

STATE OF NEW MEXICO
COUNTY OF BERNALILLO
SECOND JUDICIAL DISTRICT COURT

FINANCIAL INSTITUTIONS DIVISION,
Petitioner,

v.

NO. D-202-CV-2017-03838
HON. NAN NASH

DESERT STATE LIFE MANAGEMENT,
PAUL A. DONISTHORPE,
SPECTRUM CAPITAL MARKETS, LLC,
CORAZON CATTLE,
CORAZON-PITCHFORD, LLC,
PAUL A. DONISTHORPE, LLC, AKA PAD, LLC,

Respondents.

RECEIVER'S MAY, 2018, MONTHLY REPORT

COMES NOW, Christopher Moya, court-appointed Receiver for Desert State Life Management (DSLML) and Acting Director of the Financial Institutions Division (FID) of the New Mexico Regulation and Licensing Department, by and through the FID's attorney of record, Kevin A. Graham, and provides the Court with the following Receiver's April, 2018, Monthly Report.

CONTINUING ACTIVITIES OF THE RECEIVERSHIP

1. Funds: The Receiver is in control of the following bank accounts and funds in the name of DSLML and account balances as of May 1, 2018, stood at the following amounts:

DSLML Accounts with New Mexico Bank and Trust:

(1)	"Operations" account:	XXXX190	\$	0.00
(2)	"Sweep" account:	XXXX041	\$	0.00
(3)	"Pooled Savings" account:	XXXX119	\$	107,617.69
(4)	"Trust Cash" account:	XXXX127	\$	49,145.23

(5)	“Recovery” account:	XXXX309	\$ 13,428.23
(6)	“Trust Checks” account:	XXXX116	\$ 2,350.00

2. Examination of Records and Accounts:

Efforts continue to digitally scan the records of all client accounts of DSLM that were open as of the date of the company being taken into receivership. At present approximately one third of the client records in the possession of the Receiver have been digitally scanned. The current target date for the completion of scanning of all client records of DSLM is the end of November, 2018. As has been previously noted, efforts to organize the DSLM corporate records and verify data have led to numerous determinations that certain vital records are missing from the DSLM files and/or that records containing incorrect and intentionally falsified records were created.

3. Issue Regarding Receiver’s Access to Trust Client Annuity and

Investment Accounts: As has been previously reported, there have been continuing issues for the Receiver when dealing with certain investment companies and annuity companies holding accounts connected to trusts being administered by the receivership for DSLM. On April 30, 2018, the Receiver filed a motion with the Court for an order compelling the company holding the annuity account for the Victoria Grill Special Needs Trust to recognize the Receiver’s fiduciary authority regarding that account. The Receiver will submit a proposed order regarding that motion once all parties have been afforded the opportunity to respond to the motion as per applicable rules.

5. Necessity of Successor Trustees Clients:

Very little progress has been made towards obtaining new trustees for the trust accounts formerly serviced by DSLM. The Receiver has repeatedly notified all trust beneficiaries (or their appropriate guardians, conservators or legal representatives) of the necessity to find successor trustees to take over responsibility as trustee for their trust accounts, but only a handful of trust beneficiaries or the representatives have responded. At this time, out of necessity, the Receiver continues to serve in the temporary capacity as trustee for sixty-two (62) trust accounts, as the Personal Representative for one (1) individual, and there are seven (7) accounts for which DSLM's role (and thus, the Receiver's role) remains unclear based on transactions in those individual's names. The Receiver continues to explore methods to reclaim or find coverage for funds identified as having been unlawfully taken from the company and/or clients of the company.

7. Insurance Policies/Coverage for DSLM: The Receiver has continued to be in contact with representatives and/or counsel for the three insurance companies that had policies in effect with DSLM on or shortly before the filing of the receivership action in the above-captioned matter. The Receiver has encouraged all clients of DSLM to consult with their personal legal advisors and counsel regarding their legal rights and any claims they may have against the insurance coverage for DSLM. Those insurance companies, and contact information for the companies are as follows:

“Directors and Officers Policy” # AZP349837/BCN-0007591
Agent: Western Assurance Co.

P.O. Box 96400
Albuquerque, NM 87199-4600;
Or
3701 Paseo Del Norte Ne Ste 200
Albuquerque, NM 87113-1578
Telephone: 505-265-8481
Fax: 505-266-3500
Email: receptionist@westernassurance.com
Agency Number: 30-001
Policy No. BCN-0007591

Company Issuing Policy: The Cincinnati Insurance Companies

P. O. Box 145496
Cincinnati, OH 45250-5496
Telephone: 513-870-2000
Policy Number: 05BCN0007591
Policy No.: BCN0007591
Notice Date: 03/28/2017
Claim Number: 2864999
Adjuster: andrew_eminger@cinfin.com

“Employee Dishonesty Policy” # AZP-340134

“E & O/GL policy”

Agent: Western Assurance Co.

P.O. Box 96400
Albuquerque, NM 87199-4600

Company Issuing Policy: Evanston Insurance Company ADCO General

Policy # EO865156
Billing/Payment Company: IPFS Corporation
P.O. Box 412086
Kansas City, MO 64141-2086
Phone: 866-412-1793
FAX 919-234-2760
Account Number: AZP-340134

“Other”

The Travelers; Policy Number 105818345

Travelers
385 Washington Street
St. Paul, MN 55102
Phone: (651) 301-8986
Account Number: T1704210
Directed to refer to matter number 086-FA1-T1704210-NR on all communications.
Jessica Tabrizi
Claim Counsel
Bond & Specialty Insurance Claim
Phone: (909) 612-3650

Fax: (866) 842-9195
Email: JTABRIZI@travelers.com

8. Federal Criminal Prosecution: The Receiver continues to work in coordination with the United States Attorney's Office for the District of New Mexico to obtain restitution orders in the federal criminal case against Paul A. Donisthorpe. To the Receiver's knowledge, the sentencing date for Case No. 2017-3311 JB, United States of America v. Paul A. Donisthorpe, has not been set.

DSLMS clients and their representatives are encouraged to contact the United States Attorney's Office regarding their rights to submit statements or appear at the sentencing of Paul Donisthorpe by contacting:

Alyssa Skrepcinski
Victim Advocate
Office of the United States Attorney for the District of New Mexico
(505) 224-1427
201 Third St. NW, Suite 900, Albuquerque NM 87102.

On behalf of the Receiver, Christopher Moya, the foregoing is respectfully submitted by:



Kevin A. Graham

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5/1/2018
Date


CERTIFICATE OF SERVICE:

The undersigned hereby certifies that a true and correct copy of the foregoing pleading was delivered by electronic mail and/or U.S. Mail, postage prepaid, addressed to each of the following:

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5/1/2018
Date