

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align: center;">Plaintiff,</p> <p>v.</p> <p>JAMES L. GEORGE, PAUL E. BRODHAGEN and MICHAEL J. WRIGHT,</p> <p style="text-align: center;">Defendants.</p>	<p style="text-align: center;">CIVIL ACTION FILE NO.</p> <p style="text-align: center;">1:02-CV-3310-HTW</p>
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**FUNDS ADMINISTRATOR’S MOTION TO APPROVE SCHEDULE OF
ALLOWED CLAIMS AND AUTHORIZE DISTRIBUTION OF PROCEEDS**

The Funds Administrator, S. Gregory Hays (the “Funds Administrator”), hereby moves that this Court approve the attached schedule of allowed claims and authorize the distribution of funds in accordance with the claim amounts set forth in the schedule, and shows the Court as follows:

BACKGROUND

1. The Securities and Exchange Commission (“SEC”) initiated this action by filing a Complaint against Defendants James L. George, Paul E. Brodhagen, and Michael J. Wright relating to their roles as facilitators of a fraudulent securities offering conducted by a partnership doing business as Tri-Star Investment Group, L.L.C. a/k/a Tri-Star Investment Group (“Tri-Star”). (Doc. No.

1.) On December 3, 2003, this Court entered Final Judgments against Defendants George and Brodhagen and, on March 31, 2005, this Court entered a Final Judgment against Defendant Wright. (Doc. Nos. 26, 27, 32.) The Final Judgments against Defendants George and Wright required them to make certain payments into the Registry of the Court. (Doc. Nos. 27, 32.) Defendant Brodhagen was not required to make such payments due to his demonstrated inability to pay. (Doc. No. 26.)

2. Defendants George and Wright paid the full amounts required by the Final Judgments entered against them into the Registry of the Court (the “Registry Funds”). As a result, the total amount of the Registry Funds as of September 30, 2010 was \$340,047.96.

3. On July 7, 2009, the Court appointed S. Gregory Hays as Funds Administrator to oversee the administration and distribution of the Registry Funds. (Doc. No. 41 (the “Funds Administrator Order”).)

4. In accordance with his responsibilities under the Funds Administrator Order, the Funds Administrator has developed a process for the analysis and administration of the claims of Tri-Star investors, along with a proposal for the ultimate distribution of the Registry Funds, which is set forth in the Plan for Claims Administration and Distribution of Proceeds (the “Plan”). (Doc. No. 46, Ex. A.) On August 27, 2009, the Court approved the Plan. (Doc. No. 47.)

5. As set forth in the Plan, the Funds Administrator made a reasonable, good faith effort to identify the substantial majority of Tri-Star investors using the information available to the Funds Administrator Team (as defined in the Plan), which primarily consisted of information provided by the SEC. The Funds Administrator then mailed to each identified investor a notice of the appointment of the Funds Administrator. The Notice was also posted on the Funds Administrator's website (www.haysconsulting.net). In addition, the Funds Administrator mailed a Claim Form to each identified investor and posted the Claim Form on his website.

6. On August 12, 2009, the Court established January 30, 2010 as the "Bar Date" for investors to submit claims to the Funds Administrator. (Doc. No. 45.) As set forth in the Court's Order, any investor who had not submitted a Claim Form to the Funds Administrator that was postmarked on or before the Bar Date may be barred from asserting a claim against the Registry Funds and may not be entitled to share in any distributions made by the Funds Administrator. (*Id.*)

7. The Funds Administrator Team reviewed each claim submitted by investors to determine the claim's validity, i.e., the identity of the appropriate investor and the amount lost by each investor. Using the information provided by each claimant, as well as other information available to the Funds Administrator

Team, which consisted primarily of the information provided by the SEC, the Funds Administrator determined whether each claim should be allowed as submitted, allowed in an amount other than that claimed by the investor, or denied altogether. The Funds Administrator's determinations were made in accordance with the procedures set forth in the Plan.

8. When the Funds Administrator and the Funds Administrator Team completed the claims review process, the Funds Administrator provided each claimant with a Claim Determination Notice showing the determination made regarding the Allowed Claim – i.e, the proper identity of the investor claimant and the allowed amount of the investor's claim. The Funds Administrator provided investors with an opportunity to dispute the Funds Administrator's determination of their Allowed Claim as set forth in the Claim Determination Notices.

9. Several investors disputed the Funds Administrator's determination of their Allowed Claims, but the Funds Administrator Team was able to work with those investors to resolve their disputes without involvement by the Court. Accordingly, there are no unresolved disputed claims, and the deadline for investors to dispute the Funds Administrator's determination of their claims has now passed.

**THE SCHEDULE OF ALLOWED INVESTOR CLAIMS AND
ANTICIPATED DISTRIBUTION OF FUNDS**

10. After completing the claims process, the Funds Administrator has determined that there are a total of 377 allowed investor claims in this case in the total amount of approximately \$7,534,830.16. Based on the Funds Administrator's determination as to the allowed amounts of all claims submitted in this case, as well as the resolutions of the disputes discussed above, the Funds Administrator has developed a schedule detailing all of the allowed investor claims in this case. The Schedule of Allowed Investor Claims is attached as Exhibit A.

11. Because the appropriate amounts for all claims submitted to the Funds Administrator have now been established, the Funds Administrator believes it is now appropriate to make a distribution to the claimants based on the attached Schedule of Allowed Investor Claims. Accordingly, the Receiver respectfully requests that the Court approve the Schedule of Allowed Investor Claims and grant the Funds Administrator the authority to make distributions of the Registry Funds to the claimants in accordance with the amounts of the claims detailed therein.

12. Pending the Court's approval of the attached Schedule, the Funds Administrator shall make a distribution of the Registry Funds in accordance with Section 4 of the Plan. The Funds Administrator shall reserve from the distribution an amount sufficient to cover the professional fees and expenses incurred by the Funds Administrator Team in connection with this case, which will be the subject

of a separate Application for Authority to Pay Professional Fees and Reimburse Costs (“Fee Application”). The Funds Administrator anticipates filing this Fee Application within ten days of the date of this motion. The Funds Administrator currently anticipates that there will only be one distribution in this case.

13. As soon as reasonably practical after making the final distribution, the Funds Administrator shall file a Notice with the Court concerning the final distribution and conclusion of the Funds Administrator’s duties.

CONCLUSION

WHEREFORE, S. Gregory Hays, Funds Administrator, respectfully requests that the Court grant the Funds Administrator’s Motion and approve the attached schedule of allowed claims and authorize the Funds Administrator to make distributions of the Registry Funds in accordance with the amounts of the claims detailed therein.

Respectfully submitted this 21st day of April, 2010.

By: /s/ Charles R. Burnett
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CERTIFICATE OF SERVICE

I hereby certify that on the 21st day of April 2010, I electronically filed the *Funds Administrator's Motion To Approve Schedule of Allowed Claims and Authorize Distribution of Proceeds* with the Clerk of this Court using the CM/ECF system, which will automatically send email notification of such filing to all case parties registered for electronic filing via email.

Dated: April 21, 2010.

TROUTMAN SANDERS LLP

/s/ Charles R. Burnett
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