

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

STEVEN BYERS, JOSEPH SHERESHEVSKY,
WEXTRUST CAPITAL, LLC, WEXTRUST
EQUITY PARTNERS, LLC, WEXTRUST
DEVELOPMENT GROUP, LLC, WEXTRUST
SECURITIES, LLC, and AXELA HOSPITALITY,
LLC.

No. 08 Civ. 7104 (DC)

ECF Case

SIXTEENTH INTERIM REPORT OF RECEIVER

TIMOTHY J. COLEMAN
Receiver for Wextrust Entities

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February 11, 2015

TABLE OF CONTENTS

	Page
I. DISTRIBUTION TO THE WEXTRUST VICTIMS	2
II. LIQUIDATION OF WEXTRUST ASSETS	3
III. ESTATE MANAGEMENT OPERATIONS	4
IV. FINANCIAL CONDITION OF THE WEXTRUST ENTITIES AND AFFILIATES	5
V. INVESTIGATIONS AND LITIGATION	10
VI. INVESTOR COMMUNICATIONS	12
VII. CONCLUSION	13

Timothy J. Coleman, Receiver for the Wextrust Entities and Affiliates (“Receiver”), respectfully submits this Sixteenth Interim Report, pursuant to the Court’s Order Appointing Temporary Receiver, dated August 11, 2008, as amended by order dated September 11, 2008 (the “Receiver Order”) (Dkt. No. 36).

During the last interim period, the Receiver reached finality on many of the estate’s tax issues. This allowed the Receiver, after Court approval, to mail checks totaling more than \$17.1 million to qualified investors and unsecured creditors as part of a second interim distribution. The Court also accepted the Receiver’s position on payments to certain former estate professionals and denied \$4.8 million in fees that instead became part of the distribution. To date, the Receiver has distributed more than \$22 million investors. During the last six months, the Receiver participated in an evidentiary hearing to resolve disputes related to 13 properties, sold one asset yielding approximately \$25,000 in net cash for the receivership, and pursued other avenues for recovery. Real estate professionals are actively marketing the remaining real property asset in the receivership estate, while local counsel is pursuing deficiency claims related to another. Based on these potential recoveries and anticipated administrative expenses, the Receiver expects that some additional funds may eventually be available for a modest final distribution to investors and unsecured creditors.

This Sixteenth Interim Report describes the Receiver’s work since August 11, 2014. Section I reports on the second interim distribution to investors. Section II summarizes the status of the liquidation of the Wextrust assets. Section III offers an overview of the Receiver’s management of the Wextrust Entities and Affiliates. Section IV reports on the current financial condition of the receivership estate and its administrative costs. Section V discusses the status of Wextrust-related litigation. Section VI summarizes investor relations.

I. DISTRIBUTION TO THE WEXTRUST VICTIMS

The Receiver's work in the last interim period resulted in a distribution of recovered funds to investors. On January 26, 2015, the Court approved the Receiver's motion (Dkt. No. 1082) for a second interim distribution of \$17,146,022.30 to qualified investors and unsecured creditors (Dkt. No. 1077). Checks were mailed shortly thereafter.

The Receiver previously verified and recognized the claims of Wextrust victims totaling \$238 million among 1,221 equity investors and 100 unsecured creditors. The Court approved a first interim distribution of approximately \$5 million in December 2010. A.B. Data, which was hired to manage the logistics of the distribution, was unable to deliver nine checks totaling \$32,977.76, which remain unclaimed. The Receiver encourages claimants to provide updated contact information (**1-800-985-4155 or wextrustreceiver@abdata.com**). Secured creditor claims against the Wextrust Entities and Affiliates have exceeded \$285 million. The Court has limited these secured creditors' recoveries to their specific collateral.

During the last interim period, the Receiver reached agreement on a long-running dispute with the IRS that enabled the Receiver to obtain a high degree of certainty that it will face no U.S. federal income taxes, and therefore, to request approval of a second interim distribution. On July 17, 2014, following completion of the IRS audit of previously submitted draft tax returns, the Receiver submitted the final U.S. federal income tax returns, treating the receivership estate as a "qualified settlement fund" for the years 2008 through 2013. These final returns reported no tax liability during that time period.

On September 25, 2014, the Court held a status conference with the Receiver, the IRS, and the U.S. Attorney's Office, regarding certain tax issues that had previously prevented a second interim distribution (Dkt. No. 1038). The Receiver and the IRS reached an agreement to

resolve outstanding issues at this hearing: the IRS would complete an expedited, limited scope review of the receivership's final tax returns for the years 2008 through 2011 and provide the Receiver with a "no change" letter; the IRS would then enter into a closing agreement with the Receiver, under which the IRS agreed that no penalties would be imposed for the non-filing of any partnership tax returns with respect to the various partnership entities subject to the Receiver's administration. Although the IRS would not commit to an expedited review of the receivership's U.S. federal income tax returns filed for the years 2012 and 2013, based on the absence of IRS-initiated changes following the examination of the final returns for the years 2008 through 2011, the Receiver expects the receivership estate will not be required to pay any U.S. federal income taxes during the remaining period of the administration.

II. LIQUIDATION OF WEXTRUST ASSETS

Since the start of the receivership, the Receiver has sold 26 properties, resulting in \$85.2 million in gross proceeds (not including high yield assets). From those sales, \$68.6 million was used to repay secured creditors. The estate benefited from the forgiveness of \$7.3 million in secured debt owed by the estate, and the estate received \$8.9 million in net cash. Three hotels in the Wextrust portfolio were relinquished, as were 24 properties, as to which there was no expectation of a net cash recovery for the estate. The relinquishments have, cumulatively, allowed secured creditor victims to obtain the collateral for more than \$211.8 million of debt, and released the receivership estate from those obligations. The Receiver has also recovered more than \$13 million through the sale of other receivership assets, settlements with third parties, and additional recoveries. In July 2014, the Court lifted the litigation stay as to the 13 properties owned by Tennessee Office Holdings, LLC located in Tennessee (the "TOH Properties") though the estate maintains an interest in sale proceeds above the debt.

In the past six months, the Receiver has been successful in selling the remaining assets in the receivership estate as per the Court's plan of distribution order entered on July 23, 2009 (the "Distribution Order") (Dkt. No. 428). In August 2014, the Receiver closed a sale on a parcel of land located in Bethel Park, Pennsylvania, generating around \$25,000 in net cash for the receivership. The remaining real property asset in the estate is the Commerce Center Property, a commercial property located in Clarksville, Tennessee.

III. ESTATE MANAGEMENT OPERATIONS

Since the inception of the receivership, the Wextrust properties have generated \$80.7 million in lease income and approximately \$24.8 million in net cash flow for the receivership estate. The Receiver has executed 80 new leases and 186 lease renewals, representing \$43.2 million in aggregate rental revenue. The overall percentage of leases renewed represents a renewal rate of approximately 70 percent.

As directed by the Court, the Receiver assumed control of all the Wextrust real estate assets. In the six months ending February 11, 2015, the Receiver collected approximately \$365,000 in rent. Repairs and improvements on the remaining properties have been minimized, where appropriate. Since assuming the management of and authority to sell the Commerce Center Property – a property that is partially owned by Peck-Clarksville, LLC, an entity controlled by David and Joshua Peck, relatives of Defendant Joseph Shereshevsky (the "Shereshevsky Relatives") – the Receiver has entered into long-term leases with two existing tenants, representing 44 percent of the property's 81,000 square footage. During the last interim period, the Receiver: entered into a new lease with a subsidiary of the Gannett Company, Inc. for nine percent of the property; agreed to terms involving the lease of 19 percent of the property, in January; and agreed to a lease extension with the State of Tennessee, representing another 17

percent of the property, also in January. The Receiver expects these new leases and long-term renewals will make the Commerce Center Property more attractive to buyers.

The Receiver has completed the settlement and sale of properties and interests in the Wextrust high yield loans, nearly all of which had been in default and worth less than the amount that Wextrust had contributed. The high yield loans include some loans that were 100 percent funded by Wextrust, and others that were funded by joint ventures between Wextrust and other entities. Where the Receiver foreclosed on property related to a defaulted loan, Wextrust employees managed the day-to-day maintenance, upkeep, and security issues. During the last interim period, the Receiver also sold the remaining high yield asset, vacant land in Bethel Park, Pennsylvania, resulting in \$25,000 in net cash for the receivership. The Receiver is pursuing deficiency claims against two guarantors and/or successors related to one of the high yield loans using a local law firm in New Jersey.

IV. FINANCIAL CONDITION OF THE WEXTRUST ENTITIES AND AFFILIATES

As in previous reports, Deloitte Financial Advisory Services LLP (“Deloitte”) assisted in compiling financial information from the financial systems and books and records of the Wextrust Entities and Affiliates. Those financial records reflect the book value of the principal real estate assets, as recorded in the company’s books and records, but not necessarily in accordance with generally accepted accounting principles. As shown in Table 2, the total book value of the remaining Wextrust real estate portfolio is approximately \$960,000. This value is based on the accounting records and other information maintained by Wextrust and its accountants and does not represent current market value. Moreover, as discussed in previous reports, these properties were purchased at the height of the commercial real estate market and are heavily leveraged by secured debt. The Receiver contemplates that most of the proceeds of

the sales of the remaining property will be used to repay such debt, pursuant to the Court's Distribution Order.

Table 1: Book Value of Wextrust Real Estate Assets

Wextrust Capital, LLC, et al.
Net Book Value (1) (2)
as of November 30, 2014

	Axela (3)	WEP (4)	WDG (5)	Consolidated
Property				
Building / Land	-	3,987,182	-	3,987,182
Loan Payable on Property	-	3,617,825	-	3,617,825
Net Book Value (6)	\$ -	\$ 369,357	\$ -	\$ 369,357
Capitalized Costs:				
Tenant Improvements	-	567,293	-	567,293
Capital Improvements	-	23,040	-	23,040
Total Capitalized Costs	\$ -	\$ 590,333	\$ -	\$ 590,333
Net Book Value (6)	\$ -	\$ 959,690	\$ -	\$ 959,690

- (1) - Where possible, net book values were obtained from accounting information as of November 30, 2014 provided by Wextrust. However, the cost of the building and the balance of the loan payable on the property were not always recorded in the accounting system. To the extent available, these amounts were obtained from other internal sources as of the most recent date available. In some cases, loan payable amounts include accrued interest and late fees assessed by the
- (2) - The amounts shown do not include properties that were sold or where the relinquishment process was initiated or had been relinquished as of November 30, 2014.
- (3) - As of August 31, 2009, the United States District Court for the Southern District of New York had entered orders permitting the relinquishment of all hotel properties.
- (4) - The balance represents Commerce Center Holdings, a TIC property, that is included at 100% even though the Wextrust interest is less (35%).
- (5) - All condominium units developed by 47 Dean Street have been sold.
- (6) - There may be other payable amounts due upon sale of property, including property taxes, etc.

For the six months ending November 30, 2014, Wextrust had a negative net cash flow of approximately \$37,000, due in large part to the distribution of approximately \$260,000 to a high yield secured creditor pursuant to Court approval. (Dkt. No. 1012) Total receipts were \$1.03 million against \$1.06 million in expenses, which were authorized by the Receiver to preserve the status quo of the Wextrust enterprise, as indicated in Table 2 below. The vast majority of those expenses were paid in connection with operating the Wextrust Equity Partners real estate

portfolio. As of January 31, 2015, Wextrust had more than \$2.3 million in cash in approximately seven U.S. bank accounts at one financial institution.

Table 2: Receipts and Disbursements

Wextrust Capital, LLC, et al.
Consolidated Cash Receipts and Disbursements - Rounded (1) (2)
from 06/01/2014 through 11/30/2014

	Wextrust Capital, LLC and Affiliates	Commodity Funds	Wextrust Equity Partners, LLC and Affiliates	PAM	Wexford Development Group, LLC and Affiliates	Axela Hospitality, LLC and Affiliates	TOTAL
RECEIPTS							
Tenant Receipts (3)	37,000	-	537,000	-	-	-	574,000
Sale of Receivership Assets (4)	386,000	-	-	-	-	-	386,000
Construction Draws	-	-	-	-	-	-	-
Other Receipts (5)	14,000	-	54,000	-	-	-	68,000
TOTAL RECEIPTS	437,000	-	591,000	-	-	-	1,028,000
DISBURSEMENTS							
Capital Expenditures, Tenant Improvements & Leasing	-	-	24,000	-	-	-	24,000
Commissions	-	-	3,000	-	-	-	3,000
Insurance	-	-	298,000	-	-	-	298,000
Loan Payments	-	-	57,000	-	-	-	57,000
Management Fees	24,000	-	123,000	-	-	-	147,000
Ordinary Course Expenses	-	-	105,000	-	-	-	105,000
Labor Costs	53,000	-	34,000	-	-	-	87,000
Professional Expenses - Non-Receiver (6)	-	-	35,000	-	-	-	35,000
Taxes	309,000	-	-	-	-	-	309,000
Other (7)	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	386,000	-	679,000	-	-	-	1,065,000
NET CASH GENERATION / (BURN)	51,000	-	(88,000)	-	-	-	\$ (37,000)

(1) - The receipts and disbursements in this analysis are cash transactions that are grouped by the entities that initiated the transaction, however, in some cases the cash transactions were executed on behalf of other Wextrust entities. The cash transactions have been categorized by type based on information contained within the books and records of the Wextrust Entities. The sources of cash receipts and disbursements data were a combination of general ledgers and bank transaction data. Not all bank accounts or general ledgers were included in this analysis; entities with no or insignificant transaction activity during the period presented may not have been included.

(2) - This analysis was prepared on a cash basis, therefore the timing of receipts and disbursements are different than what may be contained in accrual based financial reports. For example, receipts may not be matched to related disbursements, or vice versa. In addition, some disbursements included in this analysis had not cleared the bank as of November 30, 2014.

(3) - Approximately \$21,000 was collected, in addition to monthly rent, from tenants for property taxes and insurance.

(4) - The \$386,000 in Sale of Receivership Assets represent the net proceeds from the sale of three properties owned by the High Yield Fund.

(5) - The \$68,000 in Other Receipts is mainly comprised of: <1> \$14,000 in interest income, and <2> \$54,000 in property management fees.

(6) - Receivership professional expenses are not included in this analysis. The payment of Professional Expenses - Non-Receiver represent fees relating to the marketing of properties for sale.

(7) - The \$309,000 in Other payments represent settlement payments made to various parties regarding the High Yield Funds.

Deloitte also assisted in the preparation of a cash forecast for three three-month periods through August 31, 2015, as shown in Table 3. The net cash flow is projected at (\$17,284).

Table 3: Wextrust Cash Forecast

Base Cash Flow Projections for Wextrust Capital, LLC and Affiliates, et al. for the Nine Months Ending August 31, 2015 (1) (2)

	Wextrust Capital, LLC, et al. for the 3 - Months Ending February 28, 2015	Wextrust Capital, LLC, et al. for the 3 - Months Ending May 31, 2015	Wextrust Capital, LLC, et al. for the 3 - Months Ending August 31, 2015	Total
Total Effective Income	\$ 175,844	\$ 166,786	\$ 166,786	\$ 509,416 ⁽³⁾
Total Operating Expenses	91,308	90,877	90,877	273,062
Net Operating Income	84,536	75,909	75,909	236,354
Non Operating Expenses:				
Debt Service - Interest (Including Swap Payments)	56,106	56,106	56,106	168,318
Debt Service - Principal	13,779	13,779	13,779	41,337
Capital Expenditures (4)	-	-	-	- ⁽⁵⁾
Tenant Improvements & Lease Commissions	-	-	-	-
Reserves	14,661	14,661	14,661	43,983
Other Non-Operating Expenses	-	-	-	-
Total Non-Operating Expenses	84,546	84,546	84,546	253,638
Net Cash Flow (6)	\$ (10)	\$ (8,637)	\$ (8,637)	\$ (17,284)

(1) - Does not include any distributions under the Plan of Distribution. As of August 31, 2009, the United States District Court for the Southern District of New York approved orders to relinquish all hotel properties.

(2) - Amounts only include Commerce Center Holdings, which is a TIC property where Wextrust interest is 35%, and general corporate overhead expenses. The cash projections include the expected cash activity for properties that are currently in sale negotiations but do not include the expected net sale proceeds. For information on the expected sale of Receivership assets, please refer to Section I.A.

(3) - Amount includes approx. \$115,000 in tenant rent receipts from one tenant who is assumed to renew their lease.

(4) - Net of escrow draws available for capital expenditures.

(5) - In order to better manage cash flow on a per-property basis, Capital Expenditures projects are evaluated on an as-needed basis. Due to that methodology, a minimal amount of Capital Expenditures are projected unless there is a known, necessary repair or replacement imminent.

(6) - Does not include Receivership related professional fees.

The above analysis does not include expenses associated with the administration of the receivership, the largest component of which is professional legal fees, including those of the Receiver and his counsel, Freshfields Bruckhaus Deringer U.S. LLP ("Freshfields"). On October 2, 2014, the Receiver proposed a plan to resolve outstanding fees and expenses in order to maximize the amount of funds available for an interim distribution. On October 10, 2014, the Court approved the Receiver's plan (Dkt. No. 1040). The Receiver and his counsel then filed their fifth joint fee application (Dkt. No. 1047). Several parties also filed applications for the payment of fees previously held back, including the Receiver, Freshfields, Deloitte, FTI Consulting as the secured lender trustee of the Dewey & LeBoeuf LLP secured lender trust, and Arent Fox LLP (*see* Dkt. Nos. 1048, 1049, 1051, and 1052).

On December 18, 2015, the Court held a hearing and heard the arguments of estate professionals and the SEC, and objections from investors. On December 23, 2014, the Court denied fees and holdbacks totaling \$5,612,843.02 from D&L, Deloitte, Badger Real Estate Advisors (“Badger”), and Arent Fox, and approved fees and holdbacks totaling \$1,329,843.91 from the Receiver, Freshfields, Deloitte, and Lattimore, Black, Morgan, & Cain, P.C. (“LBMC”) (*see* Dkt. Nos. 1072, 1073, 1074, and 1080). The Court recognized the “substantial services” that the Receiver and his counsel and advisors had provided to the estate in the six years since the receivership’s inception, the “benefits to the estate” that the Receiver had achieved, and the “excellent” work and representation delivered by Freshfields (Dkt. No. 1074).

For all professionals, Wextrust has incurred and paid \$22,449,565.53 in professional fees as of February 11, 2015 as follows: the Receiver, \$491,811.69; Freshfields, \$2,497,022.13; Arent Fox, \$33,216.50; Badger, \$751,179.49; D&L, \$9,423,211.76; Deloitte, \$4,422,102.50; Hilco Real Estate, \$940,500.00; Kasowitz, Benson, Torres & Friedman, \$1,776,698.00; LBMC, \$345,377.50; South African professionals, \$338,553.04; Sheldon Liebb, \$144,821.93; and other ordinary course professionals, \$1,285,071.00. Legal fees during the sixteenth interim period were an estimated \$290,000 and Deloitte’s fees were an estimated \$15,000.

The level of professional administrative costs has been a concern of the Court, the Receiver, and investors. Various professionals have applied discounts and write-offs of approximately \$16 million as a reflection of the public service nature of their engagement in addition to the denial of fee requests outlined above. Fees declined precipitously after the initial start of the case and have remained relatively low as the Receiver completed the tasks required by the Receiver Order.

The total receipts and disbursements since the start of the receivership (on August 11, 2008) are outlined below. Total receipts were \$109.5 million, while total disbursements were \$84.7 million, not including the administrative costs described above.

Table 4: Receipts and Disbursements (Since Receivership Start)

Wextrust Capital, LLC, et al.
Consolidated Cash Receipts and Disbursements - Rounded (1) (2) (3)
from 08/11/08 through 11/30/2014

	Wextrust Capital, LLC and Affiliates	Commodity Funds	Wextrust Equity Partners, LLC and Affiliates	PAM	Wexford Development Group, LLC and Affiliates	Axela Hospitality, LLC and Affiliates	TOTAL
RECEIPTS							
Tenant Receipts	210,000	-	80,500,000	-	-	-	80,710,000
Sale of Receivership Assets	7,180,000	-	3,330,000	-	600,000	-	11,110,000
Construction Draws	70,000	-	-	-	4,220,000	-	4,290,000
Other Receipts	9,700,000	230,000	3,080,000	-	100,000	240,000	13,350,000
TOTAL RECEIPTS	17,160,000	230,000	86,910,000	-	4,920,000	240,000	109,460,000
DISBURSEMENTS							
Capital Expenditures, Tenant Improvements & Leasing	-	60,000	5,790,000	-	4,310,000	110,000	10,270,000
Commissions	33,000	2,000	1,177,000	-	89,000	4,000	1,305,000
Insurance	150,000	20,000	33,670,000	-	360,000	60,000	34,260,000
Loan Payments	10,000	-	3,690,000	-	-	-	3,700,000
Management Fees	670,000	120,000	15,490,000	-	120,000	310,000	16,710,000
Ordinary Course Expenses	1,133,000	554,000	5,135,000	93,000	296,000	202,000	7,413,000
Labor Costs	730,000	240,000	390,000	-	10,000	-	1,370,000
Professional Expenses - Non-Receiver (4)	450,000	10,000	8,340,000	-	50,000	-	8,850,000
Taxes	310,000	110,000	-	-	380,000	-	800,000
Other	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,486,000	1,116,000	73,682,000	93,000	5,615,000	686,000	84,678,000
NET CASH GENERATION / (BURN)	13,674,000	(886,000)	13,228,000	(93,000)	(695,000)	(446,000)	\$ 24,782,000

(1) - The receipts and disbursements in this analysis are cash transactions that are grouped by the entities that initiated the transaction, however, in some cases the cash transactions were executed on behalf of other Wextrust entities. The cash transactions have been categorized by type based on information contained within the books and records of the Wextrust Entities. The sources of cash receipts and disbursements data were a combination of general ledgers and bank transaction data. Not all bank accounts or general ledgers were included in this analysis; entities with no or insignificant transaction activity during the period presented may not have been included.

(2) - This analysis was prepared on a cash basis, therefore the timing of receipts and disbursements are different than what may be contained in accrual based financial reports. For example, receipts may not be matched to related disbursements, or vice versa. In addition, some disbursements included in this analysis had not cleared the bank as of November 30, 2014.

(3) - The disbursements in this analysis does not include Receivership professional expenses and distributions to investors.

(4) - Receivership professional expenses are not included in this analysis. The payment of Professional Expenses - Non-Receiver represent fees relating to the marketing of properties for sale, etc.

V. INVESTIGATIONS AND LITIGATION

As described in this Section, the Receiver has engaged in a number of offensive and defensive litigation matters to preserve and enhance the value of the receivership estate.

Tennessee Office. On October 6, 2014, the Court held an evidentiary hearing with the Receiver and Regions Bank to resolve certain disputes related to the TOH Properties (Dkt. No. 1043), which had been relinquished by the Receiver last year into the control of a state court-

appointed receiver. Under an agreement with the lender, the proceeds above the secured debt will inure to the benefit of the receivership estate. On December 22, 2014, the Court found that for the six-month period extending from January 1, 2014 to June 30, 2014, and after debt services, taxes, management fees paid to Wextrust Equity Partners and other expenses, there remained a balance of \$367,557 (Dkt. No. 1072). The Court awarded that amount to Regions Bank under the agreements. On January 14, 2015, the Receiver filed a Motion for Reconsideration of the Court's order, respectfully submitting that based on the Court's ruling on the meaning of "excess cash," an additional \$169,644 in TOH-specific debt servicing, management fees, and expenses paid in July 2014 (while the properties were under the Receiver's control) should be deducted from the "excess cash" calculation (Dkt. Nos. 1078 and 1079). The Receiver submitted that outstanding 2013 property taxes plus penalties through July 2014 should reduce the Court's conclusion as to what was owed, which would result in a reduction of excess cash downward by \$253,497.33 to a net excess cash amount of \$114,059.67. Should the motion be granted, approximately \$90,000 will be available for distribution to equity investors that would otherwise go to Regions Bank, which has opposed the motion.

Mine Hill. During the last interim period, the Receiver continued to work with local counsel in New Jersey to pursue deficiency claims concerning the high yield loan portfolio. In September 2013, the Receiver successfully foreclosed on a high yield loan related to property in Mine Hill, New Jersey and took title to the property. Using local counsel, the Receiver filed a deficiency action in the Superior Court of New Jersey, Law Division, Morris County, seeking to enforce the estate's remedies against the guarantors on the loan for the deficiency of approximately \$600,000. Each guarantor raised defenses to the action, which the Receiver

believed to be meritless. Thereafter, the state court mandated pre-trial arbitration in respect to the deficiency action.

The Receiver is currently pursuing deficiency claims against two guarantors and/or successors related to one of the high yield loans. While one of the guarantors recently declared bankruptcy, a pre-trial arbitration on January 29, 2015 against the other guarantor resulted in an award of \$720,920.16 for the estate. Although the defaulting parties may be unable to satisfy that award in full, the Receiver is pursuing the most beneficial recovery for the estate possible.

During the past six months, counsel for the Receiver continued to monitor ongoing cases in both state and federal bankruptcy courts that implicate the receivership's property interests. Counsel will continue to do so in consultation with the SEC in order to preserve and protect the receivership estate's rights.

VI. INVESTOR COMMUNICATIONS

Investor inquiries continue to be handled in the first instance by A.B. Data, which the Receiver engaged in 2010 to handle investor communications and the logistics of distributions to investors. The Receiver's counsel provides support to the A.B. Data professionals who interface directly with investors. Where A.B. Data is unable to handle a question, the question is forwarded to Receiver's counsel. The vast majority of the inquiries during the last interim period (approximately 67 calls and 215 emails) related to the second interim distribution.

The Receiver implemented a system whereby interested investors can be automatically notified when the receivership website is updated (approximately 24 times in the last interim period). If investors wish to "opt in" and be notified, they should send an email to wextrustreceiver@abdata.com with "Opt-In" in the subject line. The Receiver's contact information is: **1-800-985-4155** and **wextrustreceiver@abdata.com**.

VII. CONCLUSION

To date, more than \$22 million has been distributed to investors and unsecured creditors by the Receiver. The Receiver is also optimistic that he will be able to resolve the outstanding estate issues by the end of the year and may have funds remaining for a modest final distribution. As ever, the Receiver continues to carry out the directives of the Receiver Order by managing the receivership estate, marketing and selling the remaining real estate asset for the greatest return possible, and accomplishing further distributions to victims. The Receiver will continue to report on the financial condition of the receivership estate on a periodic basis, and will continue to take steps to inform investors and other interested parties of significant developments.

Dated: Washington, DC
February 11, 2015

Respectfully submitted,

Timothy J. Coleman
Receiver for Wextrust Entities

s/ Jonathan W. Ware
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Attorneys for Receiver

Of counsel:
Emily Holland

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on February 11, 2015 I directed the service of a true and correct copy of the foregoing **SIXTEENTH INTERIM REPORT OF RECEIVER** upon the following individuals in the manner indicated below:

Via First Class Mail

Joseph Shereshevsky, Registry No. 35857-054
c/o FCI Fort Dix
Federal Correctional Institution
P.O. Box 2000
Fort Dix, NJ 08640
Pro Se Defendant

Via ECF Notification & Electronic Mail

Alexander M. Vasilescu, Esq.
Andrew M. Calamari, Esq.
Steven G. Rawlings, Esq.
Alistaire Bambach, Esq.
Neal R. Jacobson, Esq.
Philip Moustakis, Esq.
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Via ECF Notification & Electronic Mail

Michael Fred Bachner, Esq.
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