

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Civil No. 08-5348 (ADM/JSM)

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
1. THOMAS JOSEPH PETTERS;)
PETTERS COMPANY, INC., aka)
PCI; PETTERS GROUP WORLDWIDE, LLC;)
2. DEANNA COLEMAN, aka DEANNA MUNSON;)
3. ROBERT WHITE;)
4. JAMES WEHMHOFF;)
5. LARRY REYNOLDS, dba)
NATIONWIDE INTERNATIONAL RESOURCES)
aka NIR;)
6. MICHAEL CATAIN, dba)
ENCHANTED FAMILY BUYING COMPANY;)
7. FRANK E. VENNES JR., dba)
METRO GEM FINANCE,)
METRO GEM INC.,)
GRACE OFFERINGS OF FLORIDA LLC,)
METRO PROPERTY FINANCING, LLC,)
38 E. ROBINSON, LLC,)
55 E. PINE, LLC,)
ORLANDO RENTAL POOL, LLC,)
100 PINE STREET PROPERTY, LLC,)
ORANGE STREET TOWNER, LLC,)
CORNERSTONE RENTAL POOL, LLC,)
2 SOUTH ORANGE AVENUE, LLC,)
HOPE COMMONS, LLC,)
METRO GOLD, INC.;)
Defendants.)
)
DOUGLAS A. KELLEY,)
Receiver,)
)
GARY HANSEN,)
Receiver.)

NINETEENTH STATUS REPORT OF RECEIVER DOUGLAS A. KELLEY

Douglas A. Kelley, Receiver for all defendants except Frank E. Vennes, Jr. and his entities, submits this report summarizing major activities undertaken since his last report.

A. INDIVIDUAL DEFENDANTS

1. Tom Petters

a. Receivership Account

Balance on September 26, 2011	\$319,631.66
Deposits during period	100.00
Expenses paid during period	<u>(129,537.81)</u>
Balance on November 28, 2011	\$190,193.85

b. Receivership Activity

An undeveloped lot on Lake Superior remains listed for sale at an asking price of \$269,000. There has been no buyer interest during this reporting period and the parcel is listed on a preliminary order of forfeiture obtained by the Government.

The Receiver continues to pay asset-preservation and other expenses as authorized by the Court, including child support for two minor children.

The Receiver is working with the Government to determine a plan to market the artwork and sports memorabilia that remain part of the receivership estate.

2. Deanna Coleman

a. Receivership Account

Balance on September 26, 2011	\$0.00
Deposits during period	\$49,313.00
Expenses paid during period	<u>(21,006.20)</u>
Balance on November 28, 2011	\$28,306.80

b. Receivership Activity

As previously reported, the Coleman individual receivership account was closed after the Government seized all funds on deposit. The account was reopened earlier this month after receipt of a tax refund in favor of Ms. Coleman. A portion of those funds was used to pay expenses previously approved for payment by the Court.

The Receiver continues to work with the Government to develop a plan to liquidate Ms. Coleman’s remaining personal assets, including stocks and jewelry.

3. Robert White

a. Receivership Account

As previously reported, the White individual receivership account was closed after all funds on deposit were seized by the Government earlier this year.

b. Receivership Activity

The Receiver continues to work with the Government to develop a plan for liquidating Mr. White’s remaining assets, including stock holdings.

4. James Wehmhoff

a. Receivership Account

Balance on September 26, 2011	\$1,543,483.03
Deposits during period	383.98
Expenses paid during period	<u>(33,279.04)</u>
Balance on November 28, 2011	\$1,510,587.97

b. Receivership Activity

The Receiver’s team continues to oversee the preservation of Mr. Wehmhoff’s remaining assets and is working to resolve outstanding claims asserted by state and

federal tax authorities against Mr. Wehmhoff.

5. Michael Catain

a. Receivership Account

Balance on September 26, 2011	\$1,471,754.94
Deposits during period	2,576.76
Expenses paid during period	<u>(17,126.55)</u>
Balance on November 28, 2011	\$1,457,205.15

b. Receivership Activity

The Receiver continues to collect monthly payments under a contract for deed regarding an Arizona home owned by Mr. Catain.

6. Larry Reynolds

a. Receivership Account

As previously reported, the Reynolds individual receivership account was closed after all funds on deposit were seized by the Government earlier this year.

b. Receivership Activity

The Government has taken possession of all of Mr. Reynolds' remaining property through asset forfeiture.

B. ACTIVITIES OF PROFESSIONALS RETAINED BY RECEIVER

1. Lindquist & Vennum

Lindquist & Vennum devoted substantial attention to the following matters on behalf of the Receiver in the past 60 days:

a. Claims against Charitable, Educational and Religious Organizations and Investors. Continued working with the Receiver to negotiate settlements or pursue litigation to recover funds from recipients of the Ponzi funds or other avoidable transfers.

b. Claims against Employees. Worked with the Receiver to negotiate settlements or commence litigation to recover funds from employee recipients of Ponzi funds or other avoidable transfers (including maximizing insurance recovery for same).

c. Intellectual Property. Provided research, analysis, and advice to the Receiver regarding options for maintenance, prosecution and potential liquidation of intellectual property assets related to SpringWorks and Symmorphix.

d. General Corporate. Advised the Receiver and worked extensively with legal counsel to Fingerhut Direct Marketing, Inc. (now known as Bluestem Brands, Inc.) in connection with a potential initial public offering of Bluestem stock.

e. Tax and Forfeiture Issues. Obtained orders to show cause directed to the IRS and Minnesota Department of Revenue (MNDOR) regarding tax assessments, potential liability for taxes and forfeiture proceedings affecting the Receiver and individuals and entities in receivership. As a result of substantial negotiations with the

Department of Justice, Tax Division; the United States Attorney's Office for the District of Minnesota; and MNDOR, the matter was successfully resolved through letter agreements issued by the Department of Justice, Tax Division and the Minnesota Attorney General's Office.

2. PricewaterhouseCoopers (PwC)

PwC provided the following services to the Receiver during the period covered by this report:

a. Tracing Sources and Use of Funds. Provided support and gathered appropriate documentation for claims related to political contributions from receivership entities and individuals.

b. Tax Compliance Services. Prepared state tax returns regarding PGW and subsidiary entities for the Receiver to file by the October 15, 2011 deadline. Also prepared tax returns for individuals and foundations, which were timely filed by the Receiver on or before October 15 and November 15, respectively. Provided analysis regarding the potential liquidation of various Petters-related entities.

3. Tonya Rosso

Tonya Rosso prepared records of all cash payments and receipts for individual defendants Thomas Petters, Deanna Coleman, James Wehmhoff and Michael Catain.

Respectfully submitted,

KELLEY, WOLTER & SCOTT, P.A.

Dated: November 29, 2011

s/Steven E. Wolter
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