

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

JOSEPH S. FORTE and  
JOSEPH FORTE, L.P.,

Defendants

No. 09-CV-0063

COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

JOSEPH S. FORTE,

Defendant

No. 09-CV-0064

**FIRST REPORT OF MARION A. HECHT,  
COURT-APPOINTED RECEIVER FOR  
JOSEPH S. FORTE AND JOSEPH FORTE, L.P.**

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Exhibit 1—Receivership Fund Accounting Report

Exhibit 2—Joseph Forte LP—All Limited Partner Accounts

Exhibit 2.1—Joseph Forte LP—Limited Partner Accounts—Net Winners Only

Exhibit 3—Receiver’s Plan for Receivership Estate Activities

Marion A. Hecht (“Receiver”), the Court appointed Receiver for Joseph S. Forte (“Forte”) and Joseph Forte, L.P. (“Limited Partnership”) files her First Report, showing the Court as follows:

**I. INTRODUCTION**

On March 24, 1995, Joseph Forte executed a Certificate of Limited Partnership, which was filed with the Secretary of the Pennsylvania Department of State on April 3, 1995. The name of the Limited Partnership so created was Joseph Forte, L.P., with an address at 225 Fawn Hill Rd., Broomall, PA, Forte’s residence; and Forte was identified as its General Partner. As set forth in the Limited Partnership Agreement dated February 28, 1995, its purpose was “[t]o form a fund to invest in securities futures.” In fact, however, Forte operated the Limited Partnership as a Ponzi scheme from the beginning. Over the years, Forte consistently reported returns of between 18% and 38% every quarter, regardless of market conditions, thus attracting an increasing number of investors who became Limited Partners with an interest in the profits of the Limited Partnership commensurate with the amount of their cash investment. By the time that the Limited Partnership filed its 2007 U.S. Return of Partnership Income (Form 1065), Joseph Forte, L.P. had over 100 limited partners.

Following the exposure of the Madoff Ponzi scheme in late 2008, some investors sought assurances from Forte regarding the viability of the Limited Partnership. While Forte may have given such assurances orally, he was unable to honor redemption requests. In late December 2008, Forte confessed to federal authorities about the fraudulent nature of the Limited Partnership.

On January 7, 2009, the Securities and Exchange Commission (“SEC”) filed an action against Forte and the Limited Partnership (collectively, the “Defendants”), alleging violations of

the Securities Act of 1933 (“Securities Act”) and seeking injunctive relief, disgorgement of ill-gotten gains, and civil penalties pursuant to various provisions of the Securities Act. That same day, the Commodities Futures Trading Commission (“CFTC”) filed an action against Forte, alleging violations of the Commodity Exchange Act (“Commodities Act”) and seeking injunctive relief, disgorgement of ill-gotten gains, and civil penalties pursuant to various sections of the Commodities Act. Also on January 7, 2009, this Court entered a *Consent Order of Preliminary Injunction and Other Equitable Relief*.

On March 30, 2009, this Court entered in both cases an *Order Appointing Receiver* (“Receivership Order”), pursuant to which the Court took exclusive jurisdiction and possession of the Defendants’ assets, monies, securities, choses in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated, and any entities that the Defendants own or control or in which either of them have an interest (the “Receivership Assets”), as well as the Defendants’ books, records, computers, and documents (the “Receivership Records”). In the same order, Marion A. Hecht was appointed Receiver for the Receivership Assets and Records (collectively, the “Receivership Estate”), with the goal and purpose of marshalling the Receivership Assets to maximize the recovery of defrauded investors. The Receivership Order also stayed all civil actions or other proceedings involving the Receivership Assets or Receivership Records, other than the Receivership proceedings and any additional charges in the actions brought by the SEC and the CFTC.

On June 5, 2009, in the related criminal action brought by the U.S. Department of Justice, Joseph Forte pleaded guilty to charges of wire fraud (18 U.S.C §1343); mail fraud (18 U.S.C. §1341); bank fraud (18 U.S.C. §1344); and money laundering (18 U.S.C. §1957). *USA v. Forte*,

Criminal Action No. 09-304-1 (E.D. Pa, June 5, 2009). His sentencing is scheduled for October 2, 2009.

Pursuant to the Receivership Order, this First Report provides preliminary information regarding the assets and liabilities of the Receivership Estate, a summary of the Receiver's activities to date, and information regarding the plan and estimated schedule for further anticipated activities of the Receiver with respect to the Receivership Estate.

## **II. OVERVIEW OF THE RECEIVER'S ACTIVITIES**

In the five months since her appointment, the Receiver has taken steps to assume control of the Receivership Assets with the objective of maximizing the recovery for defrauded investors.

### **A. Work on Asset Recovery**

Shortly after her appointment, the Receiver opened an interest-bearing Receivership bank account at Eagle Bank in Washington, D.C., and transferred the Defendants' existing cash balances at Citizen's Bank and MF Global totaling \$95,408.36 to that account. As of August 24, 2009, the Receivership had liquid assets of \$197,732.92 on deposit in the Eagle Bank account.

As more fully detailed below, this increase was attributable to the liquidation, sale, or recovery of certain assets. For example, Forte's whole-life life insurance policy was converted to cash (\$26,499.49) and his five vehicles were sold (\$42,375.00). In addition, relying upon the Receiver's authority to recover transfers made by Forte or the Limited Partnership using fraudulently obtained assets without receiving reasonably equivalent value in exchange (such as gifts and charitable contributions), the Receiver has recovered \$34,791.02 in voluntary returns from individuals, charities, and a political campaign to whom Forte contributed money derived from the Ponzi scheme. *See* Section III.A of this Report. At the same time, other assets,

including a boat for which the amount due on financing exceeded the boat's value and two investments in insolvent companies, were abandoned because the Receiver determined that they were without value. *See* Section III.B of this Report.

The Receivership Estate also contains a number of other assets that have not yet been recovered and/or liquidated, including the following:

- *Personal Property.* Personal property of Forte and his family that was purchased with Ponzi funds will be sold at auction and the proceeds added to the Estate. Estimated value: approximately \$30,000. *See* Section IV.C of this Report.
- *Retirement Fund.* Forte has agreed to arrange for liquidation of this account and transfer of the fund assets to the Receiver. Estimated value before deductions for fees and charges: \$122,724.69. *See* Section IV.A.3 of this Report.
- *Real estate.* The Receiver expects to recover \$104,000 from sale of Forte's beach house at 10 55<sup>th</sup> Street, Sea Isle City and \$397,500 from the sale of another beach property in which he has an interest. *See* discussion at Section IV. Negotiations regarding the sale of his home in Broomall, PA, are under way. Estimated recovery on the real estate sales: over \$500,000. *See* Section IV.B of this Report.
- *Investments.* Forte frequently utilized cash derived from the Ponzi scheme to invest, on his own behalf, in at least fifteen (15) closely held startup companies. These assets are both illiquid and difficult to value. At present, the Receiver cannot estimate the value of these assets. *See* Sections III.B and IV.E of this Report.
- *Clawbacks—Gifts.* The Receivership holds claims (known as "clawbacks") against charities and individuals who received gifts from Forte using Ponzi money fraudulently obtained from the Limited Partners. Total current claims are in excess of \$2,800,000. *See* Section IV.D of this Report.
- *Clawbacks—Limited Partner "Net Winners."* Clawback claims may also be made against Limited Partners who withdrew fictitious profits from the Ponzi scheme—that is, where distributions to the Limited Partner exceeded his or her cash investment. Based on records available to the Receiver, there are 41 Limited Partners who received payments in excess of their investments, with a value, in the aggregate, of \$8,563,928. *See* Section V of this Report.
- *Claims against John Irwin and Jacklin Associates.* The Receivership has identified numerous claims against Mr. John Irwin and Jacklin Associates who provided diverse services to the Limited Partnership, including claims for malpractice, negligence, breach of fiduciary duty, and unjust enrichment. Although the Receiver anticipates that it could demonstrate damages of approximately \$34 million for the losses sustained by the Limited Partnership as a result of Joseph Forte's Ponzi scheme, the Receiver is not now



in a position to evaluate the likely recovery in any litigation against Mr. Irwin and Jacklin Associates. *See* Section VI of this Report.

Unfortunately, it is unlikely that there will be sufficient assets recovered to make the limited partners whole.

## **B. Administrative Tasks**

In order to perform the substantive work on evaluating and recovering assets described above, the Receiver has performed a variety of necessary administrative tasks and legal duties, including:

- Providing notice of the appointment of the Receiver pursuant to 28 U.S.C. § 754, which recites in pertinent part that the “[R]eceiver shall, within 10 days after the entry of his order of appointment, file copies of the complaint and such order of appointment in the district court for each district in which property is located.”
- Providing notice to the investing Limited Partners of Joseph Forte, LP of the appointment of the Receiver by correspondence to each investor at his or her last known address and by publishing a website at [www.fortereceivership.com](http://www.fortereceivership.com).
- Complying with the necessary legal requirements to assume control of all accounts at any bank, brokerage firm, or financial institution that had possession or control of any Receivership Assets.
- Providing notice to all known entities in which Forte personally invested. *See* Sections III.B and IV.E of this Report for a description of the investments.
- Retaining a service organization to act as registered agent for Joseph Forte, LP on behalf of the Receiver.
- Notifying the United States Postal Service to forward mail for the Limited Partnership to the Receiver’s address.
- Paying ordinary and necessary payments, distributions and disbursements as proper for collecting, marshalling, maintaining, maximizing the value of, or preserving the Receivership Estate, or for the operation of the Receivership.
- Inventorying, evaluating and/or liquidating personal assets of Joseph Forte, including but not limited to, automobiles, a boat, real property, insurance policies, and investments. *See* Sections III and IV of this Report.
- Making demands for return of cash donations and in-kind contributions made by Forte to charitable organizations. *See* Section IV.D of this Report.

- Corresponding and meeting with Forte to identify payments to family, friends and other parties.
- Filing the appropriate forms with the Internal Revenue Service including change of address (Form 8822); notice concerning fiduciary relationships for Forte and the Limited Partnership (Form 56); and Application for Employer Identification Number for Joseph Forte LP and Joseph S. Forte Receivership (Form SS-4).
- Communicating with investors, charities, and other persons who received payments from the Limited Partnership and Forte.
- Reviewing the investor accounts and reconstructing those accounts as more fully discussed in Section V of this Report.

### **III. RECEIVERSHIP ASSETS RESOLVED DURING THIS PERIOD**

As provided in Section X, Paragraph F of the Receivership Order, the Receiver has the authority to dispose of Receivership Assets, provided that any action is described in the next filed Receiver's Report. Accordingly, the Receiver hereby advises the Court of the following actions that involved recovery or abandonment of Receivership Assets.

#### **A. Assets Recovered and Proceeds Added to the Receivership Estate**

##### **1. Guardian Whole Life Insurance ("Guardian")**

Forte had a whole life insurance policy through Guardian with a face value of \$4.1 million. The annual premium of \$100,000 was due April 18, 2009. There was a loan of \$252,372.89 by Forte against the policy which was paid with accumulated dividends and the gross cash surrender value. The net cash surrender value was \$26,499.49. The sole beneficiary of the Guardian policy was Bernadette Forte, with the Forte children as contingent beneficiaries.

The Receiver explored the possibility of using some of the net cash surrender value to purchase a term policy, but determined it was not in the best interest of the Receivership Estate as Forte appears healthy. The Receiver paid for Forte to have a physical; and the results were normal. The Receiver also contacted several life settlement companies and determined that the net cash surrender value was greater than the proceeds that might be obtained in a life settlement

transaction. Therefore, the Receiver determined that it was in the best interest of the Receivership Estate to surrender the whole life insurance policy and in exchange received the net cash surrender value of \$26,499.49 on June 9, 2009, which was deposited to the Receiver's account.

In addition, Forte had a term life insurance policy with no cash surrender value. The Receiver determined it was not in the best interest to use Receivership Assets to purchase term life insurance for Forte who is healthy and will be sentenced in the next couple of months.

## **2. Forte Vehicles**

The Receiver sold five vehicles titled in the names of Forte and his spouse at an auction conducted by Barry S. Slosberg, Inc. Auctioneers ("BSS Auctioneers") on June 19, 2009. The net proceeds amounted to \$42,375.00 (net of transportation and selling fees of \$225 per vehicle).

## **3. Craig Williams for Congress Campaign Committee ("Williams Committee")**

The Williams Committee contacted the Receiver in May 2009 and agreed to return the contribution made by Forte for a congressional election. The Receiver recovered the full amount of \$6,900 on June 16, 2009.

## **4. Marine Corps Marathon Foundation ("MCFC")**

By letter dated July 15, 2009, the Receiver requested the return of the Forte contribution in the amount of \$10,500 made to the MCFC. The MCFC returned the \$10,500 to the Receiver on July 28, 2009.

## **5. Joseph Devlin**

Mike Gillan, Esq. contacted the Receiver regarding a \$15,000 payment Forte made to Joseph Devlin in 2003. The Receiver recovered \$15,019.49 on July 20, 2009.

**6. James Boudwin**

James Boudwin, brother-in-law of Forte and a mentee of the Limited Partnership, returned the balance in his trading account at MF Global that was funded in part by Forte. The Receiver recovered \$2,371.53 on June 26, 2009.

**B. Assets Determined Worthless and Abandoned by the Receiver**

**1. Franklin Fuel Cells, Inc. (“Franklin”)**

Forte invested \$39,785.50 in common stock of Franklin. The Receiver has ascertained that the company ceased operations and that money for the sale of its assets was put in escrow for the benefit of its preferred stockholders. On November 25, 2008, counsel confirmed by letter that there would be no payout to common shareholders, such as Forte.

**2. DoctorQuality, Inc. (“Dr. Q”)**

Forte invested \$25,000 in Dr. Q. The Receiver has ascertained that Dr. Q. ceased operations at the end of 2003 with insufficient funds to pay current creditor obligations. There were no proceeds available to distribute to investors.

**3. Boat**

Forte owned a 30 foot motor boat which he purchased new in 2003 for a gross purchase price of \$164,254.70. He financed \$98,916.00 of the purchase price with a loan from Bank of America payable over 15 years. As of May 15, 2009, the balance due on the loan, including late fees, was \$86,296.32. The Receiver contacted the manager of the marina that sold the boat to Forte and performed all required maintenance. The manager stated that the blue book value for the boat was in the range of \$70-72,000 and that it could most likely be sold in a private sale for approximately \$75,000. There was no value in the boat for the Receiver; and there were ongoing

monthly fees associated with the boat. The Receiver did not object to the Bank of America's foreclosure and abandoned the asset.

#### **IV. RECEIVERSHIP ESTATE ASSETS**

##### **A. Cash and Brokerage Accounts**

###### **1. Pre-Receivership Cash Accounts**

At the appointment of the Receiver on March 30, 2009, there were four accounts at Citizens Bank -- two accounts in the name of the Limited Partnership and two joint accounts in the name of Forte and his spouse. The Receiver recovered \$89,140.82 from Citizens Bank. Citizens Bank confirmed it held no other accounts in the name of the Defendants or Mrs. Forte.

On April 3, 2009, the Receiver recovered \$6,267.54 from MF Global, where the Limited Partnership held its trading account.

###### **2. Receivership Account at Eagle Bank**

As of August 24, 2009, the Receiver had \$197,732.92 at Eagle Bank, which is fully insured by FDIC. *See* Exhibit 1 for the Receiver's accounting of cash activity.

###### **3. Forte Retirement – American Funds Family of Mutual Funds (“American Funds”)**

Forte has one retirement account with the American Funds invested in intermediate term government corporate bonds. The balance in the account as of August 24, 2009, was \$122,724.69. Certain of the Class B and Class C shares in the American Funds are subject to Contingent Deferred Sales Charges. American Funds has notice of the Receivership and the account is frozen. Forte has agreed to arrange for the liquidation of the account and to turn over the resulting cash (net of fees) to the Receiver.

**B. Real Estate Assets**

**1. Forte Beach House – 10 55<sup>th</sup> St., South Unit, Sea Isle City, NJ**

TD Bank, N.A. holds two mortgages on the Forte beach house exceeding \$1,100,000. The Receiver negotiated with counsel for TD Bank, N.A. for the payment to the Receiver of 8% of the gross proceeds of any sale of the house, provided the TD Bank receives a certain threshold payment on its debt.

In addition, Thomas P. McManus and Michael N. McCorkle filed a lien against the Forte beach house on January 8, 2009, in contravention of the Court's Consent Order of Preliminary Injunction, which froze all of Forte's assets. The Receiver requested, by letter dated May 13, 2009, that Messrs. McManus and McCorkle withdraw their lien and declare the mortgage contract void. On August 12, 2009, the Receiver received a release of mortgage from Messrs. McManus and McCorkle, which has now been recorded in the real estate records of the County.

The Forte beach house was listed for sale with Freda Real Estate Agency, Inc., which agreed to a reduced commission of 4%. On August 12, 2009, the Receiver entered into an agreement of sale of the property in the amount of \$1,300,000, with a group of three persons. That sale is expected to close in early October 2009, at which time the Receiver will receive proceeds of \$104,000.

**2. Forte Residence – 225 Fawnhill Rd., Broomall, PA**

There are two mortgages outstanding in the approximate amount of \$420,000 and a tax lien against the Forte residence. The Receiver is negotiating with the junior lender for a compromise of its debt and a payment to the Receiver of a percentage of the gross proceeds of any sale of the property, similar to the Receiver's agreement with TD Bank with respect to the 10 55<sup>th</sup> Street Sea Isle property. Upon completion of the negotiation, the Receiver intends to list the

Forte residence for sale. The Receiver is in communication with Mrs. Forte's attorney to obtain her cooperation in connection with the sale of the Forte residence.

**3. Forte-Boudwin Interest in Beach House – 3616 Sounds Avenue, North Unit, Sea Isle City, NJ**

In 2002, Forte gave two checks totaling \$397,500 to Michael and Diane Boudwin to help finance the acquisition of the beach property at 3616 Sounds Avenue, North Unit, in Sea Isle, New Jersey. Michael Boudwin is the brother of Bernadette Forte. Title is vested in the name of Joseph S. Forte and Bernadette Forte, and Michael Boudwin and Diane Boudwin. The Receiver has an agreement in principle with the Boudwins for the return of Receivership Assets in the amount of \$397,500 upon the sale of the property.

The parties intend to list the property shortly through Freda Real Estate Agency, Inc. at the discounted commission of 4% negotiated by the Receiver. The Receiver anticipates recovery of \$397,500 upon the sale of this property.

**C. Personal Property**

The Receiver has sought to identify, with an expectation of liquidating through an auction process, all of Forte's personal property purchased with Ponzi dollars, whether held in Forte's own name or held jointly by him and his wife. To that end, the Receiver (i) reviewed the Fortes' personal checking account statements and monthly credit card statements to identify and determine the status of personal assets purchased during the period 1995 through 2008; (ii) arranged for BSS Auctions (the company that sold the Forte vehicles) to inventory the personal property at the Forte residence in Broomall, Pa., on July 31, 2009; (iii) received from Mr. Forte possession of 14 pieces of jewelry bought with Ponzi money; (iv) agreed that certain items at the 55<sup>th</sup> Street house in Sea Isle, N.J., could be retained by Mrs. Forte, even though the sale of the

Sea Isle house included its contents; and (v) repeatedly asked Mr. and Mrs. Forte to identify those items that either were not purchased with Ponzi dollars or that Mrs. Forte may now want to purchase with separate funds.

On July 31, 2009, BSS Auctions took possession of the 14 items of jewelry that Mr. Forte turned over to the Receiver. BSS Auctions will sell those items October 26, 2009 and estimates recovery of \$13,000. The net value of the Forte personal property (excluding jewelry) according to BSS Auctions is likely in the range of \$15,000 to \$18,000.

On August 18, 2009, the Receiver received notice that Mrs. Forte retained counsel, Kevin Gibson, Esq. The Receiver is currently engaged in discussions with counsel for Mrs. Forte concerning what items of personal property she may retain. If those negotiations are not successful, the Receiver intends to commence litigation to recover from Mrs. Forte those items of personal property that were purchased with Ponzi dollars and either were given to her as gifts or are held in joint name.

#### **D. Gifts and Donations**

##### **1. Donations to Charities**

The Receiver determined that, during the period 2002 through 2008, Forte made significant charitable donations to at least ten organizations. Some donations were small and the Receiver determined it was not cost effective to request the return of those donations. Documentation was missing with respect to certain transactions, and the Receiver's investigation is ongoing.

The Receiver has communicated with the charities demanding the return to the Receiver of all cash donations and in-kind contributions with the exception of tuition payments (provided the schools could produce information in support of tuition payments). The Marine Corps



Marathon Foundation returned the full amount of the Forte donation to the Receiver in the amount of \$10,500, as discussed in Section III.A.4 above. On August 25, 2009, counsel for the Augustinian Fund advised the Receiver that the Fund will return its \$5,000 donation. The Receiver is engaged in discussions with the following eight charitable organizations concerning the return of the following amounts:

- Cardinal O'Hara High School – \$488,567
- Gundaker Foundation/Rotary Club 7450 – \$3,000
- Hilltop Preparatory School – \$149,492
- Malvern Preparatory School – \$814,079.25
- Monsignor Bonner High School – \$209,433
- Rotary Club of Haverford Township –\$11,088
- Rotary Foundation – \$1,800
- St. Anastasia Church and School – \$435,875.68

Excluded from this list are in-kind contributions about which the Receiver has requested information. If the negotiations with the charitable organizations are not successful, the Receiver intends to commence litigation to recover these donations.

## **2. Gifts and Loans to Friends, Family, and Third Parties**

The Receiver is investigating the amounts of loans and gifts from Forte to friends, family and other third parties. The Receiver recently made demands to nine (9) recipients of gifts and loans for amounts totaling in the aggregate \$696,178.82 and anticipates making demand for the return of other payments and gifts in the near future. If satisfactory repayment of these gifts and loans cannot be obtained, the Receiver intends to commence litigation to recover these gifts and loans.

**E. Investments in Closely Held Businesses**

Forte made investments in at least fifteen non-public entities, totaling more than \$804,750.12. Forte advised the Receiver that he had no information on the investments and relied on other parties to bring him into “deals.” As discussed above in Section III.B above, two Forte investments were determined to be worthless and abandoned by the Receiver. The remaining thirteen investments are discussed below.

Forte’s bank records available to the Receiver begin around 2002. In at least two cases, the Receiver confirmed Forte made investments prior to 2002 (through communication with senior management of Probaris and NovaPlex). For this reason, in some cases investment amounts are approximated below and will be updated as the Receiver’s investigation continues. The Receiver requested information from all companies in which Forte invested (based on a review of his checking account records that covered the period 2002 through 2008). All companies responded to the Receiver. Unfortunately, the investments are generally illiquid at present. The value of the Forte equity interests are nowhere near the amounts invested. The Receiver will continue to monitor the investments and determine the best approach for recovery.

**1. Knite, Inc. (“Knite”)**

Forte invested a total of \$25,964.47 in 2002 and 2003 in Knite. Mr. Art Suckewer, Founder and CEO, confirmed that effective October 15, 2005, Forte’s convertible notes converted to 35,485 shares of Knite common stock, representing 0.2699% of Knite. The Receiver now has a copy of the stock certificate. Knite, a technology spin out from Princeton University, has developed and is commercializing the Kinetic Spark Ignition System. Knite is located in Princeton, NJ. The website is [www.knite.com](http://www.knite.com).

**2. Real Entertainment Group, Inc. (“Real”)**

In September 2003, Forte invested \$25,000 in Real and purchased 25 shares of Series B Preferred Stock which currently represents 0.15% ownership. Real has advised the Receiver that, when the company’s current capital offering sells out, the Receiver’s interest will be diluted to 0.13%. Real operates World Live Café in Philadelphia, PA. Its business model is to develop a portfolio of live music and restaurant venues under the “World Café Live” brand name. The company reports that it expects to begin construction this summer on a second location in downtown Wilmington, DE. The website is [www.worldcafelive.com](http://www.worldcafelive.com).

**2. Sign Age Resources, LLC (“Sign Age”)**

Forte purchased a \$25,000 subordinated debenture dated March 5, 2004, according to Mr. Bill Miller, CEO. Mr. Miller advised that Sign Age is operated from his residence in Ambler, PA. Mr. Miller further advised that: (1) Sign Age is essentially insolvent and sales have been on a decline for years; (2) Sign Age developed a series of products to replace the traditional golf event used for sponsor recognition; and (3) the company has no current plans to raise capital. Mr. Miller forwarded documents in support of his statements regarding the viability of the company. The website is [www.signageresources.com](http://www.signageresources.com).

**4. Sullivan Community Capital, LLC (“Sullivan”)**

Forte invested at least \$75,000 in Sullivan. Stanley Greene, former CEO of Sullivan, confirmed orally that Sullivan ceased operations in December 2008, with no distribution to shareholders and significant outstanding debt. Mr. Greene promised to send the Receiver documentation. Upon receipt and review of the information, the Receiver will determine if this investment should be written off. Mr. Greene reports that Sullivan had offices in Philadelphia, PA.

#### **5. Gotham Capital, LLC (“Gotham”)**

Graham Zug, recently appointed CEO, confirmed that the Receiver now has 18.43 units in Gotham, an angel investor. In May 2005, Forte invested \$30,000 in Transaction Management, LLC, which transferred into 4.23 units of Gotham in January 2008. In May 2006, Forte invested \$30,000 in Gotham Money Transfer, LLC, which subsequently merged into Gotham in January 2008. In March 2008, Forte invested \$50,000 directly in Gotham. Forte’s investment in Gotham totals \$110,000 representing 18.43 units. Mr. Zug confirmed Forte’s ownership of Gotham at 1.774%. Gotham is located in Radnor, PA.

#### **6. MidCoast Capital, LLC (“MidCoast”)**

MidCoast is a merchant bank headquartered in Radnor, PA. The firm was founded in 2001 and specializes in purchasing secondary interests in private equity funds and sponsoring management buyouts and recapitalizations of middle market companies. The firm invests its own capital and often partners with long-term clients and TDH Capital Partners, an affiliate that manages private equity funds and investments. MidCoast manages several secondary interest funds, including two in which Forte invested: Diversified Private Equity Investors, L.P. (DPEI) and Diversified Private Equity Investors II, L.P. (DPEI II). The secondary interest funds purchase limited partnership interests from partners in existing private equity funds (venture capital, buyout firms, etc.). The website for MidCoast is [www.midcoast.com](http://www.midcoast.com).

In 2003, Forte invested \$27,000 in DPEI in exchange for 0.27 units representing 1.2304% contributed capital of DPEI. The Receiver received the 20<sup>th</sup> distribution in the amount of \$158.33, by check dated July 10, 2009.

From 2003 to 2008, Forte invested \$24,500 in DPEI II, representing 1.562% of committed capital. MidCoast advised the Receiver that there is an unfunded capital commitment

by Forte in DPEI II. The Receiver will review documentation from MidCoast regarding the alleged Forte unfunded commitment. The Receiver received four checks representing the last four distributions from DPEI II in the total amount of \$4,310.97.

**7. NovaPlex Technologies, Inc. (“NovaPlex”)**

In 2001, Forte purchased 30,115 shares of NovaPlex common stock for \$25,000.15. In September 2004, NovaPlex initiated a 10:1 reverse stock split, reducing Forte’s holdings to 3,011 shares. Forte invested \$54,000 in NovaPlex in November 2004 and purchased an additional 30,000 shares of common stock, bringing his total holdings in NovaPlex to 33,011 common shares.

NovaPlex reported there were 9,851,166 fully diluted shares outstanding and Forte’s interest is 0.3351%. The web site is [www.novaplex.com](http://www.novaplex.com). NovaPlex is related to Plenum Capital Management, L.P., which is discussed below.

**8. Plenum Capital Management, LP (“Plenum”)**

Forte has a 0.49290% interest in Plenum pursuant to the Agreement of Limited Partnership of Plenum dated September 28, 2004. The profit participation to Forte in Plenum was granted as part of the offering in NovaPlex. The last distribution was dated January 16, 2009, in the amount of \$266.17, which was reissued and sent to the Receiver.

Steve Lapeer, President of NovaPlex provided the following information: (1) NovaPlex is a Delaware C corporation incorporated in 2000 for the purpose of developing financial market trading software; (2) Plenum is a Delaware limited partnership established in 2004 for the purpose of managing investment capital using the trading software developed by NovaPlex; (3) the general partner of Plenum is Plenum Management, LLC, a wholly owned subsidiary of NovaPlex; (4) Plenum manages money for hedge funds which pay Plenum a percentage of net

trading profits and certain operating expenses; (5) NovaPlex has a majority profit participation interest in Plenum and also receives a license fee from Plenum for the use of NovaPlex's trading software; (6) the major challenge faced by Plenum is to consistently produce trading profits for its clients; (7) the major challenge for NovaPlex is to ensure that its trading software continues to produce trading profits in a very competitive and fast-changing environment; and (8) Plenum plans to increase its trading profits by expanding the scope of its trading into additional asset classes and exchanges.

**9. PPB Advisors, LLC (“PPB”)**

Forte invested \$25,000 in PPB pursuant to a Subscription Agreement and Limited Power of Attorney dated May 24, 2007, in exchange for a ½% voting interest in PPB. PPB provides wealth advisors and institutions direct access to alternative investment products. PPB's distribution team works directly with Chief Investment Officers for foundations, endowment funds, and universities to facilitate the integration of alternative investments into their portfolios. PPB is located in Conshohocken, PA. The website is [www.ppbadvisors.com](http://www.ppbadvisors.com).

In late July, the Receiver obtained an offer based on 10% of Forte's purchase price from the Managing Partner and COO of PPB. Upon review of additional financial information, it is likely that the Receiver will engage in negotiations to liquidate this investment for a greater percentage of the original purchase price.

**10. Probaris, Inc. (“Probaris”)**

Forte invested \$50,000 in Probaris as convertible debt: (1) \$25,000 was invested in convertible debt in August 2001, which was subsequently converted to 15,996 shares of Series B-2 Preferred Shares of Probaris; and (2) \$25,000 was invested as convertible debt in January 2004, which was subsequently converted to 26,534 shares of Series B-4 Preferred Shares. The

Receiver now holds 42,530 shares, representing 0.12% of the current total outstanding Probaris stock.

Mr. Durkin, president of Probaris, confirmed the above information and reported to the Receiver that the company won three large federal government contracts in the last three years and is positioned for growth in the coming years. Probaris is located in Philadelphia, PA. The website is [www.probaris.com](http://www.probaris.com).

#### **11. Reflective Learning, LLC (“Reflective”)**

During a three year period beginning October 2003, Forte invested \$125,000 in Reflective consisting of \$75,000 debt and \$50,000 equity. Dick Peterson, CEO of Reflective, advised the Receiver that: (1) on October 21, 2003 Forte invested \$50,000 for 25,000 Series A Convertible Preferred Units; (2) on December 1, 2005, Forte loaned the company \$25,000 in return for a convertible note (converted into 9,723 Series C Preference Units); and (3) on October 30, 2006, Forte loaned the company another \$25,000 in exchange for a convertible note (converted into 14,673 Series C Preference Units). Forte has penny warrants which enable him to buy 4,167 units if exercised before December 2010. In summary, Mr. Peterson confirmed the Receiver now has 48,396 units. The K-1 issued by Reflective to Forte for 2008 reflects Forte’s capital at 1.929643%.

In addition to the equity, on April 27, 2005, Forte invested the sum of \$25,000 in a Financing Participation Certificate bearing interest at 12% per year. Accrued interest due as of December 31, 2009, will be \$14,038.36. No interest has been paid on the note.

Mr. Peterson explained that Reflective seeks to become the leading distributor of research-backed online solutions to make people happier and more resilient. It has partnered with universities and thought-leaders to identify and develop products which respond to market

demand for self-enhancement solutions. He reports that Dr. Martin Seligman, Director of the University of Pennsylvania's Positive Psychology Center, is the Company's leading research partner; Dr. Seligman oversees a team that promotes research, training, education, and the dissemination of positive psychology. The company's focus is on those persons interested in purchasing state-of-the art programs in the categories of parenting, self-help, tutoring, and wellness. Reflective is located in Radnor, PA and has two websites: (1) [www.reflectivelearning.com](http://www.reflectivelearning.com) and (2) [www.happier.com](http://www.happier.com).

**12. Kinesis Software d/b/a/ First Choice Athlete, LLC (“First Choice”)**

Forte invested \$50,000 on November 13, 2002, in an enterprise known as The Hitting Zone and another \$25,000 on September 28, 2007, in Kinesis Software. Greg Francisco, president of First Choice, confirmed to the Receiver that The Hitting Zone was not successful, and Forte now has an approximate 1% interest in First Choice - which is worth significantly less than Forte's original investment. First Choice is located in Newton Square, PA. Mr. Francisco promised to send documents to the Receiver after consultation with his attorney.

First Choice has two products: (a) a web-based social networking system for high school students looking to get recruited for college sports; and (b) a web-based system for college coaches to manage recruits, camps, etc. The website is [www.1stchoiceathlete.com](http://www.1stchoiceathlete.com).

**13. Yaupon Therapeutics, Inc. (“Yaupon”)**

Forte invested \$125,000 in Yaupon from 2002 through 2006 in the form of equity and Convertible Notes. Mr. Tom Hess, CFO, confirmed that no interest was paid on the Convertible Notes; however, accumulated interest was added to the principal upon conversion to Preferred Stock. The Receiver now holds 118,677 shares (approximately 0.73%) of Preferred Stock in the following series: 50,000 shares Series A; 26,483 shares of Series A convertible; 18,074 shares of



Series A-1 Convertible; and 24,120 shares of Series B Convertible. Series A, A-1 and B Preferred Stock carry dividends at 8% of original purchase price, when and if declared by the Board of Directors, in advance of any distributions to common shareholders. No dividends have been declared or paid since inception.

Yaupon is a development stage pharmaceutical company formed in 2002 that develops small molecule pharmaceuticals licensed from academic laboratories. The company business model emphasizes academic collaborations that lead to licensing and development of unique products. Yaupon reports that to date it has received over \$15 million in government support and over \$20 million in venture capital. The company's website is [www.yaupontherapeutics.com](http://www.yaupontherapeutics.com).

## **V. INVESTOR ACCOUNTS**

Because of the nature of the Ponzi scheme, investors' capital accounts were inflated with phantom profits. Starting with preliminary analyses undertaken by the SEC, the Receiver has reconstructed investors' capital accounts and is continuing to evaluate the account balances as she receives updated information from investors. Attached as Exhibit 2 is a summary schedule of reconstructed investor balances after elimination of phantom profits, identified by Investor Number.<sup>1</sup> In reconstructing the Limited Partners' capital accounts, it was necessary for the Receiver to take account of the fact that certain investors ("Transferor LPs") transferred some of their limited partnership interests intra fund to other limited partners ("Transferee LPs"); those intra fund transfers have been implemented to the extent there was available capital in the Transferor LP account. After reconstruction, account balances that appear in parentheses show the amount by which an investor was a "Net Winner"—in other words, who received payments

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<sup>1</sup> The SEC notified investors of their specific Investor Numbers. Investors are requested to contact the Receiver for any assistance with respect to their Investor Numbers via email at [info@fortereceivership.com](mailto:info@fortereceivership.com).

of false profits over and above the return of their original capital contributions. Balances that do not appear in parentheses show the amount by which the investor was a Net Loser whose investment exceeded withdrawals from the account.

At present, the Receiver believes that there are 41 Limited Partners who are Net Winners. Exhibit 2.1 lists only those accounts of Limited Partners who were Net Winners. Those limited partners collectively received a total of \$8,563,928 in excess of their original cash investments. The Receiver has made demand on the Net Winners for the return of the false profits.

The Receiver is responsible for recommending a just and equitable distribution of assets. It is unlikely that there will be sufficient assets recovered to make investors whole. The Receiver will continue its efforts to recover assets for the benefit of the defrauded investors, and has developed an Action Plan discussed in Section VIII and appended as Exhibit 3.

## **VI. RECEIVER'S POTENTIAL LITIGATION MATTERS**

Mr. John Irwin and Jacklin Associates provided diverse services to Joseph Forte L.P., including the preparation of the Limited Partnership's tax returns for and reports to the limited partners as well as payroll and other record-keeping services. Notwithstanding Mr. Irwin's training as a certified public accountant and his responsibilities to the Limited Partnership, Mr. Irwin, at great profit to himself and Jacklin Associates, consistently cast a blind eye over the fraudulent financial information being distributed. Mr. Irwin's breach of his professional responsibilities and duties, at a minimum, afforded Forte the opportunity to engage in his fraudulent activities and exacerbated the Limited Partnership's losses. Accordingly, the Receiver has concluded that the Limited Partnership has numerous claims against Mr. Irwin and Jacklin Associates, including but not limited to claims for malpractice, negligence, breach of fiduciary duty, and unjust enrichment.

Moreover, Mr. Irwin and Jacklin Associates received substantial management fees from Joseph Forte L.P., which the Receiver has concluded are voidable payments under the Pennsylvania Uniform Fraudulent Transfer Act.

Although the Receiver's investigation is continuing, the Receiver now estimates that approximately \$34 million was lost by the Limited Partnership as a result of Joseph Forte's Ponzi scheme; and the Receiver has demanded compensation in this amount from Mr. Irwin and Jacklin Associates. The Receiver is currently engaged in discussions with Mr. Irwin and Jacklin Associates concerning these claims. In particular, the Receiver has requested information concerning the assets available to satisfy any judgment that might be obtained against Mr. Irwin and Jacklin Associates.

If a mutually satisfactory resolution of the claims cannot be achieved, the Receiver intends to commence a legal action to pursue the claims against Mr. Irwin and Jacklin Associates.

## **VII. RECEIVER'S ONGOING INVESTIGATION**

The Receiver continues her investigation with the assistance of the Hoyle Law Firm and will report to the Court in the next Receiver's Report due to be filed on the semiannual anniversary of this First Receiver's Report.

Investors are encouraged to visit the Receiver's website, [www.fortereceivership.com](http://www.fortereceivership.com) for current information, or to contact the Receiver at any time via email at [info@fortereceivership.com](mailto:info@fortereceivership.com) or by telephone at 202-587-9410. The Receiver appreciates copies of documents and information many of the investors have previously provided.

### VIII. RECEIVER'S PLAN

As directed by this Court in the Receivership Order at Section XII, Paragraph B.3, the Receiver has prepared a plan and estimated schedule for further anticipated activities with respect to the Receivership Estate. *See* Exhibit 3.

Respectfully submitted,

/s/Arlene Fickler

Lawrence T. Hoyle, Jr.

Arlene Fickler

Hoyle, Fickler, Herschel & Mathes LLP

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Telephone (215) 981-5850

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Attorneys for Marion A. Hecht, Receiver

Dated: August 27, 2009

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY THAT ON August 27, 2009, I electronically filed the First Report of Marion A. Hecht, Court-Appointed Receiver for Joseph S. Forte and Joseph Forte, L.P. with the Clerk of the Court using the ECF system which will send notification of such filing to all counsel of record.

s/ Arlene Fickler \_\_\_\_\_

Joseph Forte, LP and Joseph S. Forte Receivership  
Cash Basis Fund Accounting Report  
Case Nos: 09-CV-0063 and 0064  
Reporting Period: 03/30/2009 to 08/23/2009

FUND ACCOUNTING		
Beginning Balance (As of 03/30/2009):		\$ -
Cash and Securities		
Transfer to Receiver:		
Citibank	\$ 89,141	
MF Global	<u>6,268</u>	
		95,409
Interest/Dividend Income		
Diversified Private Equity Inv II LP (four checks)	4,311	
Diversified Private Equity Inv LP	<u>159</u>	
		4,470
Personal Asset Recoveries		
Barry S Slossberg Inc (sale of Forte vehicles)	42,375	
Guardian Life Insurance proceeds	26,499	
Joe Devlin (return of loan)	15,019	
Marine Corps Scholarship Foundation (return of contribution)	10,500	
Craig Williams for Congress (return of contribution)	6,900	
MF Global (mentee Jim Boudwin account)	<u>2,372</u>	
		103,665
Miscellaneous - Other		
Total Funds Available		204,106
<b>Decreases in Fund Balance:</b>		
Disbursements to Receivership Operations		
Disbursements to Receiver or Other Professionals		
Section 754 notices	2,847	
Website	774	
Change of Registered Agent	<u>406</u>	
		4,027
Personal Asset Expenses		
55th Street	2,256	
Administrative - regarding insurance recovery	78	
Bank fees	<u>12</u>	
		2,346
Total Disbursements for Receivership Operations		
		6,373
<b>Total Funds Disbursed</b>		
		6,373
Ending Balance (As of 08/23/2009)		<u>\$ 197,733</u>
Ending Balance of Fund - Net Assets		
Cash & Cash Equivalent		
Eagle Bank		\$ 197,733
Total Ending Balance of Fund - Net Assets (8/23/2009)		
		<u>\$ 197,733</u>

JOSEPH FORTE LP								
ALL LIMITED PARTNER ACCOUNTS								
Draft Schedule - Subject to Revision - Based on Available Documents								
Investor	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	Capital Account
ID No.	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Balance
1001.0	-	3,250,000	-	(7,066)	-	\$ 3,250,000	\$ (7,066)	3,242,934
1002.0	-	50,000	-	(25,000)	-	50,000	(25,000)	25,000
1003.0	-	250,000	-	-	-	250,000	-	250,000
1004.0	-	1,059,393	1,734,133	(1,083,000)	(1,278,000)	2,793,526	(2,361,000)	432,526
1005.0	-	271,091	44,000	(31,281)	-	315,091	(31,281)	283,810
1006.0	-	581,999	-	(135,500)	-	581,999	(135,500)	446,499
1008.0	-	50,000	-	-	-	50,000	-	50,000
1009.0	-	175,000	-	(3,681)	(171,319)	175,000	(175,000)	-
1010.0	-	1,285,430	-	-	-	1,285,430	-	1,285,430
1011.0	-	1,680,000	171,319	(1,996)	-	1,851,319	(1,996)	1,849,323
1012.0	-	-	120,000	(58,000)	-	120,000	(58,000)	62,000
1014.0	-	50,000	30,000	-	-	80,000	-	80,000
1015.0	-	-	120,000	(100,000)	-	120,000	(100,000)	20,000
1016.0	-	100,000	-	-	-	100,000	-	100,000
1017.0	-	1,000,000	-	(1,171,497)	-	1,000,000	(1,171,497)	(171,497)
1018.0	-	358,000	62,108	(1,212,000)	-	420,108	(1,212,000)	(791,892)
1019.0	-	62,108	-	-	(62,108)	62,108	(62,108)	-
1020.0	-	150,000	-	(288,000)	-	150,000	(288,000)	(138,000)
1021.0	-	60,000	-	-	-	60,000	-	60,000
1022.0	-	60,000	-	-	-	60,000	-	60,000
1025.0	-	83,750	-	(304,000)	-	83,750	(304,000)	(220,250)
1026.0	-	335,000	-	(430,467)	-	335,000	(430,467)	(95,467)
1027.0	-	250,000	-	-	-	250,000	-	250,000
1029.0	-	977,012	540,000	(1,939,218)	-	1,517,012	(1,939,218)	(422,206)
1030.0	-	850,000	-	-	-	850,000	-	850,000
1031.0	-	800,000	-	(165,756)	-	800,000	(165,756)	634,244
1032.0	25,000	8,172,054	4,644,500	(3,581,771)	(10,899,282)	12,841,554	(14,481,053)	(1,639,499)
1032.5	-	2,552,120	1,898,453	(865,951)	(3,296,500)	4,450,573	(4,162,451)	288,122
1033.0	-	330,000	1,093,766	-	-	1,423,766	-	1,423,766
1034.0	-	666,000	1,000,000	-	(1,666,000)	1,666,000	(1,666,000)	-
1035.0	-	217,175	-	(30,855)	(186,320)	217,175	(217,175)	-
1036.0	-	-	291,893	(5,740)	(291,893)	291,893	(297,633)	(5,740)
1037.0	-	-	291,893	(9,430)	(291,893)	291,893	(301,323)	(9,430)
1038.0	-	-	97,297	(6,930)	(97,297)	97,297	(104,227)	(6,930)
1039.0	-	-	291,893	(7,460)	(291,893)	291,893	(299,353)	(7,460)
1039.5	-	-	1,691,766	-	-	1,691,766	-	1,691,766
1040.0	-	-	1,691,766	-	-	1,691,766	-	1,691,766
1041.0	-	-	1,691,765	-	-	1,691,765	-	1,691,765
1042.0	-	-	-	(54,638)	-	-	(54,638)	(54,638)
1043.0	-	-	185,992	(97,260)	(185,992)	185,992	(283,252)	(97,260)
1044.0	-	18,869,634	1,773,983	(5,419,010)	(15,140,248)	20,643,617	(20,559,258)	84,359
1045.0	-	-	185,992	(66,660)	(185,992)	185,992	(252,652)	(66,660)
1046.0	-	613,444	1,712,133	(1,126,655)	(1,234,000)	2,325,577	(2,360,655)	(35,078)
1047.0	-	1,000	24,000	(742)	-	25,000	(742)	24,258
1048.0	-	25,685	24,000	-	-	49,685	-	49,685
1049.0	-	24,267	24,000	-	-	48,267	-	48,267

Notes:

1. Phantom profits have been removed.
2. Intrafund transfer is a debit from a LP account to the extent of cash available at time of transfer with corresponding credit to a transferee LP account.

EXHIBIT 2

JOSEPH FORTE LP								
ALL LIMITED PARTNER ACCOUNTS								
Draft Schedule - Subject to Revision - Based on Available Documents								
Investor	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	Capital Account
ID No.	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Balance
1050.0	-	25,300	24,000	(3,138)	-	49,300	(3,138)	46,162
1051.0	-	3,223,969	1,412,133	(3,267,881)	(920,000)	4,636,102	(4,187,881)	448,221
1052.0	-	2,984,242	13,638,984	(13,424,738)	-	16,623,226	(13,424,738)	3,198,488
1054.0	-	-	185,992	(110,262)	(185,992)	185,992	(296,254)	(110,262)
1055.0	-	150,000	-	-	-	150,000	-	150,000
1056.0	-	1,020,000	-	-	-	1,020,000	-	1,020,000
1057.0	-	195,000	150,000	-	(43,500)	345,000	(43,500)	301,500
1058.0	-	20,000	-	-	-	20,000	-	20,000
1059.0	-	300,000	-	-	-	300,000	-	300,000
1059.5	45,771	1,275,114	1,018,500	(1,880,000)	(1,175,000)	2,339,385	(3,055,000)	(715,615)
1060.0	-	25,000	900,000	(90,000)	(925,000)	925,000	(1,015,000)	(90,000)
1061.0	-	50,000	-	-	(50,000)	50,000	(50,000)	-
1062.0	-	585,000	-	(175,000)	-	585,000	(175,000)	410,000
1063.0	-	283,000	-	(113,000)	-	283,000	(113,000)	170,000
1064.0	-	216,000	11,000	(345,000)	-	227,000	(345,000)	(118,000)
1066.0	-	300,000	-	(117,000)	(100,000)	300,000	(217,000)	83,000
1067.0	-	870,667	-	(799,346)	(62,000)	870,667	(861,346)	9,321
1068.0	-	131,000	11,000	(77,000)	-	142,000	(77,000)	65,000
1069.0	-	30,000	-	(65,000)	-	30,000	(65,000)	(35,000)
1070.0	-	265,500	-	(317,000)	-	265,500	(317,000)	(51,500)
1071.0	-	325,000	-	-	-	325,000	-	325,000
1072.0	-	50,000	-	-	-	50,000	-	50,000
1073.0	-	400,000	-	(522,424)	(30,000)	400,000	(552,424)	(152,424)
1074.0	-	50,000	-	(2,334)	-	50,000	(2,334)	47,666
1075.0	-	14,000	100,000	-	-	114,000	-	114,000
1076.0	-	483,000	-	(463,000)	-	483,000	(463,000)	20,000
1077.0	-	900,000	-	(1,300,000)	-	900,000	(1,300,000)	(400,000)
1078.0	-	700,000	-	-	-	700,000	-	700,000
1079.0	-	240,999	27,000	(225,000)	(42,999)	267,999	(267,999)	-
1079.5	-	104,262	13,000	(100,000)	(17,262)	117,262	(117,262)	-
1080.0	-	530,881	-	(487,850)	(243,031)	530,881	(730,881)	(200,000)
1082.0	-	135,000	-	(13,000)	-	135,000	(13,000)	122,000
1083.0	-	86,600	-	(149,000)	-	86,600	(149,000)	(62,400)
1084.0	-	105,000	-	-	-	105,000	-	105,000
1086.0	-	750,000	-	(100,000)	-	750,000	(100,000)	650,000
1087.0	-	1,052,594	1,769,304	(54,336)	-	2,821,898	(54,336)	2,767,562
1087.5	-	1,709,043	-	-	(1,709,043)	1,709,043	(1,709,043)	-
1088.0	-	295,000	-	(251,474)	-	295,000	(251,474)	43,526
1089.0	-	200,000	-	(360,738)	-	200,000	(360,738)	(160,738)
1090.0	-	67,000	-	(266,700)	-	67,000	(266,700)	(199,700)
1091.0	-	250,000	-	-	-	250,000	-	250,000
1092.0	-	-	30,000	-	-	30,000	-	30,000
1093.0	-	290,000	-	(620,000)	-	290,000	(620,000)	(330,000)
1094.0	-	1,250,000	-	-	-	1,250,000	-	1,250,000
1095.0	-	135,000	-	(2,000)	-	135,000	(2,000)	133,000
1096.0	-	1,049,915	-	(108,975)	-	1,049,915	(108,975)	940,940

Notes:

1. Phantom profits have been removed.
2. Intrafund transfer is a debit from a LP account to the extent of cash available at time of transfer with corresponding credit to a transferee LP account.



JOSEPH FORTE LP								
ALL LIMITED PARTNER ACCOUNTS								
Draft Schedule - Subject to Revision - Based on Available Documents								
Investor	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	Capital Account
ID No.	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Balance
1097.0	-	58,000	-	(72,439)	-	58,000	(72,439)	(14,439)
1098.0	-	-	-	(199,373)	-	-	(199,373)	(199,373)
1099.0	-	1,516,444	-	(1,787,000)	(7,149)	1,516,444	(1,794,149)	(277,705)
1100.0	-	140,000	-	(18,412)	-	140,000	(18,412)	121,588
1101.0	-	52,089	7,149	(154,819)	-	59,238	(154,819)	(95,581)
1102.0	-	2,200,000	-	(2,719,547)	-	2,200,000	(2,719,547)	(519,547)
1103.0	-	723,903	-	(1,005,336)	-	723,903	(1,005,336)	(281,433)
1104.0	-	13,000	-	(2,000)	-	13,000	(2,000)	11,000
1105.0	-	6,000	-	(10,000)	-	6,000	(10,000)	(4,000)
1106.0	-	199,300	-	(21,889)	-	199,300	(21,889)	177,411
1107.0	-	200,000	-	(24,612)	-	200,000	(24,612)	175,388
1108.0	-	566,731	-	(165,000)	-	566,731	(165,000)	401,731
1110.0	-	750,000	-	(264,940)	-	750,000	(264,940)	485,060
1111.0	-	192,423	-	(215,730)	-	192,423	(215,730)	(23,307)
1112.0	-	217,000	250,000	(97,000)	-	467,000	(97,000)	370,000
1113.0	-	816,408	-	(844,890)	(250,000)	816,408	(1,094,890)	(278,482)
1115.0	-	130,108	-	-	-	130,108	-	130,108
1116.0	-	165,000	25,000	(10,000)	-	190,000	(10,000)	180,000
1118.0	-	-	-	-	-	-	-	-
1119.0	-	91,380	-	(179,000)	-	91,380	(179,000)	(87,620)
1120.0	-	259,000	-	(587,525)	-	259,000	(587,525)	(328,525)
1121.0	-	280,685	-	(300,000)	-	280,685	(300,000)	(19,315)
1122.0	-	500,000	-	-	-	500,000	-	500,000
1123.0	-	-	24,000	-	-	24,000	-	24,000
1124.0	-	130,000	30,000	(60,000)	(24,000)	160,000	(84,000)	76,000
1125.0	-	200,000	-	-	-	200,000	-	200,000
1126.0	-	100,000	-	-	-	100,000	-	100,000
1127.0	-	332,914	-	(12,000)	-	332,914	(12,000)	320,914
1128.0	-	25,000	-	(10,000)	-	25,000	(10,000)	15,000
1129.0	-	200,000	-	(70,000)	-	200,000	(70,000)	130,000
1130.0	-	100,000	-	(60,000)	-	100,000	(60,000)	40,000
1131.0	-	25,000	-	(71,955)	-	25,000	(71,955)	(46,955)
	70,771	78,573,633	41,063,714	(53,004,227)	(41,063,713)	\$ 119,708,118	\$ (94,067,940)	25,640,178

Notes:

1. Phantom profits have been removed.
2. Intrafund transfer is a debit from a LP account to the extent of cash available at time of transfer with corresponding credit to a transferee LP account.

## EXHIBIT 2.1

JOSEPH FORTE LP								
LIMITED PARTNER ACCOUNTS - NET WINNERS ONLY								
Draft Schedule Subject to Revision - Based on Available Documents								
Investor	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	Capital Account
ID No.	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Balance
1017.0	-	1,000,000	-	(1,171,497)	-	1,000,000	(1,171,497)	(171,497)
1018.0	-	358,000	62,108	(1,212,000)	-	420,108	(1,212,000)	(791,892)
1020.0	-	150,000	-	(288,000)	-	150,000	(288,000)	(138,000)
1025.0	-	83,750	-	(304,000)	-	83,750	(304,000)	(220,250)
1026.0	-	335,000	-	(430,467)	-	335,000	(430,467)	(95,467)
1029.0	-	977,012	540,000	(1,939,218)	-	1,517,012	(1,939,218)	(422,206)
1032.0	25,000	8,172,054	4,644,500	(3,581,771)	(10,899,282)	12,841,554	(14,481,053)	(1,639,499)
1036.0	-	-	291,893	(5,740)	(291,893)	291,893	(297,633)	(5,740)
1037.0	-	-	291,893	(9,430)	(291,893)	291,893	(301,323)	(9,430)
1038.0	-	-	97,297	(6,930)	(97,297)	97,297	(104,227)	(6,930)
1039.0	-	-	291,893	(7,460)	(291,893)	291,893	(299,353)	(7,460)
1042.0	-	-	-	(54,638)	-	-	(54,638)	(54,638)
1043.0	-	-	185,992	(97,260)	(185,992)	185,992	(283,252)	(97,260)
1045.0	-	-	185,992	(66,660)	(185,992)	185,992	(252,652)	(66,660)
1046.0	-	613,444	1,712,133	(1,126,655)	(1,234,000)	2,325,577	(2,360,655)	(35,078)
1054.0	-	-	185,992	(110,262)	(185,992)	185,992	(296,254)	(110,262)
1059.5	45,771	1,275,114	1,018,500	(1,880,000)	(1,175,000)	2,339,385	(3,055,000)	(715,615)
1060.0	-	25,000	900,000	(90,000)	(925,000)	925,000	(1,015,000)	(90,000)
1064.0	-	216,000	11,000	(345,000)	-	227,000	(345,000)	(118,000)
1069.0	-	30,000	-	(65,000)	-	30,000	(65,000)	(35,000)
1070.0	-	265,500	-	(317,000)	-	265,500	(317,000)	(51,500)
1073.0	-	400,000	-	(522,424)	(30,000)	400,000	(552,424)	(152,424)
1077.0	-	900,000	-	(1,300,000)	-	900,000	(1,300,000)	(400,000)
1080.0	-	530,881	-	(487,850)	(243,031)	530,881	(730,881)	(200,000)
1083.0	-	86,600	-	(149,000)	-	86,600	(149,000)	(62,400)
1089.0	-	200,000	-	(360,738)	-	200,000	(360,738)	(160,738)
1090.0	-	67,000	-	(266,700)	-	67,000	(266,700)	(199,700)
1093.0	-	290,000	-	(620,000)	-	290,000	(620,000)	(330,000)
1097.0	-	58,000	-	(72,439)	-	58,000	(72,439)	(14,439)
1098.0	-	-	-	(199,373)	-	-	(199,373)	(199,373)
1099.0	-	1,516,444	-	(1,787,000)	(7,149)	1,516,444	(1,794,149)	(277,705)
1101.0	-	52,089	7,149	(154,819)	-	59,238	(154,819)	(95,581)
1102.0	-	2,200,000	-	(2,719,547)	-	2,200,000	(2,719,547)	(519,547)
1103.0	-	723,903	-	(1,005,336)	-	723,903	(1,005,336)	(281,433)
1105.0	-	6,000	-	(10,000)	-	6,000	(10,000)	(4,000)
1111.0	-	192,423	-	(215,730)	-	192,423	(215,730)	(23,307)
1113.0	-	816,408	-	(844,890)	(250,000)	816,408	(1,094,890)	(278,482)
1119.0	-	91,380	-	(179,000)	-	91,380	(179,000)	(87,620)
1120.0	-	259,000	-	(587,525)	-	259,000	(587,525)	(328,525)
1121.0	-	280,685	-	(300,000)	-	280,685	(300,000)	(19,315)
1131.0	-	25,000	-	(71,955)	-	25,000	(71,955)	(46,955)
	70,771	22,196,687	10,426,342	(24,963,314)	(16,294,414)	\$ 32,693,800	\$ (41,257,728)	\$ (8,563,928)

## Notes:

1. Phantom profits have been removed.
2. Intrafund transfer is a debit from a LP account to the extent of cash available at time of transfer with corresponding credit to a transferee LP account.

**EXHIBIT 3****RECEIVER'S PLAN FOR RECEIVERSHIP ESTATE ACTIVITIES**

<b>ANTICIPATED DATE</b>	<b>ACTION ITEM</b>	<b>COMMENTS</b>
Ongoing	Disposition of Forte privately held investments.	Receiver to determine most appropriate avenues for recovery of Forte investments in privately held companies
9-15-09	List for sale property at 3616 Sounds Avenue, North Unit, Sea Isle City, NJ	Receiver is negotiating with counsel for Michael Boudwin for payment of the full amount contributed by Mr. Forte for the benefit of Mr. Boudwin at the purchase of the beach property. The Receiver anticipates that the settlement agreement and listing agreement will be executed in the near future. However, should that not occur, the Receiver will file a Motion with the Court seeking an Order authorizing the listing and sale of the beach property.
9-15-09	American Funds	Mr. Forte to liquidate American Funds IRA account and remit full proceeds net of redemption and fees to Receiver.
9-30-09	List Forte residence for sale or auction	Receiver negotiating with the junior secured lender concerning an agreed upon distribution of the proceeds of any sale of the house (similar to the Receiver's agreement with TD Bank in connection with the sale of the 55 <sup>th</sup> Street house in Sea Isle). The Receiver has advised the Forte family they need to look into other arrangements for housing.
9-30-09	BSS Auctioneers to sell Forte personal property at residence	BSS inventoried the Forte personal property at the Forte residence on July 31, 2009. The Receiver plans to sell this personal property at auction.
10-15-09	Settlement on sale of 10 55 <sup>th</sup> St., Sea Isle, NJ	Anticipated closing on sale of the Forte beach house
10-26-09	BSS Auctioneers to sell Forte jewelry.	The Receiver plans to sell the Forte jewelry at auction.

<p>9-30-09  through  12-31-09</p>	<p>Institute litigation as necessary to recover:</p> <p>Gifts to charities</p> <p>Gifts, loans and payments to family and third parties</p> <p>Limited Partner Net Winnings</p> <p>Compensatory damages from John Irwin and Jacklin Associates for breach of duty</p>	<p>Litigation will be instituted where negotiation fails to resolve the following Receiver's claims:</p> <p>The Receiver is negotiating with counsel for all charities that have not returned 100% of the amounts received from Mr. Forte.</p> <p>The Receiver has made demand on a number of friends and family members for repayment of gifts and loans and is in the process of reviewing documents and records regarding possible additional claims.</p> <p>The Receiver has made demand on all Net Winner Limited Partners for repayment of false profits.</p> <p>The Receiver is in the process of evaluating potential claims and recoveries from Mr. Irwin and Jacklin who provided diverse services to the Limited Partnership and yet failed to discover the Ponzi scheme.</p>
<p>02-27-10</p>	<p>Second Receiver's Report</p>	<p>Receiver due to file on the six month anniversary of the filing of the First Receiver's Report.</p>
<p>To be determined</p>	<p>Claims Bar Date</p>	
<p>To be determined</p>	<p>Proposal for Distribution to LPs</p>	