

**BANKRUPTCY ESTATE OF JOHN MARK MARINO
UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
CASE NO. 12-32119-PGH**

STATUS REPORT FOR CREDITORS

Caution: This Status Report is for informational purposes only and may not be used for the advancement of any individual interest nor shall this Status Report be construed as a promise or expectation of the final outcome of these proceedings. This Status Report is solely for the purpose of keeping the alleged victims and their legal counsel fully-informed of the Trustee's progress concerning these matters.

This matter began as a "no asset" Chapter 7 bankruptcy case filed by the debtor, John Mark Marino, a/k/a Ronald M. Hunter on September 17, 2012. Upon undersigned counsel's retention by the Chapter 7 Trustee, Margaret J. Smith, it was discovered that many of the creditors listed by Mr. Marino in his Schedules¹ did not match-up with any of Mr. Marino's personal records. After a lengthy and exhaustive forensic analysis of documents left by Mr. Marino in his former residence in Florida, it was discovered that most of the creditors listed by Mr. Marino were actually creditors of a corporation known as J.M. International Commercial Consulting, Inc. On July 17, 2013, the Trustee filed suit against Mr. Marino to revoke his discharge pursuant to 11 U.S.C. § 727 (d)² (Case No. 13-01536-PGH). On April 22, 2014, the Bankruptcy Court entered final judgment in favor of the Trustee, thereby revoking Mr. Marino's bankruptcy discharge, thereby preserving the rights of the creditors/victims. Also on July 17, 2013, the Trustee filed suit against Longhorn Properties, Henry T. Hammond, J.M. International Commercial Consulting, Inc. ("JMICCI") and John Mark Marino. The Trustee was able to reach a negotiated settlement with Longhorn Properties and Henry Hammond, which settlement led to the Trustee's exercise of jurisdiction over the CMOs and interest payments flowing from those CMOs which were the subject-matter of the Texas state court proceedings. On February 13, 2015, Final Judgment was entered in favor of the Trustee against J.M. Commercial Consulting, Inc. and John Mark Marino. This final judgment primarily served the purpose of "piercing the corporate veil" of J.M. Commercial Consulting, Inc. so that the creditors listed by Mr. Marino in his personal Chapter 7 proceedings, which were actually creditors of JMICCI, became true creditors of Mr. Marino's bankruptcy estate. The final judgment also became the vehicle for the Longhorn Group to begin assisting the Trustee in the discovery of the CMOs at issue in these matters and in locating accounts where interest payments were made on those CMOs.

¹ the Official Forms required to be filed by a debtor when he or she files their "Petition" in bankruptcy court which lists all of the debtor's assets, liabilities and the names and addresses of those to whom monies are allegedly owed.

² Essentially, for fraud in obtaining his discharge.

Following the settlement with the Longhorn Group, the Trustee filed the “Apex case” on December 23, 2014. (Case No. 15-01330-PGH). The Apex case was a highly complex matter involving the exercise of the Trustee’s jurisdiction over state court proceedings pending in the State of Texas concerning certain of the CMOs at issue in these matters. The Trustee successfully “removed” the state court proceedings in Texas to the United States Bankruptcy Court in Dallas, Texas and then filed a motion to transfer the case to the West Palm Beach Division of the Southern District of Florida, where the main bankruptcy proceedings were and are still pending. Accomplishing the removal and transfer of the Apex case to the West Palm Beach bankruptcy court required settlement with most of the named defendants in the Apex matter so that the Trustee could exercise her bankruptcy jurisdiction throughout the United States and thereby obtain additional information needed in order to locate additional CMOs that were not part of the Apex litigation in Texas. It was during this litigation that the Trustee reached an agreement with the Securities and Exchange Commission to share data with the Marino bankruptcy estate Trustee’s counsel.

On September 2, 2016, Final Judgment was entered in favor of the Trustee and against the “Apex” Defendants, Golden Summit Investors Group, Ltd, Extreme Capital, LLC, Mary-Ruth, LLC, Highland Investment Partners, LLC, Daniel Coddington, Scott Coddington, BAWA Financial, Ltd, Seth Leyton, Viewpoint Securities, LLC, Jesse Erwin and Erwin Law Group P.C. This Final Judgment resulted in the vesting of ownership of three (3) of the CMOs at issue in these proceedings along with approximately \$400,000.00 in interest payments which had accumulated in the Apex account. It was at this time, September of 2016, that Trustee’s counsel sought retention of an expert in the area of securities law and, in particular, the market for Collateralized Mortgage Obligations so that the Trustee could determine the value of the CMOs obtained through the Apex litigation. Ronald D. Shindler, Esq., who has since been formally retained by the bankruptcy estate, examined the CMOs held by Apex, now the property of the bankruptcy estate of John Mark Marino. The three (3) CMOs held by Apex were “interest only” CMOs. What this means is that there is no liquidation value to the CMOs themselves as all of the interest payments have been paid-out on 2 of the 3 CMOs now owned by Mr. Marino’s bankruptcy estate. Accordingly, the Trustee has taken ownership and transferred from Apex, approximately \$400,000 in accrued interest payments. The third CMO is still paying-out monthly interest that is being collected by the Trustee. As the third CMO has not yet reached a full payout of all interest, it is reasonably believed that there is a liquidation value to that CMO. Trustee’s expert, Ronald D. Shindler, believes that the market value is approximately \$100,000³. Accordingly, it is reasonably believed that the Apex litigation will net the bankruptcy estate approximately \$500,000 in cash upon sale of the last CMO that is still paying-out interest. Given that the Administrative Expenses of the bankruptcy estate must be paid prior to any distributions to creditors, the Trustee presently cannot estimate how much might become available for distribution as the final “clawback” lawsuit in this matter has not yet been concluded.⁴

³ Although true market value cannot be realized without actually offering the CMO for sale through a trader who specializes in CMOs.

⁴ However, at the present time, the administrative expenses of the bankruptcy estate far exceed the amount of cash presently held. Accordingly, no distribution to creditors is anticipated at this time from the “Apex” adversary.

On July 17, 2015, upon completion of the prior adversary⁵ filings, the Trustee filed her clawback suit against Golden Summit Investment Group, LTD, Extreme Capital, LTD, Coddington Family Trust, Daniel Dirk Coddington, Daniel Scott Coddington, Lewis P. Malouf, Mary-Ruth, LLC, David Genecco, Highland Investment Partners, LLC, Aishwariya Enterprises, Inc, Vivek Chandrahasan, Viewpoint Securities, LLC, Seth Leyton, Erwin Law Group, P.C., Jesse Erwin, Esq., Stonerock Capital Group, LLC, Michael Columbia, Joanna I. Columbia, Joanna I. Ornowska, J.R. Richardson Investments, Jimmy L. Richardson, Wilshire Associates, Inc., FSC Securities Corp., Martin Nelson & Co., Inc., Dominick Investors Services Corp., BMO Nesbitt Burns, R. J. Steichen & Co., BAWA Financial, LTD, John Andres Morrison, Paul Sherman, Rafal Brenner, Sandra Josefa Deleon, Mykael Morgan, Ron Cornforth, Vincent G. Farris Co., L.P.A., Vincent G. Farris, Greg Stodgill, Ian Russell, John Does #1-100, Jane Does #1-100 and ABC Companies #1-100 (Case No. 15-01466-PGH). It is from this most recent adversary, known as the “Smith v. Golden Summit” adversary, that the Trustee hopes to identify and locate additional CMOs that fall within the bankruptcy estate’s jurisdiction and which are an extension of the legal theory put forth by the Trustee, on behalf of the bankruptcy estate, that these additional CMOs in the Golden Summit adversary fall within the purview of 11 U.S.C. §§ 548, 542, 547 and 550, (fraudulent transfers, turnover of estate property, setting aside of a “preferential transfer”, and recovery of a CMO or the value of that CMO along with interest payments, respectively). Due to the complexity of the scheme employed by certain defendants in the Golden Summit adversary, it is reasonably believed that there will be additional defendants added to this adversary⁶. The Golden Summit adversary also seeks recovery of stolen or missing interest payments on the CMOs previously recovered in the Apex adversary along with the additional CMOs which Trustee believes are involved in the overall scheme to defraud the investor victims who have now become creditors of the John Mark Marino bankruptcy estate.

The Trustee is in the process of serving all of the known defendants and, at the same time, continues to prosecute discovery requests so that additional defendants can be identified. This process is detailed and time-consuming as the Clearing Houses that handled the CMOs may no longer be in possession of the CMOs the Trustee seeks to claw-back. However, the Clearing House that might have previously held one or more CMOs would lead the Trustee to the immediate transferee of any CMO previously-held, along with the paper trail needed for the interest payments that have already been disbursed and to identify any interest payments that are still being paid on any of the CMOs at issue in the Golden Summit adversary.

This report will be updated periodically to keep all victims informed of the status of these proceedings. Please contact Steven S. Newburgh, Esq., Trustee’s Counsel, should you have any questions in respect of this report. Thank you.

⁵ In bankruptcy, an lawsuit arising out of a bankruptcy case is called an “adversary” (singular).

⁶ Which is why we have “John and Jane Doe” and “ABC Corporation” defendants. This is like a “place holder” so we can assert our legal theories prior to our ability to discover the identity of those additional defendants.