

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
	§	
PLAINTIFF,	§	
	§	
vs.	§	CIVIL ACTION NO. 4:11 CV - 02830
	§	
BRIAN A. BJORK, THE ESTATE OF JOEL	§	
DAVID SALINAS, J. DAVID GROUP OF	§	
COMPANIES, INC., J. DAVID FINANCIAL	§	
GROUP LP, SELECT ASSET	§	
MANAGEMENT LLC, SELECT ASSET	§	
CAPITAL MANAGEMENT LLC, SELECT	§	
ASSET FUND I, LLC, AND SELECT ASSET	§	
PRIME INDEX FUND, LLC.	§	
	§	
DEFENDANTS.	§	

**RECEIVER'S TENTH INTERIM REPORT**

TO THE HONORABLE KEITH P. ELLISON, UNITED STATES DISTRICT COURT:

Steven A. Harr ("Receiver"), the Receiver appointed by the Court in these proceedings, files his Tenth Interim Report and for the same states as follows:

**I.**  
**INTRODUCTION**

1. A Preliminary Report (Dkt#25) was filed by the Receiver on September 27, 2011. On November 3, 2011, the Receiver filed his Second Interim Report (Dkt#35). A Third Interim Report (Dkt#47) was filed February 7, 2012. A Fourth Interim Report (Dkt#72) was filed May 21, 2012. A Fifth Interim Report (Dkt#99) was filed September 10, 2012. A Sixth Interim Report (Dk# 111) was filed on December 12, 2012. A Seventh Interim Report (Dkt#135) was filed on April 16, 2013. An Eight Interim Report (Dkt#155) was filed on September 17, 2013. A Ninth Interim Report was filed on February 19, 2014 ( Dkt#185). The Receiver provides periodic

reports to the Court as this matter progresses and based on the accumulation of important information.

2. The receivership has now been in place for approximately forty two months. This report is intended to only be an "update" on the remaining key matters. The history of the receivership is contained multiple times in the first five reports. Changing the format will take less time and reduce the cost of reporting.

3. This Report includes an update on events occurring since the last interim report, the remaining assets in the estate, an estimate of the time to close the estate, the status of the claims process for victims, and the Receiver's current view of a second interim distribution.

## **II.**

### **SUMMARY OF KEY EVENTS SINCE NINTH INTERIM REPORT**

4. A summary of the key events since the last report is as follows:

5. **Real Estate:** The Galveston bay home finally sold. The unimproved lot in New Ulm, Texas is still unsold and listed for sale. The price has been reduced to \$45,000 to encourage sale. Activity on this real estate is very slow and is complicated by the fact that the subdivision has limited the number of water taps available to these residential lots.

6. **Tax Returns** - Numerous tax returns required of the Receiver and for years and entities not filed by Salinas and his staff have been prepared and filed. Approximately 18 additional returns remain to be completed. The final returns are expected to be filed by the end of February 2015.

7. **Net Winner Claims** - With the help of the receivership accountants, claims have been analyzed for the claw back of funds unfairly paid to third parties. In the coming days, the Receiver will file an ancillary suit for recovery of these net winner claims which exceed \$500,000.

8. **Wide Variety of Remaining Issues** - The Receiver has been engaged in a wide variety of small loose end issues, resolution of a small net winner claim, completion of an investigation of Golden Beneficial as a possible litigation target and ongoing issues related to the remaining assets of the estate.

9. **Claims Approval Process:** All submitted claims have been addressed by the Receiver and the Court. October 2013, an interim distribution was approved by the court and made by the Receiver. In total, 297 claims were filed in this case. Twenty-four of the claims were withdrawn. Two of the claims were disallowed. 271 claims totaling \$50,895,458.19 have been approved. There are no outstanding claims pending. On January 21, 2014, the Court entered an Order setting May 1, 2014 as the last day on which a claim can be filed and considered in this matter.

10. **Miscellaneous:** The Receiver's website has been updated with information to investors and the Receiver responds regularly to inquiries from investors on the status of the receivership. The Receiver has renewed the Certificates of Deposits holding the larger sums of the receivership corpus.

### **III.** **GENERAL SUMMARY OF THE RECEIVERSHIP ESTATE'S** **ASSETS AND LIABILITIES**

11. As reported in the prior Interim Reports (DK#s 25, 35, 47, 72, 99, 111, 135 and 155), the Receivership estate is composed of various types of assets. This Tenth Interim Report will provide a summary of the assets left to be liquidated:

12. **Real Estate:** The remaining real estate asset is the New Ulm lot. The Receiver's current belief is that there may be as much as \$30,000 in equity in this property. Activity has

been very slow. As well, water connections to this lot have been suspended by the subdivision due to problems in the subdivision so it is difficult to know when or if this property will sell.

13. **Loans/Investments:** Three loans or investments remain to be paid to the Receiver. They are:

- a. **Gassaway Settlement** - The settlement reached some time ago with Richard Gassaway was to be paid from the sale of certain real estate. The real estate is now been determined to be in the path of a state road expansion and will ultimately be condemned by the state. Efforts are being made to sell the land but the market is limited to a user who would need the land for a short period of time and then sell to the state. It is expected that the condemnation will take place sometime in 2015 for a price well in excess of the amount due the Receiver.
- b. **SMIG Sale Proceeds** - SMIG was sold in 2014 with a substantial down payment and a note. The note is currently in default but the Receiver is working with the buyer to determine how the payments can be adjusted to assure final payment over a longer period of time. Nine payments of \$8,640.54 remain.
- c. **Standing Rock Communications Loan** - This loan is scheduled to pay off in full in April 2015. The balance as of December 31, 2015 is \$451,663.17

14. **Net Winner Litigation** - The Receiver will in the coming days file suit for the return of money paid to net winners in the Ponzi scheme. The amount claimed is well in excess \$500,000. It is uncertain how long the litigation will take to resolve.

**IV.**  
**CLAIMS ADMINISTRATION**

15. Distributions will be made only according to the plan approved by the Court. In October 2013, the Receiver filed a Motion to Approve Distribution Plan and in so doing has asked the Court for the right to make an interim distribution of \$10,000,000. It had been the Receiver's plan to have the assets of the estate liquidated by April 2015 and to make a final distribution. As described above, that is not going to be possible due to the nature of some of the assets. Thus, the Receiver has met with this advisors and will ask the court for permission to make a second \$10,000,000 interim distribution as it is believed that the amount remaining to paid and collected will be sufficient to close the case and there is a strong desire on the part of the Receiver to return the estate proceeds to the victims.

**V.**  
**ACCESS TO INFORMATION**

16. The most recent quarterly Standard Funds Accounting Report prepared by the Receiver's accounts is attached as Exhibit "A" reflecting the estates assets and expenses to date.

17. The Receiver has established a website at [www.selectassetreceiver.com](http://www.selectassetreceiver.com) and encourages investors to comment on this Report by responding by e-mail at the address posted therein. The Receiver has reviewed and considered correspondence forwarded through this means, and will continue to do so unless constrained by the expense.

DATED: February 3, 2015

Respectfully submitted,

By: /s/ Steven A. Harr

**Steven A. Harr**

Texas Bar No. 09035600

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**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing was filed electronically with the Clerk via the CM/ECF system. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system.

Houston, Texas, this the 3<sup>rd</sup> day of February 2015.

*/s/ Steven A. Harr*

\_\_\_\_\_  
**Steven A. Harr**

# **EXHIBIT A**

**STANDARDIZED FUND ACCOUNTING REPORT for J. David Financial, et. al. - Cash Basis**  
 Receivership; Civil Court Docket No. 4.11 CV - 02830  
 Reporting Period 8/01/2014 to 10/31/2014

<b>FUND ACCOUNTING (See Instructions):</b>				
		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<b>Line 1</b>	<b>Beginning Balance (As of 8/01/2014):</b>		\$ 12,772,706	
	<b><i>Increases in Fund Balance:</i></b>			
<b>Line 2</b>	<b>Business Income</b>	\$ -		
<b>Line 3</b>	<b>Cash and Securities</b>	-		
<b>Line 4</b>	<b>Interest/Dividend Income</b>	14,666		
<b>Line 5</b>	<b>Business Asset Liquidation</b>	-		
<b>Line 6</b>	<b>Personal Asset Liquidation</b>	381,279		
<b>Line 7</b>	<b>Third-Party Litigation Income</b>	-		
<b>Line 8</b>	<b>Miscellaneous - Other</b>	-	395,945	
	<b>Total Funds Available (Lines 1 – 8):</b>			<b>\$ 13,168,651</b>
	<b><i>Decreases in Fund Balance:</i></b>			
<b>Line 9</b>	<b>Disbursements to Investors</b>	-	-	
<b>Line 10</b>	<b>Disbursements for Receivership Operations</b>			
Line 10a	Disbursements to Receiver or Other Professionals	(127,979)		
Line 10b	Business Asset Expenses	-		
Line 10c	Personal Asset Expenses	(594,820)		
Line 10d	Investment Expenses	(252)		
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	-		
	<b>Total Disbursements for Receivership Operations</b>		(723,051)	
<b>Line 11</b>	<b>Disbursements for Distribution Expenses Paid by the Fund:</b>			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....			
	Independent Distribution Consultant (IDC).....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	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			
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			
<b>Line 12</b>	<b>Disbursements to Court/Other:</b>			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	<b>Total Disbursements to Court/Other:</b>			
	<b>Total Funds Disbursed (Lines 9 – 11):</b>			<b>(723,051)</b>
<b>Line 13</b>	<b>Ending Balance (As of 10/31/2014):</b>			<b>\$ 12,445,600</b>



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Receivership; Civil Court Docket No. 4.11 CV - 02830

Reporting Period 8/01/2014 to 10/31/2014

<b>Line 14</b>	<b>Ending Balance of Fund – Net Assets:</b>			
Line 14a	Cash & Cash Equivalents			\$ 1,150,211
Line 14b	Investments			10,509,691
Line 14c	Other Assets or Uncleared Funds			785,698
	<b>Total Ending Balance of Fund – Net Assets</b>			<b>\$ 12,445,600</b>

<b>OTHER SUPPLEMENTAL INFORMATION:</b>				
		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
	<b>Report of Items NOT To Be Paid by the Fund:</b>			
<b>Line 15</b>	<b>Disbursements for Plan Administration Expenses Not Paid by the Fund:</b>			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	<b>Total Plan Development Expenses Not Paid by the Fund</b>			
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	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			
	<b>Total Plan Implementation Expenses Not Paid by the Fund</b>			
Line 15c	<b>Tax Administrator Fees &amp; Bonds Not Paid by the Fund</b>			
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			
<b>Line 16</b>	<b>Disbursements to Court/Other Not Paid by the Fund:</b>			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	<b>Total Disbursements to Court/Other Not Paid by the Fund:</b>			
<b>Line 17</b>	<b>DC &amp; State Tax Payments</b>			
<b>Line 18</b>	<b>No. of Claims:</b>			
Line 18a	# of Claims Received This Reporting Period.....			-
Line 18b	# of Claims Received Since Inception of Fund.....			297
<b>Line 19</b>	<b>No. of Claimants/Investors:</b>			
Line 19a	# of Claimants/Investors Paid This Reporting Period.....			-
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....			271

Note: Asset values are estimated based on books and records of estate. These amounts may change upon further analysis during the course of the receivership.

Receiver:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
(signature)

\_\_\_\_\_  
(printed name)

\_\_\_\_\_  
(title)

**STANDARDIZED FUND ACCOUNTING REPORT for J. David Financial, et. al. - Cash Basis**

Receivership; Civil Court Docket No. 4.11 CV - 02830

Reporting Period 8/01/2014 to 10/31/2014

<u>Line 1: Beginning Balance (As of 8/01/2014):</u>	
Balance as of last report period ended 7/31/2014	\$ 12,742,707
Adjustment of asset values unknown at beginning of receivership:	
J. David Financial et al Receivership :	
(Record tax adjustments for years 2011 thru 2013)	64,007
Steven A. Harr, Receiver for Parkway Pawn :	
(Record tax adjustments for years 2011 and 2012)	(34,008)
Adjusted balance as of 7/31/2014	<u>\$ 12,772,706</u>

Line 6: Personal Asset Liquidation:

Personal asset liquidation relates primarily to the receipt of sale proceeds from the sale of the property located in Galveston, Texas.

Line 10c: Personal Asset Expenses:

Personal asset expense of \$597,171 represents the cost basis of an investment (\$578,998.23) liquidated by the Receivership in September of 2014, and (\$18,173) of other personal asset expenses.

<u>Line 14c: Other Assets or Uncleared Funds:</u>	<u>Net Assets or Uncleared Funds</u>
Notes Receivable:	
Held by Select Asset Fund I, LLC	\$ 669,615
Held by SAM Finance Company, LLC	86,014
	<u>755,629</u>
Other Receivables:	
The Falls Property - New Ulm, Texas	30,000
Security deposit	<u>69</u>
Total other assets or uncleared funds	<u>\$ 785,698</u>