home
10/31/12	Wells Fargo Bank	\$4.55	Interest earned on bank account
11/6/12	Stephen Stelly	\$5,000.00	Final settlement payment
11/6/12	Sacred Site Properties	\$576.77	Partial payment of settlement
11/28/12	John Bassett	\$500.00	Partial settlement payment
11/30/12	South Oil/Mark Bush	\$35,000.00	Partial settlement payment
11/30/12	Wells Fargo Bank	\$5.11	Interest earned
Total		\$310,770.16	

B. Expenditures by the Receivership

19. Expenditures from the Receivership bank account, for operating expenses of the Receivership, were:

Date	Recipient	Amount	Purpose
9/17/12	Cleveland Plain Dealer	\$3,083.52	Publish summons in Ohio
9/25/12	Wells Fargo Bank	\$15.00	Wire transfer fee
10/11/12	Wells Fargo Bank	\$15.00	Wire transfer fee
10/12/12	Wells Fargo Bank	\$15.00	Wire transfer fee
11/6/12	Wells Fargo Bank	\$15.00	Wire transfer fee
Total		\$3,143.52	

20. On September 13, 2012, the Court approved payment of the fees and expenses of the Receivership attorney for work performed during the six-month period from February 1, 2012 to July 31, 2012. The law firm's fees and expenses for this six-month period totaled \$208,417.02. This amount was paid on September 17, 2012.

21. The Receivership bank account balance, as of December 15, 2012, was \$728,400.87.

VIII. NEXT STEPS

22. The next steps the Receiver expects to pursue are:

- a. Finalize the claims review process, including determining which claimants file objections to the Receiver's recommendations, filing responses to those objections, recommending to the Court a process for resolution of those objections, and proposing a plan for distributing funds recovered;
- b. Review the computer files, documents, and e-mails that are in or come into the possession of the Receiver;
- c. Pursue the lawsuits filed by the Receiver that are still pending; and
- d. Continue efforts to find additional targets that can be sued for the recovery of funds and file additional lawsuits.

IX. CONCLUSION

The Receiver respectfully submits this Eighth Status Report for the period from September 16, 2012 through December 15, 2012.

The Receiver verifies under penalty of perjury that the foregoing is a true and correct summary of information he has discovered to date in his investigation.

DATED this 26th day of December, 2012.



WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing **EIGHTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER FOR PERIOD SEPTEMBER 16, 2012 TO DECEMBER 15, 2012** to be served in the method indicated below to the Defendant in this action this 26th day of December, 2012.

- VIA FACSIMILE
- VIA HAND DELIVERY
- VIA U.S. MAIL
- VIA FEDERAL EXPRESS
- VIA EMAIL
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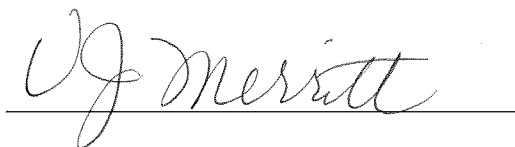
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A handwritten signature in cursive script, appearing to read "R. L. Holloway", is written over a horizontal line.