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Attorneys for the Receiver

IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

State of Arizona;	)	
Plaintiff,	)	Cause No. CV2014-006765
v.	)	
Sherman Eugene Unkefer, III, et al,	)	ORDER RE: PETITION NO. 49
In Personam Defendants.	)	
	)	(Assigned to Judge Pamela Gates)
	)	

The Receiver having filed Petition No. 49, *Petition for Order Approving Receiver's Status Report dated October 21, 2020*, and the Court having considered same, and it appearing to the Court that the matters requested by Petition No. 49 are reasonable, just and appropriate:

NOW, THEREFORE, IT IS HEREBY ORDERED approving the Receiver's Status Report dated October 21, 2020, filed by the Receiver as Exhibit 1 to Petition No. 49.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
 Judge of the Superior Court

# eSignature Page 1 of 1

Filing ID: 12270501 Case Number: CV2014-006765  
Original Filing ID: 12137214

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Granted as Submitted



/S/ Pamela Gates Date: 11/30/2020  
Judicial Officer of Superior Court

**ENDORSEMENT PAGE**

CASE NUMBER: CV2014-006765

SIGNATURE DATE: 11/30/2020

E-FILING ID #: 12270501

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BENJAMIN L HODGSON

GREGORY A STEIN

MARK A HOLMGREN

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State of Arizona,	)	Cause No. CV2014-006765
Plaintiff,	)	
v.	)	PETITION NO. 49
Sherman Eugene Unkefer, III, <i>et al</i> ;	)	PETITION FOR ORDER APPROVING
In Personam Defendants.	)	RECEIVER'S STATUS REPORT
	)	DATED OCTOBER 21, 2020
	)	(Assigned to the Honorable Pamela Gates)

Michael J. FitzGibbons, as the court appointed Receiver, respectfully petitions the  
Court as follows:

1. On April 16, 2014, this Court entered its *Order Appointing Receiver*, which  
appointed Michael J. FitzGibbons as Receiver of Mango Trust; X-1, LLC fka X-1, Inc.;  
Magic Wand Services, LLC; Occidental Resources Group, LP; Occidental Management,  
LLC; E.A.P. Trust; International Marketing Systems; G.M.S. LLC; Catshaker Family Trust,  
Inc.; SLADUR; Black Rock, Inc.; and X-1 Global, LLC. ("Receivership Order"). On April  
22, 2014 the Court entered is *Order Appointing Michael J. Fitzgibbons Receiver*, which

1 appointed Michael J. FitzGibbons as Receiver of the Receivership Entities. These two orders  
2 are referred to hereafter as the "Receivership Order".

3 2. The Receiver has prepared and files herewith the *Report of the Receiver* dated  
4 October 21, 2020, which is attached hereto as Exhibit 1. The attached *Report of the Receiver*  
5 includes, among other things, a Schedule of fees paid to professionals from May 2014  
6 through September 30, 2020 (Exhibit A), a statement of cash receipts and disbursements from  
7 inception through September 30, 2020 (Exhibit B), and an unaudited balance sheet as of  
8 September 30, 2020 (Exhibit C).

9 WHEREFORE, the Receiver respectfully requests that the Court enter an order  
10 approving the *Report of the Receiver* dated October 21, 2020 attached hereto as Exhibit 1.

11 Respectfully submitted this 21<sup>st</sup> day of October, 2020.

12 GUTTILLA MURPHY ANDERSON, P.C.

13 /s/Patrick M. Murphy  
14 Patrick M. Murphy  
15 Attorneys for the Receiver

16 1928-001 (409796)

**Report of the Receiver**

**Mango Trust et al.**

**Submitted By: Michael J. FitzGibbons, Receiver**

**October 21, 2020**

## **1) Procedural**

Receivership Court (Court): Superior Court of the State of Arizona in and for the County of Maricopa

Cause #: CV2014-006765

Receivership Order: April 16, 2014

Order Appointing Receiver: April 22, 2014

Order Service Date: May 23, 2014

Receiver: Michael J. FitzGibbons

Counsel to Receiver: Guttilla Murphy Anderson, P.C.

Other Professionals: FitzGibbons and Company, Inc.  
Henry and Horne, LLC

## **2) Operating Receivership Entities and Status**

**A) X-1, LLC:** X-1 remains the primary operating company. Effective December 31, 2015, the final Mango Trust 1041 tax return was filed. All remaining Mango Trust bank accounts were then collapsed into X-1.

**Distributorship Sale Agreement:** The Buyer defaulted under the Distributorship Sale Agreement, an X-1 contract. Xango, the guarantor, had all of its assets seized by its secured creditors. Receiver filed a collection action against the Buyer. Buyer then filed for Bankruptcy. See DeGuzman bankruptcy discussion below.

**B) Magic Wand Services, LLC (Magic Wand):** Closed in August 2015.

**C) Occidental Resources Group, LP/Occidental Management, LLC (ORG):** Closed in August 2015.

**D) Mango Trust:** Closed at December 31, 2015.

**3) Non- Operating and Previously Closed Receivership Entities:** As previously reported to the Court, all other legal entities subject to this Receivership Order were either closed at outset of the receivership or closed during this receivership.

**4) Employees:** None

- 5) Distributions to Defendants:** The Receivership Order prohibited asset distributions to certain individuals without approval of the Court, however, this restriction was modified by a settlement approved by this Court as described below.

**Settlement:** Plaintiff settled with all defendants and stipulated to the entry of the *Amended Final Order and In Rem Judgment*, entered on March 20, 2015 (“Judgment”). The Judgment requires that certain payments be made by the Receiver:

- a) Laundry Unkefer received a lump sum of \$35,374.42 plus 10% of each payment received by the Receiver under the Distribution Sale Agreement discussed above at 2 (a), not to exceed \$300,000. Ms. Unkefer has been paid \$ 166,541 through 9-30-20<sup>1</sup>.
- b) The Receiver paid \$55,000 to counsel for the co-trustees of the Mango Trust for Trustee fees, legal fees and expenses incurred.

**6) Other**

**A) X-1:** X-1 is non-taxable entity and the vehicle for distributions to victims.

**B) Core Resources:** Core Resources, an investment, is in Bankruptcy. The \$100,000 investment was written off.

**C) Federal and State Tax Recoveries:** The Forfeiture Order resulted in the forfeiture of the Trust Res to the State in 2008. The Receiver collectively with his tax advisors filed amended returns for 2014 and 2015. This resulted in \$150,114 in tax refunds.

**D) Victim Compensation:** The Receiver filed his Report on Requests for Compensation in accordance with this Court’s Order re: Petition 16.

Significant efforts were undertaken to locate victims. These efforts resulted in the filing dated October 24, 2016 (Receiver’s Report on Objections).

The Court approved a \$1.0 million distribution on May 27, 2017, of which we paid \$965,201 to and on behalf of Victims<sup>2</sup>. We withheld \$34,799, pending the receipt of additional documents from certain of the Victims/Victim Representatives. On June 7, 2018, the Court approved an additional \$24,972 distribution<sup>3</sup> for a total court approved distribution of \$1,024,972. We are currently withholding \$32,266 of this \$1,024,972 pending the receipt of additional documents from certain of the Victims/Victim Representatives.

Since this payment, we have adjusted our victim listing to reflect the following:

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<sup>1</sup> Buyer defaulted. See 2 (A). Amount remains unchanged since 6-30-18

<sup>2</sup> Order Re: Petition 27

<sup>3</sup> Order Re: Petition 35



<b>Number of Victims</b>	<b>Court Approved Compensation</b>	<b>Compensation Paid</b>	<b>Compensation Pending</b>
609	\$7,947,716	\$992,707	\$32,266

There will be a final distribution. The amount of this final distribution is dependent on the pending collection discussed at Paragraph 9 below.

- 7) **Receivership Fees & Costs:** Set forth at **Exhibit A** is a schedule of all fees and costs paid from the receivership estate to the Receiver and his professionals through 9/30/2020 in accordance with the orders of this Court.
- 8) **Financial Statements at September 30, 2020:**
  - a) The Receivership Cash Flow ending September 30, 2020 is attached at **Exhibit B**.
  - b) The Balance Sheet can be found at **Exhibit C**.
- 9) **DeGuzman Bankruptcy:** In August 2018, the Receiver filed suit in Utah state court against Armando and Patricia DeGuzman ("DeGuzmans") in an effort to collect the amounts due the receivership under the Distributor Purchase Agreement ("DPA"). Under the DPA, X-1, LLC sold to the DeGuzmans certain XanGo LLC ("XanGo") distributorships for Three Million Dollars (\$3,000,000). The Receiver received \$1,665,397 in payments under the DPA which were applied to interest and principal, leaving a principal balance of \$1,469,102. This amount has now been written off together with related accounts due to the DeGuzman settlement discussed below.

On October 17, 2018, the DeGuzmans filed Chapter 13 bankruptcy petition in the U.S. Bankruptcy Court for the District of Arizona. On December 17, 2018, the Court converted the DeGuzman's bankruptcy to Chapter 11. The Receiver filed a proof of claim for the amount owed under the DPA to which the DeGuzmans did not object. Numerous interim filings occurred, including a reorganization plan which the Receiver promptly objected to.

The Receiver has since reached agreement with the DeGuzmans, settling the DPA under the following general terms:

- a) DeGuzmans quit claim the Rio Rico property to Receiver
- b) DeGuzmans stipulate to Entry of Judgment in the Utah state court action in the amount of \$550,000
- c) DeGuzmans agree to pay the Receiver a minimum of \$2,500 per month 100 months or until the total sum of \$250,000 is received, and if timely paid the Receiver agrees to release the Judgment in the Utah state court action.

On October 5, 2020, this Court entered its Order Re: Petition No. 47 approving the Settlement Agreement. Pursuant to the Settlement Agreement the DeGuzmans have obtained the dismissal of their bankruptcy case and have delivered to the Receiver and the Receiver has recorded a Quit Claim Deed for the Rio Rico Property. The Receiver has filed the stipulation for entry of a judgment in the Utah collection action and will market the Rio Rico property for sale.

- 10) Closure of Receivership:** The Receiver had hoped to terminate the receivership within a few months of June 2018 which was the date of final payment under the DPA.

However, due to the DeGuzman's Bankruptcy final distribution and closure was delayed. With certainty added due to the DeGuzman settlement discussed above, the Receiver will now develop a plan of distribution and closure and so advise this Court.

## Exhibit A

**Mango Trust Receivership  
Fees Paid to Professionals  
May 2014 to September 30, 2020**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Grand Total</b>
FitzGibbons and Company	97,913	136,581	190,988	107,266	24,447	19,214	7,112	583,522
Guttilla Murphy Anderson PC	55,726	56,335	40,853	32,186	18,192	30,785	13,187	247,265
Henry & Horne, LLP	9,160	25,875	57,043	-				92,078
Gilardi	-	5,000	17,697	-				22,697
Carpenter, Hazelwood, Delgado, Bolen, PC	-	55,000	-	-				55,000
Wood Balmforth LLC	-	-	-	-	4,645	150		4,795
	-							-
<b>Total</b>	<b>162,799</b>	<b>278,792</b>	<b>306,581</b>	<b>139,452</b>	<b>47,284</b>	<b>50,149</b>	<b>20,299</b>	<b>1,005,356</b>

## Exhibit B

## Mango Trust In Receivership

Cash Receipts and Disbursements Inception to September 30, 2020

	2014 (a)	2015	2016	2017 (b)	2018	2019	2020	Total
Beginning Balance January 1	38,686	963,776	1,165,009	1,447,230	559,554	487,132	650,203	38,686
<b>Receipts</b>								
Gary Road House Sale	569,620	-	-	-				569,620
Rev - 13th Street Property	-	13,400	-	-				13,400
Interest Income	-	4,621	94,576	4,475	1,737	9,892	4,097	119,398
Revenues	402,802	544,481	417,215	210,000				1,574,498
Tax refunds	-	187,299	126,600	30,179				344,078
DeGuzman Payments	-	-	-	-			5,000	5,000
Derrick Raynes Payments	-	6,000	1,699	-				7,699
Deposit from Wells Fargo	-	147	-	-				147
Net Sale of Investments	141,251	-	-	-				141,251
Net Sale of Assets	19,326	-	-	-				19,326
Dividends Received	279	-	-	-				279
Misc. Income	-	2,237	(7)	-		204,619		206,849
<b>Total Receipts</b>	<b>1,133,278</b>	<b>758,185</b>	<b>640,083</b>	<b>244,654</b>	<b>1,737</b>	<b>214,511</b>	<b>9,097</b>	<b>3,001,545</b>
<b>Disbursements</b>								
Distributions				967,728	24,681		298	992,707
Bank Fees	236	592	348	445	30			1,651
Supplies				566				566
Outside Services				1,849	914			2,763
Payroll taxes	19,380							19,380
Wells Fargo Pmt to MOB		147						147
Insurance	4,380	1,306	684	1,290	1,290	1,290	1,202	11,442
Postage		457	5,176	-				5,633
Misc. Expense	3,378	822	2,733					6,933
Tax Expense								-
Federal	18,015	180,098	(44,784)					153,329
State	-	-	36,281					36,281
L. Unkefer payments		94,738	50,803	21,000				166,541
Professional		5,000	17,697	-				22,697
Legal Fees	55,726	134,986	23,191	32,186	22,800	30,936	13,187	313,012
Receiver Fees	97,913	136,581	190,990	107,266	24,444	19,214	7,112	583,520
Tax Prep Fees	9,160	2,225	74,743	-				86,128
<b>Total Expenses</b>	<b>208,189</b>	<b>556,952</b>	<b>357,862</b>	<b>1,132,330</b>	<b>74,159</b>	<b>51,440</b>	<b>21,799</b>	<b>2,402,730</b>
<b>Net Cash Flow</b>	<b>925,090</b>	<b>201,233</b>	<b>282,221</b>	<b>(887,676)</b>	<b>(72,422)</b>	<b>163,071</b>	<b>(12,702)</b>	<b>598,815</b>
<b>Ending Balance September 30, 2020</b>	<b>963,776</b>	<b>1,165,009</b>	<b>1,447,230</b>	<b>559,554</b>	<b>487,132</b>	<b>650,203</b>	<b>637,501</b>	<b>637,501</b>

(a) May 24, 2014 Incepting

## Exhibit C

**Mango Trust in Receivership**  
**Balance Sheet**  
**30-Sep-20**  
**Unaudited**

**Assets**

Cash	637,502
Note Receivable	245,000
Rio Rico Real Estate	85,000
<b>Total Assets</b>	<b>967,502</b>

**Liabilites**

Accrued Payables	17,306
Due Insider	30,000
<b>Total Liabilities</b>	<b>47,306</b>

<b>Net Worth</b>	<b>920,196</b>
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PROPOSED

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IN AND FOR THE COUNTY OF MARICOPA

State of Arizona;	)	
Plaintiff,	)	Cause No. CV2014-006765
v.	)	
Sherman Eugene Unkefer, III, et al,	)	ORDER RE: PETITION NO. 49
In Personam Defendants.	)	
	)	(Assigned to Judge Pamela Gates)
	)	

The Receiver having filed Petition No. 49, *Petition for Order Approving Receiver's Status Report dated October 21, 2020*, and the Court having considered same, and it appearing to the Court that the matters requested by Petition No. 49 are reasonable, just and appropriate:

NOW, THEREFORE, IT IS HEREBY ORDERED approving the Receiver's Status Report dated October 21, 2020, filed by the Receiver as Exhibit 1 to Petition No. 49.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Judge of the Superior Court

COPY

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IN AND FOR MARICOPA COUNTY

State of Arizona;

Plaintiff,

v.

Sherman Eugene Unkefer, III, et al,

In Personam Defendants.

Cause No. CV2014-006765

PROOF OF MAILING PETITION AND  
PROPOSED ORDER

RE: PETITION NO. 49

(Assigned to the Honorable Pamela Gates)

The undersigned, as counsel for the Receiver, certifies that in addition to being electronically transmitted to the Clerk of the Court in accordance with the Court's procedures for electronic filing, copies of the:

1. Petition No. 49; and
2. Proposed Order Re: Petition No. 49;

were served, on the 21<sup>st</sup> day of October, 2020, by email on each person with an email address shown on the attached Master Service List to such person at that email address, and to all

1 other persons on the attached Master Service List by first class mail addressed to the name  
2 and address that appears on the Master Service List.

3 Respectfully submitted this 21<sup>st</sup> day of October, 2020.

4 GUTTILLA MURPHY ANDERSON, P.C.

5 /s/Patrick M. Murphy  
6 Patrick M. Murphy  
7 Attorneys for the Receiver

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9 1928-001(409803)  
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## MASTER SERVICE LIST

*State of Arizona v. Unkefer, et al*

Arizona Superior Court For Maricopa County

CV2014-006765

(Rev. 8/12/2019)

The Honorable Pamela Gates  
Maricopa County Superior Court  
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