

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 MARCH, 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 March, 2018, Monthly Report.

CONTINUING ACTIVITIES OF THE RECEIVERSHIP

1. Accounting of Client Losses Sustained / Individual Trust and/or Conservatorship Client Account Statements: The Receiver continues to work to finalize verification of all assets and losses for both the company and those served by DSLML. The Receiver believes the statements sent out to clients, trust beneficiaries and their appropriate legal representatives in January, 2018, 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 February 28, 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	\$ 90,142.67
(4)	“Trust Cash” account:	XXXX127	\$ 52,974.58
(5)	“Recovery” account:	XXXX309	\$ 13,428.23
(6)	“Trust Checks” account:	XXXX116	\$ 2,375.28

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

Investment Accounts: An issue has arisen for the Receiver when dealing with certain trust investment accounts and client annuity accounts; some of the companies holding those accounts have refused to allow the Receiver to access or

have control over the accounts for which DSLM holds/held control. One example is a company that has refused to change the mailing address for account statements and continue to send account statements (and checks) to the prior mailing address for DSLM at 1011 4th Street, Albuquerque. That office has been completely closed for months and the building is currently vacant. The Receiver has established a new Post Office for the exclusive receipt of DSLM business mail and arranged to have mail from the former DSLM address forwarded to that P.O. Box, but the U.S. Postal Service will not continue forwarding mail from an address indefinitely. At least one company, Voya, has stated that they will not comply with requests from the Receiver for information or access to an account without a specific court order directing them to do so. Despite repeated efforts by the Receiver to remedy these situations, it appears there will be no resolution of such matters until specific court orders are obtained. The Receiver will prepare a proposed order (or orders) for the Court and will file a request for a hearing before the court to discuss those matters.

5. Necessity of Successor Trustees Clients:

As has been noted previously, 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. There have still been very few of the trust beneficiaries have responded to the Receiver with requests or recommendations regarding successor trustees. 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. The original sentencing date that had been set for February in Case No. 2017-3311 JB, United States of America v. Paul A. Donisthorpe, was vacated. To the Receiver's knowledge, no new date for the sentencing hearing has been set.

DSLML 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:



3/2/2018

Kevin A. Graham
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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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3/2/2018

Date