

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 APRIL, 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. 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 April 2, 2018, stood 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	\$ 100,774.55
(4)	“Trust Cash” account:	XXXX127	\$ 50,894.17
(5)	“Recovery” account:	XXXX309	\$ 13,428.23
(6)	“Trust Checks” account:	XXXX116	\$ 2,782.62

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. At present approximately one quarter of the client records in the possession of the Receiver have been digitally scanned. 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: 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. These companies refuse to allow the Receiver to exercise access or control over the accounts, even for matters as simple as changing the mailing address to be used for account statements and checks. Despite multiple attempts by phone, email, FAX and U.S. mail, to have the mailing address changed, these companies continue to refuse to comply with the Receiver's requests. At this point it appears there will be no resolution of these issues without the Receiver obtaining specific orders from the Court directing the companies to comply with the Receiver's requests. The Receiver intends to prepare a proposed orders for the Court and will file a request for a hearing before the court to discuss these matters.

5. Necessity of Successor Trustees Clients:

Essentially no progress has been made in the past two months 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

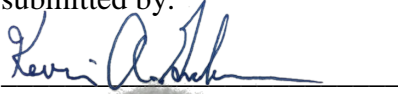
Email: JTABRIZI@travelers.com

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:



4/4/2018

Kevin A. Graham

Date

Counsel to the Receiver/
Senior Enforcement Counsel
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New Mexico Regulation and Licensing Department
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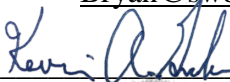
CERTIFICATE OF SERVICE:

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

4/4/2018

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