

<p>District Court, Denver County, Colorado 1437 Bannock Street Denver, CO 80202</p> <hr/> <p>FRED J. JOSEPH, Securities Commissioner for the State of Colorado, Plaintiff, v. SEAN MICHAEL MUELLER, MUELLER CAPITAL MANAGEMENT, LLC, and MUELLER OVER UNDER FUND, LP, Defendants.</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
<p>Attorneys for: C. Randel Lewis, Receiver Name: Michael T. Gilbert, #15009 John C. Smiley, #16210 John A. Chanin, #20749 LINDQUIST & VENNUM P.L.L.P. Address: 600 17th Street, Suite 1800 South Denver, CO 80202 Phone No.: 303-573-5900 Fax No.: 303-573-1956 Email: mgilbert@lindquist.com jsmiley@lindquist.com jchanin@lindquist.com</p>	<p>Case Numbers: 2010CV3280 Division: Courtroom:</p>
<p>RECEIVER'S MARCH 2012 REPORT</p>	

C. Randel Lewis, in his capacity as Receiver for Mueller Capital Management, LLC (“MCM”), Mueller Over Under Fund, LP, as well as any related businesses, including Mueller Partners, LP, MCM, LLC, and Mueller Fund, LP, submits this Report on the status of the Receivership proceedings.

I. PROCEDURAL HISTORY

1. On April 23, 2010, the Commissioner filed his Complaint for Injunctive and Other Relief.

2. On April 27, 2010, this Court entered an Order Appointing the Receiver (the “Receivership Order”). The Receiver was appointed for Mueller Capital Management, LLC (“MCM”), Mueller Over Under Fund, LP, as well as any related businesses, including Mueller Partners, LP, MCM, LLC, and Mueller Fund, LP (collectively, the “Sham Business” or the “Estate”). *Receivership Order*, Findings ¶ 3. The Sham Business was run by Sean Michael Mueller (“Mueller”).

3. On November 1, 2010, Mueller pled guilty in Denver District Court to violating the Colorado Organized Crime Control Act, C.R.S. § 18-17-104(3), a class two felony, and Securities Fraud and Theft, both class three felonies. On December 6, 2010, he was sentenced to forty years in prison and ordered to pay in excess of \$65 million in restitution.

4. This report is submitted to summarize the current status of the Receiver’s administration of the Estate.

II. RECEIVER’S INVESTIGATION

A. MUELLER WAS RUNNING A PONZI SCHEME.

5. The Receiver has employed forensic accountants who have completed their investigation into the Sham Business. The accountants have confirmed the following:

a. From 2000 through 2010, 148 separate persons or entities invested approximately \$147 million with Mueller. During its operation, the Sham Business paid out approximately \$85 million to investors, partly in false returns on investments, partly as return of principal. Approximately \$38 million was lost in trading, approximately \$6 million was paid for various expenses, including Mueller’s personal expenses, and approximately \$7 million was paid to Mueller.

b. Between August 2002 and March 2010, Mueller created fraudulent account statements and sent them to investors to conceal his losses. Statements to investors purport to show that as of March 2010 (the last statements issued), investors held accounts worth approximately \$138 million. In reality, as of April 2010, the Sham Business had assets on hand of little more than \$9 million.

c. Account statements that were sent to investors consistently reported gains in investor accounts, never losses.

6. Mueller was operating a Ponzi scheme, and he concealed his ongoing fraud in an effort to hinder and delay other current and prospective investors from discovering the fraud. Money received from investors was used to make distributions to, or payments on behalf of, other investors. Money sent to Mueller for investment purposes was used to keep the operation afloat and enrich Mueller and others.

B. STATUS OF INVESTORS AND LITIGATION.

7. Of the approximately 148 separate investors in the Sham Business, approximately 96 lost a total of approximately \$72 million. The Receiver has diligently pursued recovery from

“Net Winners” in the Ponzi scheme, *i.e.*, persons or entities who received payments from the Sham Business that exceeded the amount of their principal investments. The Receiver has identified approximately 48 Net Winners.

8. The Receiver entered into Tolling Agreements with approximately 35 Net Winners to suspend the running of the statute of limitations on potential claims against them in an effort to pursue extra-judicial settlement. The claims against most Tolling Agreement parties have been resolved. Only three Tolling Agreements remain in effect:

REMAINING TOLLING AGREEMENT PARTIES			
#	Party	Date of Expiration	Amount of Net Winnings
1	ZCM Asset Holding Company LLC #1	6/1/12	\$39,895
2	Mitchell D. Pierce	12/31/12	\$837,439
3	Jerry Williams	12/31/12	\$66,201

9. On April 22, 2011, the Receiver filed 13 separate complaints against investors seeking to recoup funds for the benefit of the Estate. In addition, the Receiver filed a 14th Complaint against KingRogerLee Partnership (“KRL”), and approximately 30 of its general partners. Two of the partners in KRL, the accountants William Schaefer and William Saetveit, not only referred investors to Mueller, they each owned a 5% interest in the Sham Business and each received substantial payments from Mueller and the Sham Business as compensation. The table below reflects the current status of each of these cases:

CASES ORIGINALLY FILED 4/22/11			
#	Case No.	Parties	Status
1	2011CV3071	<i>Lewis v. Tim Foote</i>	Dismissed without prejudice
2	2011CV3072	<i>Lewis v. KingRogerLee Partnership, et al.</i> (the “KRL Case”)	Partial settlement reached; pending court approval
3	2011CV3073	<i>Lewis v. Michael Little</i>	Dismissed per settlement
4	2011CV3074	<i>Lewis v. Merle Ginsburg, et al.</i>	Dismissed; pending in NY state court
5	2011CV3075	<i>Lewis v. Catherine Anderson</i>	Dismissed without prejudice

CASES ORIGINALLY FILED 4/22/11

#	Case No.	Parties	Status
6	2011CV3076	<i>Lewis v. Mountain Shadows MHS LLLP</i>	Dismissed per settlement
7	2011CV3077	<i>Lewis v. Rocky Mountain Radiologists P-S Plan, FBO Lawrence Pertcheck, et al.</i>	Dismissed per settlement
8	2011CV3078	<i>Lewis v. Stature Multi-Allocation Fund LLC</i>	Dismissed without prejudice
9	2011CV3079	<i>Lewis v. Julie Giglio, IRA, et al.</i>	Removed 7/1/11; now pending in Arizona state court
10	2011CV3080	<i>Lewis v. John Hughes</i>	Notice of Chapter 7 bankruptcy filed 5/31/11; action stayed pursuant to 11 U.S.C. § 362(a)
11	2011CV3081	<i>Lewis v. James McClain Sweet</i>	Dismissed without prejudice
12	2011CV3082	<i>Lewis v. Kathryn Holderman, et al.</i>	Removed 7/1/11; now pending in Arizona state court
13	2011CV3083	<i>Lewis v. Anne Hemmert, et al.</i>	Dismissed per settlement
14	2011CV3084	<i>Lewis v. Gerard C. Lewis</i>	Dismissed per settlement

10. On October 14, 2011, the Receiver filed a Complaint against Steve Taylor in Arapahoe County District Court, Case No. 2011CV2071, seeking to recoup \$332,851 in Net Winnings. On December 2, 2011, Mr. Taylor filed his answer, counterclaim and a third-party complaint against William R. Saetveit and the accounting firm of Bailey Saetveit & Co., P.C. On December 19, 2011, the Receiver moved to dismiss the counterclaim against him and to change venue to this Court. On March 16, 2012, the Arapahoe County District Court granted the Receiver's motion to transfer venue to this Court; the Receiver's motion to dismiss remains pending for resolution by this Court.

11. On March 16, 2012, the Receiver commenced a lawsuit in Arizona state court against the Grubb Family Trust. The Grubb Family Trust was a Net Winner in the Ponzi scheme that had executed Tolling Agreements with the Receiver; the parties were unable to resolve the claims against the Trust.

12. The table below summarizes the status of the active clawback cases:

ACTIVE CASES AS OF MARCH 2012			
#	Case No.	Parties	Status
1	2011CV3072	<i>Lewis v. KingRogerLee Partnership, et al.</i> (the “KRL Case”)	Pending partial settlement – remaining claims = \$3,112,951
2	2011CV3074	<i>Lewis v. Merle Ginsburg, et al.</i>	Pending in New York State Court – Net Winnings claim = \$50,151
3	2011CV3082	<i>Lewis v. Kathryn Holderman, et al.</i>	Pending in Arizona State Court – Net Winnings claim = \$229,401
4	2011CV3079	<i>Lewis v. Julie Giglio, IRA, et al.</i>	Pending in Arizona State Court – Net Winnings claim = \$1,012,083
5	2012CV1699	<i>Lewis v. Steve Taylor</i>	Now pending in this Court – Net Winnings claim = \$332,851
6	CV2012-005886	<i>Lewis v. Grubb Family Trust</i>	Pending in Arizona State Court – Net Winnings claim = \$233,964

13. On March 2, 2012, the Receiver filed an arbitration proceeding with the Financial Industry Regulatory Authority against M.S. Howells, Inc. and two of its employees. M.S. Howells was one of the Sham Business’ introducing brokers. In the FINRA arbitration against M.S. Howells, the Receiver is seeking approximately \$13 million in compensatory damages and the same amount in punitive damages. A copy of the Receiver’s Statement of Claim in the arbitration has been posted to the Receivership website, www.muellerreceivership.com. The Receiver continues to investigate the possibility of additional litigation which could bring additional assets into the Estate.

III. SUMMARY OF RECOVERIES TO DATE AND ESTATE ASSETS

14. To date, the Receiver has negotiated settlements with 25 Net Winners totaling \$4,384,343.17, of which \$3,618,343.17 has been paid. The Receiver has also recovered an additional \$368,453.05 from, collectively, preferences, asset sales, and a joint bank account held by Mueller and his wife.

15. There is approximately \$11.8 million in the Receivership account, most of which is invested in United States Treasury Bonds of varying short-term maturities.

IV. SUMMARY OF ESTATE LIABILITIES

16. On September 30, 2010, this Court entered its Order establishing a procedure for parties to submit claims against the Estate and setting a claims bar date of November 30, 2010. Approximately 94 claims have been submitted by investors exceeding \$110 million. The Receiver's preliminary analysis of these claims indicates that on a cash-in, cash-out basis, there are approximately \$93 million in investor claims against the Estate. An additional 5 claims have been submitted by other creditors totaling approximately \$430,000.¹

17. To date, three fee applications have been submitted to and approved by the Court, resulting in the following payments:

Receiver Fees	\$ 237,166.25
Receivership Disbursements	\$ 24,169.43
Attorneys' Fees – Lindquist & Vennum P.L.L.P.	\$ 650,952.50
Costs – Lindquist & Vennum P.L.L.P.	\$ 37,752.37
Receivership Accounting	\$ 3,901.50
Forensic Accounting (Rubin Brown)	\$ 235,081.18
Out-of-State Legal Fees (Richards Kibbe; Snell & Wilmer; Nisen & Elliott)	\$ 33,819.46
Total	\$1,222,842.69

18. The Receiver anticipates filing a fourth fee application by May 31, 2012.

¹ Many investors have filed claims seeking to recover the fictitious profits reported to them on the fraudulent account statements. The Receiver does not express any opinion on the legitimacy or value of the claims that have been submitted.

Dated: March 21, 2012.

LINDQUIST & VENNUM P.L.L.P.
original signature on file

By: /s/ Michael T. Gilbert
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Counsel for C. Randel Lewis, Receiver

CERTIFICATE OF MAILING

The undersigned hereby certifies that on March 21, 2012, a true and correct copy of the foregoing **RECEIVER'S MARCH 2012 REPORT**, was served via Lexis/Nexis and/or U.S. Mail on the following:

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All investors and creditors listed on the service list for this case, which is maintained in the Receiver's records.

/s/ Sue Toms (original signature on file)