

MANNING CURTIS BRADSHAW
& BEDNAR LLC

David C. Castleberry [11531]
dcastleberry@mc2b.com

Aaron C. Garrett [12519]
agarrett@mc2b.com

170 South Main, Suite 900
Salt Lake City, UT 84101-1655
Telephone (801) 363-5678
Facsimile (801) 364-5678

Attorneys for Plaintiff R. WAYNE KLEIN, the
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

FOURTH STATUS REPORT OF
R. WAYNE KLEIN, RECEIVER

FOR PERIOD SEPTEMBER 16, 2011
TO DECEMBER 15, 2011

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 Fourth Status Report for the period of September 16, 2011 through December 15, 2011 (the "Reporting Period").

CONTENTS

I.	Introduction	2
II.	Criminal Charges Filed.	2
III.	Recoveries and Settlements by the Receiver.	3
IV.	New Lawsuits Filed by the Receiver.	4
V.	Litigation Against the Receiver	6
VI.	Ongoing Investigation and Analysis.	7
VII.	Financial Report.	20
VIII.	Next Steps.	21
IX.	Conclusion.	22

I. INTRODUCTION

1. The past three months have seen the beginnings of the change in the nature of the Receivership. More focus is being directed at filing lawsuits and recovering monies, with less time being spent on the investigation stage of the Receivership. This transition is expected to continue, with an increasing percentage of the Receiver’s time (and the time of his attorneys) being spent on asset recovery.

2. Future stages of the Receivership are expected to include a claims process and distribution of funds to qualified claimants.

II. CRIMINAL CHARGES FILED

3. On December 7, 2011, Robert Andres and Robert Holloway were arrested pursuant to indictments issued by a federal grand jury. The indictments were unsealed on December 8, 2011.

4. Andres was charged with five counts of wire fraud relating to the operations of Winsome.

5. Holloway was charged with four counts of wire fraud relating to the operations of US Ventures. Holloway was also charged with filing a false tax return.

6. Both Holloway and Andres have been released on bond.

7. The U.S. Department of Justice has begun sending information about the criminal case to victims and inviting victims to complete victim impact statements. Updated information about the status of both criminal cases can be found on a website maintained by the Department of Justice. <http://www.justice.gov/criminal/vns/caseup/>

8. On October 25, 2011, criminal charges were filed against Jim Pantazelos, the operator of Destiny's Partners, one of the third-party marketers for Winsome. He was charged with ten counts of wire fraud and mail fraud for operating his own Ponzi scheme in raising money from investors and paying distributions to investors from funds of other investors.

9. The Receiver is aware of, and assisting, additional criminal investigations being conducted by other government agencies in multiple locations.

III. RECOVERIES AND SETTLEMENTS BY THE RECEIVER

10. In October, the first funds from sources other than seized bank accounts were recovered by the Receiver. Since that time, the following amounts have been recovered (or will be paid to the Receiver based on settlement agreements already executed):

Name	Date	Amount	Explanation
PRDBJ, Inc.	10/19/11	\$2,500.00	Overpaid investor group
Donald Lee	10/19/11	\$6,000.00	Overpaid investor
Scott Orchard	10/27/11	\$8,000.00	Overpaid investor

Howard Patron ¹	10/27/11	\$450,000.00	Winsome paid debt owed by another
Annette West	11/8/11	\$10,000.00	Payment to Andres cousin
Betty Thorrez	11/15/11	\$75,000.00	Payment to Andres sister

11. Other settlements are being negotiated by the Receiver. Additional amounts are expected to come into the Receivership bank account as a result of these settlements.

IV. NEW LAWSUITS FILED BY THE RECEIVER

12. Shortly after being appointed, the Receiver filed notices of receivership with the federal district courts in the Southern District of Texas and the Southern District of California. Filing these notices is required in order that the Receiver can obtain jurisdiction to file suit against targets living in those areas. The four lawsuits filed by the Receiver in July and August were against defendants living in those federal districts.

13. Since the time the first notices were filed, the Receiver has identified targets living in many areas of the country. This necessitates filing notices of receivership in other federal districts.

14. On September 28, 2011, the Court entered an order “reappointing” the Receiver. This allowed the Receiver to file notices of receivership in additional federal districts. During the subsequent two weeks, the Receiver filed notices of receivership in an additional 40 federal districts, thereby gaining jurisdiction over potential defendants in those districts.

15. Between September 16, 2011 and December 15, 2011, the Receiver filed 24 lawsuits against insiders, third party marketers, vendors, and overpaid investors, seeking the recovery of funds paid to them by Receivership Entities. Copies of these lawsuits are posted on the Receivership website. Information on these lawsuits is summarized in the following table:

¹ \$400,000.00 of this amount is not due until January 31, 2012.

Date	Defendants	Location of Defendants	Amount Sought²
10/13/11	Total Health Wellness Center, Georgette Suttman, Robert Suttman, Jenny Suttman	Houston, TX	\$60,000.00
10/13/11	Al Sellers, Cherylyn Sellers	Houston, TX	\$144,200.00
10/13/11	John Runia	Salt Lake City, UT	\$88,107.47
10/13/11	Mykal Pitts	Houston, TX	\$332,298.00
10/13/11	Houston Zero Cold Storage	Houston, TX	\$10,000.00
10/13/11	Joseph Dixon	Conroe, TX	\$144,500.00
10/13/11	Thomas Balestrery	Houston, TX	\$25,000.00
10/13/11	Nicole Adams		\$36,750.00
10/13/11	Mazen Abdulbaki, Nina Abdulbaki	Houston, TX	\$132,250.00
11/1/11	Cindy Moore, Lincoln Moore	Oklahoma City, OK	\$3,049,271.50
11/1/11	Elgin R. Clemons, Tracy Hollingsworth	Skillman, NJ	\$4,990,405.72
12/2/11	Kenneth Bussa	Spring, TX	\$904,851.38
12/2/11	Arnel Cruz, Phoebus Group, SA2, Inc.	Salt Lake City, UT	\$99,678.00
12/2/11	Emmanuel K. Mbohi	Canton, OH	\$125,650.00
12/2/11	Michele Petty	San Antonio, TX	\$51,000.00
12/2/11	Sheppard Mullin Richter & Hampton, LLP	New York City, NY	\$12,155.72
12/2/11	Isaac Sternheim	Brooklyn, NY	\$223,000.00
12/2/11	Leonard Sternheim	Houston, TX	\$1,153,730.00
12/2/11	Peter O. Widmark, Laurie Widmark	Dover, NH	\$291,000.00
12/13/11	James Crouse, Loraine Crouse	Harlingen, TX	\$110,900.00
12/13/11	Lisa Pham	Camp Hill, PA	\$122,000.00
12/13/11	Halo TV	San Antonio, TX	\$185,241.31
12/14/11	William T. Cornelius, Cornelius & Salhab	Houston, TX	\$89,845.73
12/14/11	Nancy I. Howe, Leo Renaud	Las Vegas, NV	\$2,279,187.71

16. These lawsuits, as well as the four complaints filed in July and August, are in various stages of litigation. In some cases the defendants appear to be avoiding service of the summons.

17. In early December, the Receiver learned that Andres has been providing legal advice to some of the third-party marketers sued by the Receiver. This despite ethics rules that

² There are many factors that will affect how much the Receiver will ultimately recover from these defendants. These include whether the defendants can demonstrate that they paid money or provided other benefits to Winsome (or US Ventures), the ability of defendants to pay any judgment, information the Receiver may discover during litigation, the defendants' ability to demonstrate that they acted in good faith in their dealings with Winsome and US Ventures, and how the Court rules on motions that are filed and defenses that are raised.

should prevent Andres from providing legal advice relating to matters where his conduct is central to the Receiver's allegations. Andres' advice to these associates has resulted in delays in moving the litigation forward with the defendants in these actions.

18. The Receiver expects to file additional lawsuits in the coming months. This will include suits against new targets in federal districts where the Receiver has already filed notices of receivership and also additional districts where the Receiver has not yet filed notice.

19. The high costs of litigation should be noted. For the 24 lawsuits filed during the quarter, the court filing fees alone were \$8,400.00. Expenses for serving the complaints on the defendants can be as high as the filing fees. Each lawsuit requires the Receiver and counsel for the Receivership to spend significant time. It is impossible at this point to know which defendants will settle and which will require the Receiver to expend time and expenses in pursuing the litigation. Some defendants have filed or may file bankruptcy, making recovery more difficult or nonproductive against these defendants.³ While the Receiver believes the litigation will bring substantially more revenue into the Receivership Estate, it is difficult to predict at this point how much will be recovered and how protracted the litigation will be.

V. LITIGATION AGAINST THE RECEIVER

20. On October 3, 2011, Houston attorney William T. Cornelius and his law firm, Cornelius and Salhab, filed a lawsuit against the Receiver in federal court in Texas. The lawsuit sought to prevent the Receiver from filing suit against Cornelius in Utah.

³ The Receiver has already learned that one target has filed for bankruptcy and listed Winsome debts as part of the bankruptcy.

21. The Receiver filed a motion on October 24, 2011 to dismiss the Cornelius lawsuit. On November 22, the federal court in Texas agreed with the Receiver and dismissed the lawsuit filed by Cornelius.

VI. ONGOING INVESTIGATION AND ANALYSIS

Business Records of the Defendants

22. During the Reporting Period, the Receiver obtained records for several additional bank accounts controlled by the Receivership Entities. These include records for several Bear & Bull Strategies accounts, C2G Strategies, Continental Management, and US Ventures International. Analyses of these accounts have identified additional funds paid to insiders and revealed new potential targets for recovery.

23. Winsome records show that Winsome spent more than \$1.3 million funding the operations of Aerospace Innovations, a subsidiary of Winsome. Aerospace Innovations was conducting research on the invention designed to neutralize chemical waste. The receiver retrieved the business records of Aerospace Innovations (14 boxes) and reviewed them to determine how the Winsome funds were used and whether there were assets that could be recovered for investors. Based on an analysis of these records, it appears that the Winsome funds were used for the operations of Aerospace Innovations and that there are no assets to be recovered.

24. The biggest obstacle to completing the investigation into activities of the Receivership Entities has been – and continues to be – the lack of access to business records of US Ventures and Winsome. During the Reporting Period, the FBI agreed to give the Receiver access to computers used by Holloway and US Ventures. These records are being converted to a format that can be read and used by the Receiver.

25. As noted in the Third Status Report to the Court, the Receiver was able to have a computer forensic specialist copy the computer hard drive of the Winsome computer used by Andres. However, Andres claimed that the vast majority of documents on the computer were privileged and refused to allow the Receiver to view those documents.

a. The Receiver has completed his review of the files that were not designated as privileged and has found useful information in those records. Some of the information found in those records is described in this report. However, the Receiver believes that virtually all of the files on the computer are business records of Winsome and do not contain privileged information. Moreover, the Receiver believes those records are necessary to enable him to complete his investigation into activities of Winsome.

b. The Receiver has filed a motion with the Court asking for permission to review the computer files that Andres has designated as privileged. That motion, filed December 23, 2011, is posted on the Receivership website.

26. Among the documents the Receiver has retrieved from the computer hard drive is a document that appears to be a forged notice from a Swiss bank dated March 15, 2005. This document purports to confirm that a particular bank account contained \$4.5 billion on deposit. Another document dated June 17, 2007 purports to be from a Dutch bank, supposedly confirming that \$700 million was on deposit. This suggests that the Winsome computer was being used to alter documents and create an illusion that some of the investment schemes being promoted by Winsome were backed by substantial bank deposits.

27. In reviewing documents from the hard drive of the Winsome computer, the Receiver found a document labeled "Trading Statistics – Returns." The document purports to show the results of commodities trading for July, August, and September 2007 – after the time

that US Ventures had been closed down. This chart of trading results reflects a \$1 million trading account. The chart says the account earned \$953,647.00 in return during 53 days of trading during this quarter. This chart indicates that profits were earned every day, with no losses being recorded. The Receiver does not believe that this chart reflects actual trading. The Receiver has not been able to determine whether this chart was used to solicit new investments.

Sub-Ponzi Schemes

28. Andres appeared to have encouraged and assisted third-party marketers in raising funds from investors by guaranteeing high returns. In one of the documents Andres created for Winsome, Andres provided guidance to marketers who want to “promise to double everyone’s money within 3 years.”

Other Investment Schemes of Winsome

29. The Receiver has found information describing additional investment schemes promoted by Andres and Winsome. The Receiver believes all were fraudulent. In most, if not all, cases, the investors whose funds were being used for these projects were not aware of these projects, let alone that their funds were being used for these schemes. Some of these were begun during the time of the US Ventures trading. Others were pursued after the collapse of US Ventures in April 2007. These investment schemes included:

- a. In July 2006, Winsome also guaranteed repayment of \$40,000,000.00 in bonds to be issued to fund reconstruction following Hurricane Katrina;

b. In August 2006, Winsome guaranteed repayment of a \$22,000,000.00 bond for a 75-acre urban development project in Mississippi being promoted by Maria Nicholson and Complete Lodging, LLC;⁴

c. In September 2006, Winsome promised to guarantee repayment of a \$30,000,000.00 loan Andres was seeking for a project in Yazoo, Mississippi called the Garbage Factory;

d. On September 21, 2006, Andres caused Winsome to pay at least \$75,000.00 in an effort to buy property in Mississippi for reconstruction efforts in the aftermath of Hurricane Katrina. It does not appear that any property was purchased. The Receiver is still attempting to determine whether the \$75,000.00 earnest money can be recovered. Other documents indicate that Winsome offered to pay “profit participation fees” to other companies who were seeking reconstruction work.

e. In September 2006, Winsome guaranteed repayment of a \$34,700,000.00 loan to fund nine projects that were being promoted by Al Sellers. This loan required interest payments of 3% per month – or a 36% annual interest rate;

f. In July 2007, Andres claimed that Winsome could arrange for a \$10 million loan for a Texas home builder. Andres required advance payment of \$450,000.00 as a “placement fee” for his services in obtaining the loan. The Receiver has found no indication that the home builder paid the placement fee.

g. In July 2007, Andres offered a \$4 million “advance fee” loan to another entity. This entity agreed and sent a \$200,000.00 placement fee to Winsome. Andres

⁴ Nicholson has since filed for bankruptcy.

later refunded \$25,000.00 of the advance fee. The Receiver has found no indication that any loan was obtained by Andres for this entity.⁵

h. In October 2007, Andres solicited funds for an “HSBC Private Program.” Andres said this program expected a 100% profit return within 45 days and he guaranteed a minimum 20% return. Investors were to send funds to Winsome, which would supposedly hold the funds in an account at HSBC bank in Hong Kong. The Receiver has not yet found any indication that anyone sent money to Winsome pursuant to this program.

i. Between October 2007 and January 2010, Andres caused Winsome to send 48 payments to Aerospace Innovations Group totaling \$1,315,500.00. These payments appear to have been to fund research relating to the invention designed to neutralize chemical waste.

i. At the time all these payments were sent, the invention was controlled by Aerospace Consulting Corp., which was still under control of the bankruptcy court in New Mexico.

ii. The Receiver has not been able to determine why Andres would cause Winsome to spend \$1.3 million to conduct research on an invention that Winsome did not yet own. A possible answer might be found in documents recovered from Aerospace Innovations. There the Receiver found pro forma profit projections for the company indicating that Aerospace Innovations

⁵ In May 2008, Andres wrote to an attorney for this company, saying the \$175,000.00 difference would not be refunded because it was intended to be used in an investment program with Jerome Carter.

predicted sales of \$46 million by 2010 and \$3.7 billion by 2014. Net profits in 2014 were predicted to be \$1.4 billion.⁶

j. The Receiver's Second Status Report identified one of Andres' projects as a company named Wild Oats, which was seeking to acquire a restaurant in Las Vegas. The Receiver has recently obtained documents that reveal that the business being purchased by Wild Oats was, in fact, an "adult entertainment cabaret." Andres signed an agreement in January 2007 to pay \$16 million for "Club Paradise." The strip club was to be purchased from the wife of Sam Cecola, a reputed mobster who had served time in prison.⁷ This purchase was never completed.⁸

k. In May 2008, Andres signed a separate agreement to purchase Minxx Gentlemen's Club and Lounge. This also was being done under the name Wild Oats, Inc. This strip club had a purchase price of \$14,500,000.00. Winsome appears to have paid \$10,000.00 as a down payment for this club and another \$335,000.00 in consulting fees and commissions. This purchase was never consummated.

l. For a short period in early 2008, Andres told some investors that he was again engaged in successful commodities trading. Reports were sent to at least one investor showing returns of more than .5% daily. In truth, the trading on Andres' internal

⁶ It is not known whether the outrageous profit projections were inflated to justify Winsome's attempted purchase of Aerospace Consulting or whether Andres sought to have Winsome purchase Aerospace Consulting because he believed these outrageous predictions.

⁷ Of the \$16 million purchase price, only \$100,000.00 was to be for inventory, equipment and fixtures. The other \$15.9 million was for goodwill, the lease, and a fee to use the Club Paradise name.

⁸ One of the documents recovered by the Receiver shows how Andres served in many roles in connection with this and other transactions. In December 2006, Andres created a document called "Escrow Instructions" in which – as trustee of Winsome – he authorized Winsome to give Robert Andres – as an attorney – instructions to hold \$1.6 million in escrow, to be applied towards the purchase of Club Paradise. Andres signed the instructions in two capacities, once as trustee for Winsome and separately as attorney.

reports never resulted in any return of .5% on any trading day. These reports are notable for two reasons. First, the results in the reports sent to the investor differed from the results on records Andres kept. Second, the Receiver has found no indication that any trading occurred that formed the basis for these reports; they appear to be entirely fictitious.

m. Between January and November 2008, Andres sent \$483,000.00 of Winsome funds to a Texas company, MME Group, LLC. Documents recovered by the Receiver indicate that these payments were to fund development of two television reality shows to be called "Houston's Gone Wild" and "Who Wants to Party with a Millionaire."

n. In June 2008, Andres was proposing to have Aerospace Innovations Group purchase property known as Luera Ranch, in New Mexico. The proposal would have required Winsome to make a \$300,000.00 down payment for the property purchase. The Receiver does not believe the down payment was made or that the property purchase was consummated.

o. In September 2011, Andres was soliciting loans from investors (in conjunction with one of the third-party marketers), claiming that he controlled an interest in a "unique" ocean-going vessel named Ocean Tern. Andres offered the ship as collateral for a loan to Andres of \$200,000.00 to \$300,000.00. Notably, this solicitation occurred after Winsome was put into receivership and after Andres had been accused of investment fraud by the CFTC.

p. The Receiver has discovered that as recently as September 2011, Andres has been soliciting funds from Winsome investors. Andres is telling these investors that the funds will be used to hire an attorney to file suit against entities that caused losses to

Winsome. The Receiver has told Andres that any claims against other persons for losses incurred by Winsome are the property of the Receiver, not Andres. The Receiver suspects that these solicitations by Andres are to raise funds to hire an attorney to defend Andres in the current litigation.

Winsome Ties to Persons with Criminal Records

30. A review of financial records of Winsome, records from the Winsome computer, and public records has revealed a pattern whereby many people associated with Winsome or Andres had criminal records. Andres used funds from Winsome to help these people, in many instances using Winsome funds to pay criminal defense costs for those accused of crimes.

Examples include:

- a. Andres caused Winsome to send \$225,000.00 to a Dallas law firm, Ravkind & Associates, to pay legal fees to defend Al and Cherylyn Sellers (third-party marketers) against criminal charges;
- b. Winsome sent \$89,845.73 to a Houston law firm, Cornelius & Salhab, to pay criminal defense legal fees for Jerome Carter (a third-party marketer). Again, Andres used Winsome funds to pay legal defense fees for an insider and close associate; and
- c. Andres caused Winsome to send \$25,000.00 to an Atlanta law firm, King, King, & Jones, as legal fees to defend Jesus Baca (an associate) against criminal charges filed against him.

31. Both US Ventures and Winsome sent funds to affiliates who had or have been charged with crimes. These include:

- a. US Ventures sent \$29,855.89 to James Merrill Roberts, of Utah, who was sentenced to prison in 2011 for mortgage fraud; and

b. Winsome sent \$125,650.00 to Emmanuel K. Mbohi, of Ohio, who was convicted of illegally disguising funds he wired to Nigeria.

32. As noted above, Andres was attempting to purchase a Las Vegas strip club from the wife of a convicted felon who had been identified as having ties to organized crime.

33. One of the third-party marketers that raised significant funds from investors has previously been sued by the SEC and accused of investment fraud.

International Payments

34. Winsome sent millions of dollars to companies located overseas, primarily the U.K., Dubai, and China. The Receiver has attempted to determine whether any of those funds can be recovered. The results of his initial inquiries are not encouraging. It appears that spending significant receivership funds in an attempt to recover funds would not yield a return.

35. The Receiver engaged an asset recovery firm in London to conduct a preliminary investigation into the companies located in the United Kingdom that received funds from Winsome. The payments to companies in London were related to the Al Abbar fraud, which was more fully explained in the Second Status Report (dated June 15, 2011) beginning on page 20 of the Report. The asset recovery firm has reported back that none of the companies that received funds from Winsome appear legitimate and none appear to have assets that can be recovered, even if the Receiver spent the necessary funds to initiate litigation in the U.K. For example:

a. Winsome sent \$187,500.00 to Fortran Investment Ltd., of London on September 30, 2008. This company was formed in January 2008 and dissolved in May 2010 without ever filing required reports. Its offices are in a residential area and its officers appear to be Nigerians.

b. Winsome sent \$116,000.00 to Hunt Consulting Ltd., of London, on April 8, 2009. The company was formed in December 2000. Hunt lists its business as being retail sales, market research, and consulting. Its owners and officers also appear to be Nigerians and the company is mentioned on Internet sites as having ties to fraudulent Nigerian bank accounts. The company reported 2010 revenues of less than \$15,000.00, an operating loss, and a net worth of \$1,200.00.⁹ The company's 2009 financial reports do not acknowledge receipt of the monies from Winsome.

c. Mantis F.M. Ltd. received \$1,643,500.00 from Winsome between September 2008 and March 2009. This company was formed in September 2004. It claims to be in the scrap metal business. Its owners and officers also appear to be Nigerians. It is located at the same address as Hunt Consulting and the same person is a director of both companies. Mantis reported \$48,000.00 in 2010 revenue and total profits of \$800.00. Its financial reports for 2009 do not include receipt of the monies from Winsome.

d. Winsome wired \$562,000.00 to the bank account of SHELTA Ltd. on March 30, 2009 and June 16, 2009. This company was formed in September 2006 and dissolved in November 2010. Its owners and officers appear to be Nigerians. The company was located in an apartment in a residential area near London. Its financial reports state that the company had a negative net worth in September 2008 of -\$2,300.00. These were the last financial reports the company filed with U.K. licensing authorities.

⁹ The amounts taken from financial reports of the companies have been converted to US Dollars for ease of understanding and comparison to the amount sent to the companies by Winsome.

e. Winsome sent \$250,000.00 to Perfect Link Solutions, Ltd. on May 29, 2009. This company was formed in November 2007. Its owners and officers reported their nationality as Nigerian.¹⁰ The company reports it is in the international freight business. It appears to be located in a residential area. The company's financial reports for the year ending November 30, 2009 indicate only \$52,000.00 in revenue during the year¹¹ and \$8,800.00 in losses for 2009.¹²

36. The Receiver has determined that another \$410,000.00 was wired to National Westminster Bank in London on November 4, 2008. The business records that Andres has delivered to date to the Receiver do not indicate who this payment was for. The Receiver expects that this money was wired to this bank for the account of one of the companies being used as part of the Al Abbar fraud. However, to learn the identity of the recipient of this payment, the Receiver would need to hire attorneys in England to obtain what is called a Norwich Pharmacal order (similar to a subpoena). At this point, the Receiver does not believe that spending Receivership funds to hire attorneys in England would lead to the recovery of funds.

37. The financial analysis of Winsome transactions also revealed \$300,000.00 wired to Khuyool Investments in Dubai. This company says its business is real estate investments and property development. The company was formed in 2006. Again, Andres has not provided the

¹⁰ The names of officers and directors of these U.K. companies include Osahon Ikhile, Uchechi Ngumoha, Ifeanyi Emmanuel Ndianaefo, Okechuku Ezeh, Kevin Agbakwuru, Grace Assabil, Chika Ukwouma, and Gabriel Ndivo. If Andres had conducted even a minimal amount of due diligence before sending millions of dollars to these companies, he would have realized the officers and directors of these companies were not officials of the European Commission or the U.K.'s Financial Services Authority.

¹¹ Clearly, the \$250,000.00 sent to Perfect Link by Winsome was not reported by the company to U.K. licensing authorities. As described below, this is one of the factors leading the Receiver to believe efforts to trace the ultimate destination of these funds would likely be unsuccessful.

¹² The company also reported a negative net worth of -\$8,800.00.

Receiver with any documents showing the reasons for payments to this company. The company presently is involved in numerous lawsuits and arbitrations. The company has not responded to inquiries from the Receiver. In light of the litigation against the company and its apparent lack of assets, the Receiver does not currently believe it would be wise to expend Receivership funds to hire attorneys in Dubai to initiate litigation against this company.

38. In some cases, Winsome made payments to law firms relating to these international transactions. These include:

- a. Sending \$100,000.00 to a Florida attorney to be wired to a bank account in Panama. It is not known whether Andres sent the money via the Florida attorney in a deliberate attempt to disguise the money trail; and
- b. Paying \$12,155.12 to a New York City law firm in connection with the Al Abbar money scheme.

Proving the Ponzi Schemes

39. The Receiver is continuing his analysis of transactions that will demonstrate that US Ventures and Winsome were insolvent at the time payments were made to those being sued and that US Ventures and Winsome were operating as Ponzi schemes. As noted in the prior report, this proof can include showing that distribution payments to investors did not derive from profits earned in commodities trading, that specific distribution payments to investors could have come only from funds of new investors, and that the liabilities of US Ventures and Winsome exceeded the value of their assets when these payments were made.

40. This analysis is complicated by many factors including: i) some commodities trades were profitable and some months showed overall trading profits, ii) investors were frequently adding new money and withdrawing funds, iii) Andres and Holloway used multiple

companies for their transactions and dozens of bank accounts, iv) there were many transfers between companies and bank accounts (including transfers to and from personal bank accounts of Andres and Holloway), v) it is not always clear which people who sent money to, or received funds from, the companies are investors, and vi) the other investment schemes that Andres was running in addition to the commodities investment program from US Ventures.

41. The Receiver has identified 61 instances from the primary Winsome bank account where distribution payments were sent to investors where the funds used to make those payments could only have come from monies sent to Winsome by other investors. This analysis also has identified instances where funds from investors were diverted by Andres to other investment schemes he was pursuing.

42. It is expected that detailed analysis of transactions in the other bank accounts will reveal similar Ponzi payments and other diverted funds.

Investor Communications

43. The Receiver has continued his efforts to keep investors informed of developments in his work by:

- a. Preparing status reports summarizing activities and findings of the Receiver;
- b. Posting current information on the Receivership website, including copies of court filings, status reports to the court, and general information for investors;
- c. Frequent calls and e-mails with investors, responding to their questions, providing information, and obtaining information about their interactions with the defendants; and
- d. Reviewing documents and information submitted by investors.

VII. FINANCIAL REPORT

Recoveries for the Receivership

44. This Reporting Period saw the first significant recoveries by the Receivership. A total of \$151,514.63 was recovered by the Receiver and deposited into the Receivership bank account:

Date	Source	Amount	Explanation
10/3/11	Bank of America	\$14.63	Balance from Bear & Bull accounts
10/19/11	PRDBJ, Inc.	\$2,500.00	Return from overpaid investor
10/19/11	Donald M. Lee	\$6,000.00	Return from overpaid investor
10/27/11	Scott Orchard	\$8,000.00	Return from overpaid investor
10/27/11	Howard Patron	\$25,000.00	Partial settlement payment
11/8/11	Annette West	\$10,000.00	Return of funds from Andres relative
11/8/11	David/Betty Thorrez	\$75,000.00	Return of funds from Andres relative
12/2/11	Howard Patron	\$25,000.00	Partial settlement payment
Total		\$151,514.63	

Expenditures by the Receivership

45. On May 17, 2011, the Receiver and attorneys for the Receivership filed their first application for fees, covering the period from January 25, 2011 through April 30, 2011. Because the Receivership bank account lacked sufficient funds to pay any fees, the Court postponed a decision on the fee application. On December 8, 2011, the Court held a hearing to consider the fee request. On December 15, 2011, the Court issued an order permitting the Receiver and the attorneys to pay themselves \$130,000.00 from the amounts recovered to date in this matter. This is the first compensation the Receiver and attorneys have received in the first eleven months of work on this case.

46. Additional expenditures have been made from the Receivership bank account, for expenses relating to operation of the Receivership. These are:

Date	Recipient	Amount	Purpose
10/28/11	Wells Fargo Bank	\$15.00	Incoming wire transfer fee
11/1/11	Harland Clarke	\$22.20	Check printing
11/4/11	Pathway Forensics	\$79.75	Sales tax on computer forensics
11/4/11	Sentry West Insurance	\$100.00	Renewal of Receiver surety bond
11/4/11	Dorsey & Whitney	\$1,081.00	Sept. legal work: file receivership notices
11/8/11	Wells Fargo Bank	\$15.00	Incoming wire transfer fee
11/28/11	Comerica Bank	\$225.90	Copies of bank records
11/15/11	Wells Fargo Bank	\$15.00	Incoming wire transfer fee
11/16/11	Beck, Redden & Secrest	\$516.50	Sept. legal work: Cornelius lawsuit
12/9/11	Dorsey & Whitney	\$13,063.39	Oct. legal work: file receivership notices
12/15/11	Manning Curtis	\$10,498.46	Fees, expenses for legal work to April 30
12/15/11	Klein & Associates	\$119,501.54	Fees, partial expenses for work to April 30
Total		\$145,133.74	

47. The Receivership bank account balance, as of December 15, 2011, was \$7,262.45.

VIII. NEXT STEPS

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

- a. Continuing our efforts to obtain files and documents from Andres, including getting access to documents on the Winsome computer;
- b. Reviewing documents that are obtained as part of our investigation, in litigation, and as a result of settlement negotiations;
- c. Continuing efforts to find addresses for persons and entities that have been identified as targets;
- d. Filing additional lawsuits against targets and moving forward with the lawsuits that have already been filed;

settlement agreements can be executed and funds paid into the Receivership bank accounts;

f. Refining our financial analysis so we will be able to prove the existence of the Ponzi schemes and the insolvency of the Receivership Entities. This proof will facilitate our lawsuits against targets; and

g. Developing a claims form and procedures for a claims process, to recommend to the Court.

IX. CONCLUSION

The Receiver respectfully submits this Fourth Status Report for the period from September 16, 2011 through December 15, 2011.

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 29TH day of December, 2011.



WAYNE KLEIN, Receiver

e. Continuing negotiations with targets and defendants, with the hope that settlement agreements can be executed and funds paid into the Receivership bank accounts;

f. Refining our financial analysis so we will be able to prove the existence of the Ponzi schemes and the insolvency of the Receivership Entities. This proof will facilitate our lawsuits against targets; and

g. Developing a claims form and procedures for a claims process, to recommend to the Court.

IX. CONCLUSION

The Receiver respectfully submits this Fourth Status Report for the period from September 16, 2011 through December 15, 2011.

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 29th day of December, 2011.



WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of December, 2011, I caused to be served in the manner indicated below a true and correct copy of the attached and foregoing FOURTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER FOR PERIOD SEPTEMBER 16, 2011 TO DECEMBER 15, 2011 upon the following:

- VIA FACSIMILE
- VIA HAND DELIVERY
- VIA U.S. MAIL
- VIA FEDERAL EXPRESS
- VIA EMAIL
- VIA ECF

Kevin S. Webb
James H. Holl, III
Gretchen L. Lowe
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581
kwebb@cftc.gov
jholl@cftc.gov
glowe@cftc.gov

- VIA FACSIMILE
- VIA HAND DELIVERY
- VIA U.S. MAIL
- VIA FEDERAL EXPRESS
- VIA EMAIL
- VIA ECF

Jeannette Swent
US Attorney's Office
185 South State Street, Suite 300
Salt Lake City, UT 84111
Jeannette.Swent@usdoj.gov
Attorneys for Plaintiff

- VIA FACSIMILE
- VIA HAND DELIVERY
- VIA U.S. MAIL
- VIA FEDERAL EXPRESS
- VIA EMAIL
- VIA ECF

R. Wayne Klein
299 South Main, Suite 1300
Salt Lake City, UT 84111

- VIA FACSIMILE
- VIA HAND DELIVERY
- VIA U.S. MAIL
- VIA FEDERAL EXPRESS
- VIA EMAIL
- VIA ECF

Robert L. Holloway
7040 Avenida Encinas #104-50
Carlsbad, CA 92011
vrilbob@gmail.com

VIA FACSIMILE
 VIA HAND DELIVERY
 VIA U.S. MAIL
 VIA FEDERAL EXPRESS
 VIA EMAIL
 VIA ECF

Robert J. Andres
10802 Archmont Dr.
Houston, TX 77070
Rja0418@gmail.com

/s/ David Castleberry
