

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 FEBRUARY, 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 February, 2018, Monthly Report.

CONTINUING ACTIVITIES OF THE RECEIVERSHIP

1. Accounting of Client Losses Sustained / Individual Trust and/or Conservatorship Client Account Statements: In January, 2018, letters and attached account statements were sent out to each of the clients of DSLM (including trust beneficiaries of trusts under the control of DSLM) for whom DSLM was providing services as of the date of the beginning of the receivership. The account statements and balances for the individual accounts were mailed or transmitted to the trust beneficiaries (or to appropriate guardians, conservators or

other legal representatives) detailing the current balances in the respective accounts, receipts and withdrawals affecting the accounts, and individual account's losses calculated as a percentage of the total of all lost DSLM client funds. The Receiver continues to work to verify all assets and losses for both the company and those served by DSLM, but the Receiver believes the statements that have been sent out accurately reflect the current state of the accounts, and losses suffered by those accounts, to a reasonable degree of financial certainty.

2. Funds: The Receiver is in control of the following bank accounts and funds in the name of DSLM and account balances as of January 31, 2018, stand at the following amounts:

DSLM Accounts with New Mexico Bank and Trust:

(1)	“Operations” account:	XXXX190	\$ 0.00
(2)	“Sweep” account:	XXXX041	\$ 0.00
(3)	“Pooled Savings” account:	XXXX119	\$72,088.68
(4)	“Trust Cash” account:	XXXX127	\$59,201.22
(5)	“Recovery” account:	XXXX309	\$13,428.23
(6)	“Trust Checks” account:	XXXX116	\$ 5,842.50

3. Examination of Records and Accounts:

Efforts are 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 are continuing. Due to staff turnover at the FID there has been a small delay in the highly time-

consuming task, but it is hoped the process will be completed over the next ninety (90) days.

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.

4. Charles Schwab Accounts: In January, the Receiver finally received full electronic access and control over the financial accounts of DSLM held with Charles Schwab.

5. Necessity of Successor Trustees Clients:

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. To date, still only a very few of the trust beneficiaries have responded to the Receiver with requests or recommendations regarding successor trustees. The FID has reason to believe that two (2) non-profit corporations that are anticipated to become certified as New Mexico trust companies this year will be viable alternatives to take over as successor trustees for a number of the current DSLM trust clients. 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. 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. It appears the February sentencing date for Case No. 2017-3311 JB, United States of America v. Paul A. Donisthorpe, will be vacated, as the United States Attorney's Office has filed an unopposed motion for continuance of the sentencing to permit their office to make progress on the civil asset forfeiture petition related to this matter.

DSLIM 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

2/2/2018
Date

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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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Kevin A. Graham

2/2/2018
Date