

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

SECURITIES AND EXCHANGE	:	
COMMISSION,	:	
	:	
Plaintiff,	:	
	:	No. 09-CV-0063
v.	:	
	:	
JOSEPH S. FORTE and	:	
JOSEPH FORTE, L.P.,	:	
	:	
Defendants.	:	

COMMODITY FUTURES TRADING	:	
COMMISSION,	:	
	:	
Plaintiff,	:	
	:	No. 09-CV-0064
v.	:	
	:	
JOSEPH S. FORTE,	:	
	:	
Defendant.	:	

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

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Dated: September 3, 2013

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EXHIBITS

- Exhibit 1: Receivership Fund Accounting Report as of August 26, 2013
- Exhibit 2: Joseph Forte LP—All Limited Partner Accounts as of August 26, 2013
- Exhibit 2.1: Joseph Forte LP—Limited Partner Accounts—Adjustments to Capital Account Balances this Reporting Period as of August 26, 2013
- Exhibit 2.2: Joseph Forte LP—Limited Partner Accounts—Net Winners Only as of August 26, 2013
- Exhibit 3: Matrix of Claimants Whose Qualitative Claims the Receiver Recommends Approval
- Exhibit 4: Receiver’s Plan for Receivership Estate Activities

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

## **I. BACKGROUND**

On March 24, 1995, 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 Partnership so created was Joseph Forte, L.P., with Forte named as its General Partner and his home, 225 Fawnhill Rd., Broomall, PA, listed as the Partnership’s address. 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 Partnership as a Ponzi scheme from the beginning. Over the years, Forte consistently reported annualized returns of approximately 18% to 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 Partnership commensurate with the amount of their cash investment. By the time that the Partnership filed its 2007 U.S. Return of Partnership Income (Form 1065), the Partnership 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 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 Partnership.

On January 7, 2009, the Securities and Exchange Commission (“SEC”) filed an action against Forte and the 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 (“Commodity Act”) and seeking injunctive relief, disgorgement of ill-gotten gains, and civil penalties pursuant to various sections of the Commodity 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 a 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 marshaling the Receivership Assets to maximize the recovery of defrauded investors.<sup>1</sup> 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

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<sup>1</sup> At the time of her appointment, Ms. Hecht was affiliated with Goodman & Company, now known as Dixon Hughes Goodman LLP. On May 1, 2011, Ms. Hecht became a Managing Director at Clifton Gunderson LLP, now known as CliftonAllenLarson LLP, and the Court, by order dated May 3, 2011, approved Ms. Hecht’s utilization of her new colleagues to assist her in connection with her activities as Receiver.

additional charges in the actions brought by the SEC and the CFTC. Also in that order, Lawrence T. Hoyle, Jr. and his law firm were appointed to serve as the Receiver's counsel.<sup>2</sup>

On September 30, 2009, this Court entered Partial Final Judgment as to All Defendants in the SEC action and a Consent Order of Permanent Injunction and Other Equitable Relief against Defendant Joseph S. Forte in the CFTC action.

On June 5, 2009, in the related criminal action brought by the U.S. Department of Justice, *United States v. Forte*, Criminal Action No. 09-304-1 (E.D. Pa.), 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). On November 24, 2009, Forte was sentenced to 15 years imprisonment, five years supervised probation, and restitution of approximately \$35 million by the Honorable Jan DuBois of this Court. *Id.*, Docket Entry No. 35 (Nov. 24, 2009).

On July 11, 2011, the Securities and Exchange Commission filed an action against John Irwin, a Certified Public Accountant who did work for the Partnership, including the preparation of the Partnership's investor account statements and tax returns, and Mr. Irwin's firm, Jacklin Associates, Inc., alleging violation of federal securities laws in connection with the Partnership, *SEC v. John N. Irwin and Jacklin Associates, Inc.*, Civil Action No. 11-cv-4429 (E.D. Pa.). On July 12, 2011, this Court entered judgments by consent against Mr. Irwin and Jacklin that, among other things, impose injunctive relief and require them to disgorge ill-gotten gains in amounts to be determined upon the SEC's subsequent motion. The Receiver has since completed her calculations of those ill-gotten gains; the numbers have been communicated to

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<sup>2</sup> At the time of his appointment, Mr. Hoyle was a partner at Hoyle, Fickler, Herschel & Mathes LLP. On January 3, 2012, Mr. Hoyle became a partner at Schnader Harrison Segal & Lewis LLP and the Court, by Order dated January 3, 2012, appointed Schnader as counsel to the Receiver.

counsel for Mr. Irwin and Jacklin; and those defendants are engaged in discussions with the SEC and the Receiver regarding a possible resolution of that action.

On May 16, 2012, the Court entered the Order Setting a Claims Bar Date, Establishing Claims Resolution Procedures, and Approving Distribution Methodology (the “Bar Date Order”). That Order effected the following:

- established July 16, 2012, as the Bar Date for claims against the Receivership Estate;
- approved the Receiver’s proposed procedures for the evaluation of both quantitative and qualitative aspects of claims against the Estate; and
- approved a hybrid distribution methodology for the allocation of Estate assets to claimants under which 50% of the assets available for distribution would be distributed according to the Rising Tide methodology, and then the remaining 50% of the assets would be distributed according to the Net Investment methodology.

Also on May 16, 2012, the Court issued a Memorandum opinion (the “Memorandum”) setting forth the Court’s reasoning in issuing the Bar Date Order and in overruling certain objections to the Receiver’s proposals that had been raised by a total of forty limited partners. Among other things, the Memorandum established the standard that Investors who received Partnership assets must meet in order to demonstrate their “good faith,” as that term is used in section 5108 of the Pennsylvania Uniform Fraudulent Transfer Act (“PUFTA”), in defending clawback actions brought by the Receiver. *See* Memorandum of May 16, 2012, at 10-13. The Court also confirmed that the Receiver has standing to bring clawback actions under PUFTA (Memorandum of May 16, 2012, at 14) and confirmed that any of the Receiver’s clawback

claims under PUFTA that were brought or tolled by March 29, 2010, were timely and could seek the recovery of any transfers made during the life of the Partnership. (Memorandum of May 16, 2012, at 15.)

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

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

During the six months since the Eighth Receiver's Report, the Receiver has diligently continued her work to assume control of and ultimately liquidate the Receivership Assets with the objective of maximizing the recovery for defrauded investors.

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

There was a total of \$2,021,284.60 in the Receivership bank accounts as of August 26, 2013. As shown in Exhibit 1 hereto and set forth in this Report and previous Receiver's Reports, the Receiver has successfully liquidated many of the assets, as well as a number of claims against third parties and limited partners, that were illiquid at the time of her appointment. A total of \$490,351.23 has been added to the Receivership bank account during the six months since the last Receiver's Report. This includes recovery of \$488,043 in settlement of various claims, plus interest of \$2,308.23 earned in the Receiver's bank accounts. The Receiver also has obtained judgments totaling \$200,275 in connection with her clawback claims, as well as a partial summary judgment of \$519,547 plus interest that is not yet final.



The Receivership Estate still contains assets that have not yet been liquidated. Apart from the Receiver's clawback claims, these assets include:

- *Real estate.* The Receiver expects to recover \$397,500 from the sale of a beach property which Forte helped finance. This property has been listed for sale for three years, with the listing price now reduced to \$659,900. See Section III.B of this Report.
- *Investments.* As discussed more fully in the Seventh Receiver's Report, there is one remaining Forte investment in a closely held business that the Receiver hopes can be liquidated for value. See Section V.D of the Seventh Receiver's Report for additional information about this investment.
- *Claims against John Irwin and Jacklin Associates.* John Irwin was one of the original limited partners of, and accountant for, the Partnership. Jacklin Associates, a firm of which Mr. Irwin was president, provided accounting and other services to the Partnership. The Receiver has a claim in the bankruptcy proceedings commenced by Mr. Irwin. In the SEC's civil enforcement proceedings against Mr. Irwin and Jacklin, the Receiver continues to seek an appropriate settlement of Mr. Irwin's disgorgement obligation. See Section VI of this Report.
- *Claims against MF Global.* MF Global was the futures commission merchant that held the Partnership futures trading account. The Receiver has asserted a claim in the MF Global receivership proceedings. See Section VII of this Report.

The other assets of the Estate are the Receiver's clawback claims, which the Receiver has continued to pursue.

- *Clawbacks—Gifts.* The Receiver holds claims 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 \$1,200,000 plus interest. See Section III.C of this Report.
- *Clawback—Limited Partners.* The Receiver holds claims against those limited partners who the Receiver alleges have received Partnership assets in violation of PUFTA. Foremost among these are limited partners who withdrew fictitious profits from the Ponzi scheme ("net winners") — that is, where distributions to the limited partner exceeded his or her cash investment. After settling net winning claims with 14 limited partners who agreed to return a total of \$2,192,742 in net winnings (not including interest recovered by the Receiver from the limited partners who settled recently), and having abandoned one claim for net winnings from a dissolved corporate investor in the amount of \$35,000, there are 25 other limited partners who have failed to return \$6,276,644 in net winnings. See Exhibit 2.2 and Section IV.C & D of this Report.

- *Claims against apprentices.* The Receiver holds claims against three persons who were employed by the Partnership to learn Forte's trading system, two of whom were also limited partners. The Receiver has commenced litigation against one of those apprentices and his wife. *See* Section V of this Report.

As noted in prior Receiver's Reports, the Receiver continues to believe it is unlikely that there will be sufficient assets recovered to make the Limited Partners whole.

## **B. Claims Administration**

During this reporting period, the Receiver has continued the claims administration process mandated by the Bar Date Order by seeking to resolve the disputed amount of one investor's claim and analyzing the level of notice of the fraud attributable to each investor who had submitted a claim for purposes of categorizing each investor into one of the three categories set forth in Paragraph 10(e) of the Bar Date Order. *See* Sections IV.A & B of this Report.

In addition, the Receiver has been evaluating the desirability of an interim distribution and, if so, in what amount. The Receiver is analyzing how such an interim distribution could be effectuated in light of the fact that the identity of approved claimants and the size of their claims continue to evolve. For example, the number of allowed claims continues to increase as the Receiver completes her negotiations with certain claimants about whether their claims should be allowed or disallowed in light of the claimant's state of mind with respect to the Ponzi scheme. On the other hand, certain claims that the Receiver had indicated she would recommend for payment have been withdrawn in the course of her continual negotiation and resolution of clawback claims against limited partners who are "related to" those claimants.<sup>3</sup> For example, as set forth in section IV.D., in connection with recent settlements, claims totaling \$641,588 have been released by certain claimants in order that the Receiver might effectuate a settlement with

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<sup>3</sup> For example, someone might have two accounts with the Forte partnership – one in his own name and one in the name of his IRA.

“related” limited partners against whom she was asserting clawback claims. To allow for an immediate distribution to some claimants while she completes both her qualitative claims analysis and her clawback efforts, the Receiver is evaluating whether to recommend a partial interim distribution pursuant to which the potential interests of certain claimants would be reserved for future distributions.

### **C. Administrative Tasks**

In addition to continuing the implementation of the claims process and performing the substantive work of evaluating and recovering assets described throughout this report, during this reporting period the Receiver continued to perform necessary administrative tasks and legal duties, including:

- Communication with limited partners and their counsel about developments in the Receivership.
- Maintenance of a website for the Receivership on which all publicly filed documents are posted.

During this reporting period, the Receiver and her counsel filed their Fourth Interim Fee Petition, covering the nine month period from January 1, 2012, through September 30, 2012. The Receiver and her counsel are in the process of preparing their Fifth Interim Fee Petition for review by the SEC and CFTC and then filing with the Court, covering the seven month period from October 1, 2012, through April 30, 2013.

## **III. RECEIVERSHIP ESTATE ASSETS**

### **A. Receivership Accounts at Eagle and Presidential Banks**

As of August 26 2013, the Receiver had a total of \$2,021,284.60 in the receivership bank accounts at Eagle Bank, Presidential Bank, and an Insured Cash Sweet Account (ICS) with

Promontory Interfinancial Network LLC, through Eagle Bank. All bank accounts are insured by FDIC. *See* Exhibit 1 for the Receiver's accounting of cash activity.

**B. 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 City, New Jersey. Michael Boudwin is Bernadette (Mrs. Joseph) Forte's brother. Title is vested in the names of Joseph S. Forte, Bernadette Forte, Michael Boudwin, and Diane Boudwin.

Near the end of the summer of 2009, the Receiver and the Boudwins entered into an agreement providing for the Receiver's recovery of \$397,500 upon the sale of this property. The parties listed the property for sale at \$879,000. The listing price has been reduced several times: to \$849,000 in February 2011, to \$699,900 in July 2011, to \$674,900 in May 2012, and to \$659,900 in August 2012.

Following Hurricane Sandy, the property was taken off the market for several weeks. However, the property is now again listed for sale for \$659,900 through Weichert Realty-Hoey Group. The Boudwins and the Receiver have been engaged in negotiations with a prospective buyer since the last week of August. The Receiver is hopeful that a sale of the property will be consummated shortly. Until a sale is consummated, the Boudwins continue to pay all taxes, mortgage and other expenses associated with the property.

**C. Gifts and Donations**

**1. Donations to Charities and Organizations**

As set forth in previous Receiver's Reports, Forte made significant charitable donations to numerous organizations and several of these organizations have returned the donations, including Malvern Preparatory School and Hill Top Preparatory School. *See* Exhibit 1.

As also previously reported, in March of 2010, the Receiver executed tolling agreements with the following organizations that are subject to demands from the Receiver for the return of gifts:

<b>Joseph S. Forte Donees Who Executed Tolling Agreements</b>	<b>Amount of Receiver's Claims<sup>4</sup></b>
Cardinal O'Hara High School	\$567,623
Gundaker Foundation/Rotary Club	\$3,000
Monsignor Bonner High School	\$206,636
Rotary Club of Haverford	\$11,088
Rotary Foundation	\$1,800
St. Anastasia Church and School	\$415,725
<b>TOTAL claims against donees who executed tolling agreements</b>	<b>\$1,261,546</b>

The Receiver's demands to the three largest of these organizations (Cardinal O'Hara High School, St. Anastasia Church and School, and Monsignor Bonner High School) have been subject to those organizations' contention that a portion of the Receiver's claims is barred by the applicable statute of limitations, notwithstanding the Bar Date Order's clarification of this issue. The Receiver is engaged in discussions with representatives of these organizations in an effort to resolve the Receiver's claims.

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

As reported in previous Receiver's Reports, the Receiver made demands to recipients of gifts and loans made by Forte to friends, family and other third parties. The Receiver currently has tolling agreements with two such persons; she filed suit against six donees on March 29, 2010, under the caption *Marion Hecht, as Receiver for Joseph Forte, L.P. v. Laura Forte, et al.*,

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<sup>4</sup> Amounts listed in this column have been adjusted for exchange value where documentation exists, but *exclude* interest, unknown payments prior to 2002, and unknown in-kind contributions, with the exception of in-kind contributions of \$84,266 that Cardinal O'Hara has confirmed.

Civil Action No. 10-1375, and filed suit against a seventh donee on April 22, 2011, under the caption *Marion Hecht, as Receiver for Joseph Forte, L.P. v. Nassib*, Civil Action No. 11-2716.

The claims in the civil actions, other than the claims against Heritage Land Transfer and Mercedes Lynch, have been resolved through settlements and judgments totaling \$214,775. To date, the Receiver has received \$12,550 of that amount, including \$500.00 in the last six months:

<b>Donee</b>	<b>Amount of Consent Order or Judgment</b>	<b>Paid</b>	<b>Balance Remaining</b>	<b>Comments</b>
Laura Forte	\$96,275	\$0.00	\$96,275	Judgment entered pursuant to an agreement to defer collection and to enforce the judgment against Ms. Forte's estate upon her death.
Charlie Cannon	\$26,000	\$3,550	\$22,450	In 2012, Mr. Cannon requested a temporary reduction in payment to \$250/month and a deferment of late payments. Since the Eighth Receiver's Report, he has paid \$500.
Gil Nassib	\$12,500	\$7,000	\$5,500	In 2012, Mr. Nassib requested a temporary reduction in payment to \$250/month and a deferment of late payments. Since the Eighth Receiver's Report, he has made no payments and requested the Receiver's consideration while he markets his home for sale. The sale proceeds will be used in part to pay the remaining amount due the Receiver.
John Forte	\$78,000	\$0.00	\$78,000	Mr. Forte has failed to respond to any of the Receiver's communications

				concerning this judgment.
George Long	\$2,000	\$2,000	\$0.00	

There are two other donees who entered into tolling agreements with the Receiver but who have claimed that they are financially unable to return the gifts. The Receiver is analyzing whether it would be beneficial to the Estate to commence litigation concerning these claims.

#### IV. INVESTOR ACCOUNTS

##### A. Receiver's Accounting of Investors' Accounts and Evaluation of Their State of Mind

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 reconstructed investors' capital accounts. Attached as Exhibit 2 is an updated summary schedule of reconstructed investor balances after elimination of phantom profits,<sup>5</sup> identified by investor number.<sup>6</sup> After reconstruction, account balances that appear in parentheses show the amount by which an investor was a "net winner" – in other words, an investor who received payments of false profits over and above the return of the investor's original capital contributions. Balances that do not appear in parentheses show the amount by which the investor was a "net loser" – that is, an investor whose investment exceeded withdrawals from the account and who therefore was eligible to assert a claim against the Receivership Estate. Attached as Exhibit 2.1 is a schedule

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<sup>5</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 to other limited partners ("Transferee LPs"); those intra-fund transfers have been recognized to the extent there was available capital in the Transferor LP account.

<sup>6</sup> Investor numbers were assigned in order to maintain the privacy of the Partnership's investors. The SEC notified investors of their specific Investor Numbers. In addition, the Receiver assigned a new number, R01, to an investor identified by the Receiver. Investors are requested to contact the Receiver for any assistance with respect to their Investor Numbers via email at marion.hecht@claconnect.com. This is a new email address for the Receiver effective one month ago. The prior email address continues to be effective.

showing the investor accounts that have been adjusted since the Receiver's First Report. This schedule includes adjustments resulting from payments pursuant to settlement agreements;<sup>7</sup> investors' withdrawals of certain claims in consideration of the Receiver's settlements with other "related" investors; the Receiver's withdrawal of a claim for Net Winnings against a dissolved corporate entity; and information received from investors in connection with the bar date process discussed below.

The Receiver has also evaluated the evidence that has been assembled with respect to each investor's state of mind in order to evaluate the appropriate treatment of each investor. Based on the results of the state of mind evaluation, as well as consideration of such other factors as the amount and percentage of principal withdrawn by the investor, the likely payout to claimants, the likely cost of litigation, and each investor's financial circumstances, the Receiver expects that limited partners will be divided into five groups, and has begun the process of providing notice to investors of the same, as further described below:

- (1) Net winners from whom she will seek to clawback net winnings only;
- (2) Net winners from whom she will seek to clawback net winnings and some or all principal;
- (3) Net losers from whom she will seek to clawback some or all principal;
- (4) Net losers from whom she will not seek to clawback any principal but whose claims will be denied in whole or in part; and
- (5) Net losers whose claims will be allowed.

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<sup>7</sup> For the settling limited partners who have agreed to pay in full the agreed-upon settlement amount, the balance reflected in the Capital Account Balance column on Exhibit 2 is zero (shown by a dash), and the amount of settlement remaining unpaid is identified in the column marked Settlement Amounts Due (as a result of timing and/or other circumstances).



**B. Claims Made By Investors**

Pursuant to paragraph (3) of the Bar Date Order, the Claims Bar Date was July 16, 2012. The Receiver received a total of 96 claim forms, including seven “late” claims. A total of 79 claims were received from Limited Partners (one of which was submitted on behalf of two limited partners) and 17 claims were received from other claimants. The Receiver assembled, examined, and analyzed all those claims against the Receivership Estate. On August 15, 2012, pursuant to paragraph 10(a) of the Bar Date Order, the Receiver filed her Preliminary Quantitative Claims Report with the Court and served it on all claimants. On September 27, 2012, she filed her Update to the Preliminary Quantitative Claims Report of Marion A. Hecht, Receiver for Joseph S. Forte and Joseph Forte, L.P. (the “Preliminary Quantitative Claims Update”) (Dkt. No. 133 of Case 09-cv-0063). The Receiver initially recommended that the quantitative claims be divided into 77 priority 1 claims<sup>8</sup> totaling \$34,592,576, two priority 2 claims<sup>9</sup> totaling \$4341.61, and 18 disallowed claims. As discussed below, in connection with certain settlements of the Receiver’s claims against certain investors who were net winners, certain related claimants have agreed to reduce their claims by a total of \$641,588, reducing the current total of priority 1 quantitative claims to \$33,950,988.

The Receiver received notices of dispute on behalf of eighteen Limited Partners and a notice of dispute on behalf of four potential claimants. The Receiver sought to resolve the

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<sup>8</sup> Claimants designated as priority 1 are individuals or entities whom the Receiver recognizes as having claims against Joseph Forte, L.P. either because they were Limited Partners or, in the case of Michael and Donna McCorkle and Joseph McManus, because they are individuals who loaned money to Joseph Forte which was deposited into the Joseph Forte L.P. bank account and was used to satisfy Limited Partner redemption requests.

<sup>9</sup> Claimants designated as priority 2 are individuals or entities who made claims against Joseph Forte personally for money that he allegedly owed to them. The Receiver has recommend that the Receivership Estate pay claims designated as priority 2 only if there are funds remaining after all priority 1 claims have been paid in full. Based on the recovery to date, it is unlikely that there will be any distribution to priority 2 claimants.

dispute with one of the disputing Limited Partners (Investor number 1112) and her husband (Investor number 1113), pursuant to the procedures set forth in paragraph 11 of the Bar Date Order. This effort was unsuccessful, however. In sum, when the investors were unwilling to agree that the resolution of the Receiver's Claim Dispute Motion would not preclude the Receiver from filing a clawback claim for the Net Winnings received by Investor number 1113, the Court dismissed the motion without prejudice and the Receiver terminated her tolling agreement with these investors in anticipation of filing a complaint against Investors No. 1112 and 1113. If the Receiver and the other disputing claimants cannot reach a resolution of these disputes after a good faith effort, the Receiver will submit the disputes to the Court for resolution pursuant to the procedures set forth in paragraph 11 of the Bar Date Order.

The Receiver has continued the implementation of the claims process mandated by the Bar Date Order on May 16, 2012, by analyzing the level of notice of the fraud attributable to each investor who had submitted a quantitative claim for purposes of categorizing each investor into one of the three categories set forth in Paragraph 10(e) of the Bar Date Order:

- (i) if the Receiver determines that an investor was a culpable participant in Joseph S. Forte's Ponzi scheme either by knowingly or recklessly taking actions that furthered the Ponzi scheme or by willfully closing his or her eyes to the fraud, the Receiver shall recommend no distribution to that investor;
- (ii) if the Receiver determines that an investor was on inquiry notice with respect to the illicit operation of the Partnership, the Receiver shall recommend that the investor share equitably in distributions only if (1) the false profits and principal withdrawn during the period after the investor was on inquiry notice are returned to the Receivership Estate or (2) the Receiver and the investor reach an agreement that is approved by the Court concerning a recommended claim amount that takes into account the investor's level of inquiry notice; and
- (iii) if the Receiver determines that an investor was not on inquiry notice with respect to the illicit operation of the Partnership, such

investor shall be allowed his or her full share as calculated under Paragraph (15) of this Order.

Bar Date Order at ¶ 10(e). For purposes of making the qualitative determination, the Receiver has taken the depositions of certain investors in addition to reviewing all the materials in her possession.

The Receiver sent notices on February 28, 2013, of her Qualitative Claim Determination to each investor whom she has determined is a Category (iii) claimant – *i.e.*, an investor who was not on inquiry notice with respect to the illicit operation of the Partnership and who therefore is entitled to the full share of his or her claim. A claimant matrix is attached hereto as Exhibit 3 listing all the claimants whose qualitative claims the Receiver has recommended for approval as Category (iii) claims and the amount of each recommended allowed claims.

With regard to the claimants whom the Receiver has classified as either Category (i) (*i.e.*, a “culpable participant”) or Category (ii) (*i.e.*, a claimant on “inquiry notice”), the Receiver has engaged in discussions with most of these individuals seeking to resolve the claims against them but has not yet provided formal notice of her Qualitative Claims Determination. Claimants will have thirty days from the date of service of the Receiver’s Qualitative Claim Determination to notify the Receiver of any objection to their Qualitative Determination.

### **C. Receiver’s Claims Against Limited Partners**

#### **1. Receiver’s Preservation of Her Claims Against Limited Partners**

To preserve her right to pursue clawback claims against Limited Partners for net winnings and/or principal in appropriate cases, the Receiver executed tolling agreements with 95 limited partners or their subsequent transferees who did not take for value. There were only two Limited Partners from whom the Receiver sought a tolling agreement who did not ultimately execute a tolling agreement. The Receiver commenced a lawsuit against those Limited Partners,

Investors #1102 and #1119, on March 29, 2010. Investor #1119 settled with the Receiver for a return of 100% of her net winnings plus pre-judgment interest; the status of the Receiver's action against Investor #1102 is discussed below.

During this reporting period, the Receiver terminated her tolling agreements with three Limited Partners who tolled the Receiver's claims, and filed a complaint against one of those Limited Partners (as discussed below in Section V). When the notice period for termination of the tolling agreements ends, she will file suit against the other two Limited Partners (as discussed above in Section III.B).

At the same time, the Receiver has continued to seek to negotiate favorable settlements of her claims. Each settlement that the Receiver has completed with a Limited Partner has resulted in a return of 100% of that Limited Partner's net winnings, with some amount of pre-judgment interest in most cases and, recently, releases of some or all of certain related investors' claims.<sup>10</sup>

## **2. Receiver's Pending Litigation Against Limited Partners or Their Transferees**

With respect to Investor #1102, a Limited Partner who did not execute a tolling agreement and who was named as a defendant in Civil Action No. 10-1377, the Court granted the Receiver's Motion for Partial Summary Judgment on June 2, 2011. The Court's Order awarded \$519,547 in net winnings to the Receivership Estate; the Receiver has conducted a further investigation regarding that defendant's assets, including by researching public records and serving subpoenas on third parties, in order to evaluate the collectability of the judgment and

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<sup>10</sup> In two settlements, the Receiver resolved claims with individuals who not only had their own personal partnership accounts but who also had been the principals of a now dissolved company which had a limited partnership and that had received net winnings of \$35,000. In connection with those settlements, the Receiver agreed not to pursue recovery from the two co-owners of the now-defunct Investor #1069, neither of whom received any funds upon the dissolution of the entity.

whether the pursuit of its remaining claims (for principal) against this investor is likely to be cost-effective. In light of the information concerning Investor #1102's state of mind with respect to the illicit operation of the Partnership and the information concerning his assets, the Receiver is prepared to file a motion seeking dismissal of the claim for principal and requesting entry of judgment in favor of the Receiver on the claim for net winnings.

The Receiver also sued in this Court the then-anonymous participants in two profit-sharing plans that were limited partners and net winners in the Ponzi scheme. These suits were captioned *Marion Hecht, as Receiver for Joseph Forte, L.P. v. John Does, Skee Ball Profit Sharing Plan Participants, Numbers 1-250*, Civil Action No. 10-1373, and *Marion Hecht, as Receiver for Joseph Forte, L.P. v. John Does, Crawford, Wilson and Ryan Profit Sharing Plan Participants, Numbers 1-250*, Civil Action No. 10-1376. On May 24, 2012, the Court denied the motions to dismiss the First Amended Complaint that had been filed by all the defendants in each action. The defendants in each action have filed their Answers and the Receiver is evaluating the prospects for settlement. If the Receiver is unable to make reasonable progress toward an amicable resolution of these matters, she will then request that the Court schedule a Rule 16 conference so the cases may move into discovery.

The Receiver also instituted litigation in this Court on March 29, 2010, against charitable transferees of one of the limited partners in *Marion Hecht, as Receiver for Joseph Forte, L.P. v. Abraham Lincoln Foundation of the Union League of Philadelphia, et al.*, Civil Action No. 10-1372. That action has been stayed pursuant to the Court's Order of April 15, 2010. Accordingly, no activity has taken place in this case during the current period.

**D. The Receiver's Continuing Evaluation of Her Potential Claims Against Limited Partners and the Qualitative Validity of the Limited Partners' Claims**

The Receiver has potential claims against each Limited Partner that received any distributions from the Partnership. Only some of those distributions – the distributions in excess of the amount contributed by the limited partner, or the “net winnings” – can be recovered without a showing regarding the relevant investor's state of mind.

Since the entry of the Bar Date Order, the Receiver has been engaged in seeking to resolve many of her clawback claims. In this reporting period, the Court has approved four settlements with twelve limited partners totaling \$719,003 in recoveries and a reduction of \$641,588 in claims against the Receivership Estate. Those settlements are as follows:

<b>DATE OF COURT APPROVAL</b>	<b>INVESTOR NUMBERS OF SETTLING LIMITED PARTNERS</b>	<b>SETTLEMENT AMOUNT</b>
5/15/13	1069 and 1070	\$55,000 from #1070; and Receiver's agreement not to pursue claim against former officer of #1069 for net winnings in the amount of \$35,000
5/21/13	1099, 1100, & 1069	\$285,003 from # 1099; release of #1100's \$121,588 claim against the Receivership Estate; and Receiver's agreement not to pursue claim against former officer of #1069 for net winnings in the amount of \$35,000
7/11/13	1130 and 1131	\$49,000 from # 1131 and release of #1130's \$40,000 claim against the Receivership Estate
7/25/13	1086, 1088, 1093, 1094, 1016, 1128	\$330,000 from # 1093 and reduction of #1086 claim against the Receivership Estate by \$480,000. Other investors were determined to have valid claims.

The Receiver currently has unresolved claims against 25 other limited partners who received distributions greater than their investments in the Partnership (the "net winners"); those false profits distributions total in the aggregate \$6,276,644. Of those 25 limited partners, litigation is pending with respect to the Receiver's claims against four limited partners or their transferees (Investors No. 1018, 1020, 1102, and 1120) and the Receiver anticipates filing suit against a fifth (Investor No. 1113) when the notice period for the tolling agreement expires; two are the subject of the Receiver's ongoing settlement discussions with Irwin (Investors No. 1059

and 1060); and the Receiver is in the process of documenting agreements in principle to resolve the claims against two and has had discussions with the remaining sixteen, including eleven who are related family members. By definition, having received distributions in excess of their contributions to the Partnership, none of the net winners has a valid claim against the Receivership Estate. The Receiver expects that her treatment of these investors will depend on the extent to which she believes that she has valid clawback claims against any of the investors for return of principal payments, as well as the financial ability of these limited partners to return the “net winnings” they received.

During this reporting period, the Receiver has continued her evaluation and resolution of her claims against those limited partners who executed tolling agreements by:

- Conducting settlement negotiations and evaluating certain limited partners’ ability to pay any judgment;
- Reviewing documents produced to the Receiver by limited partners;
- Evaluating discovery relating to limited partners in light of the Court’s opinion dated May 16, 2012;
- Preparing a draft complaint to recover net winnings and principal from certain limited partners, who the Receiver contends were sophisticated investors who participated to various degrees in the promotion of the Partnership; and
- Responding to correspondence from investors’ counsel.

As discussed above, the Receiver expects to submit at least two more proposed settlement agreements to the Court in the near future.

## **V. RECEIVER’S CLAIMS AGAINST APPRENTICES TO JOSEPH FORTE**

Jacklin Associates employed “apprentices” to Joseph Forte who were to learn the trading system allegedly used by Forte. The first apprentice was put on the payroll in 2000; there were three apprentices by the end of 2008. Two of these apprentices were also limited partners. Over



the years, salary payments reflected on the three apprentices' W-2 forms totaled approximately \$2,300,000, all of which was money stolen from the Limited Partners. As reported in previous Receiver's Reports, the Receiver has executed tolling agreements and engaged in discovery with all three apprentices.

Ed Coll, one of these "apprentices," received cash distributions of \$1,212,000 from his Partnership account for total net winnings of \$791,892. Despite repeated requests from the Receiver starting in 2009, Ed Coll had refused to provide complete financial disclosure, including information about the Partnership funds that he received and the current status of such funds. After receiving information indicating that Ed Coll had transferred some of the Partnership assets to his wife, the Receiver filed a lawsuit against her on June 10, 2013. *Hecht v. Coll*, No. 13-cv-03188. The Receiver also provided Ed Coll with notice of termination of the tolling agreement, and, upon its expiration on July 25, 2013, the Receiver amended the complaint to add Ed Coll as a defendant. The Receiver hopes to settle the litigation with the Colls, but is prepared to pursue the litigation, including moving for summary judgment with respect to the claim for net winnings, if a settlement in the best interests of the Receivership Estate is not feasible.

With regard to the two other "apprentices," the Receiver hopes to negotiate satisfactory settlements with them, but may commence litigation if that course of action has the potential to provide a net benefit to the Receivership Estate.

## **VI. RECEIVER'S CLAIMS AGAINST JOHN IRWIN AND JACKLIN ASSOCIATES**

As discussed in the previous Receiver's Reports, the Receiver has significant claims against John Irwin ("Mr. Irwin"), the original limited partner of, and accountant for, the Partnership; and Jacklin Associates, Inc. ("Jacklin"), a company of which Mr. Irwin was

President that provided accounting and other services for the Partnership. Mr. Irwin and Jacklin provided diverse services to the Partnership, including the preparation of the Partnership's tax returns for and reports to the limited partners, as well as payroll and other record-keeping services. Mr. Irwin was also actively involved in the formation of the Partnership; the solicitation of new limited partners and of additional investments from existing partners; and the receipt from, and disbursement to, limited partners of Partnership funds.

As reported in the Third Receiver's Report, the Receiver determined that settlement negotiations with Mr. Irwin and Jacklin would be fruitless and filed a Complaint against Mr. Irwin and Jacklin in this Court on March 29, 2010, captioned *Marion Hecht, as Receiver for Joseph Forte, L.P. v. John N. Irwin and Jacklin Associates*, Civil Action No. 10-1371. That litigation was ongoing when on May 27, 2010, Mr. Irwin and Jacklin each filed a Voluntary Petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Pennsylvania.

As reported in earlier Receiver's Reports, the Receiver, as the largest creditor of Irwin and Jacklin, was an active participant in both the Irwin and Jacklin bankruptcy proceedings. The Receiver filed claims in each proceeding in the amount of approximately \$34 million based upon Mr. Irwin's and Jacklin's transactions with and conduct in connection with the Partnership.

On January 12, 2012, Mr. Irwin's Second Amended Plan of Reorganization, which had been revised to address the Receiver's objections, was confirmed. The Receiver believes that her claim will ultimately constitute a large proportion of the unsecured claims against Mr. Irwin's estate. Under the confirmed Second Amended Plan of Reorganization, the assets available to the unsecured creditors from Mr. Irwin's estate are primarily comprised of a group of interests in non-public small-cap firms in which Mr. Irwin invested, as well as a group of accounts

receivable including loans made by Mr. Irwin to some of these same small-cap firms, as well as to several individuals. On May 11, 2012, as a part of the efforts to recover assets for the Irwin bankruptcy estate, the Liquidating Agent filed eight adversary actions in Bankruptcy Court against individuals or entities that owe money to Mr. Irwin; the Receiver and her counsel had provided consultation to the Liquidating Agent's counsel in connection with the initiation of those actions. The Liquidating Agent has settled three of the adversary actions and two others have been dismissed. The Receiver believes the issues remaining to be resolved in Mr. Irwin's bankruptcy case are the Liquidating Agent's pursuit of any remaining assets available for collection into the estate and the Liquidating Agent's disbursement of estate assets to creditors. The Receiver has requested an update from Mr. Irwin's counsel regarding the status of the recoveries and expenses of the Liquidating Agent.

On August 11, 2011, the Bankruptcy Court granted Jacklin's motion to dismiss its Chapter 11 case, a motion that was based in part on Jacklin's contention that it was unable to reorganize because it had insufficient assets.<sup>11</sup> As noted in the Fifth Receiver's Report, the Receiver has concluded that Jacklin does not now have sufficient assets to warrant restarting active litigation against Jacklin in Civil Action No. 10-cv-1374 that is pending before this Court and had been stayed by the pendency of the bankruptcy. This is particularly so because the SEC now has a consent judgment in place against Jacklin relating to its involvement in the Partnership as part of the SEC's action discussed below.

On July 11, 2011, the Securities and Exchange Commission filed an action against Mr. Irwin and Jacklin, alleging violation of federal securities laws in connection with the Partnership,

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<sup>11</sup> The Receiver had withdrawn her objection to the motion to dismiss subject to her stipulation with Jacklin that provided for, among other things, Jacklin's continued cooperation with the Receiver's discovery efforts.

docketed at 11-cv-4429 (E.D. Pa.). On July 12, 2011, this Court entered judgments by consent against Mr. Irwin and Jacklin in that action that require, among other things, that Mr. Irwin and Jacklin disgorge their ill-gotten gains in amounts to be determined upon the SEC's subsequent motion.

During this reporting period, the Receiver has continued to engage in discussions with Mr. Irwin's counsel, Mr. Irwin's spouse's counsel, and counsel for the SEC regarding the resolution of both the Receiver's claims against the Irwin family and Jacklin and the SEC's judgment for disgorgement from Mr. Irwin and Jacklin. In the event a settlement is not reached, the Receiver understands that the SEC intends to pursue monetary remedies through the Court.

Also in conjunction with her claims against Mr. Irwin and Jacklin, the Receiver has entered into tolling agreements with Mr. Irwin's daughters and with the Irwin Irrevocable Trust regarding the return of Partnership assets transferred to those individuals through Irwin or Jacklin. She has provided several sets of documents to them documenting the asset transfers at issue. If the Receiver is unable to negotiate satisfactory settlements, she may then commence litigation.

## **VII. RECEIVER'S CLAIMS AGAINST MF GLOBAL**

As reported in the Fourth Receiver's Report, on December 21, 2010, the Receiver filed a Complaint against MF Global, Inc., the futures commission merchant that held the Forte Partnership account, on the ground that it was negligent in the conduct of its business by ignoring, among other things, the internally inconsistent paperwork in its files relating to Forte's claim of exemption from registration with the CFTC. The Complaint was placed on this Court's docket as matter number 10-cv-7441. As previously reported, during the pendency of settlement discussions, MF Global collapsed and was placed into receivership on October 31, 2011.

On June 1, 2012, the Receiver filed her claim against MF Global with James W. Giddens, the Trustee for the SIPA Liquidation of MF Global, Inc. During this reporting period, counsel for MF Global has requested additional information about the Receiver's claim, which the Receiver has provided. The Receiver is engaged in discussions with counsel for MF Global about the extent to which her claim will be approved; but she does not know the extent to which there will be assets in the MF Global estate for distribution to claimants such as the Receiver.

#### **VIII. RECEIVER'S CLAIMS AGAINST KEVIN RYAN, ESQ., ET AL.**

As previously reported, the Receiver filed a Complaint against Crawford, Wilson, Ryan & Agulnick, P.C., Crawford, Wilson & Ryan, LLC, and Kevin J. Ryan, Esquire, asserting legal malpractice claims under Pennsylvania law. After a trial of those claims in November of last year, the Receiver reached a settlement with the defendants. On August 5, 2013, the Court approved a settlement agreement among the Receiver and the defendants in the amount of \$100,000.

#### **IX. TAX MATTERS**

The Receiver's firm timely filed tax returns for the Qualified Settlement Fund (QSF) for the year 2012 with the Internal Revenue Service and the Commonwealth of Virginia.

The Receiver has provided affidavits concerning the financial affairs of the Partnership to those investors interested in obtaining refunds of state taxes paid on the false profits and income reported to the investors by the Partnership. Investors who have not done so may find that the period to file a refund with the Pennsylvania Department of Revenue has closed.

## **X. RECEIVER'S PLAN**

Fundamentally, this Receivership Estate has three categories of assets that the Receiver has been seeking to liquidate for the benefit of the Partnership's defrauded limited partners: (1) Joseph Forte's personal and real property, including various investments; (2) the Partnership's tort claims against its professionals; and (3) the clawback claims against certain limited partners and other recipients of Partnership assets from Forte:

*Real and personal property.* The Receiver has sold most of those assets and continues active efforts to sell the Boudwin Sea Isle property and the remaining small business investment as soon as practicable.

*Tort Claims.* The Receiver will continue to pursue her claim against Mr. Irwin and Jacklin through the administration of Mr. Irwin's Second Amended Plan of Reorganization, by supporting, to the extent requested, the SEC's civil enforcement action, and by pursuing Jacklin in this Court if it appears economically appropriate to do so. The Receiver will continue to pursue her claim filed in MF Global's receivership if it appears economically appropriate to do so. The Receiver has resolved her professional negligence claim against the attorneys who prepared the Partnership's governing documents.

*Clawback Claims.* As discussed above, the Receiver believes that the viability and extent of these claims has been clarified by the Court's Opinion of May 16, 2012. She will continue her efforts to evaluate and engage in the most cost effective means of resolving her clawback claims, and will similarly continue her efforts to determine the financial ability of the affected investors to pay any judgment obtained.

Attached as Exhibit 4 is a timeline that reflects the Receiver's current best estimate of appropriate dates for the processing of the Receiver's tort and clawback claims and creditors'

claims against the Receivership Estate. Although these dates may change depending on subsequent events, the timeline was developed with the goal of seeking to complete the majority of the activities necessary to wind up the Receivership, other than the trial of the Receiver's clawback and other claims, within the next six months. The Receiver's success in recovering funds to compensate investors for their losses, and the time required to do so, will inevitably depend on the defenses asserted by those persons from whom she is seeking to recover the assets. Nonetheless, the Receiver anticipates seeking Court approval of an interim partial distribution to some claimants in December 2013, pursuant to which the shares of certain claimants will be reserved while she completes both her qualitative claims analysis and her clawback efforts.

Respectfully submitted,

s/ Arlene Fickler  
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Arlene Fickler  
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Facsimile (215) 751-2205

Attorneys for Marion A. Hecht, Receiver

Dated: September 3, 2013

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on September 3, 2013, I caused a true and correct copy of the foregoing Ninth Report of Marion A. Hecht, Court-Appointed Receiver for Joseph S. Forte and Joseph Forte, L.P. to be filed electronically and made available for viewing and downloading from the ECF system of the United States District Court for the Eastern District of Pennsylvania, which will send notification of such filing to all counsel of record. The Receiver will also post a copy of the report and related documents on the Receivership website, [www.fortereceivership.com](http://www.fortereceivership.com).

The following counsel were also served through electronic mail:

Catherine E. Pappas, Esquire  
United States Securities and Exchange  
Commission  
701 Market Street, Suite 2000  
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[pappasc@sec.gov](mailto:pappasc@sec.gov)

Timothy M. Kirby, Esquire  
U.S. Commodity Futures Trading  
Commission, Division of Enforcement  
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[tkirby@cftc.gov](mailto:tkirby@cftc.gov)

s/John R. Timmer



EXHIBIT 1

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 8/26/2013

FUND ACCOUNTING		Changes Since 8th Receiver's Report
Beginning Balance (As of 03/30/2009):	\$ -	
Cash and Securities Transferred to Receiver:		
Citizens Bank	89,140.82	
MF Global	<u>6,267.54</u>	
	95,408.36	
Interest/Dividend Income:		
Eagle Bank interest	21,142.15	299.45
ICS account interest with Promontory Interfinancial Network, LLC through Eagle Bank	2,792.79	1,647.33
Presidential Bank interest	1,904.68	361.45
Diversified Private Equity Inv II, LP (dividend)	6,516.63	-
Diversified Private Equity Inv, LP (dividend)	614.08	-
Plenum Capital Management, LP (dividend)	<u>266.17</u>	-
	33,236.50	
Personal Asset Recoveries:		
American Funds Forte 401K early distribution	125,619.20	-
Augustinian Friars (return of contribution)	5,000.00	-
Barry S Slossberg Inc (sale of Forte vehicles)	42,375.00	-
Barry S Slossberg Inc (sale of jewelry)	9,378.75	-
Barry S Slossberg Inc (sale of personal property)	28,935.35	-
Charlie Cannon (return of gift)	3,550.00	500.00
Craig Williams for Congress (return of contribution)	6,900.00	-
Dana Forte (purchase of household items)	700.00	-
Evanfest (return of contribution)	3,500.00	-
George Long (return of gift)	2,000.00	-
Gilbert Nassib (return of gift)	7,000.00	-
Guardian Life Insurance proceeds	26,499.49	-
Hill top Prep (return of Gift)	154,992.00	-
Joe Devlin (return of loan)	15,019.49	-
Lisa Saddler (return of gift)	4,000.00	-
Malvern Prep (return of contribution)	700,000.00	-
Marine Corps Scholarship Foundation (return of contribution)	10,500.00	-
MF Global (mentee Jim Boudwin account)	2,371.53	-
PowerLift (return of deposit)	10,000.00	-
Republican National Committee (return of gift)	1,350.00	-
Sale of 55th Street house	105,253.00	-
Sale of Fawn Hill Lane	33,581.21	-
Sale of Personal Investment (DPEI I & II)	70,000.00	-
Sale of Personal Investment (Knight, Nova Plex Plenum, Probaris)	12,000.00	-
Sale of Personal Investment (PPB Advisors)	7,000.00	-
Sale of Personal Investment (Yaupon)	<u>55,000.00</u>	-
	1,442,525.02	
Forte LP Asset Recoveries		
Investor Recoveries:		
Investor 1029.0 (includes interest of \$5,000)	427,206.00	-
Investor 1099.0 (includes interest of \$7,298)	285,003.00	285,003.00
Investor 1103.0	272,433.00	-
Investor 1098.0 (includes interest of \$4,000)	203,373.00	-
Investor 1080.0	200,000.00	-
Investor 1073.0	122,424.00	-
Investor 1026.0	95,467.00	-
Investor 1119.0 (includes interest of \$4,380)	92,000.00	-
Investor 1131.0 (includes interest of \$2,045)	49,000.00	49,000.00
Investor 1070.0 (includes interest of \$1,500)	53,000.00	53,000.00
Investor R01	30,000.00	-
Investor 1111.0	23,305.00	-
Investor 1121.0	19,315.00	-
Investor 1097.0	<u>14,439.00</u>	540.00
	1,886,965.00	
Litigation Recovery		
Ryan Settlement	100,000.00	100,000.00
	100,000.00	
Total Funds Available Before Expenses	3,558,134.88	490,351.23

EXHIBIT 1

Joseph Forte, LP and Joseph S. Forte Receivership  
Cash Basis Fund Accounting Report  
Cse Nos: 09-CV-0063 and 0064  
Reporting Period: 03/30/2009 to 8/26/2013

<b>Decreases in Fund Balance:</b>		
Disbursements to Receiver and counsel	1,453,907.26	257,330.89
Section 754 notices	2,847.00	-
Website	13,918.50	1,084.00
Change of Registered Agent	763.60	-
Due Diligence Investigator	1,640.00	990.00
Expert Witness Fees	35,359.50	31,250.00
Publication	5,361.73	-
Property Search	150.00	-
Appraiser	225.00	-
Tax Services	16,830.00	-
	1,531,002.59	
Bank Fees		151.02
Personal Asset Upkeep and Protection Expenses:		
55th Street	2,443.57	-
Fawn Hill Lane	3,175.10	-
Administrative - regarding insurance recovery	78.00	-
	5,696.67	
<b>Total Disbursements for Receivership Operations</b>	<b>1,536,850.28</b>	<b>290,654.89</b>
<b>Total Funds Disbursed</b>	<b>1,536,850.28</b>	
Ending Balance of Fund - Net Assets (as of 8/26/2013)	<b>\$ 2,021,284.60</b>	
Eagle Bank Balance (as of 8/26/2013)	\$ 444,691.13	
Insured Cash Sweep (ICS) account with Promontory Interfinancial Network, LLC through Eagle Bank (as of 7/31/2013)	\$ 1,329,792.79	
Presidential Bank Balance (as of 8/26/2013)	\$ 246,904.68	
	\$ 2,021,388.60	
Less 2 checks in transit	(104.00)	
	\$ 2,021,284.60	

JOSEPH FORTE LP														
ALL LIMITED PARTNER ACCOUNTS - As of August 26, 2013														
Draft Schedule - Subject to Revision - Based on Available Documents														
Investor ID No.	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	( ) = Increase	False Profits	Settlements	Net Loser Account	Net Winner Account	Capital Account	Interest
	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Adjustments and New LP	Returned	Due	Withdrawn by Investor	Withdrawn by Receiver	Balance 8/26/2013	Received
LP accounts														
1001.0	-	3,250,000	-	(7,066)	-	3,250,000	(7,066)	-	-	-	-	-	3,242,934	-
1002.0	-	25,000	-	-	-	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)	(3,710)	-	-	-	-	(175,207)	-
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)	92,250	-	-	-	-	(128,000)	-
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	-	-	-	-	5,000
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	-

JOSEPH FORTE LP														
ALL LIMITED PARTNER ACCOUNTS - As of August 26, 2013														
Draft Schedule - Subject to Revision - Based on Available Documents														
Investor ID No.	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	( ) = Increase	False Profits	Settlements	Court Settlement		Capital Account	Interest
	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Adjustments and New LP	Returned	Due	Net Loser Account	Net Winner Account	Balance 8/26/2013	Received
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	-
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)	(42,000)	-	-	-	-	(757,615)	-
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	-

JOSEPH FORTE LP														
ALL LIMITED PARTNER ACCOUNTS - As of August 26, 2013														
Draft Schedule - Subject to Revision - Based on Available Documents														
Investor ID No.	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	( ) = Increase	False Profits	Settlements	Net Loser Account	Net Winner Account	Capital Account	Interest
	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Adjustments and New LP	Returned	Due	Withdrawn by Investor	Withdrawn by Receiver	Balance 8/26/2013	Received
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	-	-	-	-	1,500
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)	30,000	122,424	-	-	-	-	-
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)	-	-	-	(480,000)	-	170,000	-
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)	530	-	-	-	-	44,056	-
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	-	-	-	-

JOSEPH FORTE LP														
ALL LIMITED PARTNER ACCOUNTS - As of August 26, 2013														
Draft Schedule - Subject to Revision - Based on Available Documents														
Investor ID No.	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	( ) = Increase			Court Settlement			Interest Received
	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	Adjustments and New LP	False Profits Returned	Settlements Due	Net Loser Account Withdrawn by Investor	Net Winner Account Withdrawn by Receiver	Capital Account Balance 8/26/2013	
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	-
1097.0	-	58,000	-	(72,439)	-	58,000	(72,439)	-	14,439	-	-	-	-	-
1098.0	-	-	-	(199,373)	-	-	(199,373)	-	199,373	-	-	-	-	4,000
1099.0	-	1,516,444	-	(1,787,000)	(7,149)	1,516,444	(1,794,149)	-	277,705	-	-	-	-	7,298
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)	9,000	272,433	-	-	-	-	-
1104.0	-	13,000	-	(2,000)	-	13,000	(2,000)	-	-	-	-	-	11,000	-
1105.0	-	6,000	-	(10,000)	-	6,000	(10,000)	10,000	-	-	-	-	6,000	-
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)	4,940	-	-	-	-	490,000	-
1111.0	-	192,423	-	(215,730)	-	192,423	(215,730)	2	23,305	-	-	-	-	-
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	-	-	-	-	4,380
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	-

JOSEPH FORTE LP														
ALL LIMITED PARTNER ACCOUNTS - As of August 26, 2013														
Draft Schedule - Subject to Revision - Based on Available Documents														
								( ) = Increase			Court Settlement			
Investor	Cash Beginning	Cash	Intrafund	Cash	Intrafund	Total	Total	Adjustments	False Profits	Settlements	Net Loser Account	Net Winner Account	Capital Account	Interest
ID No.	Capital Contribution	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	and New LP	Returned	Due	Withdrawn by Investor	Withdrawn by Receiver	Balance 8/26/2013	Received
1127.0	-	332,914	-	(12,000)	-	332,914	(12,000)	12,000	-	-	-	-	332,914	-
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	-	-	-	-	2,045
R01	-	-	-	-	-	-	-	(30,000)	30,000	-	-	-	-	-
	70,771	78,548,633	41,063,714	(52,979,227)	(41,063,713)	119,683,118	(94,042,940)	83,012	1,862,742	330,000	(561,588)	35,000	27,309,344	24,223
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.													
3.	See Exhibit 2.1 for summary of Adjustments to Capital Account Balances.													
4.	Based on available records, there were 125 LP accounts at various times. Some of the LP accounts have been closed.													





## EXHIBIT 2.2

JOSEPH FORTE LP														
LIMITED PARTNER ACCOUNTS NET WINNERS ONLY - as of August 26, 2013														
Draft Schedule Subject to Revision - Based on Available Documents														
Investor	Cash	Intrafund	Cash	Intrafund	Total	Total	Adjustments	Revised	Net Winnings	Net Winner Account	Settlement	Net Winnings	Interest	Interest
ID No.	Contribution	Transfer-In	Distribution	Transfer-Out	Capital Additions	Capital Distributions	and New LP	Net Winnings	Payment Received	Withdrawn by Receiver	Amount Due	Due 8/26/2013	Due	Received
1017.0	1,000,000	-	(1,171,497)	-	1,000,000	(1,171,497)	(3,710)	(175,207)	-	-	-	(175,207)	-	-
1018.0	358,000	62,108	(1,212,000)	-	420,108	(1,212,000)	-	(791,892)	-	-	-	(791,892)	-	-
1020.0	150,000	-	(288,000)	-	150,000	(288,000)	-	(138,000)	-	-	-	(138,000)	-	-
1025.0	83,750	-	(304,000)	-	83,750	(304,000)	92,250	(128,000)	-	-	-	(128,000)	-	-
1026.0	335,000	-	(430,467)	-	335,000	(430,467)	-	(95,467)	95,467	-	-	-	-	-
1029.0	977,012	540,000	(1,939,218)	-	1,517,012	(1,939,218)	-	(422,206)	422,206	-	-	-	-	5,000
1032.0	8,172,054	4,644,500	(3,581,771)	(10,899,282)	12,841,554	(14,481,053)	-	(1,639,499)	-	-	-	(1,639,499)	-	-
1036.0	-	291,893	(5,740)	(291,893)	291,893	(297,633)	-	(5,740)	-	-	-	(5,740)	-	-
1037.0	-	291,893	(9,430)	(291,893)	291,893	(301,323)	-	(9,430)	-	-	-	(9,430)	-	-
1038.0	-	97,297	(6,930)	(97,297)	97,297	(104,227)	-	(6,930)	-	-	-	(6,930)	-	-
1039.0	-	291,893	(7,460)	(291,893)	291,893	(299,353)	-	(7,460)	-	-	-	(7,460)	-	-
1042.0	-	-	(54,638)	-	-	(54,638)	-	(54,638)	-	-	-	(54,638)	-	-
1043.0	-	185,992	(97,260)	(185,992)	185,992	(283,252)	-	(97,260)	-	-	-	(97,260)	-	-
1045.0	-	185,992	(66,660)	(185,992)	185,992	(252,652)	-	(66,660)	-	-	-	(66,660)	-	-
1046.0	613,444	1,712,133	(1,126,655)	(1,234,000)	2,325,577	(2,360,655)	-	(35,078)	-	-	-	(35,078)	-	-
1054.0	-	185,992	(110,262)	(185,992)	185,992	(296,254)	-	(110,262)	-	-	-	(110,262)	-	-
1059.5	1,275,114	1,018,500	(1,880,000)	(1,175,000)	2,339,385	(3,055,000)	(42,000)	(757,615)	-	-	-	(757,615)	-	-
1060.0	25,000	900,000	(90,000)	(925,000)	925,000	(1,015,000)	-	(90,000)	-	-	-	(90,000)	-	-
1064.0	216,000	11,000	(345,000)	-	227,000	(345,000)	-	(118,000)	-	-	-	(118,000)	-	-
1069.0	30,000	-	(65,000)	-	30,000	(65,000)	-	(35,000)	-	35,000	-	-	-	-
1070.0	265,500	-	(317,000)	-	265,500	(317,000)	-	(51,500)	51,500	-	-	-	2,000	1,500
1073.0	400,000	-	(522,424)	(30,000)	400,000	(552,424)	30,000	(122,424)	122,424	-	-	-	-	-
1077.0	900,000	-	(1,300,000)	-	900,000	(1,300,000)	-	(400,000)	-	-	-	(400,000)	-	-
1080.0	530,881	-	(487,850)	(243,031)	530,881	(730,881)	-	(200,000)	200,000	-	-	-	-	-
1083.0	86,600	-	(149,000)	-	86,600	(149,000)	-	(62,400)	-	-	-	(62,400)	-	-
1089.0	200,000	-	(360,738)	-	200,000	(360,738)	-	(160,738)	-	-	-	(160,738)	-	-
1090.0	67,000	-	(266,700)	-	67,000	(266,700)	-	(199,700)	-	-	-	(199,700)	-	-
1093.0	290,000	-	(620,000)	-	290,000	(620,000)	-	(330,000)	-	330,000	-	-	-	-
1097.0	58,000	-	(72,439)	-	58,000	(72,439)	-	(14,439)	14,439	-	-	-	-	-
1098.0	-	-	(199,373)	-	-	(199,373)	-	(199,373)	199,373	-	-	-	-	4,000
1099.0	1,516,444	-	(1,787,000)	(7,149)	1,516,444	(1,794,149)	-	(277,705)	277,705	-	-	-	-	7,298
1101.0	52,089	7,149	(154,819)	-	59,238	(154,819)	-	(95,581)	-	-	-	(95,581)	-	-
1102.0	2,200,000	-	(2,719,547)	-	2,200,000	(2,719,547)	-	(519,547)	-	-	-	(519,547)	-	-
1103.0	723,903	-	(1,005,336)	-	723,903	(1,005,336)	9,000	(272,433)	272,433	-	-	-	-	-
1111.0	192,423	-	(215,730)	-	192,423	(215,730)	2	(23,305)	23,305	-	-	-	-	-
1113.0	816,408	-	(844,890)	(250,000)	816,408	(1,094,890)	-	(278,482)	-	-	-	(278,482)	-	-
1119.0	91,380	-	(179,000)	-	91,380	(179,000)	-	(87,620)	87,620	-	-	-	-	4,380
1120.0	259,000	-	(587,525)	-	259,000	(587,525)	-	(328,525)	-	-	-	(328,525)	-	-
1121.0	280,685	-	(300,000)	-	280,685	(300,000)	-	(19,315)	19,315	-	-	-	-	-
1131.0	25,000	-	(71,955)	-	25,000	(71,955)	-	(46,955)	46,955	-	-	-	-	2,045
R01	-	-	-	-	-	-	(30,000)	(30,000)	30,000	-	-	-	-	-
	22,190,687	10,426,342	(24,953,314)	(16,294,414)	32,687,800	(41,247,728)	55,542	(8,504,386)	1,862,742	35,000	330,000	(6,276,644)	2,000	24,223
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.													
3.	See Exhibit 2.1 for summary of Adjustments to Capital Account Balances.													

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**Schedule of Recommended Approved Qualitative Claims (as of September 3, 2013) – Subject to Court Approval**

Last Name/Entity	First Name	Investor Number	Amount of Investor Claim	Agree with Exhibit 2?	Qualitative Recommendation	Notice of Dispute Received?	Receiver Quantitative Recommendation as of 9/27/12	Priority Level
		1001	3,242,934	Yes	APPROVE	No	3,242,934	1
		1002	25,000	Yes	APPROVE	No	25,000	1
		1003	250,000	Yes	APPROVE	No	250,000	1
		1008	50,000	Yes	APPROVE	No	50,000	1
		1010	1,285,430	Yes	APPROVE	No	1,285,430	1
		1011	1,849,323	Yes	APPROVE	No	1,849,323	1
		1012	62,000	Yes	APPROVE	No	62,000	1
		1014	80,000	Yes	APPROVE	No	80,000	1
		1015	20,000	Yes	APPROVE	No	20,000	1
		1016	100,000	Yes	APPROVE	No	100,000	1
		1027	250,000	Yes	APPROVE	No	250,000	1
		1030	850,000	Yes	APPROVE	No	850,000	1
		1031	634,244	Yes	APPROVE	No	634,244	1
		1055	150,000	Yes	APPROVE	No	150,000	1
		1056	1,020,000	Yes	APPROVE	No	1,020,000	1
		1058	20,000	Yes	APPROVE	Yes	20,000	1
		1062	410,000	Yes	APPROVE	No	410,000	1
		1063	170,000	Yes	APPROVE	No	170,000	1
		1068	65,000	Yes	APPROVE	No	65,000	1
		1071	325,000	Yes	APPROVE	Yes	325,000	1
		1072	50,000	Yes	APPROVE	No	50,000	1
		1076	20,000	Yes	APPROVE	Yes	20,000	1
		1078	700,000	Yes	APPROVE	No	700,000	1
		1075	114,000	Yes	APPROVE	Yes	114,000	1
		1076	47,666	Yes	APPROVE	Yes	47,666	1
		1084	105,000	Yes	APPROVE	No	105,000	1
		1086	170,000	No	APPROVE	No	170,000	1
		1088	45,000	No	APPROVE	No	44,056	1
		1091	250,000	Yes	APPROVE	No	250,000	1
		1092	30,000	Yes	APPROVE	Yes	30,000	1
		1094	1,250,000	Yes	APPROVE	No	1,250,000	1
		1096	940,940	Yes	APPROVE	No	940,940	1
		1104	11,000	Yes	APPROVE	No	11,000	1
		1105	6,000	Yes	APPROVE	No	6,000	1
		1106	177,411	Yes	APPROVE	No	177,411	1
		1107	175,388	Yes	APPROVE	No	175,388	1
		1108	401,731	Yes	APPROVE	No	401,731	1
		1110	490,000	No	APPROVE	No	490,000	1
		1115	130,108	Yes	APPROVE	No	130,108	1
		1122	500,000	Yes	APPROVE	No	500,000	1
		1123	24,000	Yes	APPROVE	No	24,000	1
		1124	76,000	Yes	APPROVE	No	76,000	1
		1125	200,000	Yes	APPROVE	No	200,000	1
		1126	100,000	Yes	APPROVE	No	100,000	1
		1127	332,914	Yes	APPROVE	Yes	332,914	1
		1128	15,000	Yes	APPROVE	No	15,000	1
		1129	130,000	Yes	APPROVE	No	130,000	1
McCorkle	Michael N. & Donna M.	N/A			APPROVE	No	200,000	
McManus	Joseph P.	N/A			APPROVE	No	225,000	1
<b>SUBTOTAL OF PRIORITY 1 CLAIMS</b>							<b>17,775,145</b>	
Aqua Cool		N/A			APPROVE	No	81.09	2
PECO Energy Company		N/A			APPROVE	No	4,260.52	2
<b>SUBTOTAL OF PRIORITY 2 CLAIMS</b>							<b>4,342</b>	
<b>TOTAL OF ALL CLAIMS RECOMMENDED FOR APPROVAL</b>							<b>\$17,779,487</b>	

**EXHIBIT 4 TO RECEIVER'S NINTH REPORT  
RECEIVER'S PROPOSED PLAN FOR RECEIVERSHIP ESTATE ACTIVITIES**

<b>ANTICIPATED DATE*</b>	<b>ACTION ITEM</b>
September 16, 2013	Receiver files complaint against Investors No. 1112 and 1113
September 24, 2013	Status Conference in <i>Hecht v. Coll</i> , No. 13-cv-03188
Fall 2013	Receiver continues settlement discussions with persons against whom she believes she has viable claims and, to the extent that the Receiver concludes that claims cannot be amicably resolved, institutes clawback litigation against those persons who have not demonstrated an inability to pay.
Fall 2013	Receiver continues settlement discussions with persons concerning her Quantitative and Qualitative Claims Determinations and files Claim Dispute Motions with respect to any disputes that cannot be resolved after good faith discussions.
November 2013	The Receiver files motion for approval of proposed interim distribution in December 2013
December 2013	Anticipated Initial Interim Claims Distribution
March 3, 2014	Receiver files Tenth Receiver's Report

\* The dates set forth in this Plan reflect the Receiver's current best estimate of a timeline for the processing of both the Receiver's clawback claims and creditors' claims against the Receivership Estate. These dates may need to change depending on subsequent events.