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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,)
In Personam Defendants.)

ORDER RE: PETITION NO. 65

(Assigned to The Honorable Danielle J.
Viola)

The Receiver having filed Petition No. 65, *Petition for Order Approving Receiver's Status Report dated August 30, 2023*, and the Court having considered same, and it appearing to the Court that the matters requested by Petition No. 65 are reasonable, just and appropriate.

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.....

1 NOW, THEREFORE, IT IS HEREBY ORDERED approving the Report of the Receiver
2 dated August 30, 2023, filed by the Receiver as Exhibit 1 to Petition No. 65.

3
4 Dated this ____ day of October, 2023.

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7 _____
8 The Honorable Danielle J. Viola
9 Judge of the Superior Court
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eSignature Page 1 of 1

Filing ID: 16798788 Case Number: CV2014-006765
Original Filing ID: 16632602

Granted with Modifications



/S/ Danielle Viola Date: 10/25/2023
Judicial Officer of Superior Court

ENDORSEMENT PAGE

CASE NUMBER: CV2014-006765

SIGNATURE DATE: 10/25/2023

E-FILING ID #: 16798788

FILED DATE: 10/26/2023 8:00:00 AM

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

State of Arizona;)	Cause No. CV2014-006765
Plaintiff,)	
v.)	PETITION NO. 65
Sherman Eugene Unkefer, III, et al,)	PETITION TO APPROVE RECEIVER'S
In Personam Defendants.)	STATUS REPORT DATED
)	AUGUST 30, 2023
)	(Assigned to the Honorable Danielle
)	Viola)

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 appointed Michael J.

1 FitzGibbons as Receiver of the Receivership Entities. These two orders are referred to hereafter
2 as the “Receivership Order”.

3 2. The Receiver has prepared and files herewith the *Report of the Receiver* dated
4 August 30, 2023, which is attached hereto as Exhibit 1. The attached *Report of the Receiver*
5 includes, among other things, a statement of fees paid to professionals from May 14, 2014 to
6 June 30, 2023, (Exhibit A), Cash Receipts and Disbursements from Inception to June 30, 2023
7 (Exhibit B) and an unaudited balance sheet as of June 30, 2023 (Exhibit C).

8 3. WHEREFORE, the Receiver respectfully requests that the Court enter an order
9 approving the Report of the Receiver dated August 30, 2023, attached hereto as Exhibit 1.

10 Respectfully submitted this 21st day of September, 2023.

11 GUTTILLA MURPHY ANDERSON, P.C.

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

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Report of the Receiver

Mango Trust et al.

Submitted By: Michael J. FitzGibbons, Receiver

August 30, 2023

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 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.

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 December 31, 2015.

3) Non- Operating and Previously Closed Receivership Entities: All legal entities subject to this Receivership Order other than X-1 were either already dissolved at outset of the receivership or were dissolved during this receivership.

4) Employees: None

5) Settlement with Defendants: 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 required that certain payments be made by the Receiver:

- a) Laundry Unkefer receives 10% of each payment received by the Receiver from the sale of the XANGO distributorship sale discussed at 6 below, not to exceed \$300,000. Ms. Unkefer has been paid \$178,404 through 6-30-23
- 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) Distributorship Purchase Agreement (DPA): The Receiver inherited X-1's rights under the DPA. The Deguzman's (Buyer) had the obligation to pay \$3 million over a period of five (5) years.

Buyer made principal and interest payments in the amount of \$1,963,408, all in accordance with the DPA. In May 2018 the Buyer defaulted on his obligations. In August 2018, the Receiver filed a collection action against the Buyer in Utah State Court, alleging \$1,036,591.91 in principal and \$273,366.70 in accrued interest was due and payable. On October 17, 2018, the Buyer filed for Chapter 11 Bankruptcy in the District of Arizona. The Guarantor of the contract, Xango, had all its assets seized by its secured creditors.

The Receiver settled with the Buyer, with the approval of this Court¹ and the Bankruptcy Court. Terms of the settlement were as follows:

A) Judgement for \$550,000

- \$2,500 per month
- Forgive \$50,000 upon receipt of 1st \$100,000
- Forgive \$250,000 upon receipt of next \$150,000
- 78 months remain to satisfy \$250,000

B) Conveyance of Tubac Property

- Sold in June 2022 for \$72,500.
- \$17,500 down and \$55,000 secured by 1st mortgage. 36-month term at \$1,698.24 per month²

On or around May 30, 2022, the buyer again defaulted in his obligations and on June 7, 2022, again filed for bankruptcy. The Receiver challenged this filing, and the bankruptcy was dismissed July 6, 2022.

The buyer again filed for bankruptcy in August of 2022. On May 8, 2023, the case was dismissed. During this final bankruptcy, the buyers kept their payments current.

¹ See Petition and Order # 47

² Closing costs of \$8,433.

Presently, the buyer has been challenged in keeping payments current.

7) Other

A) X-1: X-1 is a non-taxable entity and remains the legal entity for distributions to victims.

B) Core Resources: Core Resources is a \$100,000 bankrupt investment. This Bankruptcy action closed in November 2018 with no distribution.

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

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, 2017.³ On June 7, 2018, the Court approved an additional \$24,972 distribution⁴ for a total court approved distribution of \$1,024,972.

On January 17, 2023⁵, the Court approved a second distribution for an additional \$400,000. We are currently withholding \$93,287 pending additional the receipt of additional documents from certain victims/victim representatives.

We have continued to adjust our victim listing. The current listing is as follows:

Number of Victims	Court Approved Compensation	Compensation Paid	Compensation Pending
609	\$7,947,716	\$1,331,686	\$93,287

8) Receivership Fees & Costs: Set forth at **Exhibit A** is a schedule of all fees and costs paid from the receivership to the Receiver and engaged professionals in accordance with the orders of this Court.

³ Order Re: Petition 27

⁴ Order Re: Petition 35

⁵ Order Re: Petition 62

9) Financial Statements at June 30, 2023:

- a) The Receivership Cash Flow ending June 30, 2023, is attached at **Exhibit B**.
- b) The Balance Sheet can be found at **Exhibit C**.

Contact with Victims: During 2021 the Receiver initiated an address confirmation exercise with all Victims and again in 2022. We attempted to locate new addresses and/or contact relatives for all confirmations returned by the USPS.

The results of our confirmation activities is as follows:

Total Confirmations Mailed	Confirmations Received	No Responses Received	Affidavits Needed	Requests for \$ to be Escheated
788	664	109	11	4

10) Closing the Receivership: The note received as part of the sale of the Tubac property should be paid off by June 2025 and the DeGuzman settlement should be satisfied by 2028. Unless the Receiver can find a buyer to purchase these obligations at a fair value or is able to arrange for the State/County to take an assignment of the obligations and distribute the proceeds to the victims, it is likely that the receivership will not be in a position to close until the later of the above dates.

Exhibit A

**Mango Trust Receivership
Fees Paid to Professionals
May 2014 to June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Grand Total
FitzGibbons and Company	97,913	136,581	190,988	107,266	24,447	19,214	14,974	62,627	17,110	34,615	705,736
Guttilla Murphy Anderson PC	55,726	56,335	40,853	32,186	18,192	30,785	22,631	8,056	5,354	7,331	277,450
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						4,645
Quinn Emanuel Orguha						150	150	717			1,017
											-
Total	162,799	278,792	306,581	139,452	47,284	50,149	37,755	71,400	22,464	41,946	1,158,622

Exhibit B

Mango Trust in Receivership
Cash Receipts and Disbursements Inception to Date
June 30, 2023

	2014 (a)	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Beginning Balance January 1	38,686	963,776	1,165,009	1,447,230	559,554	487,132	650,203	626,757	579,698	602,718	38,686
Receipts											
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	4,573	1,826	2,531	988	125,219
Mortgage Interest									2,075	1,455	3,530
Revenues	402,802	544,481	417,215	210,000							1,574,498
Tax refunds	-	187,299	126,600	30,179							344,078
DeGuzman Payments							12,500	30,000	30,000	15,000	87,500
Cash on Sale of Property									9,067		9,067
Mortgage Note payment									9,812	8,734	18,546
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
Total Receipts	1,133,278	758,185	640,083	244,654	1,737	214,511	17,073	31,826	53,485	26,177	3,121,009
Disbursements											
Distributions				967,728	24,681		298		1,581	335,563	1,329,851
Bank Fees	236	592	348	445	30		15	60	72	195	1,993
Supplies				566						294	860
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	1,254	1,253	1,254	15,203
Postage		457	5,176	-							5,633
HOA - Tubac Rio Cruz								1,600			1,600
Property Tax - Tubac Rio Cruz								1,571			1,571
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			1,250	3,000	5,095	4,279	180,165
Professional		5,000	17,697	-							22,697
Legal Fees	55,726	134,986	23,191	32,186	22,800	30,936	22,781	8,774	5,354	7,221	343,955
Receiver Fees	97,913	136,581	190,990	107,266	24,444	19,214	14,973	62,626	17,110	34,616	705,733
Tax Prep Fees	9,160	2,225	74,743	-							86,128
Total Expenses	208,189	556,952	357,862	1,132,330	74,159	51,440	40,519	78,885	30,465	383,422	2,914,222
Net Cash Flow	925,090	201,233	282,221	(887,676)	(72,422)	163,071	(23,446)	(47,059)	23,020	(357,245)	206,787
Ending Balance December 31	963,776	1,165,009	1,447,230	559,554	487,132	650,203	626,757	579,698	602,718	245,473	245,473

(a) May 24, 2014 Incepting

Exhibit C

Mango Trust in Receivership
Balance Sheet
Unaudited

30-Jun-23

Assets

Cash	247,233
Tubac Mortgage	36,453
Tubac Property	-
DeGuzman Receivable	162,500
Total Assets	446,186

Liabilites

Accrued Payables	35,430
Due to L. Unkefer	19,895
Total Liabilities	55,325

Net Worth	390,861
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