

**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 2015**

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 2015**.

QUARTERLY STATUS REPORT

I. Summary of the Operations of the Receiver.

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

As reported in the Receiver’s Quarterly Status Report for the Third Quarter of 2015, the prospective purchaser of DMP’s 49%, Park Lawn Corporation (“Park

Lawn”),¹ notified the Receiver during that period that it was no longer able to close on the purchase of DMP’s 49% interest in MMG (the “49% Interest”) under the terms of the LOI. [Doc. 132 at 2.] Park Lawn had also been in discussions with Westminster Memorial Group (WMG), the 51% owner of MMG, about purchasing its interest in MMG, and those discussions ceased as well. The Receiver subsequently traveled to Detroit to meet with representatives of MMG and WMG to discuss the management and operation of MMG going forward.

Following that meeting in Detroit, Park Lawn, the Receiver and WMG were able to come to terms on an agreement to purchase 100% of the membership interests in MMG, and much of the Receiver’s efforts for the remainder of the Time Period centered on negotiating the final terms of the agreement and handling the details needed to finalize the transaction. The Receiver executed the final Interest Purchase Agreement with Park Lawn and WMG for the sale of 100% of MMG (the “Park Lawn Agreement”) on December 2, 2015. The details of the Park Lawn Agreement were set forth in the Receiver’s Notice of Sale of 49% Interest in Midwest Memorial Group, LLC, filed December 21, 2015. [Doc. 138.]

¹ At the time of the Quarterly Status Report for the Third Quarter, the name of the purchaser was kept confidential to prevent the sale from being compromised. Since that time, the Receiver has disclosed the terms of the sale and the identity of Park Lawn as the purchaser. [Doc. 138 at 1-2.]

The deal is final, subject only to approval of the Cemetery Commissioner in the State of Michigan. The Cemetery Commissioner recently sent Park Lawn a request for additional information relating to the sale, and Park Lawn is now in the process of providing that information. The Receiver is cautiously optimistic that these issues will be resolved in the near future.

B. Indictment of Mark Morrow and Angelo Alleca.

While the Receiver has no involvement in these criminal proceedings, the Receiver thought it is appropriate to inform the Court that on December 15, 2015, Defendant Mark Morrow and former Summit Wealth Management CEO Angelo Alleca were indicted by a grand jury in the United States District Court for the Northern District of Georgia on criminal charges related to investment fraud scheme alleged by the SEC in this case. A copy of the indictment is attached as Exhibit A. A copy of the press release from the United States Attorney's Office for the Northern District of Georgia is attached as Exhibit B.

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

In May of 2015, the Receiver received a demand letter on behalf of Abdul K. Charara and Waad Charara, by and through their counsel the Meridian Law Group and attorneys Tarek M. Baydoun and Jeffrey R. Hicks. The Receiver

informed counsel of the litigation stay in this Court's Order Appointing Receiver. Nevertheless, the Chararas 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 members David Shipper and Defendant Mark Morrow. The Receiver filed a Motion for Contempt against Mr. Baydoun on August 13, 2015. [Doc. 126.] The Receiver filed a Supplement to his Motion for Contempt on December 21, 2015, updating the Court on recent related events. [Doc. 137.] The Receiver's ultimate goal in filing the motion was to enforce the Court's clear order, and to recover for the Receivership estate at least some of the fees incurred in having to deal with the matter. The matter was heard by the Court on Monday, January 4, 2016, and the parties were ordered to work together on a proposed order for the Court, to be submitted on January 15, 2016. The parties were unable to reach consensus on an order and thus, the parties each submitted proposed orders.

D. Disbursement for Payment of Taxes to Delaware Secretary of State.

On November 9, 2015, the Receiver disbursed \$1,457 to the Delaware Secretary of State for the payment of taxes for DMP (which is a Delaware LLC).

E. 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 2015 (attached hereto as Exhibit C), DMP's total cash on hand at the close of the quarter was \$5,631,952.71. 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) \$50,023.88 in attorneys' fees and expenses incurred by the Robbins Firm,
- (2) \$882.00 in fees from the accounting firm McLean Koehler Sparks & Hammond, and
- (3) \$24,410.54 in fees and expenses from the law firm Dykema Gossett, PLLC. DMP's total accrued expenses for the Time Period are \$75,316.42.

The Receiver will file an Application for Compensation and Reimbursement of these Expenses on or before February 15, 2016 in accordance with the Order Appointing Receiver.

III. Schedule of All the Receiver's Receipts and Disbursements (Attached as Exhibit C 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 C).

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 solely the cash on hand totaling \$5,631,952.71, plus the value of the 49% Interest in MMG, which is about to be liquidated in the pending sale to Park Lawn.

Regarding anticipated dispositions, the Receiver expects to present a proposal to the Court for the final disposition of assets after the sale of the 49% Interest to Park Lawn is finalized.

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 mentioned above, 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. 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 be ready to begin the process of making a recommendation to the Court for payment of meritorious claims once the sale of the 49% Interest to Park Lawn is finalized.

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 proceed so that he may finalize the sale of DMP's 49% interest in MMG to Park Lawn, and then begin the negotiation and payment of claims asserted against the Receivership Estate.

Respectfully submitted this 28th day of January, 2016.

/s/ Jason S. Alloy
Jason S. Alloy
Georgia Bar No. 013188
ROBBINS ROSS ALLOY BELINFANTE
LITTLEFIELD LLC
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Suite 1120
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*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 2015** 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 28th day of January, 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 FOURTH QUARTER OF 2015** 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 28th day of January 2016.

/s/ Jason S. Alloy _____
Jason S. Alloy