

**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  
FIRST 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 **First Quarter of 2016**.

**QUARTERLY STATUS REPORT**

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

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

As reported in the Receiver’s Supplement to Notice of Sale of 49% Interest in MMG [Doc. 154], the sale to Park Lawn Corporation (“Park Lawn”) closed on March 8, 2016, and the Receiver deposited the proceeds of the sale, totaling

\$7,919,425.00, in the Receivership account. The balance at the close of the quarter was \$13,314,957.59.

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

Westminster Memorial Group, LLC (“WMG”) and DMP have a liability to MMG’s Chief Executive Officer Jim Price and Chief Operating Officer Doug Miller for money contractually due to Mr. Price and Mr. Miller from the sale of MMG. The amount of the liability, and DMP’s share of it, is uncertain. DMP’s share of the liability ranges from approximately \$150,000 to \$300,000 (plus attorneys’ fees), depending on the outcome of a contractually-based adjustment proceeding (the “Adjustment Proceeding”). The law firm Dykema Gossett, PLLC is currently representing DMP in the Adjustment Proceeding. The Receiver expects the Adjustment Proceeding to conclude within the next 45 days, and thus DMP should know the amount that it owes Mr. Price and Mr. Miller at that time.

**C. 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 Plan 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 each claimant put into DMP, (2) the terms on which the funds were given to DMP (e.g. as debt, equity contribution, or otherwise), (3) how much information the claimant had about DMP at the time the investment was made, (4) how much each claimant received back from DMP (these amounts vary widely by claimant), and (5) the relative equity of paying one type of claim over the other. The Receiver intends to file the Motion for Plan of Distribution once the Adjustment Proceeding is resolved so that it is clear how much money is available for distribution from the Receivership account.

**D. Participation in MMG Capital Call.**

The Receiver obtained authorization from the Court to contribute \$382,000 in Receivership funds to MMG in response to a capital call on June 29, 2015 [Doc. 124]. Of that, the Receiver contributed \$245,000 to MMG on July 9, 2015, leaving a remainder of \$137,000. The Receiver contributed the remaining \$137,000 to MMG on February 23, 2016.

**E. Response in Opposition to Cathedral of St. Augustine's Petition for Leave to Serve as "Amicus Curiae."**

On December 24, 2015, counsel for the "Cathedral of St. Augustine's" (the "Cathedral") filed a motion purporting to seek leave to serve as "amicus curiae" to the Court regarding the sale of the 49% Interest, seeking to submit a future "bid" to

the Court for the 49% Interest. [Doc. 142.] The Receiver responded in opposition on January 11, 2016. [Doc. 146.] The motion has not been ruled upon.

**F. Motion for Contempt Against Tarek M. Baydoun, Jeffrey R. Hicks, the Meridian Law Group, Abdul K. Charara, and Waad Charara.**

In August of 2015, Abdul K. Charara and Waad Charara, by and through their counsel the Meridian Law Group and attorneys Tarek M. Baydoun and Jeffrey R. Hicks, filed a lawsuit against DMP in state court in Michigan, in a case styled Charara v. Midwest Memorial Group et al. (Mich. 3d Cir. Ct., filed August 6, 2015) (see Doc. 141-1). The Plaintiffs also filed suit against DMP member David Shipper and Defendant Mark Morrow .

The Receiver demanded that Mr. Baydoun, lead counsel for the Chararas, dismiss the Michigan lawsuit as against DMP, Shipper, and Morrow pursuant to this Court's Order Appointing Receiver [Doc. 51]. Mr. Baydoun refused. The Receiver filed a Motion for Contempt against Mr. Baydoun on August 13, 2015. [Doc. 126.] The motion was heard by the Court on January 4, 2016.

On February 11, 2016, the Court entered an Order granting the motion in part as to Mr. Baydoun, denying it in part as to the other respondents, and ordering Mr. Baydoun to pay the Receiver's attorneys' fees incurred due to Mr. Baydoun's contempt. [Doc. 150]. The Court directed the Receiver to detail in a separate

submission the attorneys' fees he "incurred to respond to Mr. Baydoun's communications and to prosecute his Contempt Motion." [Doc. 150 at 27.] The Receiver filed an application seeking payment of these fees on March 3, 2016. [See Doc. 152.]

On March 21, 2016, the Court ordered Mr. Baydoun to pay to the Receiver, as a civil contempt sanction, attorneys' fees in the amount of \$25,162.32. [Doc. 158.] After the Receiver initiated collection efforts, Mr. Baydoun agreed to a payment plan to resolve the matter.

**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, First Quarter 2016 (attached hereto as Exhibit A), DMP's total cash on hand at the close of the quarter was \$13,314,957.59. 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) \$28,006.17 in attorneys' fees and expenses from the Robbins Firm, (2) \$8,575.00 in fees from the accounting firm McLean Koehler Sparks & Hammond, and (3) \$45,042.31 in attorneys' fees and expenses from the law firm Dykema Gossett, PLLC. DMP's total accrued expenses for the Time Period are \$81,623.48.

The Receiver will file an Application for Compensation and Reimbursement of these Expenses on or before May 16, 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 \$13,314,957.59, 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.<sup>1</sup>

Regarding anticipated dispositions, the Receiver expects to present a proposal to the Court a Motion for Plan of Distribution once Adjustment Proceeding described above is resolved.

**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, the Receiver has not identified any potential claims for which the potential benefits to DMP's

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<sup>1</sup> The Receiver understands the importance of closure for the Receivership. The Receiver plans to recommend in the Motion for Plan of Distribution that current funds be paid to the claimants now, and any payments under the earn-out will be distributed in the future when and if they are received.

creditors and its likelihood of success on the merits outweigh the anticipated costs of litigation. However, the Receiver will continue to consider any claims DMP has against third parties.

**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 Motion for Plan of Distribution to the Court once the Adjustment Proceeding described above is resolved.

**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 29<sup>th</sup> day of April, 2016.

/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 FIRST 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 29<sup>th</sup> day of April, 2016.

*/s/ Jason S. Alloy*  
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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 FIRST 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](mailto:mmorr7887@aol.com)

This 29<sup>th</sup> day of April 2016.

/s/ Jason S. Alloy  
Jason S. Alloy