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UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

U.S. COMMODITY FUTURES  
TRADING COMMISSION,

Plaintiff(s)

Case No: 09-cv-3332 MJD/JJK

v.

TREVOR COOK d/b/a CROWN  
FOREX, LLC, PATRICK KILEY d/b/a  
CROWN FOREX, LLC, UNIVERSAL  
BROKERAGE FX and UNIVERSAL  
BROKERAGE FX DIVERSIFIED, OXFORD  
GLOBAL PARTNERS, LLC, OXFORD  
GLOBAL ADVISORS, LLC, UNIVERAL  
BROKERAGE FX ADVISORS, LLC f/k/a  
UBS DIVERSIFIED FX ADVISORS, LLC,  
UNIVERSAL BROKERAGE FX  
GROWTH, L.P. f/k/a UBS DIVERSIFIED FX  
GROWTH L.P., UNIVERSAL BROKERAGE  
FX MANAGEMENT, LLC f/k/a UBS  
DIVERSIFIED FX MANAGEMENT, LLC  
and UBS DIVERSIFIED GROWTH, LLC,

Defendant(s)

R.J. ZAYED,

Receiver.

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UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,

Case No: 09-cv-3333 MJD/JJK

Plaintiff(s)

v.

TREVOR G. COOK,  
PATRICK J. KILEY,  
UBS DIVERSIFIED GROWTH, LLC,  
UNIVERSAL BROKERAGE FX  
MANAGEMENT, LLC,  
OXFORD GLOBAL ADVISORS, LLC,  
and OXFORD GLOBAL PARTNERS, LLC,

Defendants

and

BASEL GROUP, LLC,  
CROWN FOREX, LLC,  
MARKET SHOT, LLC,  
PFG COIN AND BULLION,  
OXFORD DEVELOPERS, S.A.,  
OXFORD FX GROWTH, L.P.,  
OXFORD GLOBAL MANAGED  
FUTURES FUND, L.P., UBS DIVERSIFIED  
FX ADVISORS, LLC, UBS DIVERSIFIED  
FX GROWTH, L.P., UBS DIVERSIFIED  
FX MANAGEMENT, LLC, CLIFFORD  
BERG, and ELLEN BERG,

Relief Defendants.

R.J. ZAYED,

Receiver.

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**THIRD STATUS REPORT OF RECEIVER R.J. ZAYED IN  
CFTC v. COOK, et. al. (09-cv-3332) AND  
SEC v. COOK, et. al. (09-cv-3333)**

R. J. Zayed, the Receiver for Defendants and Relief Defendants in these cases, submits this Third Report summarizing the major activities that he has undertaken since the filing of the Second Status Report on March 4, 2010. This Third Report covers the period from March 4, 2010 through the May 4, 2010.

**A. U.S. Properties**

**1. 1900 LaSalle Ave, Minneapolis, MN 55403 (the “Van Dusen Mansion”)**

With the Court’s approval, the Receiver sold the Van Dusen Mansion for \$1,555,000.00 in cash. The sale was closed on April 6, 2010. After commissions and closing costs, the Receiver received \$1,434,280.86, which was deposited into the Receivership bank account.

**2. 12644 Tiffany Court, Burnsville, MN 55437 (“Tiffany Court”)**

With the Court’s approval, the Receiver placed the Tiffany Court residence on the market on March 22, 2010 for \$455,000.00. At the recommendation of the Realtor, the Receiver reduced the sales price on April 19, 2010 to \$439,900.00. The residence has a mortgage of \$344,300.00.

**3. 12744 Dover Drive, Apple Valley, MN 55437 (“Apple Valley”)**

Pursuant to the Court’s Order on April 28, 2010, the Receiver has taken control of Trevor and Gina Cook’s residence in Apple Valley and has entered into an Occupancy Agreement with Gina Cook. Also pursuant to the Court’s Order, Gina Cook has executed

an unsecured bond in the amount of \$316,000.00 should she violate the Court's Order or Occupancy Agreement. The events leading up to the Court's April 28, 2010 Order are set forth in the Receiver's Motion for Rule to Show Cause as to Gina Cook. That motion and related documents are on the Receiver's website at [www.cookkileyreceiver.com](http://www.cookkileyreceiver.com), along with the Court's April 28, 2010 Order, the unsecured bond and the Occupancy Agreement.

The Receiver is in the process of obtaining the three independent appraisals for the Apple Valley property as required by federal law. The Receiver is also in the process of identifying Realtors for the Court's consideration, including the Realtor initially retained by Gina Cook. The residence has a mortgage of \$388,933.35.

**B. Canadian Property**

The Receiver is in the process of obtaining a second independent appraisal for the Rainy Lake, Ontario property. The Receiver is also conducting a cost-benefit analysis concerning whether to expend Receivership funds to complete the remaining construction work necessary to finish the structures. The Receiver is preparing the necessary motions for filing with the Court for permission to hire a Realtor and place the property on the market.

**C. Panamanian Property**

The Receiver has continued to investigate and pursue Receivership assets in Panama. As noted in the previous report, there are two properties in Panama that involve

Receivership funds. The two properties are known as the Vineyards and Panama Bay.<sup>1</sup> Both are located in Panama City.

### **1. The Vineyards**

As discussed in the last report, the Vineyards property is owned by a Panamanian corporation, CDE 1, S.A. CDE 1, in turn, is at least 50% owned by the Receivership through Trevor Cook's interest. The remaining 50% of CDE 1 is purportedly owned by Gary Saunders (12.5%), Holger Bauchinger (12.5%) and Brad Pennington (25%).

As further discussed in the last report, CDE 1 purchased the Vineyards using at least \$2.86 million of Receivership funds. The Receiver is seeking to recover the Receivership funds through a lawsuit filed by a Receivership entity in Panama against CDE 1, Saunders, Bauchinger, and Pennington. The Receiver has taken control and is directing that lawsuit through Panamanian counsel.

In the meantime, the Receiver has obtained appraisals from CBRE Appraisals in Panama for two of the three lots that make-up the Vineyards property. CBRE is currently finishing the appraisal report for the third lot.

The Receiver believes that the Vineyards portion of the lawsuit may be amenable to resolution without the need for protracted litigation. To this end, the Receiver has begun discussions and has requested a meeting with Saunders, Bauchinger, Pennington, and their attorneys. The Receiver has obtained the purchase agreements for the three

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<sup>1</sup> As previously discussed, Cook also used about \$157,000.00 in Receivership funds to make down payments on two condominiums in a third project called Ocean Point. The condominiums were never built and the development is believed to be defunct. Cook paid the money to Gary Saunders. The Receiver is investigating this matter further to determine whether any of these funds are recoverable.

lots, the CDE 1 corporate minutes authorizing the purchase of the land, and the loan agreement between CDE 1 and Cook establishing the Receivership's priority in repayment of the Receivership monies invested by Cook.

## **2. Panama Bay**

As discussed in the previous report, the Panama Bay property consists of two contiguous vacant lots, totaling about 14,500 square meters (about 3.2 acres).<sup>2</sup> In or about July 2008, Cook agreed to fund the development of a hotel and casino on the Panama Bay property using Receivership funds. Specifically, Cook agreed to provide Saunders and Bauchinger with approximately \$13,200,000.00, payable mainly in monthly installments of \$1.1 million, to purchase the Panama Bay property and start the development of the hotel and casino. In return, Cook received at least a 50% interest in Oxford Developers, S.A. ("Oxford Developers"), the company that was going to purchase and develop the Panama Bay property. The remaining 50% of Oxford Developers is purportedly owned by Saunders and Bauchinger.

In or about July and August 2008, Cook gave \$660,000.00 to Saunders for use as a down payment for the purchase of the Panama Bay property and for operating expenses. Then, starting on or about September 2, 2008 and continuing through on or about March 31, 2009, Cook gave Saunders eight separate \$1.1 million payments to fund the Panama Bay purchase and development costs. By March 31, 2009, Cook had given Saunders \$9,460,000.00 in Receivership funds for the Panama Bay project. Cook wired two additional payments to Saunders, one on May 1, 2009 for \$200,000.00 and another on

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<sup>2</sup> The Receiver incorrectly reported the acreage as 2.2 in the previous report.

July 3, 2009 for \$150,000.00. All told, Cook gave Saunders \$9,810,000.00 of Receivership funds for the Panama Bay purchase and development.

In the meantime, Bauchinger, on behalf of Oxford Developers, purportedly entered into an agreement on or about August 18, 2008 to purchase the Panama Bay property for the \$11,457,976.20,<sup>3</sup> (payable in a down payment of \$500,000.00 upon signing and 12 monthly installments of \$913,164.68,) and a final interest payment of \$328,944.65. Records received to-date show that Saunders and Bauchinger paid the sellers of the Panama Bay property at least \$7,725,317.44, all of which came from Receivership funds.

At this time, the property has not been transferred from the sellers to Oxford Developers. The Receiver has obtained the purported purchase agreements and other contracts governing the sale of the property and has had them translated into English. The sellers are claiming that Oxford Developers defaulted under the terms of the alleged purchase agreement by failing to make the required payments. The sellers now claim that they are entitled to keep the Panama Bay property and all monies paid to them.

As noted in the previous report, the Receiver has assumed control of a lawsuit against the sellers of the Panama Bay property seeking to recover the Receivership's funds. The Receiver has requested a meeting with the sellers of the property to determine whether the Receivership funds can be retrieved without protracted litigation.

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<sup>3</sup> The purchase price was subsequently reduced to \$11,377,976.20. This price adjustment was recognized in a reduction of the February 2009 monthly installment from \$913,164.68 to \$833,154.68.

**D. Cash in Receivership Accounts**

As discussed in the previous report, the Receiver located \$1,843,892.29 in the various accounts identified and frozen by the Court's November 23, 2009 Orders. Since then, the Receiver has located and frozen an additional \$2,752,557.53 in cash. The Receiver also has liquidated certain real and personal properties belonging to the Receivership (including the Van Dusen Mansion) and has received \$1,531,031.12 in cash for those assets. In addition, Trevor Cook caused \$362,700.00 to be turned over to the FBI on April 12, 2010. This amount has been placed in the Court's registry.

Through March 31, 2010, the Receiver has incurred and paid \$1,503,933.35 in expenses in locating, marshalling, and preserving the assets of the Receivership and in fulfilling his duties and obligations under the law and the Court's Orders.

As of the date of this report, after the payment of all expenses through March 31, 2010, the Receiver has a cash balance of \$3,623,546.99 in the Receiver's bank account, \$362,700.00 in the Court's registry, and \$1,000,000.00 frozen in a Swiss bank account.

**E. Vehicles**

As noted in the last report, the Receiver seized three additional vehicles that belong to the Receivership. Since then, the Receiver has obtained approval from the Court to sell them at a public auction. These vehicles include a 2005 Lexus 33 series, a 2004 Lexus L43, and a 1997 BMW 328ic. The public auction will be held on June 5, 2010 at 10:00 a.m. at Classic Auto Storage, 2011 N. 2nd Street, Minneapolis, MN 55411.

More detailed information on these vehicles and the public auction can be found on the Receiver's website at [www.cookkileyreceiver.com](http://www.cookkileyreceiver.com).

**F. Other Assets**

The Receiver has identified the following assets belonging to the Receivership. Cook invested \$15 million of Receivership funds in exchange for a 35% equity interest in JDFX. Cook invested \$2.0 million in Mesa Holdings and loaned Mesa another \$1.55 million, all in Receivership funds. Cook invested \$1 million in JP Fund Services in exchange for an equity interest and loaned JP Fund Services another \$600,000.00, all in Receivership funds. Cook also invested \$250,000.00 in Receivership funds in a subdivision of Capricorn for a 50% equity interest. Cook further invested \$1 million in TNT in exchange for an 18% equity interest.

Cook also loaned Receivership funds to other individuals. Specifically, Grant Grzybowski owes the Receivership \$299,750.00 and Jared Jenkins owes the Receivership \$3800.00.

Cook opened a number of offshore gambling accounts using Receivership funds. The Receiver has identified a number of accounts that appear to contain Receivership funds. Cook informed the Receiver that he believes that three of the accounts contain about \$370,000.00.

Cook also filed a claim against Crown Forex, S.A. in the Crown Forex S.A. bankruptcy proceeding in Switzerland for \$66,161,647.05 million of investor funds that

he claims were being held by Crown Forex, S.A. The Receiver is investigating this claim further.

The Receiver has filed a motion with the Court seeking the Court's approval to sell at public auction a variety of personal property including, among other things, "Faberge" eggs, purses that resemble "Faberge" eggs, paintings, sculptures, and watches. The motion is set for hearing on May 6, 2010 at 1:30 p.m. before Chief Judge Davis. More detailed information on the auction can be found on the Receiver's website at [www.cookkileyreceiver.com](http://www.cookkileyreceiver.com).

**G. Other Legal Proceedings**

As noted in the previous report, the Receiver has taken over a lawsuit that Trevor Cook brought against Ed Baker for return of funds relating to Mesa Holdings. This suit is currently stayed. The Receiver is in discussions with Baker's counsel to determine whether this matter can be resolved outside of litigation.

The Receiver also is investigating a number of legal claims that the Receivership has against a number of third parties who improperly received Receivership funds. This investigation is ongoing.

**H. 1-800 Number**

The Receiver continues to operate local (612-436-9664) and toll-free (877-316-6129) numbers for investor inquiries. The Receiver is still handling numerous investor calls per day.

**I. Receiver Website**

The Receiver also continues to operate a website for investors and other members of the public at [www.cookkileyreceiver.com](http://www.cookkileyreceiver.com). The website provides a means to provide relevant information from the Receiver to and receive claim information from investors. The Court has also posted a web site for this case, which can be found at [www.mnd.uscourts.gov](http://www.mnd.uscourts.gov). In addition, the United States Attorney for the District of Minnesota has created a web site at [http://www.justice.gov/usao/mn/trevor\\_cook.html](http://www.justice.gov/usao/mn/trevor_cook.html) to keep the public informed about the proceedings in *United States of America v. Trevor Gilson Cook*, No. 10-cr-00075 (JMR) (D. Minn.).

**J. Taxes**

The Receiver has initiated discussions with the Internal Revenue Service and Minnesota Department of Revenue in an effort to minimize any filing and tax obligations that might be applicable to the Receivership Entities.

**K. Cook Meeting**

The Receiver met with Cook on April 23, 2010 for the purposes of identifying, locating, and retrieving assets belonging to the Receivership. The Receiver's statement concerning this meeting can be found on the Receiver's website at [www.cookkileyreceiver.com](http://www.cookkileyreceiver.com). The Receiver will be scheduling additional meetings with Cook in the near future to continue the search for assets.

**CONCLUSION**

The Receiver will submit a report approximately every 60 days to summarize his ongoing activities since the last report.

Dated: May 5, 2010

Respectfully submitted,

*s/ R.J. Zayed*

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R.J. Zayed, Receiver

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