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Court-Appointed Receiver, Peggy Hunt

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff.

V.

TRAFFIC MONSOON, LLC, a Utah Limited
Liability Company, and CHARLES DAVID
SCOVILLE, an individual,

Defendants.

RECEIVER'S FIRST STATUS REPORT

(JULY 26, 2016 THROUGH
MARCH 31, 2017)

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

Peggy Hunt, the Court-appointed Receiver (the “Receiver”) for Traffic Monsoon, LLC and the assets of Charles David Scoville that were obtained directly or indirectly from Traffic Monsoon, hereby submits this *First Status Report* for the period of July 26, 2016 through March 31, 2017 (the “Reporting Period”). This Report, together with the Receiver’s *Letter to Investors* attached hereto as **Exhibit A**, is being posted on the Receiver’s website at www.trafficmonsoonreceivership.com.

TABLE OF CONTENTS

	<u>Page</u>
I. Commencement Of The SEC’s Case, The Receiver, And The Court’s Preliminary Injunction And Initial Ponzi Finding	1
A. Commencement of the Civil Enforcement Case and Initial Court Orders	1
B. Appointment of the Receiver and Employment of Professionals	2
C. The Preliminary Injunction Hearing	3
D. Entry of the Preliminary Injunction and Amended Receivership Order.....	4
E. The Memorandum Decision and the Ponzi Finding	5
II. Work Done By The Receiver And Her Professionals During The Reporting Period	8
A. Notices of Receivership and Service of Court Orders	8
B. Identification and Securing of Funds	8
1. The Defendants’ Financial Accounts	8
2. Monies Secured by the Receiver.....	9
3. Pre-Receivership PayPal Account Freeze.....	9
4. The EVP Transfers.....	10
5. Chargebacks	12
C. Identifying and Securing Real and Personal Property	12
1. Utah Apartment.....	12
2. Manchester Flat.....	13
3. London Flat	13
4. Traffic Monsoon Corporate Office	13
5. Vehicles.....	14
6. Other Personal Property	14

D.	Securing Information	15
1.	Lack of Business Records Maintained by the Defendants.....	15
2.	Scoville Interview	15
3.	Computers	15
4.	Servers.....	15
5.	Mail	16
6.	Murray Apartment Records	16
7.	Third Party Requests.....	16
8.	Miscellaneous	17
E.	Investor Communications	17
F.	Investigation.....	19
1.	Business Operations.....	19
2.	Asset Investigation.....	19
3.	Financial Investigation.....	19
G.	Scoville’s Expense and Funding Requests	22
H.	Snoork Issues	24
I.	Work on the Preliminary Injunction Hearing	25
J.	Administration	25
III.	Financial Report.....	26
A.	Receivership Bank Accounts and Funds.....	26
B.	Standardized Fund Accounting Reports (“SFARs”).....	26
C.	Administrative Expenses	26
IV.	Conclusion	27

I. Commencement Of The SEC’s Case, The Receiver, And The Court’s Preliminary Injunction And Initial Ponzi Finding

A. Commencement of the Civil Enforcement Case and Initial Court Orders

On July 26, 2016, the above-captioned case was commenced by the United States Securities and Exchange Commission (the “SEC”) against Defendants Traffic Monsoon, LLC (“Traffic Monsoon”) and Charles David Scoville (“Scoville” and together with Traffic Monsoon, the “Defendants”) by the filing of a *Complaint*.¹ The SEC claims, among other things, that between October 2014 and July 26, 2016, the Defendants engaged in securities fraud and operated a Ponzi scheme. It is alleged that the Defendants took approximately \$207 million from over 162,000 investors primarily through the solicitation of an investment known as an “AdPack.”²

At the time that the case was commenced, the United States District Court for the District of Utah (the “Court”) entered a *Temporary Restraining Order and Order Freezing Assets*, which, prior to the entry of the Preliminary Injunction discussed below, was amended by Orders entered on July 27, 2016 and on November 4, 2016 (collectively, the “TRO”).³ The TRO, among other things, prohibited the Defendants from operating and imposed an asset freeze of the Defendants’ assets.

¹ [Docket No. 2](#).

² See [Docket No. 2](#) (Complaint ¶ 2).

³ Docket Nos. [8](#), [14](#) & [56](#).

B. Appointment of the Receiver and Employment of Professionals

On July 27, 2016, just after the entry of the TRO, the Court entered an *Order Appointing Receiver* (the “Receivership Order”),⁴ thus commencing the receivership. Ms. Hunt was appointed as the receiver of Traffic Monsoon and the assets of Scoville pending a determination as to whether a preliminary injunction should be entered in the case. Ms. Hunt is an attorney whose primary area of practice over the last 26 years has focused on bankruptcy (both liquidation and reorganization), insolvency and receivership law. She serves as a trustee in bankruptcy cases filed in the District of Utah, and regularly represents trustees and equity receivers appointed in cases involving Ponzi schemes and other types of securities fraud.

The Receiver immediately took control of known assets and commenced an investigation. This investigation, which is discussed in further detail below, is ongoing. To assist with the investigation and the discharge of her duties, the Receiver obtained Court approval to employ Dorsey & Whitney LLP (“Dorsey”) as her legal counsel, and Berkley Research Group (“BRG”) as her forensic and general accounts.⁵ The Receiver also contracted with a company called “Epiq” primarily to assist her with securing electronic data on Traffic Monsoon’s servers and in managing investor communications as discussed in further detail below.

⁴ Docket No. [11](#).

⁵ Docket Nos. [11](#) & [25](#) (Orders authorizing employment).

C. *The Preliminary Injunction Hearing*

Scoville contested the SEC's request for entry of a preliminary injunction, and also filed a *Motion to Set Aside Receivership*.⁶ An evidentiary hearing on these matters was commenced by the Court on November 1, 2016 (the "Preliminary Injunction Hearing").

At the Preliminary Injunction Hearing, the Court received evidence from both the SEC and Scoville over a two-day period. The Receiver and the Receiver's accountant were called as witnesses by the SEC. Scoville cross-examined the SEC's witnesses and also called witnesses.

A primary basis for the Receiver's testimony was set forth in two sworn statements that she filed with the Court on October 31, 2016 as follows: *Declaration of Receiver Peggy Hunt (Communications)* (the "Communications Declaration");⁷ and *Declaration of Peggy Hunt (Business Operations)* (the "Business Operations Declaration").⁸ These Declarations contain detailed information about the Receiver's investigation of the Defendants through October 2016. Both Declarations are available on the Receivership Website and are incorporated in this Status Report by reference.

At the close of the Preliminary Injunction Hearing on November 30, 2016, after hearing the evidence and several hours of oral argument by the SEC and Scoville, the Court took the matters before it under advisement to consider the evidence and the law prior to making a

⁶ Docket Nos. [32](#), [33](#), [45](#); *see also* Docket Nos. [38](#), [39](#), [48](#), [49](#), [53](#) (SEC response).

⁷ Docket No. [54](#).

⁸ Docket No. [55](#).

decision. The SEC and Scoville filed supplemental briefs,⁹ and at the Court's request, proposed findings of fact and conclusions of law.¹⁰ The Receiver also filed a *Post-Hearing Statement*.¹¹

D. Entry of the Preliminary Injunction and Amended Receivership Order

On March 28, 2017,¹² the Court entered a *Preliminary Injunction* and an *Amended Order Appointing Receiver* ("Amended Receivership Order").¹³ As a result of these documents, Scoville's objections to the SEC's request for the entry of a preliminary injunction were overruled, and Scoville's *Motion to Set Aside Receivership* was denied. Thus, Ms. Hunt will continue to serve as receiver.

While the exact terms of the "Preliminary Injunction" should be reviewed, generally the Court prohibits Scoville from operating Traffic Monsoon "or a business model substantially similar to Traffic Monsoon's sale of AdPacks."¹⁴ The Court also imposes an asset freeze of all "assets, of whatever kind and wherever situated, of Traffic Monsoon, LLC and Charles D. Scoville that were obtained directly or indirectly from Traffic Monsoon, LLC. . . ."¹⁵ Finally, the Court has ordered a stay of all litigation in any court against either or both of the Defendants.¹⁶

⁹ Docket Nos. [64](#) and [65](#).

¹⁰ Docket Nos. [66](#) and [67](#).

¹¹ Docket No. [68](#).

¹² Before the Court ruled on matters under advisement, Scoville filed a *Motion to Dismiss*, which is based substantially on the same arguments made in conjunction with his opposition to the entry of a preliminary injunction. Docket No. [70](#). Scoville has agreed that the SEC does not need to file a response to his Motion to Dismiss at this time. Docket Nos. [73](#)-74 (docket text entry) and 89 (docket text entry).

¹³ Docket Nos. [79](#) – [80](#).

¹⁴ Docket No. [80](#) (Preliminary Injunction, p. 1).

¹⁵ Docket No. [80](#) (Preliminary Injunction, p. 2).

¹⁶ Docket No. [80](#) (Preliminary Injunction, p. 3).

Since the close of the Reporting Period, the Amended Receivership Order and Preliminary Injunction have been filed to the United States Court of Appeals for the Tenth Circuit.

E. *The Memorandum Decision and the Ponzi Finding*

On March 28, 2017, in conjunction with and in support of the Preliminary Injunction and Amended Receivership Order, the Court also entered a *Memorandum Decision and Order Granting a Preliminary Injunction and Denying the Defendants' Motion to Set Aside the Receivership* (the "Memorandum Decision").¹⁷ This document, which includes significant factual findings and a comprehensive legal analysis, should be reviewed in its entirety. It is available on the Receivership Website.

For purposes of the receivership, it is important to note that in the Memorandum Decision the Court concluded that a clear showing had been made that the SEC was likely to succeed in establishing that Traffic Monsoon was a Ponzi scheme. Specifically, the Court relied on binding law holding that a Ponzi enterprise is a fraudulent scheme in which returns to investors are not based on the revenues of an underlying business but rather are derived from new investors' money.¹⁸ Applying this law to the evidence received at the Preliminary Injunction Hearing, the Court stated that "Traffic Monsoon operated as a Ponzi scheme" because:

When a member purchased a \$50 Adpack, the member obtained a right to share Traffic Monsoon's "revenue" up to \$55. The AdPacks typically reached the maximum \$55 payout in about 55 days. For many AdPacks, Traffic Monsoon also paid a \$5 commission to the referring member. Unbeknownst to the Traffic Monsoon members, though, the revenue sharing returns that flowed into the member's account to obtain the

¹⁷ Docket No. [79](#).

¹⁸ Docket No. [79](#) (Memorandum Decision, pp. 33-34 (citing numerous cases)).

10% return and the 10% commission were derived almost exclusively from the sale of AdPacks to later purchasers. Thus, the profits and commissions generated by the AdPack did not come from underlying business activity. Instead, the profits and commissions were derived from subsequent investments in AdPacks by later purchasers. An AdPack investor was almost completely reliant upon new AdPack purchases to recapture the \$50 investment and reap the \$5 return. The impressive 66% (or more) annual return obtained by early AdPack investors served as an example that both attracted new investors and convinced existing investors to roll over their AdPack returns into new AdPacks.

But this cycle of returns to early investors fueled by new investments cannot last forever. A 20% payout every 55 days (10% in revenue sharing and a 10% commission) could not be sustained by Traffic Monsoon's relatively anemic revenue generated by selling website visits. Instead, these impressive returns were paid with either new investor money or members rolling over credits in their accounts toward new AdPack purchases. But as the number of outstanding AdPacks expands exponentially, the new investment money must be divided among an ever-growing number of AdPacks, requiring a commensurate exponential expansion of the amount of new investment money just to maintain the same rate of return. At some point, the daily payments deposited in AdPack holders' accounts must begin to decrease until an inevitable tipping point is reached where fewer members rollover their AdPacks and fewer new investors are attracted to the scheme. Then, a vicious cycle would begin in which a decrease in new investment would lower the rate of return, which would in turn decrease the amount of new investment even more. This cycle would continue until the system collapsed and the unlucky individuals who had not pulled out their money in time would be left with next to nothing.¹⁹

In a footnote, the Court also stated:

One of the unique aspects of Traffic Monsoon . . . is that members had to continually reinvest in the scheme by rolling over the profit from fully matured AdPacks into the purchase of new AdPacks. This amounted to a shell game in which an initial investment of a sum of money would continually cycle among the members' accounts. A large portion of an initial investment would be distributed to other members as either revenue sharing or a commission. Then the members that received the revenue sharing payments or commissions would reinvest it by rolling it over into new AdPack purchases. Under this system, the same dollar could be distributed to member accounts as revenue sharing or a commission many times, until either Traffic Monsoon withdrew it as profit or a member withdrew it from his or her account. . . . So long as the members, encouraged by a continual flow of money into their accounts, reinvested most of their money rather than withdrawing it, a relatively small amount of money continually redistributed among the members through revenue sharing could fuel much greater expectations as to the near-future value of the AdPacks. But once the money ceased to

¹⁹ Docket No. [79](#) (Memorandum Decision, pp. 34-36 (reference to footnote omitted)).

continually recycle among the member accounts, as happened when the court entered the TRO, there wasn't enough money to pay what experience had led the members to believe their AdPack investment would be worth after a short 55-day wait. That is why Traffic Monsoon had only about \$60 million in assets to cover outstanding AdPacks that would be worth \$243.9 million if they had matured, even though member account balances amount to only \$34.2 million.²⁰

Furthermore, the Court stated that “[t]he deception at the heart of the Traffic Monsoon Ponzi scheme is that it concealed the fact that almost all of the returns from the AdPacks were derived from subsequent AdPack purchases.”²¹ Thus, while Scoville argued that Traffic Monsoon could not be a Ponzi scheme because its website did not promise a particular rate of return or guarantee a payout, the Court held that the representations made to investors on the website were dishonest because Traffic Monsoon—

[D]id not notify its members that over 98% of the returns [paid on AdPacks] came from subsequent investments in AdPacks. By calling the returns “revenue sharing,” and falsely claiming that the sale of AdPacks did not constitute a Ponzi scheme, Traffic Monsoon suggested that the returns were generated by business revenue rather than by other investments in AdPacks.²²

In addition to concluding that the SEC was likely to prevail in establishing that Traffic Monsoon was a fraudulent Ponzi scheme, the Court also rejected Scoville's request to set aside the receivership. In so doing, the Court expressly rejected Scoville's argument that the Receivership Order violated his rights because it deprived him of funds to mount a legal defense. Because of the SEC's strong likelihood of success in proving a Ponzi scheme, the Court held that Scoville could not use the “ill-gotten” money from that enterprise to fund a defense.²³ The Court

²⁰ Docket No. [79](#) (Memorandum Decision, p. 35, n.15).

²¹ Docket No. [79](#) (Memorandum Decision, p. 37).

²² Docket No. [79](#) (Memorandum Decision, p. 37).

²³ Docket No. [79](#) (Memorandum Opinion, pp. 43-44).

also entered the Amended Receivership Order, in part, to address other arguments raised by Scoville.

II. Work Done By The Receiver And Her Professionals During The Reporting Period

A. Notices of Receivership and Service of Court Orders

Immediately upon her appointment, the Receiver identified and compiled a list of domestic jurisdictions in which she was required to file a notice of receivership as required under 28 U.S.C. § 754. On or before August 8, 2016, the Receiver caused, through her counsel, *Notices of Receivership* to be filed in the Eastern, Central, Northern and Southern Districts of California; the District of Columbia; the Southern District of New York; and the District of Utah. The decision to file the Notices in these jurisdictions was based on the information available to the Receiver in the very first days of the case, and as her investigation continues the Receiver may need to take appropriate actions to file additional notices of receivership.

In addition, shortly after her appointment, the Receiver, through her counsel, identified and served on known persons potentially possessing or controlling assets of the Receivership Estate or information about the Receivership Estate both the Receivership Order and the TRO.

B. Identification and Securing of Funds

1. The Defendants' Financial Accounts. A summary of known banks and payment processors associated with the Defendants at the time the case was filed is set forth in ¶¶ 29-35 of the Receiver's Business Operations Declaration and is incorporated herein. The financial accounts referenced there and discussed herein are collectively referred to herein as the "Defendant Accounts" and are summarized as follows: (a) three accounts at JP Morgan Chase Bank ("Chase"); four PayPal accounts; two Payza accounts

(one of these accounts was undisclosed and discovered after the filing of the Receiver's Business Operation Declaration); one Allied Wallet account; and one account at SolidTrustPay ("STP").

2. Monies Secured by the Receiver. Upon being appointed, the Receiver served the TRO on, among others, the institutions holding the Defendant Accounts. In addition, the Receiver worked with these institutions to obtain control of funds.

(a) As of the end of the Reporting Period, Chase Paypal and STP had turned over funds, totaling over \$49 million. More detail on the funds obtained to date is included Financial Report below.

(b) The other institutions holding Defendant Accounts, Payza and Allied Wallet, have not turned over funds on deposit on the date that this case was filed. Payza claims that it had approximately \$164,000 on deposit at the time the case was filed, but it is unclear if that is just for the TM-US account or for both the TM-US and previously undisclosed TM-UK account (as defined below). The Receiver is investigating this issue. Allied Wallet claims that it had approximately \$7 million on deposit at the time the case was filed. The Receiver intends to take appropriate action related to these matters.

3. Pre-Receivership PayPal Account Freeze. In or around January 2016, prior to the filing of this case, PayPal froze Traffic Monsoon's accounts based on suspicious activity. The Receiver has been informed that in approximately June, 2016, some of those funds were released by Paypal to Traffic Monsoon.

4. The EVP Transfers. When PayPal released some of the frozen funds to Traffic Monsoon, Scoville transferred at least \$4,250,000 to Chase accounts controlled by him, and then during the months of June and July 2016 he systematically began wiring funds in increments of \$50,000 and \$100,000 per day to EVP International (the “EVP Transfers”).

(a) A summary of the Receiver’s initial findings regarding the EVP Transfers is set forth in ¶ 35 of the Receiver’s Business Operations Declaration. As stated in that Declaration, after several inquiries by the Receiver, Scoville’s counsel indicated that EVP International was an intermediary for Payza and that all of the EVP Transfers went to Traffic Monsoon’s account at Payza. The Receiver, through BRG, conducted a financial analysis and, as of the time of the filing of the Business Operations Declaration, only \$600,000 of an identified \$3.95 million in EVP Transfers could be traced into a Traffic Monsoon Payza account.²⁴ After several additional inquiries, Scoville, through counsel, continued to insist that all funds were wired to Payza, but the information provided to the Receiver did not explain why the missing funds could not be traced into the known Traffic Monsoon Payza account.

(b) The Receiver concurrently requested and obtained updated transaction data from Payza, and this data was analyzed by BRG. As a result of BRG’s analysis, the Receiver became aware of an additional previously undisclosed Traffic Monsoon account identified by Payza as the “TM-UK”

²⁴ See Docket No. [55](#) (Business Operations Declaration, ¶ 35).

account. According to Payza, this TM-UK account was set up and used by Traffic Monsoon for international transactions. The Receiver was informed by Payza that its previous data submission only contained account activity for Traffic Monsoon on the disclosed “TM-US” account. Therefore, the initial data set obtained by the Receiver did not contain a complete set of the transactions associated with Traffic Monsoon.

(c) The existence of the TM-UK account, or of the existence of two separate Payza accounts, was never disclosed by Scoville to the Receiver.

(d) Upon receiving additional information and further analysis by BRG, an additional \$300,000 of EVP Transfers were discovered by the Receiver, increasing the total amount of EVP Transfers from \$3.95 million to \$4.25 million.

(e) At this time, after extensive review of the updated Payza data by BRG, including the previously undisclosed TM-UK account, the Receiver has been able to trace the entire \$4.25 million of EVP Transfers to Traffic Monsoon TM-UK or TM-US Payza accounts.

(f) The Receiver continues her investigation to determine, among other things, the identity of the owners of Payza accounts who received the EVP Transfers. As part of Scoville’s request for a living allowance, discussed below, the Receiver prepared a declaration for Scoville that required him to swear that neither he nor persons or entities controlled by him received any EVP Transfers. To date, Scoville has not executed that declaration.

5. Chargebacks. Payment processors such as PayPal and others that Traffic Monsoon used for online payment processing, allow for what are generally referred to as “Chargebacks” against e-wallet accounts, which the Receiver understands may be similar to a return and refund of money. The Receiver and her professional have spent considerable time working with Traffic Monsoon’s payment processors to obtain an understanding of factual and legal issues related to Chargebacks. Based on these communications to date, the Receiver is informed that PayPal, which as discussed above turned over money in Traffic Monsoon accounts, may have processed Chargebacks from non-Traffic Monsoon funds after the entry of the TRO. Paypal may ultimately assert a claim related to such Chargebacks. Furthermore, as discussed above, Payza and Allied Wallet did not turnover money in their respective Traffic Monsoon accounts. These institutions cite to Chargebacks as a reason for refusing to turnover the funds. Further, all processors, including STP, may have allowed Chargebacks during the period leading up to the TRO. After the Receiver has more information, she will take appropriate action related to the Receivership Estate’s claims with respect to Chargebacks.

C. Identifying and Securing Real and Personal Property

1. Utah Apartment. Scoville leased a one-bedroom, basement apartment located in Murray, Utah (the “Murray Apartment”). In approximately May 2016, Scoville prepaid his rent on the Murray Apartment for one year, and on or about August 1, 2016, Scoville renewed his lease for one year. The Receiver has determined that Scoville was not living in the Murray Apartment at the time that the SEC commenced this case, and to the best of her knowledge, he has not resided in the Murray Apartment

since that time even though the Receiver provided Scoville's counsel with the key to the Apartment and informed him he could live there. Since the case has been filed through the entry of the Preliminary Injunction, the Receiver has paid utilities associated with the Murray Apartment. Given the terms of the Preliminary Injunction, the Receiver will no longer pay the Murray Apartment utilities and will not pay any rent that may be accruing under the lease.

2. Manchester Flat. In August 2015, Scoville purchased a flat located in Manchester, UK (the "Manchester Flat"). The Receiver has obtained the keys for the Manchester Flat, and has paid fees associated with the Flat to a homeowner's association. The Receiver believes that the Manchester Flat was purchased with monies from Traffic Monsoon and, therefore, it is property of the Receivership Estate.

3. London Flat. At the time the SEC commenced this case, the Receiver was informed that Scoville was living in a flat located in London. Documents secured by the Receiver confirm that Scoville did not have a legal leasehold or title interest in that flat, and the Receiver has been informed that Scoville no longer has access to the flat or has property located at the flat. The Receivership Estate may have claims related to rent paid for this flat.

4. Traffic Monsoon Corporate Office. Scoville has informed the Receiver that Traffic Monsoon does not own real property, and to date the Receiver has not identified any real property owned by Traffic Monsoon. The Murray Apartment is consistently identified as Traffic Monsoon's "corporate office." Upon being appointed, the Receiver secured the Murray Apartment, which Scoville was not occupying at the

time, to determine if there were assets of value located there and to obtain Traffic Monsoon's business records. The Receiver determined that there were no assets of value in the Murray Apartment. She took possession of a computer and business records located in the Murray Apartment and, as noted above, returned access to the Murray Apartment to Scoville.

5. Vehicles. The Receiver has only identified one vehicle titled in the name of Scoville. This vehicle, a 2013 Nissan, was purchased prior to the formation of Traffic Monsoon and, accordingly, does not appear to be property of the Receivership Estate, and even if it is, the Receiver has informed Scoville that she is abandoning it to him because the costs of liquidating it would likely exceed its value. The Receiver is informed that several vehicles were purchased for third parties by Scoville or Traffic Monsoon using funds obtained from Traffic Monsoon. The Receiver believes these vehicles are property of the Receivership Estate and the Receiver will take appropriate actions in relation to the vehicles.

6. Other Personal Property. As noted above, the Receiver did not identify any personal property in the Murray Apartment that is likely to be property of the Receivership Estate or that has value for the Receivership Estate. Scoville informs the Receiver that, other than an engagement or wedding ring, he did not buy personal property of significant value at the time that Traffic Monsoon was in operation. The Receiver is investigating these issues.

D. Securing Information

1. Lack of Business Records Maintained by the Defendants. Scoville has informed the Receiver that he did not maintain independent accounting records for Traffic Monsoon. Instead, the records are included in the electronic transaction records maintained by banks, payment processors, and on the Traffic Monsoon servers discussed below.

2. Scoville Interview. Shortly after her appointment, the Receiver interviewed Scoville. Information obtained in that interview is included in the Receiver's Business Operations Declaration.

3. Computers. As noted above, the Receiver obtained custody of a computer in the Murray Apartment, but the Receiver is informed that it contains limited business information. Scoville has informed the Receiver that he had a personal computer in his possession at the time the SEC commenced its case which may have Traffic Monsoon records. The Receiver has requested access to the computer, but to date Scoville has not made the computer available to the Receiver for imaging.

4. Servers. Shortly after her appointment, the Receiver secured servers that are maintained for Traffic Monsoon through a lease arrangement with Snoork LLC ("Snoork"). A summary of what was secured is included in the Receiver's Business Operations Declaration. Currently, the Epiq is maintaining a forensic image of the data from the servers on behalf of the Receiver, and the Receiver is also using a working copy of the data to recreate and analyze Traffic Monsoon's business records. As discussed

below, Traffic Monsoon's data on the Snook servers has been erased by the Receiver, and the servers have been returned to Snoork.

5. Mail. Shortly after her appointment, the Receiver redirected mail for the Defendants to her office. Since the entry of the Preliminary Injunction, the Receiver has informed Scoville through his counsel that she will forward to him his personal mail.

6. Murray Apartment Records. As discussed above, upon being appointed, the Receiver secured Traffic Monsoon's "corporate office" -- the Murray Apartment -- to, among other things, obtain Traffic Monsoon's business records. In addition to the computer discussed above, the Receiver took possession of the documents located in the Murray Apartment that appeared to be business records. A description of the information found in the Murray Apartment is set forth in ¶¶ 18-19 of the Receiver's Business Operations Declaration.

7. Third Party Requests. The Receiver, through her counsel, has served numerous subpoenas to obtain information about Traffic Monsoon from parties identified to date. In addition, the Receiver has obtained information from numerous third parties based on informal requests. BRG has assisted the Receiver in this effort so as to make sure that the information being requested is what is required for the forensic analysis discussed below. Included in the information secured through these avenues are the electronic records of banks and payment processors which, as discussed below, the Receiver is using along with the information on the Traffic Monsoon servers to recreate Traffic Monsoon's business records.

8. Miscellaneous. Just prior to and shortly after her appointment, the Receiver obtained and reviewed information about the Defendants, including the following: (a) information on numerous Traffic Monsoon-affiliated websites, YouTube sites, and social media pages; (b) transcripts of the SEC's interviews of Scoville; (c) documents that the SEC obtained from financial institutions and Scoville, including bank statements and tax returns; (d) *Complaint Referral Forms* submitted by investors to the Federal Bureau of Investigation; (e) a report from the City of London of Police; (f) contracts and settlement agreements; and (g) public information about a suit commenced against the Defendants in the California.

E. Investor Communications

The Receiver and Dorsey have spent considerable time communicating with investors. A detailed summary of efforts in this regard through October 2016 is included in the Receiver's Communications Declaration which is incorporated herein. Below is general summary and updated information.

Just prior to and immediately upon being appointed, the Receiver set up procedures at her law office for handling, responding to and tracking of investor phone calls, emails and all other written communications made to the Receiver at her office and through the Receivership Email Address (defined below). Two Dorsey employees have been tasked with managing these tasks for the Receiver, and this work is ongoing.

The Receiver and Dorsey also worked with Epiq to set up the "Receivership Website" at www.trafficmonsoonreceivership.com; and a "Call Center" to receive telephone calls, including providing translation services.

The Receivership Website went live on August 8, 2016, and includes, among other things, (a) information about how to contact the Receiver, including a designated email address at trafficmonsoon.receiver.inquiries@dorsey.com (“Receiver Email Address”) and telephone numbers for the Call Center; (b) updates about matters occurring in the SEC’s case and matters being handled by the Receiver; and (c) a posting of key documents filed in the case. The Receivership Website has been updated to include all of the information related to the Preliminary Injunction Hearing, and to provide new information in light of the Preliminary Injunction. Now that the Preliminary Injunction has been entered, the Receiver will file quarterly status reports and these will be posted on the Receivership Website. Investor inquiries made through the Receiver Email Address are handled by Dorsey employees with information provided to them by the Receiver.

The Call Center also went live on August 8, 2016. Epiq has manned the Call Center with persons who are trained to obtain certain information from persons calling in, on how to answer the typical questions asked based on instructions provided by the Receiver, and on how to relay information about the Receivership Website. Epiq provides weekly reports to the Receiver on summarizing the calls received and, if necessary, the Receiver communicates with Epiq about how to resolve certain inquiries. Since the entry of the Preliminary Injunction, the Receiver has provided updated information to Epiq to be used at the Call Center.

Finally, the Receiver has been given access to Traffic Monsoon’s PayPal accounts. BRG is using this access to recreate and analyze Traffic Monsoon’s financial records. Additionally, Dorsey has used this access to respond to numerous Chargeback requests in an attempt to ensure

that all investors are treated in a fair manner with respect to their claims against the Receivership Estate.

F. Investigation

Upon her appointment, the Receiver commenced an investigation of Traffic Monsoon and the assets of Scoville. This investigation is ongoing. Below are general summaries of the work that is being done.

1. Business Operations. The Receiver has conducted a preliminary investigation into Traffic Monsoon's business operations, a summary of which is set forth in the Receiver's Business Operations Declaration incorporated herein.

2. Asset Investigation. The Receiver and her professionals have engaged in an investigation of the assets of the Receivership Estate, including identifying the assets, marshalling assets, and strategizing about the recovery of assets. This investigation is dependent in large part on the Receiver's financial investigation, which as discussed immediately below, is very complicated and will take some time to sort out due, in large part, to the Defendants' failure to maintain traditional books and records.

3. Financial Investigation. The Receiver has been investigating and obtaining information about Traffic Monsoon's business and finances. As discussed above, Traffic Monsoon did not maintain independent accounting records, and therefore, BRG is using the information discussed above that has been obtained from third parties and from the Traffic Monsoon servers to recreate and analyze financial records. A summary of this work is as follows:

(a) BRG obtained a copy of the forensic server images secured by the Receiver and extracted the Traffic Monsoon website code and MySQL database utilized to track and maintain member activities (“TM Data”). The TM Data consisted of over 500 million individual records or entries, maintained in approximately 150 different data tables. BRG has utilized the TM Data to create a separate working database which has been used extensively in assisting the Receiver in her analysis and investigation.

(b) BRG has faced various issues and challenges in its on-going analysis of the TM Data, including a lack of documentation or information related to the structure and function of the website code and related MySQL data tables; the vast number of Traffic Monsoon member/investors located in jurisdictions all over the world; massive volume of transactional and database activity; complexity of the website code; transactional differences between the TM Data and third-party records received to date; missing or inaccurate transaction referencing in TM Data; the volume of third-party transaction activity (discussed if further detail below) being utilized to validate the TM Data; and a lack of traditional corporate information and documentation (including, without limitation, a traditional general ledger accounting system, emails archives, correspondence, and corporate governance, contracts, accounts payable, banking, compensation, tax, and general operating and management records and documentation).

(c) As discussed in above, BRG has assisted the Receiver in obtaining data from various third-parties to process incoming and outgoing payment activity involving members/investors and other individuals and entities. BRG is compiling and analyzing these incredibly voluminous records, including by comparing and reconciling them with the TM Data, so as to provide the Receiver with the information about, among other things, the use of funds, and the identity of those who may have claims against the Receivership Estate. BRG is providing the Receiver regular reports about the progress of its work, but given the volume of the data (outlined in more detail below), BRG's work will take some time. A summary of the data collected to date includes the following:

- (i) PayPal: Traffic Monsoon electronic payment processor data from PayPal website portal includes over 5.5 million records.
- (ii) Payza: Traffic Monsoon electronic payment processor data from Payza includes over 191,000 records for the TM-US account, and over 385,000 records for the TM-UK account.
- (iii) STP: Traffic Monsoon electronic payment processor data from STP to date includes over 110,000 records. Additional data will be required for BRG to complete its analysis.
- (iv) Allied Wallet: Traffic Monsoon electronic payment processor data from Allied Wallet to date includes over 94,300 records. Additional data will be required for BRG to complete its analysis.

(v) Chase: Transaction activity recorded in the three Chase accounts includes nearly 4,900 transactions, involving \$61,655,082 in receipts and \$61,629,361 in disbursements.

G. Scoville's Expense and Funding Requests

After the SEC filed its case, Scoville represented that he and his minor son were in the United Kingdom, and that he had no funds to travel to Utah or to pay living expenses. It was determined that it would be beneficial to have Scoville return to the United States and, thus, on August 2, 2016, the Receiver filed an *Ex Parte Motion Seeking Authorization for Receiver to Pay Expenses Out of the Ordinary Course of the Administration and Operation of the Receivership and Memorandum in Support* (the "Expense Motion"),²⁵ which was granted by the Court.²⁶

In conjunction with the Expense Motion, the Receiver informed Scoville through counsel that she would make arrangements to pay travel and living expenses from the Receivership Estate if he cooperated with the Receiver by, among other things, providing information about the EVP Transfers, turning over a Ranger Rover that had been purchased in May 2016 for over \$125,000.00, and turning over a laptop computer in his possession. Scoville provided some of the information that the Receiver requested, but not all, and again requested a "living allowance." By this time, Scoville had returned to the Utah. The source of funds for this trip is unknown, but they did not come from funds held by the Receiver. Upon his return, the Receiver informed Scoville's counsel that she would pay reasonable expenses allowed by the Court from the Receivership Estate if Scoville cooperated by at least providing information about the EVP

²⁵ Docket No. [15](#).

²⁶ Docket No. [16](#).

Transfers. As set forth in the *Receiver's Notice Regarding Expenses of Defendant Charles David Scoville*²⁷ that was filed on September 15, 2016, Scoville did not provide this information and, thus, the living allowance was never authorized.

Between August and September 2016, the Receiver understands that Scoville and/or persons affiliated with Scoville started soliciting funds for Scoville's legal defense through several online sites. At about this time, the Receiver informed Scoville through counsel that she had no objection to him driving the Nissan titled in his name, provided he kept the vehicle insured. She also consented to Scoville's use of the Murray Apartment – this would not have been an expense for the Receivership Estate because, as discussed above, Scoville prepaid this rent just prior to the filing of the case against him. The Receiver understands that during this time Scoville did not use the Nissan and he has not moved back to the Murray Apartment.

Scoville did not make further requests for living expenses until late January 2017, after the conclusion of the Preliminary Injunction Hearing. Although the Receiver had made it clear that she did not believe that the Receivership Order restricted Scoville from obtaining gainful employment and she stipulated that any such income would not be property of the Receivership Estate, Scoville continued to maintain he believed that if he earned a living his income would be seized and, thus, he could not work. The Receiver again asked Scoville through counsel to provide her with information about the amount he was requesting, and a sworn statement about his access to funds. Scoville did provide the Receiver a budget, but he never submitted the signed sworn statement required by the Receiver and, therefore, an agreement was not reached prior to the entry of the Preliminary Injunction and the Memorandum Decision. Based on the

²⁷ Docket No. [30](#).

Memorandum Decision, the Receiver does not anticipate agreeing to pay Scoville's expenses in the future.

H. Snoork Issues

As discussed above and in the Receiver's Business Operations Declaration, prior to the filing of this case Traffic Monsoon leased from Snoork thirteen servers located in Atlanta, Georgia and Los Angeles, California. Since the filing of the case, the Receiver has been attempting to work amicably with Snoork. Initially, Snoork made it difficult to obtain access to the servers, but the Receiver, through Epiq, eventually obtained access, secured the servers and obtained a forensic image of the servers. This image is being maintained by Epiq for the Receiver.

Snoork's monthly hosting fee for the servers was \$11,884.86. After an image of the servers was obtained, the Receiver attempted to negotiate a reduced monthly hosting fee with Snoork, but was unable to do so. The Receiver determined that she could not simply abandon the servers because the information on them, which includes data about investor identifiers, needed to remain secure. The Receiver thus determined that she would need to erase the information on the servers and turn them back to Snoork. On February 24, 2017, the Receiver filed a *Motion Seeking Authorization (1) to Terminate Month-To-Month Services of Snoork LLC; and (2) to Pay Snoork LLC*,²⁸ requesting authority to, among other things, erase the servers and pay Snoork its outstanding invoices (but not late fees). Scoville objected to this motion,²⁹ but on

²⁸ Docket No. [75](#).

²⁹ Docket No. [77](#).

April 4, 2017, just after the end of the current Reporting Period, the Court entered an *Order* overruling Scoville's objection and granting the relief sought by the Receiver.³⁰

I. *Work on the Preliminary Injunction Hearing*

The Receiver and her professionals worked with both the SEC and Scoville to provide information requested by each in preparation of the Preliminary Injunction Hearing.

Furthermore, the SEC informed the Receiver that it intended to call the Receiver and D. Ray Strong, the lead BRG accountant, as witnesses at the Preliminary Injunction Hearing. To prepare herself as a witness, the Receiver drafted and filed with the Court her Communications Declaration and Business Operations Declaration referred to above. These Declarations served as the primary basis of the Receiver's testimony at the Preliminary Injunction Hearing. BRG also prepared for the Preliminary Injunction Hearing. Mr. Strong directed BRG in the preparation of numerous exhibits summarizing BRG's financial analysis and forensic investigation of Traffic Monsoon through October 2016. These exhibits served as the primary basis of Mr. Strong's testimony at the Preliminary Injunction Hearing.

In addition to testifying at the Preliminary Injunction Hearing, the Receiver, through counsel, made certain representations related to the papers filed during legal argument. In addition, as noted in Part I. above, the Receiver prepared and filed a *Post-Hearing Statement*.

J. *Administration*

During the Reporting Period, the Receiver, her counsel and BRG have attended to numerous matters related to the establishment and administration of the Receivership Estate. These tasks have included but are not limited to setting up bank accounts and accounting

³⁰ Docket No. [83](#).

protocols, preparing SFARs (as defined below), evaluating and paying costs related to administration, evaluating issues related to compliance with applicable tax laws, filing papers required by applicable tax laws, communicating with investors and interfacing with holders of the Defendants' Accounts, and coordinating with governmental entities as requested.

III. Financial Report

A. Receivership Bank Accounts and Funds

Shortly after her appointment, the Receiver worked with Epiq and BRG to establish bank accounts for the Receivership Estate, and accounting protocols related to assets of the Receivership Estate. The Receiver currently has a funded "Operating Account" which does not earn interest, and a funded "Money Market Account" which earns interest. As of the date of the end of the Reporting Period, the Operating Account had a balance of \$82,161.88, and the Money Market Account had a balance of \$49,538,597.80.

B. Standardized Fund Accounting Reports ("SFARs")

Deposits and withdrawals from both accounts and a reporting of the assets of the Receivership Estate are set forth SFARs that are prepared quarterly by BRG at the Receiver's direction. The SFAR for the period of July 26, 2016 through September 31, 2016 is attached hereto as **Exhibit B**; the SFAR for the period of October 1, 2016 through December 31, 2016 is attached hereto as **Exhibit C**; and the SFAR for the period of January 1, 2017 through March 31, 2017 is attached hereto as **Exhibit D**.

C. Administrative Expenses

Through the close of the Reporting Period, the Receiver, Dorsey and BRG have received no payments for services rendered or out-of-pocket expenses incurred inasmuch as, pursuant to

the Receivership Order and the Amended Receivership Order, such fees and expenses must first be approved by the Court. The Receiver will file a *First Interim Fee Application* requesting approval of fees and expenses for this Reporting Period after it has been reviewed by the SEC.

The Receiver can, however, report the total amount of fees and expenses that have been incurred in this Reporting Period (which amounts include voluntary reductions that have been made by professionals prior to SEC review). From July 27, 2016 through the end of the Reporting Period on March 31, 2017, the Receiver has worked a total of 393.10 hours providing receivership services to the Receivership Estate for which fees in the total amount of \$139,747.05 have been incurred. Dorsey has worked a total of 1,113 hours and provided legal services to the Receivership Estate for which fees in the total amount of \$341,762.50 and out-of-pocket expenses in the total amount of \$9,221.73 have been incurred. And, BRG has worked a total of 1,340 hours providing forensic and general accounting services to the Receivership Estate for which fees in the total amount of \$351,216.50 and out-of-pocket expenses in the total amount of \$519.25 have been incurred.

Going forward, the Receiver intends to ask the Court for authority to pay 80% of fees and expenses on a monthly basis, with release of the 20% held back after Court approval of quarterly fee applications.

IV. Conclusion

This is a complicated case due, in large part, to the Defendants' failure to maintain business records. The Receiver is working diligently to recreate the records so that she can administer the Receivership Estate and proposed a plan of distribution as quickly as possible. This process is slow primarily due to the sheer volume of the data involved. The Receiver will

continue to work with her professionals to efficiently and effectively investigate assets and claims that exist so as to maximize the distribution that can be made to investors who lost money in this fraudulent enterprise.

Dated this 4th day of May, 2017.

RECEIVER

/s/
Peggy Hunt, Receiver

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of May, 2017, I caused the foregoing *Receiver's First Status Report* to be electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of the filing to all counsel of record in this case.

/s/Candy Long

Exhibit A

May 4, 2017

Dear Traffic Monsoon Investor:

I am the Receiver that has been appointed by the U.S. District Court for the District of Utah (Court). I want to give you an update of this case.

The Lawsuit

The Securities and Exchange Commission (SEC) filed a lawsuit against Traffic Monsoon and Charles Scoville because it had evidence that Traffic Monsoon was being operated as a fraudulent enterprise. As part of that lawsuit, the SEC asked that Traffic Monsoon and Mr. Scoville be restrained from, among other things, operating Traffic Monsoon and that assets be frozen for the benefit of investors. I was appointed by the Court to do numerous things, including hold assets that were identified when the case was filed, collect additional assets, and ultimately, distribute those assets to investors.

Mr. Scoville originally said he would cooperate with the SEC. But, later he filed papers with the Court arguing that the Court's restraining order and asset freeze should be lifted, and that the receivership should be set aside. The Court held a two-day evidentiary hearing on these requests. Both the SEC and Mr. Scoville presented evidence to the Court. Recently, the Court entered a lengthy opinion rejecting Mr. Scoville's requests. The Court ordered, in material part, that assets remain frozen, that Mr. Scoville was restrained from operating Traffic Monsoon or any similar business model, and that the receivership should continue.

Mr. Scoville has appealed the Court's decision. This appeal will take some time to be decided by the U.S. Tenth Circuit Court of Appeals. During the appeal, the receivership will continue.

What is a Ponzi Scheme

My investigation to date reveals that Traffic Monsoon was operated as a Ponzi scheme. Importantly, the Court, after reviewing evidence that was comprised of information obtained from my investigation, found that the SEC will likely be able show that Traffic Monsoon was operated by Mr. Scoville as a Ponzi scheme.

The operation of a Ponzi scheme is illegal. The reason for this is that investors are not paid from the profits of an underlying business, but rather are receiving a return on their investments from funds obtained by other investors who invest money after them. Thus, when new investors cannot be found or the business is suspended, there is no way to pay investors.

May 4, 2017
Page 2

My Role and What I Have Been Doing

I am an attorney who, as receiver, is obligated to report to the Court about my investigation and the assets I am holding. I cannot distribute any assets without Court approval. To date, the primary asset is approximately \$49 million in cash. It was important for this cash to be secured so that it could be preserved for the benefit of all investors who lost money. Ultimately, I will propose a "plan of distribution" to the Court that will provide for each investor who lost money to receive a share of the cash I am holding.

Please know that I am very committed to proposing a plan of distribution as quickly as possible. I have received many communications from investors. All of these communications are being read and registered. I know that you have been subjected to fraud and, in many cases, have lost money. I am working as quickly as I can to propose a plan of distribution.

But, sorting out Traffic Monsoon's business will take some time. Mr. Scoville kept no traditional business records. As a result, there are no "books" for Traffic Monsoon identifying investors, the amount each investor paid to Traffic Monsoon, or the amount each investor received back from Traffic Monsoon. While some of you have contacted me to give me your information, many have not. I am required to identify to the best of my ability all investors and to independently determine which investors have claims to the funds that I hold so that all investors are treated fairly and equally. This requires that I essentially "recreate" Traffic Monsoon's books.

I have taken two primary steps to assist in recreating the books. First, shortly after the case was filed, I secured Traffic Monsoon's servers. The servers contain electronic data of Traffic Monsoon's transactions with investors. Second, I have been obtaining the financial records held by the payment processors and financial institutions through which Traffic Monsoon did business. Forensic accountants are using the information from the servers and the third-party records to piece together the monies that were paid to Traffic Monsoon by each investor, and the monies each investor received. This process is time-consuming due to the sheer volume of information (totaling almost 6 million records). Once this information is organized and analyzed, I will be in a better position to move forward with this case.

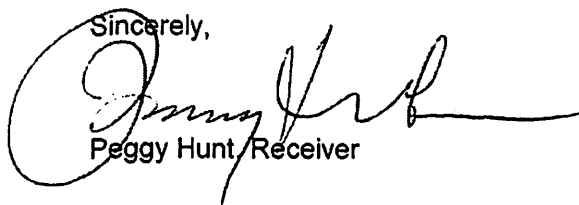
Ways To Obtain Information

I am trying to contain the costs of the receivership. Thus, I am not personally taking phone calls or responding to emails. That does not mean that your requests for information are unheard by me. People knowledgeable about this case that work for me are registering your requests for information and responding to all requests with input from me. I recognize that there may be some frustration that the information provided is often repetitive. I understand this frustration, but unfortunately, given the state of the records discussed above, I simply am not in a position to provide more information at this time.

May 4, 2017
Page 3

The very best way to get information about the case is on the receivership website at www.trafficmonsoonreceivership.com. I post documents filed in the case on the website and provide updates when they exist. Now that I know that the receivership will continue, I will be filing quarterly Status Reports with the Court, and those Reports also will be posted on the website.

Additionally, the website has a link providing information about how to contact me by email (Trafficmonsoon.receiver.inquiries@dorsey.com) and by telephone. Translation services are available if you call the telephone numbers provided. Please know that if you contact me through these avenues, your requests for information are being heard and registered.

Sincerely,

Peggy Hunt, Receiver

PH:cl

Exhibit B

STANDARDIZED FUND ACCOUNTING REPORT for Traffic Monsoon, LLC Receivership - Cash Basis

Receivership; Civil Court Case No. 2:16-00832

REPORTING PERIOD 07/01/2016 TO 09/30/2016

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/16)			\$0.00
	<i>Increases In Fund Balance:</i>			
Line 2	Business Income	-	-	
Line 3	Cash and Securities	\$49,500,822.10	\$49,500,822.10	
Line 4	Interest/Dividend Income	-	-	
Line 5	Business Asset Liquidation	-	-	
Line 6	Personal Asset Liquidation	-	-	
Line 7	Third-Party Litigation	-	-	
Line 8	Miscellaneous - Other	-	-	
	Total Funds Available (Lines 1-8):		\$49,500,822.10	\$49,500,822.10
	<i>Decreases In Fund Balance:</i>			
Line 9	Disbursements to Senior Secured Lenders/Investors	-	-	
Line 10	Disbursements for Receivership Operations			
Line 10	Internal Loans	-	-	
Line 10a	Disbursements to Receiver or Other Professionals	-	-	
Line 10b	Business Asset Expenses	-	-	
Line 10c	Personal Asset Expenses	-	-	
Line 10d	Hospital Settlements & Investment Expenses	-	-	
Line 10e	Third-Party Litigation Expenses	-	-	
	1. Attorney Fees	-	-	
	2. Litigation Expenses	-	-	
	Total Third-party Litigation Expenses		-	
Line 10f	Tax Administrator Fees and Bonds	-	-	
Line 10g	Federal and State Tax Payments	-	-	
	Total Disbursements for Receivership Operations		-	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11	Distribution Plan Development Expenses	-	-	
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator	-	-	
	Independent Distribution Consultant (IDC)	-	-	
	Receiver	-	-	
	Legal Advisers	-	-	
	Accountants	-	-	
	Consultants	-	-	
	2. Administrative Expenses	-	-	
	3. Approved Living Allowance	-	-	
	4. Miscellaneous	-	-	
	Total Plan Development Expenses		-	
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator	-	-	
	IDC	-	-	
	Receiver	-	-	
	Legal Advisers	-	-	
	Accountants	-	-	
	Consultants	-	-	
	2. Administrative Expenses	-	-	

Line 12 Line 12 Line 12a Line 12b	3. Investor Identification: Notice/Publishing Approved Plan Claimant Identification Claims Processing Web Site Maintenance/Call Center	-	-	-
	4. Fund Administrator Bond	-	-	-
	5. Miscellaneous	-	-	-
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses	-	-	-
	Total Plan Implementation Expenses	-	-	-
	Total Disbursements for Distribution Expenses Paid by the Fund	-	-	-
	Disbursements to Court/Other:	-	-	-
	Disbursements to Court	-	-	-
	Investment Expenses/Court Registry Investment System (CRIS) Fees	-	-	-
	Federal Tax Payments	-	-	-
	Total Disbursements to Court/Other:	-	-	-
	Total Funds Disbursed (Lines 9-11):			\$0.00
Line 13	Ending Balance (As of 09/30/16):			\$49,500,822.10
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents			\$49,500,822.10
Line 14b	Investments			-
Line 14c	Other Assets or Uncleared Funds			-
	Total Ending Balance of Fund - Net Assets			\$49,500,822.10

OTHER SUPPLEMENTAL INFORMATION:				
		Detail	Subtotal	Grand Total
Line 15	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:	-	-	-
Line 15a	Disbursements for Plan Administration Expenses	-	-	-
	Plan Development Expenses Not Paid by the Fund:	-	-	-
	1. Fees:	-	-	-
	Fund Administrator	-	-	-
	IDC	-	-	-
	Receiver	-	-	-
	Legal Advisers	-	-	-
	Accountants	-	-	-
	Consultants	-	-	-
	2. Administrative Expenses	-	-	-
	3. Approved Living Allowance	-	-	-
	4. Miscellaneous	-	-	-
	Total Plan Development Expenses Not Paid by the Fund	-	-	-
Line 15b	Plan Implementation Expenses Not Paid by the Fund:	-	-	-
	1. Fees:	-	-	-
	Fund Administrator	-	-	-
	IDC	-	-	-
	Receiver	-	-	-
	Legal Advisers	-	-	-
	Accountants	-	-	-
	Consultants	-	-	-
	2. Administrative Expenses	-	-	-
	3. Investor Identification:	-	-	-
	Notice/Publishing Approved Plan	-	-	-
	Claimant Identification	-	-	-

	Claims Processing	-		
	Web Site Maintenance/Call Center	-		
	4. Fund Administrator Bond	-		
	5. Miscellaneous	-		
	6. FAIR Reporting Expenses	-		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	-		
Line 15c	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>	-		
	Total Disbursements for Plan Administrative Expenses Not Paid by the fund		-	-
Line 16	Disbursements to Court/Other Not Paid by the Fund:	-	-	
Line 16a	<i>Investment Expenses/CRIS Fees</i>	-		
Line 16b	<i>Federal Tax Payments</i>	-		
Line 17	Total Disbursements to Court/Other Not Paid by the Fund:	-	-	-
	DC & State Tax Payments	-	-	
Line 18	No. of Claims:			
Line 18a	<i># of Claims Received This Reporting Period</i>			-
Line 18b	<i># of Claims Received Since Inception of Fund</i>			-
Line 19	No. of Claimants / Investors:			
Line 19a	<i># of Claimants / Investors Paid This Reporting Period</i>			-
Line 19b	<i># of Claimants / Investors Paid Since Inception of Fund</i>			-

Receiver:

By: 

(signature)

Mary Margaret Hunt

(printed name)

Receiver

(title)

Date: 5-3-17

Exhibit C

STANDARDIZED FUND ACCOUNTING REPORT for Traffic Monsoon, LLC Receivership - Cash Basis

Receivership; Civil Court Case No. 2:16-00832
 REPORTING PERIOD 10/01/2016 TO 12/31/2016

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/01/16)			\$49,500,822.10
	<i>Increases In Fund Balance:</i>			
Line 2	Business Income	-	-	
Line 3	Cash and Securities	\$181,777.33	\$181,777.33	
Line 4	Interest/Dividend Income	\$8,069.82	\$8,069.82	
Line 5	Business Asset Liquidation	-	-	
Line 6	Personal Asset Liquidation	-	-	
Line 7	Third-Party Litigation	-	-	
Line 8	Miscellaneous - Other	-	-	
	Total Funds Available (Lines 1-8):		\$189,847.15	\$49,690,669.25
	<i>Decreases In Fund Balance:</i>			
Line 9	Disbursements to Senior Secured Lenders/Investors	-	-	
Line 10	Disbursements for Receivership Operations			
Line 10	Internal Loans	-	-	
Line 10a	Disbursements to Receiver or Other Professionals	\$86,628.56		
Line 10b	Business Asset Expenses	\$5,150.10		
Line 10c	Personal Asset Expenses	\$92.56		
Line 10d	Hospital Settlements & Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	-		
	2. Litigation Expenses	-		
	Total Third-party Litigation Expenses	-	-	
Line 10f	Tax Administrator Fees and Bonds	-		
Line 10g	Federal and State Tax Payments	-		
	Total Disbursements for Receivership Operations		\$91,871.22	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:	-	-	
Line 11	Distribution Plan Development Expenses	-		
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator	-		
	Independent Distribution Consultant (IDC)	-		
	Receiver	-		
	Legal Advisers	-		
	Accountants	-		
	Consultants	-		
	2. Administrative Expenses	-		
	3. Approved Living Allowance	-		
	4. Miscellaneous	-		
	Total Plan Development Expenses	-	-	
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator	-		
	IDC	-		
	Receiver	-		
	Legal Advisers	-		
	Accountants	-		
	Consultants	-		
	2. Administrative Expenses	-		

	3. Investor Identification:	-		
	Notice/Publishing Approved Plan	-		
	Claimant Identification	-		
	Claims Processing	-		
	Web Site Maintenance/Call Center	-		
	4. Fund Administrator Bond	-		
	5. Miscellaneous	-		
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses	-		
	Total Plan Implementation Expenses	-		
	Total Disbursements for Distribution Expenses Paid by the Fund		\$91,871.22	-
Line 12	Disbursements to Court/Other:		-	
Line 12	Disbursements to Court	-		
Line 12a	Investment Expenses/Court Registry Investment System (CRIS)	-		
Line 12b	Fees	-		
	Federal Tax Payments	-		
	Total Disbursements to Court/Other:	-		
	Total Funds Disbursed (Lines 9-11):			\$91,871.22
Line 13	Ending Balance (As of 12/31/16):			\$49,598,798.03
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents			\$49,598,798.03
Line 14b	Investments			-
Line 14c	Other Assets or Uncleared Funds			-
	Total Ending Balance of Fund - Net Assets			\$49,598,798.03

OTHER SUPPLEMENTAL INFORMATION:				
		Detail	Subtotal	Grand Total
Line 15	Report of Items NOT To Be Paid by the Fund:			
	Disbursements for Plan Administration Expenses Not Paid by the Fund:	-	-	
Line 15	Disbursements for Plan Administration Expenses	-		
Line 15a	Plan Development Expenses Not Paid by the Fund:	-		
	1. Fees:	-		
	Fund Administrator	-		
	IDC	-		
	Receiver	-		
	Legal Advisers	-		
	Accountants	-		
	Consultants	-		
	2. Administrative Expenses	-		
	3. Approved Living Allowance	-		
	4. Miscellaneous	-		
	Total Plan Development Expenses Not Paid by the Fund	-	-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:	-		
	Fund Administrator	-		
	IDC	-		
	Receiver	-		
	Legal Advisers	-		
	Accountants	-		
	Consultants	-		
	2. Administrative Expenses	-		
	3. Investor Identification:	-		
	Notice/Publishing Approved Plan	-		
	Claimant Identification	-		

	Claims Processing	-		
	Web Site Maintenance/Call Center	-		
	4. Fund Administrator Bond	-		
	5. Miscellaneous	-		
	6. FAIR Reporting Expenses	-		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	-		
Line 15c	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>	-		
	<i>Total Disbursements for Plan Administrative Expenses Not Paid by the fund</i>	-		-
Line 16	Disbursements to Court/Other Not Paid by the Fund:	-	-	
Line 16a	Investment Expenses/CRIS Fees	-		
Line 16b	Federal Tax Payments	-		
	<i>Total Disbursements to Court/Other Not Paid by the Fund:</i>	-	-	-
Line 17	DC & State Tax Payments	-	-	
Line 18	No. of Claims:			
Line 18a	# of Claims Received This Reporting Period			-
Line 18b	# of Claims Received Since Inception of Fund			-
Line 19	No. of Claimants / Investors:			
Line 19a	# of Claimants / Investors Paid This Reporting Period			-
Line 19b	# of Claimants / Investors Paid Since Inception of Fund			-

Receiver:

By:

(signature)

Mary Margaret Hunt

(printed name)

Receiver

(title)

Date:

5-3-17

Exhibit D

STANDARDIZED FUND ACCOUNTING REPORT for Traffic Monsoon, LLC Receivership - Cash Basis

Receivership; Civil Court Case No. 2:16-00832
 REPORTING PERIOD 01/01/2017 TO 03/31/2017

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/17)			\$49,598,798.03
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	-	-	
Line 3	Cash and Securities	-	-	
Line 4	Interest/Dividend Income	\$30,527.98	\$30,527.98	
Line 5	Business Asset Liquidation	-	-	
Line 6	Personal Asset Liquidation	-	-	
Line 7	Third-Party Litigation	-	-	
Line 8	Miscellaneous - Other	\$5,206.95	\$5,206.95	
	Total Funds Available (Lines 1-8):		\$35,734.93	\$49,634,532.96
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Senior Secured Lenders/Investors	-	-	
Line 10	Disbursements for Receivership Operations			
Line 10	Internal Loans	-	-	
Line 10a	Disbursements to Receiver or Other Professionals	\$11,818.22		
Line 10b	Business Asset Expenses	-		
Line 10c	Personal Asset Expenses	\$1,955.06		
Line 10d	Hospital Settlements & Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	-		
	2. Litigation Expenses	-		
	Total Third-party Litigation Expenses		-	
Line 10f	Tax Administrator Fees and Bonds	-		
Line 10g	Federal and State Tax Payments	-		
	Total Disbursements for Receivership Operations		\$13,773.28	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11	Distribution Plan Development Expenses			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator	-		
	Independent Distribution Consultant (IDC)	-		
	Receiver	-		
	Legal Advisers	-		
	Accountants	-		
	Consultants	-		
	2. Administrative Expenses	-		
	3. Approved Living Allowance	-		
	4. Miscellaneous	-		
	Total Plan Development Expenses		-	
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator	-		
	IDC	-		
	Receiver	-		
	Legal Advisers	-		
	Accountants	-		
	Consultants	-		
	2. Administrative Expenses	-		

	3. Investor Identification: Notice/Publishing Approved Plan Claimant Identification Claims Processing Web Site Maintenance/Call Center	-	-	-
	4. Fund Administrator Bond	-	-	-
	5. Miscellaneous	-	-	-
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses	-	-	-
	Total Plan Implementation Expenses	-	-	-
	Total Disbursements for Distribution Expenses Paid by the Fund	-	-	-
Line 12	Disbursements to Court/Other:	-	-	-
Line 12	Disbursements to Court	-	-	-
Line 12a	Investment Expenses/Court Registry Investment System (CRIS)	-	-	-
Line 12b	Fees	-	-	-
	Federal Tax Payments	-	-	-
	Total Disbursements to Court/Other:	-	-	-
	Total Funds Disbursed (Lines 9-11):	-	-	\$13,773.28
Line 13	Ending Balance (As of 03/31/17):	-	-	\$49,620,759.68
Line 14	Ending Balance of Fund - Net Assets:	-	-	-
Line 14a	Cash & Cash Equivalents	-	-	\$49,620,759.68
Line 14b	Investments	-	-	-
Line 14c	Other Assets or Uncleared Funds	-	-	-
	Total Ending Balance of Fund - Net Assets	-	-	\$49,620,759.68

OTHER SUPPLEMENTAL INFORMATION:				
		Detail	Subtotal	Grand Total
Line 15	Report of Items NOT To Be Paid by the Fund:	-	-	-
	Disbursements for Plan Administration Expenses Not Paid by the Fund:	-	-	-
Line 15	Disbursements for Plan Administration Expenses	-	-	-
Line 15a	Plan Development Expenses Not Paid by the Fund:	-	-	-
	1. Fees:	-	-	-
	Fund Administrator	-	-	-
	IDC	-	-	-
	Receiver	-	-	-
	Legal Advisers	-	-	-
	Accountants	-	-	-
	Consultants	-	-	-
	2. Administrative Expenses	-	-	-
	3. Approved Living Allowance	-	-	-
	4. Miscellaneous	-	-	-
	Total Plan Development Expenses Not Paid by the Fund	-	-	-
Line 15b	Plan Implementation Expenses Not Paid by the Fund:	-	-	-
	1. Fees:	-	-	-
	Fund Administrator	-	-	-
	IDC	-	-	-
	Receiver	-	-	-
	Legal Advisers	-	-	-
	Accountants	-	-	-
	Consultants	-	-	-
	2. Administrative Expenses	-	-	-
	3. Investor Identification:	-	-	-
	Notice/Publishing Approved Plan	-	-	-
	Claimant Identification	-	-	-

	Claims Processing	-		
	Web Site Maintenance/Call Center	-		
	4. Fund Administrator Bond	-		
	5. Miscellaneous	-		
	6. FAIR Reporting Expenses	-		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	-		
Line 15c	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>	-		
	Total Disbursements for Plan Administrative Expenses Not Paid by the fund		-	-
Line 16	Disbursements to Court/Other Not Paid by the Fund:	-	-	
Line 16a	<i>Investment Expenses/CRIS Fees</i>	-		
Line 16b	<i>Federal Tax Payments</i>	-		
	Total Disbursements to Court/Other Not Paid by the Fund:	-	-	-
Line 17	DC & State Tax Payments	-	-	
Line 18	No. of Claims:			
Line 18a	<i># of Claims Received This Reporting Period</i>			-
Line 18b	<i># of Claims Received Since Inception of Fund</i>			-
Line 19	No. of Claimants / Investors:			
Line 19a	<i># of Claimants / Investors Paid This Reporting Period</i>			-
Line 19b	<i># of Claimants / Investors Paid Since Inception of Fund</i>			-

Receiver:

By: 

(signature)

Mary Margaret Hunt

(printed name)

Receiver

(title)

Date: 5-3-17