UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

JOINT MOTION FOR PROTECTIVE ORDER

The Securities and Exchange Commission, together with Alysson Mills, in her capacity as the court-appointed receiver for Arthur Lamar Adams and Madison Timber Properties, LLC (the "Receiver"), through undersigned counsel, respectfully ask that the Court enter the proposed protective order [Exhibit A] governing investor-specific information, including without limitation investor identifying and/or financial information. In support, the S.E.C. and the Receiver state as follows:

1.

The Court has broad discretion to enter a protective order, and there is good cause to enter the proposed protective order. The proposed protective order is intended to protect victims' names and identifying information from public disclosure.

2.

The S.E.C. and the Receiver ask that Court enter a protective order that will apply in this and all other related civil actions, which expressly provides that investor-specific information should be treated as confidential. The proposed protective order further provides that investor-victims be identified by number in all public filings or that investor-victims' information be redacted. The S.E.C. and the Receiver propose the following:

> All Discovery Materials containing investor-specific information, including without limitation investor identifying and/or financial information, is confidential. No separate designation is required.
>
> Information that is deemed confidential shall not be publicly disclosed.
>
> A Party or Third Party shall identify investors only by a pre-determined investor number in any pleadings, exhibits, or other documents they might file in the Court's record.
>
> A Party or Third Party shall redact investor-specific information from any pleadings, exhibits, or other documents they might file in the Court's record.
>
> A Party or Third Party shall file under seal any deposition transcript, portion of a deposition transcript, or exhibit to a deposition that is attached to any pleading or other filing in the Court's record if the deposition transcript, portion of a deposition transcript, or deposition exhibit contains confidential investor-specific information.

3.

Protecting victims' privacy, including by identifying investor-victims by number, is customary in cases like this one.

4.

Protecting victims' privacy is important to investor-victims, the S.E.C., and the Receiver. Investor-victims tell the Receiver that they fear being singled out. They believe public exposure will feel like a revictimization. Identifying investors by number and otherwise redacting their information are small efforts to avoid making a victim feel like a victim twice, and it will not prejudice any party's claim or defense.

WHEREFORE, for the reasons stated in the accompanying memorandum, the S.E.C. and the Receiver respectfully request that the Court enter the proposed protective order [Exhibit A].

June 30, 2021

Respectfully submitted,

/s/ Wm. Shawn Murnahan

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Counsel for the Receiver

CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing with the Clerk of Court using the ECF system which sent notification of filing to all counsel of record.

Date: June 30, 2021

/s/ Kristen D. Amond

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

[PROPOSED] PROTECTIVE ORDER

The Court enters this Protective Order pursuant to Federal Rule of Civil Procedure 26(c) to limit the disclosure, dissemination, and use of the identities and personal information of investors in the Madison Timber Ponzi scheme. For good cause show, the Court enters the following Protective Order:

1. When used in this Order, the words listed below shall be defined as follows:

    a. "Discovery Materials" means (1) documents or electronically stored information as provided in Federal Rule of Civil Procedure 34 produced by any Party or Third Party pursuant to the Federal Rules of Civil Procedure, subpoena, or agreement; (2) deposition testimony taken in the Madison Timber Receivership Cases, whether in written, video, or computer format, including all exhibits thereto; (3) responses to interrogatories, responses to requests for admission, and responses to any other written discovery served or filed in the

Madison Timber Receivership Cases; and (4) all tangible things produced or made available by any Party or Third Party for inspection or copying.

b. "Madison Timber Receivership Cases" means the captioned proceeding and all present and future ancillary proceedings, including:

   i. *Alysson Mills v. Michael D. Billings, et al.*, 3:18-cv-679 (S.D. Miss.);

   ii. *Alysson Mills v. Butler Snow, et al.*, No. 3:18-cv-866 (S.D. Miss.);

   iii. *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.);

   iv. *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.);

   v. *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.);

   vi. *Alysson Mills v. Stuart Anderson, et al.*, No. 3:20-cv-427 (S.D. Miss.);

   vii. *Alysson Mills v. William B. McHenry, Jr.*, Adv. No. 20-bk-22 (Bankr. S.D. Miss.); and

   viii. *Alysson Mills v. Jon Darrell Seawright*, Adv. No. 3:20-cv-232 (S.D. Miss.).

c. "Party" means a plaintiff, defendant, cross-complainant, cross-defendant, counterclaim defendant, counterclaim defendant, intervenor, and/or any person entitled to seeking discovery in any of the Madison Timber Receivership Cases.

d. "Receiver" means Alysson Mills as Receiver for Lamar Adams and Madison Timber, appointed by this Court on June 22, 2018.

e. "Third Party" means a person or entity other than a Party that produces documents, deposition testimony, or other Discovery Materials in the Madison Timber Receivership cases.

2. This Protective Order shall govern all materials, including documents and information produced in the Madison Timber Receivership Cases.

3. All Discovery Materials containing investor-specific information, including without limitation investor identifying and/or financial information, is confidential. No separate designation is required.

4. Information that is deemed confidential shall not be publicly disclosed.

5. A Party or Third Party shall identify investors only by a pre-determined investor number in any pleadings, exhibits, or other documents they might file in the Court's record.

6. A Party or Third Party shall redact investor-specific information, including without limitation investor identifying and/or financial information, from any pleadings, exhibits, or other documents they might file in the Court's record.

7. A Party or Third Party shall file under seal any deposition transcript, portion of a deposition transcript, or exhibit to a deposition that is attached to any pleading or other filing in the Court's record if the deposition transcript, portion of a deposition transcript, or deposition exhibit contains confidential investor-specific information.

8. Any party seeking an exception to these rules shall obtain the written permission from the Court.

9. The Receiver shall not withhold any documents or other materials from the defendants on the basis that they contain investors' names or identifying information. The Receiver

shall produce such documents or other materials in their un-redacted form, absent permission from the Court. Such documents shall be treated as confidential by any party who receives them.

10. A Party or Third Party who receives confidential information in any of the Madison Timber Receivership Cases shall take precautions to protect investors' rights to financial privacy and to shield their personally identifiable information from disclosure. Confidential information may only be used for the purpose of prosecuting or defending the claims alleged in the Madison Timber Receivership Cases.

11. Upon final termination of the Madison Timber Receivership Cases, the discovering party (except for the Receiver), shall, either return all confidential Discovery Materials to the producing party and certify in writing that all confidential Discovery Materials has been returned, or destroy all confidential Discovery Materials produced to the discovering party and certify in writing that such destruction has occurred.

12. This Order survives the termination of the Madison Timber Receivership Cases and this Court retains jurisdiction over the Madison Timber Receivership Cases in the event the Order must be enforced.

DATED: _____ _____

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE COMMISSION,	:	
Plaintiff,	:	
	:	No. 09-CV-0063
v.	:	
JOSEPH S. FORTE and JOSEPH FORTE, L.P.,	:	
Defendants	:	

COMMODITY FUTURES TRADING COMMISSION,	:	
Plaintiff,	:	
	:	No. 09-CV-0064
v.	:	
JOSEPH S. FORTE,	:	
Defendant	:	

**FIRST REPORT OF MARION A. HECHT,
COURT-APPOINTED RECEIVER FOR
JOSEPH S. FORTE AND JOSEPH FORTE, L.P.**

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EXHBITS

Marion A. Hecht ("Receiver"), the Court appointed Receiver for Joseph S. Forte ("Forte") and Joseph Forte, L.P. ("Limited Partnership") files her First Report, showing the Court as follows:

I. INTRODUCTION

On March 24, 1995, Joseph Forte executed a Certificate of Limited Partnership, which was filed with the Secretary of the Pennsylvania Department of State on April 3, 1995. The name of the Limited Partnership so created was Joseph Forte, L.P., with an address at 225 Fawn Hill Rd., Broomall, PA, Forte's residence; and Forte was identified as its General Partner. As set forth in the Limited Partnership Agreement dated February 28, 1995, its purpose was "[t]o form a fund to invest in securities futures." In fact, however, Forte operated the Limited Partnership as a Ponzi scheme from the beginning. Over the years, Forte consistently reported returns of between 18% and 38% every quarter, regardless of market conditions, thus attracting an increasing number of investors who became Limited Partners with an interest in the profits of the Limited Partnership commensurate with the amount of their cash investment. By the time that the Limited Partnership filed its 2007 U.S. Return of Partnership Income (Form 1065), Joseph Forte, L.P. had over 100 limited partners.

Following the exposure of the Madoff Ponzi scheme in late 2008, some investors sought assurances from Forte regarding the viability of the Limited Partnership. While Forte may have given such assurances orally, he was unable to honor redemption requests. In late December 2008, Forte confessed to federal authorities about the fraudulent nature of the Limited Partnership.

On January 7, 2009, the Securities and Exchange Commission ("SEC") filed an action against Forte and the Limited Partnership (collectively, the "Defendants"), alleging violations of

the Securities Act of 1933 ("Securities Act") and seeking injunctive relief, disgorgement of ill-gotten gains, and civil penalties pursuant to various provisions of the Securities Act. That same day, the Commodities Futures Trading Commission ("CFTC") filed an action against Forte, alleging violations of the Commodity Exchange Act ("Commodities Act") and seeking injunctive relief, disgorgement of ill-gotten gains, and civil penalties pursuant to various sections of the Commodities Act. Also on January 7, 2009, this Court entered a *Consent Order of Preliminary Injunction and Other Equitable Relief*.

On March 30, 2009, this Court entered in both cases an *Order Appointing Receiver* ("Receivership Order"), pursuant to which the Court took exclusive jurisdiction and possession of the Defendants' assets, monies, securities, choses in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated, and any entities that the Defendants own or control or in which either of them have an interest (the "Receivership Assets"), as well as the Defendants' books, records, computers, and documents (the "Receivership Records"). In the same order, Marion A. Hecht was appointed Receiver for the Receivership Assets and Records (collectively, the "Receivership Estate"), with the goal and purpose of marshalling the Receivership Assets to maximize the recovery of defrauded investors. The Receivership Order also stayed all civil actions or other proceedings involving the Receivership Assets or Receivership Records, other than the Receivership proceedings and any additional charges in the actions brought by the SEC and the CFTC.

On June 5, 2009, in the related criminal action brought by the U.S. Department of Justice, Joseph Forte pleaded guilty to charges of wire fraud (18 U.S.C §1343); mail fraud (18 U.S.C. §1341); bank fraud (18 U.S.C. §1344); and money laundering (18 U.S.C. §1957). *USA v. Forte,*

Criminal Action No. 09-304-1 (E.D. Pa, June 5, 2009). His sentencing is scheduled for October 2, 2009.

Pursuant to the Receivership Order, this First Report provides preliminary information regarding the assets and liabilities of the Receivership Estate, a summary of the Receiver's activities to date, and information regarding the plan and estimated schedule for further anticipated activities of the Receiver with respect to the Receivership Estate.

II. OVERVIEW OF THE RECEIVER'S ACTIVITIES

In the five months since her appointment, the Receiver has taken steps to assume control of the Receivership Assets with the objective of maximizing the recovery for defrauded investors.

A. Work on Asset Recovery

Shortly after her appointment, the Receiver opened an interest-bearing Receivership bank account at Eagle Bank in Washington, D.C., and transferred the Defendants' existing cash balances at Citizen's Bank and MF Global totaling $95,408.36 to that account. As of August 24, 2009, the Receivership had liquid assets of $197,732.92 on deposit in the Eagle Bank account.

As more fully detailed below, this increase was attributable to the liquidation, sale, or recovery of certain assets. For example, Forte's whole-life life insurance policy was converted to cash ($26,499.49) and his five vehicles were sold ($42,375.00). In addition, relying upon the Receiver's authority to recover transfers made by Forte or the Limited Partnership using fraudulently obtained assets without receiving reasonably equivalent value in exchange (such as gifts and charitable contributions), the Receiver has recovered $34,791.02 in voluntary returns from individuals, charities, and a political campaign to whom Forte contributed money derived from the Ponzi scheme. *See* Section III.A of this Report. At the same time, other assets,

including a boat for which the amount due on financing exceeded the boat's value and two investments in insolvent companies, were abandoned because the Receiver determined that they were without value. *See* Section III.B of this Report.

The Receivership Estate also contains a number of other assets that have not yet been recovered and/or liquidated, including the following:

- *Personal Property*. Personal property of Forte and his family that was purchased with Ponzi funds will be sold at auction and the proceeds added to the Estate. Estimated value: approximately $30,000. *See* Section IV.C of this Report.

- *Retirement Fund*. Forte has agreed to arrange for liquidation of this account and transfer of the fund assets to the Receiver. Estimated value before deductions for fees and charges: $122,724.69. *See* Section IV.A.3 of this Report.

- *Real estate*. The Receiver expects to recover $104,000 from sale of Forte's beach house at 10 55th Street, Sea Isle City and $397,500 from the sale of another beach property in which he has an interest. *See* discussion at Section IV. Negotiations regarding the sale of his home in Broomall, PA, are under way. Estimated recovery on the real estate sales: over $500,000. *See* Section IV.B of this Report.

- *Investments*. Forte frequently utilized cash derived from the Ponzi scheme to invest, on his own behalf, in at least fifteen (15) closely held startup companies. These assets are both illiquid and difficult to value. At present, the Receiver cannot estimate the value of these assets. *See* Sections III.B and IV.E of this Report.

- *Clawbacks—-Gifts*. The Receivership holds claims (known as "clawbacks") against charities and individuals who received gifts from Forte using Ponzi money fraudulently obtained from the Limited Partners. Total current claims are in excess of $2,800,000. *See* Section IV.D of this Report.

- *Clawbacks—Limited Partner "Net Winners."* Clawback claims may also be made against Limited Partners who withdrew fictitious profits from the Ponzi scheme—that is, where distributions to the Limited Partner exceeded his or her cash investment. Based on records available to the Receiver, there are 41 Limited Partners who received payments in excess of their investments, with a value, in the aggregate, of $8,563,928. *See* Section V of this Report.

- *Claims against John Irwin* and *Jacklin Associates*. The Receivership has identified numerous claims against Mr. John Irwin and Jacklin Associates who provided diverse services to the Limited Partnership, including claims for malpractice, negligence, breach of fiduciary duty, and unjust enrichment. Although the Receiver anticipates that it could demonstrate damages of approximately $34 million for the losses sustained by the Limited Partnership as a result of Joseph Forte's Ponzi scheme, the Receiver is not now

in a position to evaluate the likely recovery in any litigation against Mr. Irwin and Jacklin Associates. *See* Section VI of this Report.

Unfortunately, it is unlikely that there will be sufficient assets recovered to make the limited partners whole.

B. Administrative Tasks

In order to perform the substantive work on evaluating and recovering assets described above, the Receiver has performed a variety of necessary administrative tasks and legal duties, including:

- Providing notice of the appointment of the Receiver pursuant to 28 U.S.C. § 754, which recites in pertinent part that the "[R]eceiver shall, within 10 days after the entry of his order of appointment, file copies of the complaint and such order of appointment in the district court for each district in which property is located."
- Providing notice to the investing Limited Partners of Joseph Forte, LP of the appointment of the Receiver by correspondence to each investor at his or her last known address and by publishing a website at www.fortereceivership.com.
- Complying with the necessary legal requirements to assume control of all accounts at any bank, brokerage firm, or financial institution that had possession or control of any Receivership Assets.
- Providing notice to all known entities in which Forte personally invested. *See* Sections III.B and IV.E of this Report for a description of the investments.
- Retaining a service organization to act as registered agent for Joseph Forte, LP on behalf of the Receiver.
- Notifying the United States Postal Service to forward mail for the Limited Partnership to the Receiver's address.
- Paying ordinary and necessary payments, distributions and disbursements as proper for collecting, marshalling, maintaining, maximizing the value of, or preserving the Receivership Estate, or for the operation of the Receivership.
- Inventorying, evaluating and/or liquidating personal assets of Joseph Forte, including but not limited to, automobiles, a boat, real property, insurance policies, and investments. *See* Sections III and IV of this Report.
- Making demands for return of cash donations and in-kind contributions made by Forte to charitable organizations. *See* Section IV.D of this Report.

- Corresponding and meeting with Forte to identify payments to family, friends and other parties.
- Filing the appropriate forms with the Internal Revenue Service including change of address (Form 8822); notice concerning fiduciary relationships for Forte and the Limited Partnership (Form 56); and Application for Employer Identification Number for Joseph Forte LP and Joseph S. Forte Receivership (Form SS-4).
- Communicating with investors, charities, and other persons who received payments from the Limited Partnership and Forte.
- Reviewing the investor accounts and reconstructing those accounts as more fully discussed in Section V of this Report.

III. RECEIVERSHIP ASSETS RESOLVED DURING THIS PERIOD

As provided in Section X, Paragraph F of the Receivership Order, the Receiver has the authority to dispose of Receivership Assets, provided that any action is described in the next filed Receiver's Report. Accordingly, the Receiver hereby advises the Court of the following actions that involved recovery or abandonment of Receivership Assets.

A. Assets Recovered and Proceeds Added to the Receivership Estate

1. Guardian Whole Life Insurance ("Guardian")

Forte had a whole life insurance policy through Guardian with a face value of $4.1 million. The annual premium of $100,000 was due April l8, 2009. There was a loan of $252,372.89 by Forte against the policy which was paid with accumulated dividends and the gross cash surrender value. The net cash surrender value was $26,499.49. The sole beneficiary of the Guardian policy was Bernadette Forte, with the Forte children as contingent beneficiaries.

The Receiver explored the possibility of using some of the net cash surrender value to purchase a term policy, but determined it was not in the best interest of the Receivership Estate as Forte appears healthy. The Receiver paid for Forte to have a physical; and the results were normal. The Receiver also contacted several life settlement companies and determined that the net cash surrender value was greater than the proceeds that might be obtained in a life settlement

transaction. Therefore, the Receiver determined that it was in the best interest of the Receivership Estate to surrender the whole life insurance policy and in exchange received the net cash surrender value of $26,499.49 on June 9, 2009, which was deposited to the Receiver's account.

In addition, Forte had a term life insurance policy with no cash surrender value. The Receiver determined it was not in the best interest to use Receivership Assets to purchase term life insurance for Forte who is healthy and will be sentenced in the next couple of months.

2. Forte Vehicles

The Receiver sold five vehicles titled in the names of Forte and his spouse at an auction conducted by Barry S. Slosberg, Inc. Auctioneers ("BSS Auctioneers") on June 19, 2009. The net proceeds amounted to $42,375.00 (net of transportation and selling fees of $225 per vehicle).

3. Craig Williams for Congress Campaign Committee ("Williams Committee")

The Williams Committee contacted the Receiver in May 2009 and agreed to return the contribution made by Forte for a congressional election. The Receiver recovered the full amount of $6,900 on June 16, 2009.

4. Marine Corps Marathon Foundation ("MCFC")

By letter dated July 15, 2009, the Receiver requested the return of the Forte contribution in the amount of $10,500 made to the MCFC. The MCFC returned the $10,500 to the Receiver on July 28, 2009.

5. Joseph Devlin

Mike Gillan, Esq. contacted the Receiver regarding a $15,000 payment Forte made to Joseph Devlin in 2003. The Receiver recovered $15,019.49 on July 20, 2009.

6. James Boudwin

James Boudwin, brother-in-law of Forte and a mentee of the Limited Partnership, returned the balance in his trading account at MF Global that was funded in part by Forte. The Receiver recovered $2,371.53 on June 26, 2009.

B. Assets Determined Worthless and Abandoned by the Receiver

1. Franklin Fuel Cells, Inc. ("Franklin")

Forte invested $39,785.50 in common stock of Franklin. The Receiver has ascertained that the company ceased operations and that money for the sale of its assets was put in escrow for the benefit of its preferred stockholders. On November 25, 2008, counsel confirmed by letter that there would be no payout to common shareholders, such as Forte.

2. DoctorQuality, Inc. ("Dr. Q")

Forte invested $25,000 in Dr. Q. The Receiver has ascertained that Dr. Q. ceased operations at the end of 2003 with insufficient funds to pay current creditor obligations. There were no proceeds available to distribute to investors.

3. Boat

Forte owned a 30 foot motor boat which he purchased new in 2003 for a gross purchase price of $164,254.70. He financed $98,916.00 of the purchase price with a loan from Bank of America payable over 15 years. As of May 15, 2009, the balance due on the loan, including late fees, was $86,296.32. The Receiver contacted the manager of the marina that sold the boat to Forte and performed all required maintenance. The manager stated that the blue book value for the boat was in the range of $70-72,000 and that it could most likely be sold in a private sale for approximately $75,000. There was no value in the boat for the Receiver; and there were ongoing

monthly fees associated with the boat. The Receiver did not object to the Bank of America's foreclosure and abandoned the asset.

IV. RECEIVERSHIP ESTATE ASSETS

A. Cash and Brokerage Accounts

1. Pre-Receivership Cash Accounts

At the appointment of the Receiver on March 30, 2009, there were four accounts at Citizens Bank -- two accounts in the name of the Limited Partnership and two joint accounts in the name of Forte and his spouse. The Receiver recovered $89,140.82 from Citizens Bank. Citizens Bank confirmed it held no other accounts in the name of the Defendants or Mrs. Forte.

On April 3, 2009, the Receiver recovered $6,267.54 from MF Global, where the Limited Partnership held its trading account.

2. Receivership Account at Eagle Bank

As of August 24, 2009, the Receiver had $197,732.92 at Eagle Bank, which is fully insured by FDIC. *See* Exhibit 1 for the Receiver's accounting of cash activity.

3. Forte Retirement – American Funds Family of Mutual Funds ("American Funds")

Forte has one retirement account with the American Funds invested in intermediate term government corporate bonds. The balance in the account as of August 24, 2009, was $122,724.69. Certain of the Class B and Class C shares in the American Funds are subject to Contingent Deferred Sales Charges. American Funds has notice of the Receivership and the account is frozen. Forte has agreed to arrange for the liquidation of the account and to turn over the resulting cash (net of fees) to the Receiver.

B. Real Estate Assets

1. Forte Beach House – 10 55th St., South Unit, Sea Isle City, NJ

TD Bank, N.A. holds two mortgages on the Forte beach house exceeding $1,100,000. The Receiver negotiated with counsel for TD Bank, N.A. for the payment to the Receiver of 8% of the gross proceeds of any sale of the house, provided the TD Bank receives a certain threshold payment on its debt.

In addition, Thomas P. McManus and Michael N. McCorkle filed a lien against the Forte beach house on January 8, 2009, in contravention of the Court's Consent Order of Preliminary Injunction, which froze all of Forte's assets. The Receiver requested, by letter dated May 13, 2009, that Messrs. McManus and McCorkle withdraw their lien and declare the mortgage contract void. On August 12, 2009, the Receiver received a release of mortgage from Messrs. McManus and McCorkle, which has now been recorded in the real estate records of the County.

The Forte beach house was listed for sale with Freda Real Estate Agency, Inc., which agreed to a reduced commission of 4%. On August 12, 2009, the Receiver entered into an agreement of sale of the property in the amount of $1,300,000, with a group of three persons. That sale is expected to close in early October 2009, at which time the Receiver will receive proceeds of $104,000.

2. Forte Residence – 225 Fawnhill Rd., Broomall, PA

There are two mortgages outstanding in the approximate amount of $420,000 and a tax lien against the Forte residence. The Receiver is negotiating with the junior lender for a compromise of its debt and a payment to the Receiver of a percentage of the gross proceeds of any sale of the property, similar to the Receiver's agreement with TD Bank with respect to the 10 55th Street Sea Isle property. Upon completion of the negotiation, the Receiver intends to list the

Forte residence for sale. The Receiver is in communication with Mrs. Forte's attorney to obtain her cooperation in connection with the sale of the Forte residence.

3. Forte-Boudwin Interest in Beach House – 3616 Sounds Avenue, North Unit, Sea Isle City, NJ

In 2002, Forte gave two checks totaling $397,500 to Michael and Diane Boudwin to help finance the acquisition of the beach property at 3616 Sounds Avenue, North Unit, in Sea Isle, New Jersey. Michael Boudwin is the brother of Bernadette Forte. Title is vested in the name of Joseph S. Forte and Bernadette Forte, and Michael Boudwin and Diane Boudwin. The Receiver has an agreement in principle with the Boudwins for the return of Receivership Assets in the amount of $397,500 upon the sale of the property.

The parties intend to list the property shortly through Freda Real Estate Agency, Inc. at the discounted commission of 4% negotiated by the Receiver. The Receiver anticipates recovery of $397,500 upon the sale of this property.

C. Personal Property

The Receiver has sought to identify, with an expectation of liquidating through an auction process, all of Forte's personal property purchased with Ponzi dollars, whether held in Forte's own name or held jointly by him and his wife. To that end, the Receiver (i) reviewed the Fortes' personal checking account statements and monthly credit card statements to identify and determine the status of personal assets purchased during the period 1995 through 2008; (ii) arranged for BSS Auctions (the company that sold the Forte vehicles) to inventory the personal property at the Forte residence in Broomall, Pa., on July 31, 2009; (iii) received from Mr. Forte possession of 14 pieces of jewelry bought with Ponzi money; (iv) agreed that certain items at the 55th Street house in Sea Isle, N.J., could be retained by Mrs. Forte, even though the sale of the

Sea Isle house included its contents; and (v) repeatedly asked Mr. and Mrs. Forte to identify those items that either were not purchased with Ponzi dollars or that Mrs. Forte may now want to purchase with separate funds.

On July 31, 2009, BSS Auctions took possession of the 14 items of jewelry that Mr. Forte turned over to the Receiver. BSS Auctions will sell those items October 26, 2009 and estimates recovery of $13,000. The net value of the Forte personal property (excluding jewelry) according to BSS Auctions is likely in the range of $15,000 to $18,000.

On August 18, 2009, the Receiver received notice that Mrs. Forte retained counsel, Kevin Gibson, Esq. The Receiver is currently engaged in discussions with counsel for Mrs. Forte concerning what items of personal property she may retain. If those negotiations are not successful, the Receiver intends to commence litigation to recover from Mrs. Forte those items of personal property that were purchased with Ponzi dollars and either were given to her as gifts or are held in joint name.

D. Gifts and Donations

1. Donations to Charities

The Receiver determined that, during the period 2002 through 2008, Forte made significant charitable donations to at least ten organizations. Some donations were small and the Receiver determined it was not cost effective to request the return of those donations. Documentation was missing with respect to certain transactions, and the Receiver's investigation is ongoing.

The Receiver has communicated with the charities demanding the return to the Receiver of all cash donations and in-kind contributions with the exception of tuition payments (provided the schools could produce information in support of tuition payments). The Marine Corps

Marathon Foundation returned the full amount of the Forte donation to the Receiver in the amount of $10,500, as discussed in Section III.A.4 above. On August 25, 2009, counsel for the Augustinian Fund advised the Receiver that the Fund will return its $5,000 donation. The Receiver is engaged in discussions with the following eight charitable organizations concerning the return of the following amounts:

- Cardinal O'Hara High School – $488,567
- Gundaker Foundation/Rotary Club 7450 – $3,000
- Hilltop Preparatory School – $149,492
- Malvern Preparatory School – $814,079.25
- Monsignor Bonner High School – $209,433
- Rotary Club of Haverford Township –$11,088
- Rotary Foundation – $1,800
- St. Anastasia Church and School – $435,875.68

Excluded from this list are in-kind contributions about which the Receiver has requested information. If the negotiations with the charitable organizations are not successful, the Receiver intends to commence litigation to recover these donations.

2. Gifts and Loans to Friends, Family, and Third Parties

The Receiver is investigating the amounts of loans and gifts from Forte to friends, family and other third parties. The Receiver recently made demands to nine (9) recipients of gifts and loans for amounts totaling in the aggregate $696,178.82 and anticipates making demand for the return of other payments and gifts in the near future. If satisfactory repayment of these gifts and loans cannot be obtained, the Receiver intends to commence litigation to recover these gifts and loans.

E. Investments in Closely Held Businesses

Forte made investments in at least fifteen non-public entities, totaling more than $804,750.12. Forte advised the Receiver that he had no information on the investments and relied on other parties to bring him into "deals." As discussed above in Section III.B above, two Forte investments were determined to be worthless and abandoned by the Receiver. The remaining thirteen investments are discussed below.

Forte's bank records available to the Receiver begin around 2002. In at least two cases, the Receiver confirmed Forte made investments prior to 2002 (through communication with senior management of Probaris and NovaPlex). For this reason, in some cases investment amounts are approximated below and will be updated as the Receiver's investigation continues. The Receiver requested information from all companies in which Forte invested (based on a review of his checking account records that covered the period 2002 through 2008). All companies responded to the Receiver. Unfortunately, the investments are generally illiquid at present. The value of the Forte equity interests are nowhere near the amounts invested. The Receiver will continue to monitor the investments and determine the best approach for recovery.

1. Knite, Inc. ("Knite")

Forte invested a total of $25,964.47 in 2002 and 2003 in Knite. Mr. Art Suckewer, Founder and CEO, confirmed that effective October 15, 2005, Forte's convertible notes converted to 35,485 shares of Knite common stock, representing 0.2699% of Knite. The Receiver now has a copy of the stock certificate. Knite, a technology spin out from Princeton University, has developed and is commercializing the Kinetic Spark Ignition System. Knite is located in Princeton, NJ. The website is www.knite.com.

2. Real Entertainment Group, Inc. ("Real")

In September 2003, Forte invested $25,000 in Real and purchased 25 shares of Series B Preferred Stock which currently represents 0.15% ownership. Real has advised the Receiver that, when the company's current capital offering sells out, the Receiver's interest will be diluted to 0.13%. Real operates World Live Café in Philadelphia, PA. Its business model is to develop a portfolio of live music and restaurant venues under the "World Café Live" brand name. The company reports that it expects to begin construction this summer on a second location in downtown Wilmington, DE. The website is www.worldcafelive.com.

2. Sign Age Resources, LLC ("Sign Age")

Forte purchased a $25,000 subordinated debenture dated March 5, 2004, according to Mr. Bill Miller, CEO. Mr. Miller advised that Sign Age is operated from his residence in Ambler, PA. Mr. Miller further advised that: (1) Sign Age is essentially insolvent and sales have been on a decline for years; (2) Sign Age developed a series of products to replace the traditional golf event used for sponsor recognition; and (3) the company has no current plans to raise capital. Mr. Miller forwarded documents in support of his statements regarding the viability of the company. The website is www.signageresources.com.

4. Sullivan Community Capital, LLC ("Sullivan")

Forte invested at least $75,000 in Sullivan. Stanley Greene, former CEO of Sullivan, confirmed orally that Sullivan ceased operations in December 2008, with no distribution to shareholders and significant outstanding debt. Mr. Greene promised to send the Receiver documentation. Upon receipt and review of the information, the Receiver will determine if this investment should be written off. Mr. Greene reports that Sullivan had offices in Philadelphia, PA.

5. Gotham Capital, LLC ("Gotham")

Graham Zug, recently appointed CEO, confirmed that the Receiver now has 18.43 units in Gotham, an angel investor. In May 2005, Forte invested $30,000 in Transaction Management, LLC, which transferred into 4.23 units of Gotham in January 2008. In May 2006, Forte invested $30,000 in Gotham Money Transfer, LLC, which subsequently merged into Gotham in January 2008. In March 2008, Forte invested $50,000 directly in Gotham. Forte's investment in Gotham totals $110,000 representing 18.43 units. Mr. Zug confirmed Forte's ownership of Gotham at 1.774%. Gotham is located in Radnor, PA.

6. MidCoast Capital, LLC ("MidCoast")

MidCoast is a merchant bank headquartered in Radnor, PA. The firm was founded in 2001 and specializes in purchasing secondary interests in private equity funds and sponsoring management buyouts and recapitalizations of middle market companies. The firm invests its own capital and often partners with long-term clients and TDH Capital Partners, an affiliate that manages private equity funds and investments. MidCoast manages several secondary interest funds, including two in which Forte invested: Diversified Private Equity Investors, L.P. (DPEI) and Diversified Private Equity Investors II, L.P. (DPEI II). The secondary interest funds purchase limited partnership interests from partners in existing private equity funds (venture capital, buyout firms, etc.). The website for MidCoast is www.midcoast.com.

In 2003, Forte invested $27,000 in DPEI in exchange for 0.27 units representing 1.2304% contributed capital of DPEI. The Receiver received the 20th distribution in the amount of $158.33, by check dated July 10, 2009.

From 2003 to 2008, Forte invested $24,500 in DPEI II, representing 1.562% of committed capital. MidCoast advised the Receiver that there is an unfunded capital commitment

by Forte in DPEI II. The Receiver will review documentation from MidCoast regarding the alleged Forte unfunded commitment. The Receiver received four checks representing the last four distributions from DPEI II in the total amount of $4,310.97.

7. NovaPlex Technologies, Inc. ("NovaPlex")

In 2001, Forte purchased 30,115 shares of NovaPlex common stock for $25,000.15. In September 2004, NovaPlex initiated a 10:1 reverse stock split, reducing Forte's holdings to 3,011 shares. Forte invested $54,000 in NovaPlex in November 2004 and purchased an additional 30,000 shares of common stock, bringing his total holdings in NovaPlex to 33,011 common shares.

NovaPlex reported there were 9,851,166 fully diluted shares outstanding and Forte's interest is 0.3351%. The web site is www.novaplex.com. NovaPlex is related to Plenum Capital Management, L.P., which is discussed below.

8. Plenum Capital Management, LP ("Plenum")

Forte has a 0.49290% interest in Plenum pursuant to the Agreement of Limited Partnership of Plenum dated September 28, 2004. The profit participation to Forte in Plenum was granted as part of the offering in NovaPlex. The last distribution was dated January 16, 2009, in the amount of $266.17, which was reissued and sent to the Receiver.

Steve Lapeer, President of NovaPlex provided the following information: (1) NovaPlex is a Delaware C corporation incorporated in 2000 for the purpose of developing financial market trading software; (2) Plenum is a Delaware limited partnership established in 2004 for the purpose of managing investment capital using the trading software developed by NovaPlex; (3) the general partner of Plenum is Plenum Management, LLC, a wholly owned subsidiary of NovaPlex; (4) Plenum manages money for hedge funds which pay Plenum a percentage of net

trading profits and certain operating expenses; (5) NovaPlex has a majority profit participation interest in Plenum and also receives a license fee from Plenum for the use of NovaPlex's trading software; (6) the major challenge faced by Plenum is to consistently produce trading profits for its clients; (7) the major challenge for NovaPlex is to ensure that its trading software continues to produce trading profits in a very competitive and fast-changing environment; and (8) Plenum plans to increase its trading profits by expanding the scope of its trading into additional asset classes and exchanges.

9. PPB Advisors, LLC ("PPB")

Forte invested $25,000 in PPB pursuant to a Subscription Agreement and Limited Power of Attorney dated May 24, 2007, in exchange for a ½% voting interest in PPB. PPB provides wealth advisors and institutions direct access to alternative investment products. PPB's distribution team works directly with Chief Investment Officers for foundations, endowment funds, and universities to facilitate the integration of alternative investments into their portfolios. PPB is located in Conshohocken, PA. The website is www.ppbadvisors.com.

In late July, the Receiver obtained an offer based on 10% of Forte's purchase price from the Managing Partner and COO of PPB. Upon review of additional financial information, it is likely that the Receiver will engage in negotiations to liquidate this investment for a greater percentage of the original purchase price.

10. Probaris, Inc. ("Probaris")

Forte invested $50,000 in Probaris as convertible debt: (1) $25,000 was invested in convertible debt in August 2001, which was subsequently converted to 15,996 shares of Series B-2 Preferred Shares of Probaris; and (2) $25,000 was invested as convertible debt in January 2004, which was subsequently converted to 26,534 shares of Series B-4 Preferred Shares. The

Receiver now holds 42,530 shares, representing 0.12% of the current total outstanding Probaris stock.

Mr. Durkin, president of Probaris, confirmed the above information and reported to the Receiver that the company won three large federal government contracts in the last three years and is positioned for growth in the coming years. Probaris is located in Philadelphia, PA. The website is www.probaris.com.

11. Reflective Learning, LLC ("Reflective")

During a three year period beginning October 2003, Forte invested $125,000 in Reflective consisting of $75,000 debt and $50,000 equity. Dick Peterson, CEO of Reflective, advised the Receiver that: (1) on October 21, 2003 Forte invested $50,000 for 25,000 Series A Convertible Preferred Units; (2) on December 1, 2005, Forte loaned the company $25,000 in return for a convertible note (converted into 9,723 Series C Preference Units); and (3) on October 30, 2006, Forte loaned the company another $25,000 in exchange for a convertible note (converted into 14,673 Series C Preference Units). Forte has penny warrants which enable him to buy 4,167 units if exercised before December 2010. In summary, Mr. Peterson confirmed the Receiver now has 48,396 units. The K-1 issued by Reflective to Forte for 2008 reflects Forte's capital at 1.929643%.

In addition to the equity, on April 27, 2005, Forte invested the sum of $25,000 in a Financing Participation Certificate bearing interest at 12% per year. Accrued interest due as of December 31, 2009, will be $14,038.36. No interest has been paid on the note.

Mr. Peterson explained that Reflective seeks to become the leading distributor of research-backed online solutions to make people happier and more resilient. It has partnered with universities and thought-leaders to identify and develop products which respond to market

demand for self-enhancement solutions. He reports that Dr. Martin Seligman, Director of the University of Pennsylvania's Positive Psychology Center, is the Company's leading research partner; Dr. Seligman oversees a team that promotes research, training, education, and the dissemination of positive psychology. The company's focus is on those persons interested in purchasing state-of-the art programs in the categories of parenting, self-help, tutoring, and wellness. Reflective is located in Radnor, PA and has two websites: (1) www.reflectivelearning.com and (2) www.happier.com.

12. Kinesis Software d/b/a/ First Choice Athlete, LLC ("First Choice")

Forte invested $50,000 on November 13, 2002, in an enterprise known as The Hitting Zone and another $25,000 on September 28, 2007, in Kinesis Software. Greg Francisco, president of First Choice, confirmed to the Receiver that The Hitting Zone was not successful, and Forte now has an approximate 1% interest in First Choice - which is worth significantly less than Forte's original investment. First Choice is located in Newton Square, PA. Mr. Francisco promised to send documents to the Receiver after consultation with his attorney.

First Choice has two products: (a) a web-based social networking system for high school students looking to get recruited for college sports; and (b) a web-based system for college coaches to manage recruits, camps, etc. The website is www.1stchoiceathlete.com.

13. Yaupon Therapeutics, Inc. ("Yaupon")

Forte invested $125,000 in Yaupon from 2002 through 2006 in the form of equity and Convertible Notes. Mr. Tom Hess, CFO, confirmed that no interest was paid on the Convertible Notes; however, accumulated interest was added to the principal upon conversion to Preferred Stock. The Receiver now holds 118,677 shares (approximately 0.73%) of Preferred Stock in the following series: 50,000 shares Series A; 26,483 shares of Series A convertible; 18,074 shares of

Series A-1 Convertible; and 24,120 shares of Series B Convertible. Series A, A-1 and B Preferred Stock carry dividends at 8% of original purchase price, when and if declared by the Board of Directors, in advance of any distributions to common shareholders. No dividends have been declared or paid since inception.

Yaupon is a development stage pharmaceutical company formed in 2002 that develops small molecule pharmaceuticals licensed from academic laboratories. The company business model emphasizes academic collaborations that lead to licensing and development of unique products. Yaupon reports that to date it has received over $15 million in government support and over $20 million in venture capital. The company's website is www.yauponterapeutics.com.

V. INVESTOR ACCOUNTS

Because of the nature of the Ponzi scheme, investors' capital accounts were inflated with phantom profits. Starting with preliminary analyses undertaken by the SEC, the Receiver has reconstructed investors' capital accounts and is continuing to evaluate the account balances as she receives updated information from investors. Attached as Exhibit 2 is a summary schedule of reconstructed investor balances after elimination of phantom profits, identified by Investor Number.[1] In reconstructing the Limited Partners' capital accounts, it was necessary for the Receiver to take account of the fact that certain investors ("Transferor LPs") transferred some of their limited partnership interests intra fund to other limited partners ("Transferee LPs"); those intra fund transfers have been implemented to the extent there was available capital in the Transferor LP account. After reconstruction, account balances that appear in parentheses show the amount by which an investor was a "Net Winner"—in other words, who received payments

[1] The SEC notified investors of their specific Investor Numbers. Investors are requested to contact the Receiver for any assistance with respect to their Investor Numbers via email at info@fortereceivership.com.

of false profits over and above the return of their original capital contributions. Balances that do not appear in parentheses show the amount by which the investor was a Net Loser whose investment exceeded withdrawals from the account.

At present, the Receiver believes that there are 41 Limited Partners who are Net Winners. Exhibit 2.1 lists only those accounts of Limited Partners who were Net Winners. Those limited partners collectively received a total of $8,563,928 in excess of their original cash investments. The Receiver has made demand on the Net Winners for the return of the false profits.

The Receiver is responsible for recommending a just and equitable distribution of assets. It is unlikely that there will be sufficient assets recovered to make investors whole. The Receiver will continue its efforts to recover assets for the benefit of the defrauded investors, and has developed an Action Plan discussed in Section VIII and appended as Exhibit 3.

VI. RECEIVER'S POTENTIAL LITIGATION MATTERS

Mr. John Irwin and Jacklin Associates provided diverse services to Joseph Forte L.P., including the preparation of the Limited Partnership's tax returns for and reports to the limited partners as well as payroll and other record-keeping services. Notwithstanding Mr. Irwin's training as a certified public accountant and his responsibilities to the Limited Partnership, Mr. Irwin, at great profit to himself and Jacklin Associates, consistently cast a blind eye over the fraudulent financial information being distributed. Mr. Irwin's breach of his professional responsibilities and duties, at a minimum, afforded Forte the opportunity to engage in his fraudulent activities and exacerbated the Limited Partnership's losses. Accordingly, the Receiver has concluded that the Limited Partnership has numerous claims against Mr. Irwin and Jacklin Associates, including but not limited to claims for malpractice, negligence, breach of fiduciary duty, and unjust enrichment.

Moreover, Mr. Irwin and Jacklin Associates received substantial management fees from Joseph Forte L.P., which the Receiver has concluded are voidable payments under the Pennsylvania Uniform Fraudulent Transfer Act.

Although the Receiver's investigation is continuing, the Receiver now estimates that approximately $34 million was lost by the Limited Partnership as a result of Joseph Forte's Ponzi scheme; and the Receiver has demanded compensation in this amount from Mr. Irwin and Jacklin Associates. The Receiver is currently engaged in discussions with Mr. Irwin and Jacklin Associates concerning these claims. In particular, the Receiver has requested information concerning the assets available to satisfy any judgment that might be obtained against Mr. Irwin and Jacklin Associates.

If a mutually satisfactory resolution of the claims cannot be achieved, the Receiver intends to commence a legal action to pursue the claims against Mr. Irwin and Jacklin Associates.

VII. RECEIVER'S ONGOING INVESTIGATION

The Receiver continues her investigation with the assistance of the Hoyle Law Firm and will report to the Court in the next Receiver's Report due to be filed on the semiannual anniversary of this First Receiver's Report.

Investors are encouraged to visit the Receiver's website, www.fortereceivership.com for current information, or to contact the Receiver at any time via email at info@fortereceivership.com or by telephone at 202-587-9410. The Receiver appreciates copies of documents and information many of the investors have previously provided.

VIII. RECEIVER'S PLAN

As directed by this Court in the Receivership Order at Section XII, Paragraph B.3, the Receiver has prepared a plan and estimated schedule for further anticipated activities with respect to the Receivership Estate. *See* Exhibit 3.

Respectfully submitted,

/s/Arlene Fickler_____
Lawrence T. Hoyle, Jr.
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Attorneys for Marion A. Hecht, Receiver

Dated: August 27, 2009

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT ON August 27, 2009, I electronically filed the First Report of Marion A. Hecht, Court-Appointed Receiver for Joseph S. Forte and Joseph Forte, L.P. with the Clerk of the Court using the ECF system which will send notification of such filing to all counsel of record.

s/ Arlene Fickler_____

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE COMMISSION,	:	
Plaintiff,	:	
	:	**CIV. NO. 09-63**
v.	:	
JOSEPH S. FORTE and JOSEPH FORTE, L.P.,	:	
Defendants.	:	
COMMODITY FUTURES TRADING COMMISSION,	:	
Plaintiff,	:	
	:	**CIV. NO. 09-64**
v.	:	
JOSEPH S. FORTE,	:	
Defendant.	:	
MARION A. HECHT, as Receiver for Joseph S. Forte and Joseph Forte, L.P.,	:	
Plaintiff	:	
v.	:	**CIV. NO. 10-1372**
ABRAHAM LINCOLN FOUND. OF THE UNIONLEAGUE OF PHILADELPHIA, et al.	:	
Defendants.	:	
MARION A. HECHT, as Receiver for Joseph S. Forte and Joseph Forte, L.P.,	:	
Plaintiff	:	
v.	:	**CIV. NO. 10-1373**
SKEE BALL PROFIT SHARING PLAN PARTICIPANTS, et al.,	:	
Defendants.	:	
MARION A. HECHT, as Receiver for Joseph, S. Forte and Joseph Forte, L.P.,	:	
Plaintiff	:	

v.	:	**CIV. NO. 10-1374**
	:	
MALVERN PREPARATORY SCHOOL,	:	
Defendant.	:	

MARION A. HECHT, as Receiver for Joseph S. Forte and Joseph Forte, L.P.,	:	
Plaintiff	:	
v.	:	**CIV. NO. 10-1375**
	:	
LAURA FORTE, et al.	:	
Defendants.	:	

MARION A. HECHT, as Receiver for Joseph S. Forte and Joseph Forte, L.P.,	:	
Plaintiff	:	
v.	:	**CIV. NO. 10-1376**
	:	
CRAWFORD, WILSON AND RYAN PROFIT SHARING PLAN, et al.	:	
Defendants.	:	

MARION A. HECHT, as Receiver for Joseph S. Forte and Joseph Forte, L.P.,	:	
Plaintiff	:	
v.	:	**CIV. NO. 10-1377**
	:	
INVESTOR #1102 and INVESTOR #1119,	:	
Defendants.	:	

ORDER

AND NOW, this 31st day of August, 2010, it is hereby **ORDERED** as follows:

1. When used in this Order, the words listed below shall be defined as follows:

(a) "Confidential Discovery Materials" means Discovery Materials that are not otherwise publicly available and that have been designated "CONFIDENTIAL" in accordance with the provisions of this Order.

(b) "Derivative Documents" means documents and other work product subsequently generated by the Discovering Party which contain information derived from Discovery Materials.

(c) "Discovering Party" means the Party or Third Party that obtains Discovery Materials through formal or informal discovery in the Forte Receivership Cases and their counsel.

(d) "Discovery Materials" means (1) documents or electronically stored information as provided in Federal Rule of Civil Procedure 34 produced by any Party or Third Party pursuant to the Federal Rules of Civil Procedure, subpoena, agreement, foreign law, or any other applicable international treaties and conventions; (2) deposition testimony taken in the Forte Receivership Cases, whether in written, video, or computer format, including all exhibits thereto; (3) responses to interrogatories, responses to requests for admission, and responses to any other written discovery served or filed in the Forte Receivership Cases; (4) all tangible things produced or made available by any Party or Third Party for inspection or copying; (5) information derived from entry onto land or other property of a Party or Third Party; and (6) all the contents of items (1) - (5) above.

(e) "Forte Receivership Cases" means the captioned proceedings and all present and future ancillary proceedings including:

(i) Marion Hecht, as Receiver for Joseph Forte, L.P. v. Abraham Lincoln Foundation of the Union League of Philadelphia, et al, District Court for the Eastern District of Pennsylvania, Civil Action No. 10-1372;

(ii) Marion Hecht, as Receiver for Joseph Forte, L.P. v. John Does, Skee Ball

Profit Sharing Plan Participants, Numbers 1-250, District Court for the Eastern District of Pennsylvania, Civil Action No. 10-1373;

(iii) Marion Hecht, as Receiver for Joseph Forte, L.P. v. Malvern Preparatory School, District Court for the Eastern District of Pennsylvania, Civil Action No. 10-1374;

(iv) Marion Hecht, as Receiver for Joseph Forte, L.P. v. Laura Forte, et al, District Court for the Eastern District of Pennsylvania, Civil Action No. 10-1375;

(v) Marion Hecht, as Receiver for Joseph Forte, L.P. v. John Does, Crawford, Wilson and Ryan Profit Sharing Plan Participants, Numbers 1-250, District Court for the Eastern District of Pennsylvania, Civil Action No. 10-1376;

(vi) Marion Hecht, as Receiver for Joseph Forte, L.P. v. Investors No. 1102 and 1119, District Court for the Eastern District of Pennsylvania, Civil Action No. 10-1377; and

(vii) Any future case ancillary to the captioned proceedings in which the Receiver files a Notice of Protective Order advising that the ancillary case is subject to this Order.

(f) "Inadvertent Production" means the inadvertent production or disclosure of any document or thing otherwise protected by the attorney-client privilege, work product immunity or a joint defense/common interest privilege.

(g) "Party" means a plaintiff, defendant, cross-complainant, cross-defendant, counterclaim defendant, intervenor, counterclaim plaintiff, and/or any person entitled to or seeking discovery in any of the Forte Receivership Cases.

(h) "Producing Party" means the Party or Third Party disclosing Confidential Discovery Materials in response to formal or informal discovery in the Forte Receivership Cases.

(i) "Receiver" means Marion A. Hecht as Receiver for Joseph S. Forte and for Joseph Forte L.P., appointed by Order of this Court on March 30, 2009.

(j) "Third Party" means a person or entity other than a Party that produces documents, deposition testimony, or other Discovery Materials in the Forte Receivership Cases.

2. This Order shall govern all materials, including all documents and information produced in the Forte Receivership Cases, furnished by a Producing Party, regardless of whether produced informally or pursuant to a formal discovery request, which have been or subsequently shall be designated by the Producing Party as comprising or containing Confidential Discovery Materials. To advise parties in the ancillary cases of the existence and terms of the Order, the Receiver shall file in each such case a Notice of Protective Order substantially in the form of Exhibit A attached hereto.

3. Any Producing Party may designate Discovery Materials, including those obtained from Third Parties pursuant to discovery or otherwise, as CONFIDENTIAL by placing on or affixing to each page of the Discovery Materials containing such material (in such manner as will not interfere with the legibility thereof), the designation "CONFIDENTIAL-Protected by Court Order, E.D. PA. C.A. # 09-CV-63/09-CV-64." A Producing Party may make such designation with respect to Discovery Materials produced in electronic format by: (a) embossing electronic images with the designation "CONFIDENTIAL-Protected by Court Order, E.D. PA. C.A. #

09-CV-63/09-CV-64"; and (b) in addition, if practical, affixing the same designation to the disk, tape, or CD on which it is produced. If the Discovery Materials cannot practically be designated by means of an affixed designation, the Producing Party shall designate the Discovery Materials as CONFIDENTIAL in a writing accompanying the production.

4. Discovery Materials authored or prepared by a Party, but produced by a different Party or Third Party, may also be designated as CONFIDENTIAL by the author or preparing Party after the Discovery Materials are produced by providing the Producing Party and the Discovering Party with written notice of the designation. In such instance, such Party will be treated as a Producing Party under this Order.

5. Any Producing Party may designate Discovery Materials "CONFIDENTIAL" when the Producing Party believes in good faith that the information contained therein is of an unusually sensitive, confidential, or proprietary nature such that it would properly be protected from disclosure under Federal Rule of Civil Procedure 26(c), Local Rule 5.1.3, and any other federal or local statute, rule, policy or procedure relating to the protection of personal information.

6. Confidential Discovery Materials shall be given, shown, made available or communicated only to the following persons:

(a) The Court and its staff;

(b) The Receiver, her counsel, and her staff;

(c) Counsel for the SEC and the CFTC in the Forte Receivership Cases;

(d) Counsel for the Producing Party or Discovering Party;

(e) Witnesses or potential witnesses whom counsel for the Parties believe are likely to be called to give testimony on matters related to information designated as

"Confidential," subject to Paragraph 7 below;

(f) Persons whom counsel for the Parties believe to possess information necessary for the prosecution or defense of the Forte Receivership Cases, subject to Paragraph 7 below; and

(g) Consultants, experts, litigation support services and other people or entities retained by a Party for the purpose of assisting that Party in the Forte Receivership Cases, and the principals, employees and contractors with which such agents are associated, subject to Paragraph 7 below;

(h) Persons involved in taking or transcribing testimony in the Forte Receivership Cases, including, for example, court reporters, videographers, and their staff, subject to Paragraph 7;

(i) Such other persons as the Court may order or as may be agreed to by the Producing and Discovering Parties, subject to Paragraph 7 below.

7. Before receiving any Confidential Discovery Materials, any person identified in Paragraph 6(e), (f), (g), (h), or (i) must receive a copy of this Order and must execute a signed certification in the form attached as Exhibit B hereto. The attorney who discloses the Confidential Discovery Materials to such persons shall retain the original signed certifications throughout the pendency of the Forte Receivership Cases, and shall produce them to other Parties upon written request unless the certifications themselves are protected by the work product doctrine or other applicable privilege.

8. All Discovery Materials containing investor-specific information, including without limitation investor identifying and/or financial information, should be designated by the

Producing Party as CONFIDENTIAL in order to protect the Partnership's investors' rights to financial privacy and shield their personally identifiable information from disclosure. A Producing Party may elect to produce Discovery Materials that reveal his or her own confidential information without designating them as Confidential Discovery Materials, but must designate as CONFIDENTIAL any Discovery Materials that contain confidential information regarding other investors.

9. This Order does not prejudice any Party's right to contest the application of the Order to any Discovery Materials. This Order also is without prejudice to any Party's right to contest the designation of Discovery Materials as CONFIDENTIAL by any Producing Party. Upon notice to the Producing Party, any Party may apply to the Court to change the confidential treatment of Discovery Materials from unprotected to CONFIDENTIAL or to lift entirely the confidential treatment of Discovery Materials previously designated as CONFIDENTIAL. However, such application shall not be made until the Parties first attempt to resolve the dispute among themselves in good faith. Any application of a Party to the Court challenging confidentiality designations shall include a certification that the Party making the application first attempted to resolve the dispute with the Producing Party in good faith.

10. In the event that a Producing Party inadvertently fails to designate Discovery Materials as Confidential, or incorrectly designates Discovery Materials as Confidential, that party may make a subsequent designation or change the designation through written notification to all parties to whom the Discovery Materials have been disclosed and by supplying a replacement copy of the Discovery Materials bearing the designation required by Paragraph 3 hereof. A party must serve such written notification at least thirty (30) days before the close of discovery. Discovering Party

shall take reasonable steps to ensure that the Confidential Discovery Materials are thereafter treated in accordance with the designation. Subsequent confidentiality designations shall not be deemed a waiver of the confidential status of any subsequently designated Confidential Discovery Material.

11. No person or Party shall incur any liability hereunder with respect to disclosure that occurred prior to the receipt of written notice of a subsequent confidentiality designation pursuant to Paragraph 10, provided, however, that such person or Party, upon receipt of such written notice of a subsequent confidentiality designation, must take all reasonable efforts to alert all persons to whom such person or Party has disclosed the subsequently-designated Confidential Discovery Materials of the change in status and obtain a signed certification in the form of Exhibit B, attached.

12. A Discovering Party, in conducting discovery from Third Parties, shall attach a copy of this Order to the subpoena or other process or discovery requests so as to apprise such Third Parties of their rights herein.

13. If questions, answers, statements, or exhibits introduced in a deposition reflect CONFIDENTIAL material, a Party or Third Party whose information or material is introduced may designate such portions of the deposition transcript and/or exhibits to the deposition as CONFIDENTIAL in accordance with Paragraph 3. Within 30 days of receiving the deposition transcript, the Party or Third Party may designate, by page and line, portions of the transcript or exhibits thereto as CONFIDENTIAL. Upon receipt of the confidentiality designations, the reporter shall separately bind the portion(s) of the transcript containing CONFIDENTIAL information and any related exhibits, and shall mark each page of such portion(s) and exhibits

substantially as follows:

CONFIDENTIAL-Protected by Court Order,

E.D. PA. C.A. # 09-CV-63/09-CV-64.

Further, any other media containing CONFIDENTIAL portions of the deposition, including, but not limited to, video tapes or computer disks, also shall be clearly labeled by the reporter as such. All deposition transcripts and exhibits shall be treated as Confidential Discovery Materials for 30 days following receipt of the transcript and exhibits irrespective of whether such transcripts and exhibits have been previously designated as Confidential Discovery Materials.

14. All Confidential Discovery Materials filed with the Court must be filed under seal and may be filed in such manner without further application to, or order of, this Court. Unless otherwise agreed to by counsel for the parties, to comply with this requirement, Confidential Discovery Materials must be filed in sealed containers labeled with: (1) the caption of the particular Forte Receivership Action in which discovery was taken; (2) the general nature of the contents; (3) the words CONFIDENTIAL INFORMATION in boldface type; and (4) a statement substantially in the following form:

> The contents hereof include confidential information filed in this case by [name of party] in accordance with a Protective Order entered in the Forte Receivership Cases on [date]. This envelope or container is not to be opened nor are the contents hereof to be displayed or revealed except by or at the direction of the Court, and shall be returned to [name of filing party] upon termination of all proceedings in this case.

Until further order of the Court, said envelope or container shall not be opened except by the

Court or pursuant to consent of the Party or Parties claiming confidentiality; provided, however, that such papers may be furnished to, and opened by, persons or entities who may receive Confidential Discovery Materials pursuant to Paragraph 6. The materials so filed shall be impounded until thirty (30) days after the final resolution of the Forte Receivership Cases, including any applicable appeal period, at which time the parties shall communicate with the Clerk's Office about retrieving such materials from the Court.

15. If any pleading, motion, or other filing containing excerpts from or appending Confidential Discovery Materials is filed with the Court but not filed under seal, any Party may make a request that the filing be placed under seal immediately. Such request must be made to the Court Clerk in writing on notice to the Receiver and the Party who filed the Confidential Discovery Materials within ten (10) days of the date of filing. If the filing was made electronically through the Court's ECF system, then the Court Clerk in receipt of a Party's written request shall remove the public hyperlink to the electronic image of that filing from the ECF system until further order of the Court. If the filing was made by submission of physical papers to the Clerk, the Court Clerk in receipt of a Party's written request shall place the filing in a sealed envelope or other appropriately sealed container, furnished by the Party seeking to place the filing under seal, in accordance with Paragraph 14.

16. With respect to any pleading, motion, or other filing containing excerpts from or appending Confidential Discovery Materials that are filed under seal pursuant to this Order, the filing Party may file in the public record a duplicate copy of the pleading, motion, or other filing with the confidential material redacted. Further, if the protection for any such material is lifted or expires, any Party may file the unredacted Discovery Materials in the public record.

17. The restrictions in this Order on the disclosure, use, or handling of Confidential Discovery Materials shall not apply if (a) the information is lawfully available to the public through means other than production by the Producing Party; or (b) the information was lawfully known to or independently developed by the Discovering Party; or (c) the information was received by the Discovering Party without restriction from a Third Party having the right to make such a disclosure; or (d) the information is required to be produced to the Discovering Party by a court of competent jurisdiction (to the extent such court permits) or otherwise by operation of law or regulation.

18. In the event that a Party receives a notice of deposition, interrogatory, request for document, subpoena, civil investigative demand, or similar request to disclose any of the Confidential Discovery Materials and the Party reasonably believes, after consultation with counsel, that he is legally required to disclose any of the Confidential Discovery Materials produced in the Forte Receivership Cases to a third party, including a governmental or other regulatory body or agency or self-regulatory organization, the Party shall, if not precluded under the governing law, provide to the Producing Party reasonable notice of any such request or requirement so that the Producing Party may seek a protective order or other appropriate remedy. In such a case, the Parties shall reasonably cooperate in any action to obtain a protective order or other appropriate remedy or to obtain reliable assurance that confidential treatment consistent with this Order shall be accorded to any disclosed Confidential Discovery Materials.

19. Upon final termination of the Forte Receivership Cases, the Discovering Party (except for the SEC and CFTC), shall, at the option of the Producing Party, either: (1) return all Confidential Discovery Materials produced to the Discovering Party and certify in writing that all such

Confidential Discovery Materials have been returned; or (2) destroy all Confidential Discovery Materials produced to the Discovering Party and certify in writing that such destruction has occurred. Counsel for the SEC and CFTC shall retain or dispose of the Confidential Discovery Materials in accordance with the SEC's or CFTC's obligations under governing law, rules, regulations, or policies.

20. All Confidential Discovery Materials disclosed by any Producing Party, or the substance found therein, shall be used (except by the Producing Party) solely for the purpose of defending or prosecuting the claims involved in the Forte Receivership Cases. Except by order of the Court, such Confidential Discovery Materials shall not be used by any Party other than the Producing Party for any other purpose, including, without limitation, any business or commercial purpose.

21. Regardless of whether the Producing Party designated Discovery Materials as CONFIDENTIAL, the Discovering Party shall comply with all applicable laws and regulations related to the protection of Social Security numbers, financial institution account numbers, and any other personal identification information as defined by applicable laws or regulations.

22. Nothing in this Order shall prohibit a Producing Party from seeking further protection of Discovery Materials by stipulation with the Discovering Party or by application to the Court.

23. Confidential Discovery Materials shall not be disclosed to any person or entity except in accordance with the terms, conditions, and restrictions of this Order. If a Discovering Party receiving Confidential Discovery Materials desires to disclose any part of them in a manner not in accordance with the terms of this Order, the Discovering Party seeking to make such disclosure shall first obtain the agreement of the Producing Party or, in the absence of such

agreement, must obtain the approval of the Court by way of a written motion on notice to the Producing Party and the Receiver.

24. Subject to Paragraphs 11 and 35 of this Order, disclosure of any Confidential Discovery Materials by any person who has executed a certification in the form of Exhibit B hereto or by any Party to the Forte Receivership Cases, or by such Party's employees, agents, or outside counsel, in contravention of the terms of this Order, may, as permitted by applicable laws, rules, and regulations, and at the Court's discretion upon a showing of good cause, result in the imposition of appropriate injunctive relief and sanctions, including but not limited to damages, monetary sanctions, costs, and attorney's fees incurred as a result of the disclosure.

25. Nothing in this Order shall restrict the use by a Producing Party of Confidential Discovery Materials that it produced, authored, prepared or otherwise generated.

26. This Order is without prejudice to any Producing Party's right to assert the attorney-client privilege, attorney work product protection, or any other applicable privilege or protection, and is without prejudice to any Party's right to contest such assertion.

27. Neither this Order nor the disclosure of Discovery Materials under this Order shall be deemed a concession or determination of the relevance, responsiveness, materiality, or admissibility of the Discovery Materials governed by or disclosed under this Order.

28. Nothing in this Order shall create a presumption or implication that a Party is entitled to the production of Discovery Materials by virtue of the existence of this Order.

29. In the event that Confidential Discovery Materials are inadvertently disclosed, the party making the inadvertent disclosure shall, upon learning of the disclosure:

(a) Promptly notify the person to whom the disclosure was made that the disclosure

contains Confidential Discovery Materials protected by this Order;

(b) Promptly make all reasonable and necessary efforts to obtain the return of and preclude dissemination or use of the Confidential Discovery Materials by the person to whom disclosure was inadvertently made; and

(c) Promptly notify the Producing Party of the identity of the person to whom the disclosure was made, the circumstances surrounding the disclosure, and the steps that have been taken and will be taken to ensure against further dissemination or use of the Confidential Discovery Materials.

30. The Producing Party may agree at any time that some or all of the restrictions applicable to Confidential Discovery Materials may be reduced, modified, or eliminated.

31. Nothing in this Order shall preclude any Party from using Confidential Discovery Materials at any hearing, trial, or other proceeding in the Forte Receivership Cases. If, at any hearing, trial, or other proceeding any Party or Third Party believes that Confidential Discovery Materials require protective treatment, that Party shall apply to the Court for such treatment, and the Court will consider and determine each such request at the time of the hearing or proceeding.

32. An Inadvertent Production of any document or thing otherwise protected by the attorney-client privilege, work product immunity or a joint defense/common interest privilege shall not constitute or be deemed a waiver or forfeiture of any privilege, protection or immunity otherwise applicable to Discovery Material. If, after learning of the Inadvertent Production, the Producing Party wishes to assert its privilege or protection, it shall promptly send to the Discovering Party a written request for return of the Inadvertent Production. Within five (5) business days of receiving such a request, the Discovering Party shall return the Inadvertent

Production to the disclosing party and shall not utilize the information contained in the Inadvertent Production for any purpose. With respect to Derivative Documents, if counsel for the Discovering Party does not notify the Producing Party that his client disputes the claims of attorney-client privilege or work-product immunity with respect to the Inadvertent Production, the Discovering Party shall either destroy such Derivative Documents or redact from them all such derivative privilege or work-product information in a manner such that the derivative information cannot in any way be retrieved or reproduced.

33. Notwithstanding the Discovering Party's obligation to return Inadvertent Productions, if the Discovering Party wishes to contest that the claimed Inadvertent Production is protected by the attorney-client privilege, work product protection, joint defense/common interest privilege, or other protection or privilege, the following procedures shall apply:

(a) The Discovering Party shall return the Inadvertent Production to the Disclosing Party and shall not utilize the information contained in the Inadvertent Production for any purpose;

(b) The Discovering Party shall notify the Producing Party in writing of its intent to contest;

(c) Within five (5) business days after receiving such notification, the Producing Party shall provide to the Discovering Party a description of the basis for the claim of privilege or immunity for the Inadvertent Production;

(d) Within ten (10) business days after receiving such description, Discovering Party may file a motion to compel production of the claimed Inadvertent Production. If such a motion is filed, the Producing Party shall have the burden of proving that the Inadvertent

Production in dispute is protected by attorney-client privilege, work product immunity or a joint defense/common interest privilege; and

(e) Until the Court decides any such motion to compel, the Discovering Party shall not refer to or otherwise use any Derivative Documents containing information in the Inadvertent Production.

34. This Order shall survive the termination of the Forte Receivership Cases and shall continue in full force and effect, except that a Party may seek the written permission of the Producing Party or further order of the Court with respect to dissolution or modification of this Order. The Court shall retain jurisdiction to enforce or modify this Order.

35. In the event anyone shall violate, or threaten to violate, any terms of this Order, the parties hereto agree that the aggrieved party may immediately apply to this Court to obtain injunctive relief against any such person.

IT IS SO ORDERED.

/s/ Paul S. Diamond

_____

Paul S. Diamond, J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION Plaintiff, v. ARTHUR LAMAR ADAMS AND MADISON TIMBER PROPERTIES, LLC Defendants.	Case No. 3:18-cv-252 Hon. Carlton W. Reeves, District Judge Hon. F. Keith Ball, Magistrate Judge

MEMORANDUM IN SUPPORT OF JOINT MOTION FOR PROTECTIVE ORDER

The Securities and Exchange Commission, together with Alysson Mills, in her capacity as the court-appointed receiver for Arthur Lamar Adams and Madison Timber Properties, LLC (the "Receiver"), through undersigned counsel, respectfully submit this memorandum in support of their joint motion for protective order.

In the course of this ongoing civil action and the Receiver's related civil actions, parties and non-parties may be required to produce information that identifies or is personal to investor-victims of the Madison Timber Ponzi scheme. The S.E.C. and the Receiver are sensitive to victims' privacy and thus far has protected their names and identifying information from public disclosure. As is customary in cases like this one, the S.E.C. and the Receiver ask the Court to enter a protective order that would expressly designate investor-specific information as confidential and,

accordingly, that investors be referenced by number and that their identifying information otherwise be redacted from any filings.

BACKGROUND

Adams, through Madison Timber, operated a Ponzi scheme that defrauded hundreds of investors. The Securities and Exchange Commission initiated this action against Adams and Madison Timber and moved the Court to appoint a receiver. On June 22, 2018, the Court appointed Alysson Mills the Receiver of the estates of Adams and Madison Timber.[1]

The Receiver has a duty "to take custody, control, and possession of all Receivership Property, Receivership Records, and any assets traceable to assets owned by the Receivership Estate" and to investigate and "bring such legal actions based on law or equity in any state, federal or foreign court as the Receiver deems necessary or appropriate in discharging her duties as Receiver."[2]

Since her appointment, the Receiver has, among other things, filed numerous lawsuits against "recruiters" and other persons and institutions who aided and abetted Adams and Madison Timber.[3] In the Receiver's four biggest lawsuits, discovery is either underway or on the horizon. The information exchanged in each of the Receiver's lawsuit necessarily will include investor-specific information, including investor-victims' names and other identifying information.

The S.E.C. and the Receiver ask that Court enter a protective order that will apply in this and all other related civil actions, which expressly provides that investor-specific information

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[1] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al.*, No. 3:18-cv-252 (S.D. Miss.).

[2] Docket No. 33, *Securities & Exchange Commission vs. Adams, et al*., No. 3:18-cv-252 (S.D. Miss.).

[3] *Alysson Mills v. Michael D. Billings, et al.*, 3:18-cv-679 (S.D. Miss.); *Alysson Mills v. Butler Snow, et al.*, No. 3:18-cv-866 (S.D. Miss.); *Alysson Mills v. BankPlus, et al.*, No. 3:19-cv-196 (S.D. Miss.); *Alysson Mills v. The UPS Store, Inc., et al.*, No. 3:19-cv-364 (S.D. Miss.); *Alysson Mills v. Trustmark, et al.*, No. 3:19-cv-941 (S.D. Miss.); *Alysson Mills v. Stuart Anderson, et al.*, No. 3:20-cv-427 (S.D. Miss.).

should be treated as confidential. The proposed protective order further provides that investor-victims be identified by number in all public filings or that investor-victims' information be redacted. The S.E.C. and the Receiver propose the following:

> All Discovery Materials containing investor-specific information, including without limitation investor identifying and/or financial information, is confidential. No separate designation is required.
>
> Information that is deemed confidential shall not be publicly disclosed.
>
> A Party or Third Party shall identify investors only by a pre-determined investor number in any pleadings, exhibits, or other documents they might file in the Court's record.
>
> A Party or Third Party shall redact investor-specific information from any pleadings, exhibits, or other documents they might file in the Court's record.
>
> A Party or Third Party shall file under seal any deposition transcript, portion of a deposition transcript, or exhibit to a deposition that is attached to any pleading or other filing in the Court's record if the deposition transcript, portion of a deposition transcript, or deposition exhibit contains confidential investor-specific information.

Protecting victims' privacy is important to the S.E.C. and the Receiver, for obvious reasons. Victims tell the Receiver that they fear being singled out. They believe public exposure will feel like a revictimization. Identifying investors by number and otherwise redacting their information are small efforts to avoid making a victim feel like a victim twice, and it will not prejudice any party's claim or defense. Indeed, identifying investor-victims by number is customary in cases like this.

ARGUMENT

This Court has broad discretion to enter protective orders generally. Federal Rules of Civil Procedure Rule 26(c)(1) provides that "[t]he court may, for good cause, issue an order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense." Fed. R. Civ. P. 26(c)(1). Case law establishes that "[d]istrict courts have broad discretion in determining

whether to grant a motion for a protective order." *Palmer v. Sun Coast Contracting Servs., LLC*, No. 1:15-CV-34-HSO-JCG, 2017 WL 5653607, at *2 (S.D. Miss. Jan. 5, 2017) (quoting *In re LeBlanc*, 559 Fed. App'x 389, 392–93 (5th Cir. 2014)); *see also Seattle Times Co. v. Rhinehart*, 467 U.S. 20, 36 (1984) ("The trial court is in the best position to weigh fairly the competing needs and interests of parties affected by discovery.").

There is good cause to enter an order that protects victims' names and identifying information from public disclosure. "Protective orders serve the vital function of 'secur[ing] the just, speedy, and inexpensive determination of civil disputes by encouraging full disclosure of all evidence that might conceivably be relevant.'" *S.E.C. v. Merrill Scott & Associates, Inc.*, 600 F.3d 1262, 1272 (10th Cir. 2010) (quoting *Martindell v. Int'l Tel. & Tel. Corp.*, 594 F.2d 291, 295 (2d Cir. 1979)) (enforcing protective order to protect victim's information in a securities fraud scheme). They are necessary in a case such as this to facilitate the exchange of information and at the same time protect victims' names and identifying information from public disclosure. *E.g.*, *In re Wilson*, No. 8:12-cv-02078-JMC, 2017 WL 2536913, at *2 (D.S.C. June 12, 2017) (protective order, entered at receiver's request, addressed "very sensitive and confidential information related to the investigation and recoupment of assets for the victims of [a] Ponzi scheme"); *Zysman v. Zanett Inc.*, No. 13-cv-02813, 2014 WL 1320805, at *4 (N.D. Cal. Mar. 31, 2014) (permitting the production of names, addresses, and contact information of investors, who were victims of defendants' scheme, subject to a protective order because such a production "could contain private information").

The Receiver and her counsel have consulted with counsel for other federal equity receivers and the consensus is how a receiver handles victims' identities necessarily depends on the case. A case-by-case analysis is consistent with Fifth Circuit law. *See Vantage Health Plan, Inc. v. Willis-*

Knighton Med. Ctr., 913 F.3d 433, 450 (5th Cir. 2019) ("[I]n this circuit the decision to seal or unseal records is to be analyzed on a case-by-case basis and the individualized decision is best left to the sound discretion of the district court."). In similar cases to this one, receivers have identified investor-victims by number. *See e.g.*, Doc. 75, *Securities and Exchange Commission v. Joseph F. Forte, et al.*, No. 09-63 (E.D. Penn.) (protective order that applied in all pending receivership cases and any future ancillary actions brought by the receiver allowed receiver to identify investor-victims by numbers).[4] The protective order in the Forte receivership applied in all pending receivership cases and any future ancillary actions brought by the receiver. *See, e.g.*, Doc. 13, *Marion A. Hecht v. Investor #1102 and Investor #1119*, No. 10-137 (E.D. Penn.).[5]

The proposed protective order does not affect a defendant's ability to defend against the Receiver's claims—it only requires that a defendant refer to an investor-victim by number or redact a victim's name and identifying information from filings.

These efforts are small but make a big difference in a victim's life. As the proposed protective order does not prejudice a defendant's defense, is not onerous, and in any event is no broader than necessary to serve valid privacy interests, the circumstances warrant its entry.

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[4] The S.E.C. and the Receiver attach as **Exhibit B** the Forte receiver's first Receiver's Report. On Page 21 of that report, the Receiver states that she intended to reference investors by number.

[5] The S.E.C. and the Receiver attach as **Exhibit C** the protective order entered in the Forte receivership. Paragraph 8 of that order provides:

> All Discovery Materials containing investor-specific information, including without limitation investor identifying and/or financial information, should be designated by the Producing Party as CONFIDENTIAL in order to protect the Partnership's investors' rights to financial privacy and shield their personally identifiable information from disclosure. A Producing Party may elect to produce Discovery Materials that reveal his or her own confidential information without designating them as Confidential Discovery Materials, but must designate as CONFIDENTIAL any Discovery Materials that contain confidential information regarding other investors.

CONCLUSION

The Court has broad discretion to enter protective orders generally, and there is good cause to enter an order that protects victims' names and identifying information from public disclosure. The S.E.C. and the Receiver respectfully request that the Court enter the proposed protective order [Exhibit A] in order to facilitate the exchange of information and at the same time protect victims' valid privacy interests.

June 30, 2021

Respectfully submitted,

/s/ Wm. Shawn Murnahan

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CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing with the Clerk of Court using the ECF system which sent notification of filing to all counsel of record.

Date: June 30, 2021

/s/ Kristen D. Amond