

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,
vs.

TRAVIS E. CORRELL, individually and
doing business as Horizon Establishment; et al.

Defendants,
and

BANNER SHIELD, LLC; et al.

Defendants Solely for Purposes of
Equitable Relief.

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,
vs.

GLOBAL FINANCE & INVESTMENTS,
INC.; et al.

Defendants,

and

USASSET & FUNDING CORP.; et al.

Defendants Solely for Purposes of
Equitable Relief.

Lead Case

Case No.: 4:05-CV-472 RAS

Consolidated Case

Case No.:4:07-cv-346 RAS

**RECEIVER'S FINAL REPORT
(IN CONSOLIDATED CASE GLOBAL
FINANCE)**

S. Gregory Hays, Receiver for Defendants Global Finance & Investments, Inc., Charles R. Davis, Lucre Fund, LLC, JTA Enterprises, Inc., William Clark, and Sterling Meridian, LLC, and Relief Defendant Wells Ventures, LLC (collectively referred to as the “Receiver Defendants” or “Receiver Estate”), files this Final Report in accordance with Section 6.4 of the Receiver’s Plan for Claims Administration and Distribution of Proceeds.

BACKGROUND

1.

The Securities and Exchange Commission filed the above-styled civil enforcement action on July 18, 2007. In an Order dated July 30, 2007, this case was consolidated with the previously filed enforcement action against Travis E. Correll and others (the “Correll Action”). Similar to the Correll Action, in an Order dated September 24, 2007, (Dkt. # 253), S. Gregory Hays was appointed as Receiver for the Receiver Defendants. The September 24 Order amended this Court’s previous Order dated December 7, 2005 (Dkt. # 7) (collectively referred to as the “Receivership Orders”). However, the actual receiverships have been administered separately.

2.

In accordance with his responsibilities under the Receivership Orders, the Receiver developed a claims submission and review process designed to: identify investors with claims against the Receiver Estate; determine the proper amounts of those claims; and, ultimately, make payments to legitimate claimants in a way that is appropriate under the circumstances of this case. The process developed by the Receiver to accomplish these purposes is set forth in the Receiver’s Plan for Claims Administration and Distribution of Proceeds (the “Plan”), which was approved by the Court on December 2, 2008.

3.

After carefully administering the claims submission and review process pursuant to the Plan, the Receiver presented a Schedule of Claims and Distribution of Proceeds (the “Schedule”) to the Court on May 6, 2009 (Dkt. # 390), and the Court issued an Order approving the Schedule on May 13, 2009 (Dkt. # 393). On October 22, 2009, the Receiver moved to amend the Schedule to account for three investor issues (Dkt. # 457), and the Court issued an Order approving the Amended Schedule of Claims and Distribution of Proceeds (the “Amended Schedule”) on October 28, 2009 (Dkt. # 460). The Amended Schedule sets forth the approved amounts of all investor claims in this case.

4.

As described below, the Receiver has now distributed the vast majority of the Receiver Estate to investors with approved claims. Although the Receiver reserves the right to pursue additional recoveries from third parties in his sole discretion, the Receiver does not believe that any such recoveries are likely.¹ Accordingly, it is now appropriate to close the receivership.

5.

Pursuant to Section 6.4 of the Plan, this Final Report contains a financial summary indicating the receipt and disbursement of money by the Receiver during the course of the receivership, a description of the activities necessary to close the receivership, and a plan for the distribution of all funds remaining in the Receiver Estate.

¹ If any funds are recovered after the receivership is closed, the Receiver will provide the Court with a proposal for the distribution of such funds. As set forth in the attached proposed Order, the Court will retain jurisdiction over all matters relating to the receivership, including the distribution of funds recovered after the receivership has been closed.

FINANCIAL SUMMARY FOR THE RECEIVER ESTATE

6.

Over the course of this receivership, the Receiver recovered a total of \$7,694,077.75 to be administered in the Receiver Estate and ultimately distributed to investors with approved claims. As set forth in the Plan, the Receiver administered these funds as a common fund, with all investors receiving a pro rata payment of the monies available for distribution.

7.

To date, the Receiver has distributed \$7,058,942.92 to investors with approved claims. The total amount of all approved claims in this case, as reflected in the Amended Schedule, is \$11,385,391.80. Accordingly, each investor with an approved claim has received 62% of his or her allowed claim in distributions from the Estate.

8.

\$406,609.43 of the Receiver Estate has been used to pay the fees and expenses incurred in connection with administering the Receiver Estate, including fees incurred by the Receiver and the professionals hired by the Receiver to assist him in performing his duties. The activities which generated these fees and expenses are discussed in detail in the Receiver's various Applications for Payment of Professional Fees and Expenses filed with the Court. (Dkt. #'s 277, 304, 306, 316, 325, 372, 380, 386, 418, 436, and 451.) In each instance, the Court has approved the payment of these fees and expenses.

9.

The Receiver has retained \$228,525.40 in the Receiver Estate. The Receiver's proposal for the distribution of this amount is set forth below.

10.

As required by Section 6.4 of the Plan, a financial statement for the Receiver Estate indicating the receipt and disbursement of money by the Receiver during the course of the receivership is attached as Exhibit A.

**ACTIVITIES NECESSARY TO CLOSE THE RECEIVERSHIP AND USE OF FUNDS
REMAINING IN THE RECEIVER ESTATE**

11.

Final Distribution. As soon as reasonably practicable, the Receiver will make a final distribution to investors with approved claims in the estimated total amount of \$167,909.40. Pending approval of the attached proposed Order, the Receiver expects this distribution to take place within 20 days. Investors with approved claims will receive a pro rata portion of this distribution in accordance with the amount of their claims as listed on the Amended Schedule. This distribution will account for approximately 1.48% of all approved claims in this case, so that after the distribution each investor will have received a total of 63.48% of his or her allowed claim in distributions over the course of this receivership.

12.

Final Tax Returns. In addition to the final distribution, the Receiver will prepare and file final tax returns for the Receiver Estate as appropriate and pay any tax liability owed by the Estate, including any tax liability owed on the Registry Funds. The Receiver will file such final tax returns as soon as possible, and anticipates that they will be filed no later than March 31, 2010. As described more fully in the Receiver's Notice of Resolution of Pending Tax Issues and Intent to Make Distribution in Consolidated Case of Global Finance & Investments, Inc. (Dkt. # 449), the Receiver has previously filed tax returns for the Receiver Estate as appropriate for time periods prior to 2009 and has already paid the tax liability owed by the Estate for those periods.

The Court established January 15, 2009, as the deadline for any claims by the Internal Revenue Service or any other federal or state governmental authority for tax liability or other liability incurred by the Receiver Estate prior to the Receiver's appointment (Dkt. # 323), and the Receiver provided the Internal Revenue Service and other appropriate taxing authorities with notice of that deadline. Accordingly, the Receiver does not anticipate any additional taxes being assessed for those periods.

13.

Distribution of Tax Refund. Following the filing of the final tax returns, as discussed above, the Receiver anticipates that the Receiver Estate may be entitled to a tax refund of approximately \$7,400, which refund would likely be received in March or April 2010. If the Receiver Estate receives the anticipated tax refund of approximately \$7,400, the Receiver will distribute the refund to investors with approved claims as soon as reasonably practicable.

14.

Document Storage. The Receiver will continue to store the records gathered during the course of the receivership and any other appropriate documents for a period of approximately two (2) years from the date of this filing. After two (2) years, the Receiver intends to destroy the records as appropriate, in his discretion, unless he is ordered by a Court of competent jurisdiction to retain such records for a longer period.

15.

Final Payment of Professional Fees and Expenses. The Receiver has carefully estimated the amount of professional fees and expenses that will be necessary to close the receivership, and has calculated the amount of the final distribution to maximize the distribution to investors while reserving precisely enough funds to cover accrued and estimated fees and expenses. As of the

date of this filing, the Receiver and the professionals working with him have incurred total unpaid fees and expenses of approximately \$35,798.50, covering work performed from September 1 through November 30, 2009. These fees and expenses are set forth in the various monthly statements attached hereto as Exhibit B through D.²

16.

In addition to these previously accrued expenses, the Receiver estimates that additional fees and expenses will be incurred in connection with the activities discussed herein that are necessary to close this receivership in the total amount of \$24,817.50. A budget setting forth the basis for these estimated fees and expenses is attached as Exhibit E.

17.

The total accrued and estimated professional fees and expenses necessary to close this receivership are therefore \$60,616. The Receiver hereby requests that this Court authorize the payment of \$60,616 from the Receiver Estate to cover all such accrued and estimated fees and expenses. As with the fees and expenses that were the subject of the Receiver's First through Eleventh Interim Applications for Payment of Professional Fees and Expenses (Dkt. #'s 277, 304, 306, 316, 325, 372, 380, 386, 418, 436, and 451), payment of these fees and expenses is justified under the *Johnson* factors. Because those factors are discussed at length in the interim fee applications, they will not be restated here.

² The attached copies have been redacted to remove privileged and confidential information. In submitting these detailed statements, the Receiver does not intend to and should not be construed to waive, limit or otherwise modify any rights that he may have with respect to the attorney-client privilege, the attorney work product doctrine or any other applicable privilege. Complete "non-redacted" versions of the attached exhibits will be provided to the Court, only, under separate cover.

18.

Payment of the fees and expenses at this juncture is appropriate and necessary to effect the full distribution of the Receiver Estate. After payment of the \$60,616, there will be no funds remaining in the Estate and the receivership may be closed.

19.

The Receiver recognizes that payment of the fees and expenses at this point necessarily requires the approval of estimated fees and expenses which could prove to ultimately be incorrect, despite the Receiver's best efforts to estimate them precisely. While this could result in the Receiver Team being overpaid for the work performed, it could also result in the Receiver Team being underpaid by incurring unforeseen fees and expenses that are not covered by the amount of the payment. In fact, the risk that the Receiver Team will be underpaid for work performed is potentially much higher than the risk of overpayment, as there is no limit to the amount of unforeseen fees and expenses which could arise after the date of this filing. On the other hand, the potential overpayment, if any, would be relatively minimal; only \$24,817.50 of the total \$60,616 is attributable to estimated fees and expenses, so the *most* the Receiver Team could be overpaid would be \$24,817.50, and that would only happen if the Receiver Team incurred no fees or expenses at all – which is impossible given the amount of work remaining to close the receivership.

20.

Despite these risks, the Receiver believes that paying accrued and estimated fees and expenses at this point is ultimately in the best interest of the investors and the Receiver Estate. Payment will enable the Receiver to immediately distribute the entirety of the Receiver Estate, which is necessary to fully close the receivership. The alternative of waiting to file additional

fee applications after all of the activities discussed herein have been finalized (including document retention, which will take two years), would unnecessarily delay the receivership's closure with no real benefit to the investors since the potential amount remaining in the Estate at that time, if any, would likely be so nominal that it would not justify another distribution to investors.

21.

Donation of Unclaimed Funds. The Receiver will make reasonable efforts to find new addresses for any investors who do not cash their distribution checks within a reasonable amount of time. However, if any distribution check issued to an investor in this case has not been cashed after a period of 120 days from the date of the check, the unclaimed funds associated with that check will be used to pay any outstanding fees and expenses that have not been satisfied by the payment requested in Paragraph 17 above. If there are any unclaimed funds remaining after all fees and expenses have been paid, the remaining unclaimed funds will be donated to the United States Treasury Department. Because the group of investors with approved claims is relatively small, the Receiver does not anticipate there being a significant amount of unclaimed funds, if any.

22.

Final Notice. After the final distribution to investors and the final payment of professional fees and expenses have been made, and either the anticipated tax refund discussed herein has been received and distributed to investors or it is clear that the Receiver Estate will not receive the refund as anticipated, the Receiver shall file a simple Notice with the Court advising that all funds have been distributed from the Receiver Estate and that the receivership will be closed. Upon filing of the Notice, the receivership will be closed without the necessity of

further Order of the Court and the Receiver shall be relieved of all of his duties and obligations under the Receivership Orders.

23.

A proposed Order authorizing the procedure set forth herein and the closing of the receivership is attached hereto.

CONCLUSION

WHEREFORE, S. Gregory Hays, Receiver, respectfully requests that the Court enter the attached proposed Order authorizing the procedure set forth herein and the closing of the receivership.

This 21st day of January, 2010.

TROUTMAN SANDERS LLP

/s/ J. David Dantzler, Jr.

J. DAVID DANTZLER, JR.

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Attorneys for S. Gregory Hays, Receiver

CERTIFICATE OF SERVICE

I do hereby certify that on January 21, 2010, I electronically filed the foregoing Document with the Clerk of this Court using the CM/ECF system, which will automatically send notification of such filing to the following:

Timothy S. McCole
Scott R. Baker

I further certify that on January 21, 2010, the foregoing was served on the following non-CM/ECF participants by depositing a copy in the United States Mail with adequate postage thereon and addressed as follows:

William Clark
JTA Enterprises
16 Beech Place
Denville, NJ 07834

Neal M Brown, as spokesperson for the Level Par Investors
Brown Investment Group, Inc.
8s270 Derby Ct
Naperville, IL 60540

I further certify that on January 21, 2010, the foregoing was served on the Internal Revenue Service by depositing a copy in the United States Mail with adequate postage thereon and addressed as follows:

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

/s/ Charles R. Burnett
CHARLES R. BURNETT
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