

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 SECOND MONTHLY REPORT, OCTOBER, 2017

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 report of the Receiver's actions over the preceding month.

1. File and Computer Security:

A. The Receiver continues to work to obtain full access and control over the electronic financial accounts of DSLML held with Charles Schwab. The Receiver has been assured by the company that all access to those accounts has been restricted pending a final transfer of control over those accounts to the Receiver.

B. The Receiver has been in contact with Steven Becerra, of the Becerra Group, regarding obtaining copies of all files and documentation in the

possession of Mr. Becerra or his company concerning the operations and finances of DSLM and/or any clients of DSLM. Mr. Becerra has committed to providing all such records to the Receiver in a timely manner.

2. Contacts with Trust Beneficiaries/Concerned Individuals/Representatives:

The Receiver, as well as staff members of the FID, continue to be in contact with trust beneficiaries (or their guardians, conservators and legal counsel, as appropriate) regarding the ongoing examination of the accounts and finances of DSLM and all progress made towards rebuilding accurate account statements for each of the DSLM client accounts.

3. Funds:

The Receiver and the FID staff continue to process requests for disbursements from client trust accounts and make such distributions of funds as are permissible under the terms of the relevant trust documents for all client accounts in which there are funds remaining. A limited number of client accounts are receiving income from sources such as annuities and for those accounts, the Receiver and FID staff are processing such requests for distributions of funds as may be covered by the incoming funds to those accounts or available from known brokerage accounts. Obviously the Receiver cannot approve disbursement of funds from client accounts where no trust funds remain and cannot approve disbursements of funds from client accounts where the dollar amount of the request(s) exceed the balance of the account.

4. Examination of Records and Accounts:

A. The Receiver has gained operational and legal control over all bank accounts under the name of DSLM that are held at New Mexico Bank and Trust (the primary banking institution utilized by DSLM for operational accounts).

B. The Receiver is engaged in ongoing contact with the Charles Schwab investment company and the Vanguard investment company where a number of individual trust investment accounts are located. The Receiver has made efforts to insure that no other party may have access to these accounts pending the accounts being put fully under the control of the Receiver.

C. Staff from the FID continue their efforts to complete an initial organization of the voluminous paper records of DSLM that are now in the possession of the Receiver/FID.

The FID's staff working on this project continue to focus on producing verifiable accountings for each individual trust account that can be provided to the individual trust beneficiaries and/or conservatorship clients, which detail the current balances in their respective accounts and the amount of total loss individually suffered. The Receiver and FID staff also continue their efforts to make certain any incoming funds to the accounts of DSLM are properly tracked and credited to the individual trust and/or conservatorship accounts to which those funds properly belong.

5. Summary:

The Receiver continues to be of the opinion that DSLM, as a business providing trustee and conservator services, cannot be rehabilitated and that liquidation of the company is the only appropriate course forward at this time. The Receiver will continue to work with the legal counsel, guardians, and courts of proper jurisdiction to have new conservators appointed for all clients of DSLM for whom DSLM has been appointed conservator. The Receiver will also continue efforts to move all trusts currently under the trusteeship of DSLM over to new and proper trustees for those trusts. Finding new, competent, and appropriate trustees to take over the trust accounts at DSLM has proven to be challenging due to the very low balances left in the great majority of the trust accounts and the wording of many of the individual trust documents that limit successor trustees to corporations providing trustee services. The Receiver is continuing his efforts to identify and reclaim all funds unlawfully taken from the company and/or clients of the company and to return those funds to their rightful owners.

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



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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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