

**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
SECOND QUARTER OF 2016**

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 **Second Quarter of 2016**.

QUARTERLY STATUS REPORT

I. Summary of the Operations of the Receiver.

A. Resolution of Dispute with MMG’s Management Regarding Compensation as a Result of the Sale.

In the Receiver’s last quarterly report, he noted that DMP and Westminster Memorial Group, LLC (“WMG”) were parties to a contractually-based adjustment proceeding (the “Adjustment Proceeding”) to determine compensation owed to

MMG's Chief Executive Officer Jim Price and Chief Operating Officer Doug Miller. Mr. Price and Mr. Miller's respective employment contracts incentivized them to increase the value of the company, and rewarded them by giving them a share of any increase in value upon the sale or change of control of MMG. The parties disagreed on how that increase in value was to be measured. The issue was decided in part in the Adjustment Proceeding.

The valuator determined that the amount that Mr. Price and Mr. Miller are entitled to receive from DMP is 4.9% of the difference between the "sales price" of MMG and "base value" of MMG. In short, sales price is the price for which MMG was sold (\$16 million) minus certain expenses. The amount of those expenses will be decided by an outside accountant. The "base value" was determined to be \$12 million in the Adjustment Proceeding. While we will not know DMP's exact liability to Mr. Price and Mr. Miller until the expenses are determined, we understand at this time that DMP's maximum *possible* liability to Mr. Price and Mr. Miller, collectively, is \$196,000.

B. Creditor Claims Proceedings

The Receiver is in the process of preparing a Motion to Approve a Plan of Distribution of the Assets of the Receivership (the "Motion for Plain of Distribution") that will set forth whether, and how much, each of the individuals

and entities asserting claims against the Receivership estate should be paid. This process requires both the selection of a fair and equitable framework to be applied to claimants generally, plus a detailed analysis of (1) how much money each claimant transferred to DMP; (2) the terms on which the funds were given to DMP (e.g. as debt, equity contribution, or otherwise); (3) how much each claimant received back from DMP (these amounts vary widely by claimant); (4) the methodology the Receiver will recommend to govern the payment of the different types of claims; and (5) the legal merits and relative equity of paying one type of claim over the other. The Receiver intends to file the Motion for Plan of Distribution within the next thirty (30) days.

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, Secnod Quarter 2016 (attached hereto as Exhibit A), DMP's total cash on hand at the close of the quarter was \$13,246,262.89. The Receiver is unaware of any additional unencumbered funds in the estate at this time.

The Receiver's total accrued expenses for the Time Period are

- (1) \$14,770.27 in attorneys' fees and expenses from the Robbins Firm,
- (2) \$8,575.00 in fees from the accounting firm McLean Koehler, and

(3) \$16,985.02 in fees and expenses from Dykema. DMP's total accrued expenses for the Time Period are \$40,330.29. The Receiver will file an Application for Compensation and Reimbursement of these Expenses on or before August 15, 2016 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 2015 (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.] The assets at the close of the Time Period were the cash on hand totaling \$13,246,262.89, plus the value DMP's rights under the earn-out provision in the Stock Purchase Agreement with Park Lawn.

Under the terms of the earn-out provision, DMP is entitled to receive additional cash consideration if MMG meets certain earnings benchmarks (defined in the Agreement) in the years 2016, 2017, and 2018. Under the terms of the earn-

out, DMP may elect to receive not less than 10% but up to 100% of its share of the earn-out for the 2016 calendar year. DMP may elect to receive not less than 33% but up to 100% of its share of the earn-out for the 2017 calendar year. For the 2018 year, DMP will receive the remaining percentage of its share of the earn-out. Ultimately, while DMP has a minimum percentage of the earn-out that it must elect to receive for years 2016 and 2017, DMP could opt to accelerate the earn-out in either of those years.

Regarding anticipated dispositions, the Receiver expects to present a proposal to the Court a Motion for Plan of Distribution to the Court within the next thirty (30) days.

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 analyzed the potential claims that DMP may currently have against third parties, and all claims that third parties may have against DMP. Thus far, other than the Motion for Contempt against Mr. Baydoun, which has been resolved, the Receiver has not identified any potential claims for which the potential benefits to DMP's creditors and its likelihood of success on the merits outweigh the anticipated costs of litigation.

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 and his counsel have evaluated the claim forms, along with the documents submitted in support of each. The Receiver expects to present a proposal to the Court a Motion for Plan of Distribution to the Court within the next thirty (30) days.

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

See Section VI above. Creditor Claims Proceedings have not yet commenced.

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

The Receiver recommends that the Receivership proceed so that he may present his Motion for Plan of Distribution to the Court and begin administering the payment of claims.

Respectfully submitted this 1st day of August, 2016.

/s/ Jason S. Alloy
Jason S. Alloy
Georgia Bar No. 013188
ROBBINS ROSS ALLOY BELINFANTE
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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 SECOND QUARTER OF 2016** 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 1st day of August, 2016.

/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 SECOND QUARTER OF 2016** 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

This 1st day of August 2016.

/s/ Jason S. Alloy
Jason S. Alloy