

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

SECURITIES AND EXCHANGE )  
COMMISSION )

Plaintiff, )

CIVIL ACTION FILE NO.  
1:13-CV-01817-WSD

v. )

DETROIT MEMORIAL PARTNERS, LLC )  
and MARK MORROW )

Defendants. )

**RECEIVER’S QUARTERLY STATUS REPORT FOR THE  
FOURTH QUARTER OF 2014**

Pursuant to the Court’s Order Appointing Receiver [Doc. 51], Jason S. Alloy, the Court-appointed Receiver for Detroit Memorial Partners, LLC (“DMP”), hereby files the Receiver’s Quarterly Status Report for the **Fourth Quarter of 2014**.

**QUARTERLY STATUS REPORT**

**I. Summary of the Operations of the Receiver.**

In the Fourth Quarter the Receiver continued to focus on tasks that would most efficiently move the receivership toward its conclusion, including the following:

**A. Potential Sale of DMP's 49% Interest in Midwest Memorial Group (MMG)**

During the Fourth Quarter, the Receiver received and analyzed multiple initial proposals from potential buyers of DMP's 49% interest in MMG. The Receiver's discussions with one of these potential buyers, in particular, are continuing. The Receiver intends to largely keep the sale process confidential to avoid compromising ongoing negotiations.

**B. Participation in MMG Capital Call**

On Monday, October 27, 2014, MMG management notified the Receiver that a cash contribution from MMG's members was needed to fund MMG's operations, and that Westminster Memorial Group (the majority member on DMP's Board of Managers) would be voting for a new capital call from MMG's members in the amount of \$1,000,000. DMP's portion of the capital call is \$490,000.

After analyzing the costs and benefits of participating in the capital call with the assistance of the accounting firm Habib Arogeti, the Receiver determined that participation in the capital call would be in DMP's best interests. On November 4, 2014, the Receiver filed his second Motion to Authorize DMP's Participation in MMG's Capital Call, and the Court granted the motion on January 16, 2015.

[Docs. 101, 108.] The Receiver delivered the funds to MMG on January 20, 2015.

### **C. Complex Pass-Through Tax Issues**

During the Fourth Quarter the Receiver directed McLean Koehler to do an analysis, based on new information obtained in preparing the Receiver's Accounting,<sup>1</sup> to determine whether DMP's past tax filings may be amended to take advantage of securities trading losses that were not previously accounted for in the filings because McLean Koehler was not made aware at the time of trading activity done on DMP's account.

After conducting the preliminary review, McLean Koehler concluded that determining whether such amendments were possible would require a time-consuming forensic analysis of the available brokerage records that would cost DMP approximately \$20,000 in fees. Beyond the expense, even if such trading losses were identified, the losses in prior years would be no greater than the loss the members will eventually realize when DMP's interest in MMG is sold and DMP is wound down (hopefully in the near term) through the receivership. The only "benefit" of amending the returns now is the time value of allowing the members to claim the losses now, for prior years, instead of having to wait until DMP is wound down. The Receiver determined that this limited benefit is

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<sup>1</sup> See Doc. 73.

outweighed by the cost of performing the analysis, and the Receiver will not seek to amend DMP's past tax returns at this time.

**D. Creditor Claims Proceedings.**

See Section VI below.

**II. Amount of Cash on Hand, Amount and Nature of Accrued Administrative Expenses, and Amount of Unencumbered Funds in the Estate.**

As reflected in the Schedule of Receiver's Receipts and Disbursements, Fourth Quarter 2014 (attached hereto as Exhibit A), DMP's total cash on hand at the close of the quarter was \$6,807,560.33. The Receiver is unaware of any additional unencumbered funds in the estate at this time.

DMP's total accrued expenses for the Time Period are as follows: (1) \$30,792.50 in attorneys' fees and \$878.77 in expenses incurred by the Robbins Firm, and (2) \$2,669.00 in fees incurred from McLean Koehler in assisting with preparation of DMP's tax documents. DMP will file an Application for Compensation and Reimbursement of these Expenses on or before February 16, 2015 in accordance with the Order Appointing Receiver.

**III. Schedule of All the Receiver's Receipts and Disbursements (Attached as Exhibit A to the Quarterly Status Report), with One Column for the Quarterly Period Covered and a Second Column for the Entire Duration of the Receivership.**

See Schedule of Receiver's Receipts and Disbursements for Fourth Quarter 2014 (attached hereto as Exhibit A).

**IV. Description of All Known Receivership Property, Including Approximate or Actual Valuations, Anticipated or Proposed Dispositions, and Reasons for Retaining Assets Where No Disposition Is Intended.**

A complete description of the assets in the Receivership Estate was provided in the Accounting filed on February 21, 2014. [Doc. 73.] Since that date the Receiver's Quarterly Reports and Fee Applications have detailed the Receiver's expenditures. To date the assets identified are solely the cash on hand totaling \$6,807,560.33, plus the value of DMP's 49% membership interest in Midwest Memorial Group, LLC. As discussed above, the Receiver is currently attempting to liquidate the 49% interest in MMG. The Receiver will present a proposal to the Court for the disposition of assets once the outstanding issues described above are resolved and the creditor claims proceeding is concluded.

**V. Description of Liquidated and Unliquidated Claims Held by the Receivership Estate, Including the Need for Forensic and/or Investigatory Resources; Approximate Valuations of Claims; and Anticipated or Proposed Methods of Enforcing Such Claims (Including Likelihood of Success in: (i) Reducing the Claims to Judgment; and, (ii) Collecting Such Judgments).**

The Receiver has conducted a preliminary analysis of all claims that DMP may currently have against third parties, and all claims that third parties may have against DMP. Given DMP's limited resources, the Receiver only intends to pursue a claim on DMP's behalf if the potential benefits to DMP's creditors and its likelihood of success on the merits outweigh the anticipated costs of litigation. Thus far, the Receiver has not identified any potential claims for which the benefits outweigh the expected costs. However, this analysis is ongoing and the Receiver will continue to consider any claims DMP has against third parties.

Additionally, the Receiver has received inquiries from potential claimants about the related class action Curry et al. v. TD Ameritrade et al., Case No. 1:14-cv-01361-WSD, currently pending before this Court, and the Receiver's counsel has informed claimants and their advisors of where they can obtain further information about that case.

**VI. List of All Known Creditors with Their Addresses and the Amounts of Their Claims.**

The Receiver sent claim forms to potential claimants on August 15, 2014, with responses due by November 14, 2014. The Receiver made every effort to make the process as straightforward for claimants as possible, and he and his staff fielded inquiries from investors in a prompt and efficient manner in the days leading up to the submission deadline. The Receiver and his counsel are currently evaluating each claim form on an individual basis, along with the documents submitted in support of each. The Receiver will notify the Court and the claimants when that evaluation is complete and the Receiver is ready to begin negotiating the payment of meritorious claims. Much of this timing will depend upon the conclusion of a sale of DMP's 49% interest in MMG, however. Until that sale is completed, the Receiver does not know how large the pool of funds will be to pay claims.

**VII. Status of Creditor Claims Proceedings, After Such Proceedings Have Been Commenced.**

See Section VI above.

**VIII. Receiver's Recommendations for a Continuation or Discontinuation of the Receivership and the Reasons for the Recommendations.**

The Receiver recommends that the Receivership continue so that he may proceed with his attempts to market and sell DMP's 49% interest in MMG, move forward with the claims proceedings, and prosecute any claims that DMP may have against any third parties.

Respectfully submitted this 30th day of January, 2015.

*/s/ Jason S. Alloy* \_\_\_\_\_  
Jason S. Alloy  
Georgia Bar No. 013188  
ROBBINS ROSS ALLOY BELINFANTE  
LITTLEFIELD LLC  
999 Peachtree Street, N.E.  
Suite 1120  
Atlanta, Georgia 30309  
Telephone: 678-701-9381

*Appointed Receiver for Defendant  
Detroit Memorial Partners, LLC*

**LOCAL RULE 7.1D CERTIFICATION**

I hereby certify that the foregoing **RECEIVER'S QUARTERLY STATUS REPORT FOR THE FOURTH QUARTER OF 2014** was prepared in Times New Roman 14 point, which is one of the font and point selections approved by the Court under Local Rule 5.1B.

This 30th day of January, 2015.

*/s/ Jason S. Alloy*  
\_\_\_\_\_  
Jason S. Alloy

**CERTIFICATE OF SERVICE**

I hereby certify that on this day, I electronically filed the foregoing **RECEIVER'S QUARTERLY STATUS REPORT FOR THE FOURTH QUARTER OF 2014** with the Clerk of Court using the CM/ECF system, which will send email notification of such filing to all attorneys of record. The foregoing was also personally served by email and certified U.S. Mail on Defendant Mark Morrow at the following addresses.

Mark Morrow  
8643 Twilight Tier  
Cincinnati, Ohio 45249  
[mmorr7887@aol.com](mailto:mmorr7887@aol.com)

This 30th day of January 2015.

*/s/ Jason S. Alloy* \_\_\_\_\_  
Jason S. Alloy

U.S. Postal Service  
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- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
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