

**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. 1:02-CV-3310-HTW</p>
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**FUNDS ADMINISTRATOR’S FINAL REPORT AND
NOTICE OF FINAL DISTRIBUTION**

The Funds Administrator, S. Gregory Hays (the “Funds Administrator”), hereby files his Final Report and Notice of Final Distribution, and states 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”). (Docket Number (“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, 2009 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 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. After carefully administering the claims submission and review process pursuant to the Plan, the Funds Administrator presented a Schedule of Allowed Investor Claims (the “Schedule”) to the Court on April 21, 2010 (Doc. No. 51), and the Court issued an Order approving the Schedule on May 10, 2010 (Doc. No. 53). The Schedule sets forth the approved amounts of all investor claims in this case.

6. As described below, the Funds Administrator has now distributed the Registry Funds to investors with approved claims.

Tax Liability of the Registry Funds

7. Pursuant to his duties under the Funds Administrator Order, the Funds Administrator and the professionals hired by the Funds Administrator to assist in his administration of the Registry Funds (the “Funds Administrator Team”) prepared and filed state and federal tax returns for the Registry Funds as appropriate.

8. Because any taxes owed on the Registry Funds were offset by certain of the professional fees and expenses discussed below, the Funds Administrator Team determined that there is no tax liability owed on the Registry Funds.

Payment of Fees and Expenses and Final Distribution of the Registry Funds

9. As authorized in the Court's Order dated May 10, 2010 (Doc. No. 54), the Funds Administrator has paid the professional fees and expenses incurred in connection with the administration of the Registry Funds in the total amount of \$55,000.

10. On May 13, 2010, the Funds Administrator distributed the remainder of the Registry Funds to all investors with approved claims.

11. Following the distribution of the Registry Funds, the Funds Administrator received \$18.09 in interest on the funds which had previously been withheld by the financial institution in which the funds were maintained. The Funds Administrator determined that this amount was insufficient to warrant a second distribution to the 377 investors with approved claims in this case. With the exception of this \$18.09, the Registry Funds have now been fully distributed pursuant to the Funds Administrator Order.

12. A financial statement indicating the receipt and disbursement of the Registry Funds by the Funds Administrator is attached as Exhibit A.

Donation of Unclaimed Funds

13. All distribution checks to investors were dated May 13, 2010. Accordingly, pursuant to Section 5.3 of the Plan, all checks must be cashed by investors on or before September 10, 2010, which is 120 days from the date of

each check. Any check that is not cashed by September 10, 2010 shall be deemed void in accordance with the Plan.

14. The Funds Administrator intends to donate any unclaimed funds corresponding to checks which have not been cashed by September 10, 2010 to the United States Treasury Department. The Funds Administrator also intends to donate the \$18.09 in withheld interest that was received after the distribution, as discussed above, to the United States Treasury Department.

Discharge of the Funds Administrator

15. Because the Registry Funds have now been distributed and the Funds Administrator has completed his duties under the Funds Administrator Order, the Funds Administrator respectfully requests that he be discharged from his duties under the Order.

16. A proposed Order authorizing the donation of unclaimed funds, as set forth herein, and discharging the Funds Administrator is attached hereto.

Conclusion

WHEREFORE, S. Gregory Hays, Funds Administrator, respectfully requests that the Court enter the attached proposed Order authorizing the donation of unclaimed funds, as set forth herein, and discharging the Funds Administrator.

Respectfully submitted this 25th day of August, 2010.

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

I hereby certify that on the 25th day of August 2010, I electronically filed the *Funds Administrator's Final Report and Notice of Final Distribution* 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: August 25, 2010.

TROUTMAN SANDERS LLP

/s/ Charles R. Burnett
CHARLES R. BURNETT
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