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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR MARICOPA COUNTY

State of Arizona,)	Cause No. CV2014-006765
)	
Plaintiff,)	PETITION NO. 14
)	
v.)	PETITION FOR ORDER APPROVING
)	RECEIVER'S STATUS REPORT DATED
Sherman Eugene Unkefer, III, <i>et al</i> ;)	OCTOBER 1, 2015
)	
In Personam Defendants.)	(Assigned to Judge Randall Warner)
)	
)	

The Receiver respectfully petitions the Court as follows:

1. On April 16, 2014, this Court entered its *Order Appointing Receiver*, which appointed Michael J. FitzGibbons as Receiver of Mango Trust; X-1, LLC fka X-1, Inc.; Magic Wand Services, LLC; Occidental Resources Group, LP; Occidental Management, LLC; E.A.P. Trust; International Marketing Systems; G.M.S. LLC; Catshaker Family Trust, Inc.; SLADUR; Black Rock, Inc.; and X-1 Global, LLC. ("Receivership Order"). On April 22, 2014, the Court entered its *Order Appointing Michael J. Fitzgibbons Receiver*, which appointed Michael J. FitzGibbons as Receiver of the Receivership Entities. These two orders are referred to hereafter as the "Receivership Order".

Report of the Receiver

Mango Trust et al.

Submitted By: Michael J. FitzGibbons, Receiver

October 1, 2015

1) Procedural

Receivership Court (Court): Superior Court of the State of Arizona in and for the
County of Maricopa

Cause #: CV2014-006765

Receivership Order: April 16, 2014

Order Appointing Receiver: April 22, 2014

Order Service Date: May 23, 2014

Receiver: Michael J. FitzGibbons

Counsel to Receiver: Guttilla Murphy Anderson, P.C.

Other Professionals: FitzGibbons and Company, Inc.

Henry and Horne, LLC

2) Receivership Entities and Status

Operating Receivership Entities

A) X-1, LLC: X-1 operates as the primary operating company within the Mango Trust. Virtually all revenues and operating costs of the trust were and are now credited and charged to X-1. The most significant asset of X-1 is the Xango Distributorship, sold in early 2014 prior to the appointment of the Receiver. Buyer continues to perform under the agreement of sale. As indicated in the prior status report, the Receiver concurred that the sale price was fair and reasonable and therefore the Receiver did not seek to have the sale set aside. The terms of the sale are confidential and for that reason no additional details are provided here. This sale also included the sale of distributorships purportedly owned by Laundry Unkefer, Derrick Raynes and Sherman Unkefer V. However, the sale transaction apportioned no consideration for these individual distributorships.

X-1 ceased maintaining accounting records in the third quarter of 2013 and therefore the Receiver made necessary entries so as to produce financial statements as of December 31, 2013 and now through June 30, 2015.

The Receiver took possession of two vehicles:

- 1) 2004 Cadillac Escalade ESV Platinum 4DSW, VIN 3GYFK66N84G341880 (130,667 miles); and
- 2) 2007 Mercedes Benz 4-Door Sedan CLS 550, VIN WDDDJ72X37A089400 (103,608 miles).

Both vehicles along with all other personal property of the receivership estate have now been sold in accordance with the Court's *Order Approving Procedures for the Sale of Personal Property, Re: Petition No. 5*, entered on September 9, 2014.

Sale occurred on November 19, 2014. Net sale proceeds amounted to \$17,457.

- B) Magic Wand Services, LLC (Magic Wand):** During August 2015 the net assets of Magic Wand were distributed to Mango Trust. The most significant asset of Magic Wand was cash via sales proceeds of a single family residence. This sale closed on the day the Receiver served the Receivership Order. Magic Wand also owned a limited use Trademark. We are in the process of determining its value, if any.
- C) Occidental Resources Group, LP/Occidental Management, LLC (ORG):** During August 2015 the net assets of ORG were distributed to Mango Trust. As reported prior, limited funds were located in bank accounts of ORG. The only significant asset of ORG was a joint venture in residential real estate with Mr. Raynes. The Receiver negotiated the sale of ORG's interest to Mr. Raynes in accordance with a prior agreement and as part of the Settlement discussed below.
- D) Mango Trust:** Other than cash accounts the most significant asset of Mango Trust is X-1 LLC. The IOMA Investment Management account

previously reported on has now been closed and all of the IOMA account assets have been repatriated to the US. The Trust will continue to incur regulatory fees for maintaining its status as a Cook Island trust. 2015 fees remain unpaid at this time. The Receiver is investigating whether it is appropriate to maintain this Cook Island trust or whether it should be terminated or allowed to lapse.

Closed Receivership Entities

- A) International Marketing Systems:** Nevada Corporation and Nevis registered corporation. Licensed revoked sometime prior to Receivership Order. The Nevis registration was dissolved on October 14, 2010.
 - B) Catshaker Family Trust:** Nevada Corporation. Dissolved May 6, 2010.
 - C) SLADUR:** Arizona Corporation. Dissolved March 10, 2014.
 - D) Black Rock, Inc.:** Nevada Corporation. Dissolved December 31, 2009.
 - E) Occidental Management, LLC:** Nevada Limited-Liability Company. Dissolved July 24, 2015.
 - F) Occidental Resources Group, LP:** Nevada Limited Partnership. Canceled August 10, 2015.
 - G) E.A.P. Trust:** This is an Island of Nevis domiciled trust. The Trust was terminated with the Island of Nevis Office of Registrar of Trusts on January, 25 2011.
 - H) X-1 Global, LLC:** This is an Island of Nevis domiciled company. Dissolved January 8, 2014.
 - I) GMS, LLC:** This is an Island of Nevis domiciled company. Correspondence, dated December 8, 2014, with the Island of Nevis Registrar indicates company is inactive.
- 3) Employees:** As previously reported, Derrick Raynes was the sole employee at the inception of the Receivership. His employment with X-1 was terminated effective 6-15-14. A severance was paid Mr. Raynes in the amount of \$10,000 on September 10, 2014.

- 4) **Liabilities & Distributions:** The Receivership Order prohibited asset distributions to the following without approval of the Court:

Sherman E. Unkefer III
Laundy Unkefer
Teeple Hall, LLP and any member of the law firm
Todd D. Hall
Adrian Taylor dba Asia Citi Trust and Mango Ltd.
Theresa Le, d.b.a. Summit Trust Company

Settlement: Plaintiff settled with all defendants and stipulated to the entry of the *Amended Final Order and In Rem Judgment*, entered on March 20, 2015 (“Judgment”). The Judgment requires that certain payments be made by the Receiver, including the following:

- a) Laundy Unkefer is entitled to receive 10% of each payment received by the Receiver from the sale of the XANGO distributorship sale discussed above at 2 (a), not to exceed \$300,000. The Receiver is current on the payments of these amounts to Ms. Unkefer.
- b) The Receiver was required to pay \$55,000 to counsel for the co-trustees of the Mango trust for Trustee fees, legal fees and expenses incurred by the co-trustees.

5) Items Pending Resolution

A) Dissolution of Receivership Entities: Initial Plan was to close and dissolve all open Receivership entities except for X-1 and Mango Trust. This is now complete. The Receiver will likely consolidate further, to again reduce the administrative costs so as to focus solely on Victim compensation.

B) Core Resources: The Receiver intends to investigate further the \$100,000 equity investment in Core Resource Management Inc. That investigation will require the Receiver to interview James Clark and possibly others. The investigation is to determine the market value of this investment as it currently stands and whether litigation claims may exist

against third parties to recover any losses or damages if ultimately incurred.

C) Federal and State Tax Recoveries: Pursuant to the terms of the Judgment entered by the Court, the forfeiture of the Trust Res to the State occurred in 2008. Therefore, the Receiver intends to seek recovery of taxes previously paid by the Trust on income earned after the effective date of the forfeiture. The recovery may be limited to the Res conveyed at the Order date of March 20, 2015. The Receiver continues to work with his tax advisors so as to maximize this recovery.

D) Victim Compensation: The Receiver undertook efforts to locate victims who sustained economic loss as a result of injury to their person, business or property by North American Coin & Currency. Working with the Maricopa County Attorney's Office ("MCA") and the records that MCA made available to the Receiver, 570 of the potential 1,438 victims have now been confirmed located. The following table sets for the status of the on-going search for victims.

<i>Status</i>	<i>Victim Count</i>
Victim Found	570
Located/ Awaiting Confirmation	85
Pending / Not Confirmed nor Returned as Undeliverable	333
Not a Victim	2
Sub-Total	990
Name Only / No address	56
Unable to Locate / Presumed Alive	288
Unable to Locate / Deceased / No Relative Located	104
Sub-Total	448
Grand Total	1,438

The Receiver is in discussions with a professional search firm to further these efforts to locate victims.

The Receiver will initiate victim compensation efforts shortly. As part of this effort, the Receiver will ask the Court to enter an order establishing procedures for the adjudication of Requests for Compensation by the located victims.

- 6) **Receivership Fees & Costs:** Set forth at **Exhibit A** is a schedule of all fees and costs paid from the receivership estate to the Receiver and his professionals in accordance with the orders of the Court.
- 7) **Financial Statements at June 30, 2015:**
 - a) The Receivership Entities Cash Flow ending June 30, 2015 is attached at **Exhibit B**.
 - b) Combined Balance Sheet at **Exhibit C**.
- 8) **Federal and State Income Tax Returns:** 2014 returns have now been filed. Recoveries of prior taxes paid will be initiated in accordance with the discussion above at 5(c).

EXHIBIT

A

Mango Trust in Receivership
Professional Fees and Costs
May 24, 2014 to Date

	2014			2015		Grand Total
	2Q	3Q	4Q	1Q	2Q	
FitzGibbons and Company	-	37,306	60,607	78,322	17,207	193,442
Guttilla Murphy Anderson PC	-	35,682	20,044	25,102	10,097	90,925
Henry & Horne, LLP	-	9,160	-	17,185	6,465	32,810
Carpenter, Hazelwood, Delgado, Bolen, PC	-	-	-	55,000	-	55,000
Total	-	82,147	80,652	175,609	33,769	372,177

EXHIBIT

B

Mango Trust in Receivership
Cash Receipts and Disbursements
May 24, 2014 to June 30, 2015

Beginning Balance 5-23-14

Mango Trust	X-1, LLC	Magic Wand	Occidental Management	Occidental Resources	Total
9,151	28,213	1,065	35	222	38,686

Receipts

Gary Road House Sale
Revenues
Interest Income
Tax refunds
Net Sale of Investments
Net Sale other Assets
Dividends Received
Misc. Income

Total Receipts

Disbursements

Bank Fees
Payroll
Insurance
Office Expenses
Tax Expense
L. Unkefer payments
Legal Fees
Receiver and F&C Fees
Tax Prep Fees

Total Expenses

Net Cash Flow

Ending Balance 6-30-15

-	-	569,620	-	-	569,620
13,400	670,096	-	-	-	683,496
925	60	2,357	-	-	3,342
184,804	-	-	-	-	184,804
141,251	-	-	-	-	141,251
19,326	-	-	-	-	19,326
279	-	-	-	-	279
1,630	600	-	-	-	2,230
361,615	670,756	571,977	-	-	1,604,348
50	327	169	35	60	641
-	19,380	-	-	-	19,380
-	5,080	-	-	-	5,080
-	2,990	899	-	-	3,889
86,000	46,310	-	-	-	132,310
-	67,010	-	-	-	67,010
-	145,925	-	-	-	145,925
-	193,442	-	-	-	193,442
-	32,810	-	-	-	32,810
86,050	513,274	1,068	35	60	600,487
275,565	157,482	570,909	(35)	(60)	1,003,861
284,717	185,694	571,975	-	162	1,042,548

EXHIBIT

C

Mango Trust in Receivership
Combined Balance Sheet
6/30/15
Unaudited

Assets	Book
Cash	1,042,549
Note Receivable	2,329,904
Receivable 3rd Party	7,699
Pre-Paid Taxes	9
Core Resources Stock	100,000
Magic Wand Trademark	100
Total Assets	3,480,261
 Liabilities	
Accrued Payables	22,838
Deferred Revenue	2,096,914
Due 3rd Party	232,990
Other Liabilities	-
Total Liabilities	2,352,742
Net Worth	1,127,519