

2. On November 9, 2015, the CFTC filed a related proceeding in the United States against the entity IB Capital and its principals Emad Echadi and Michel Geurkink for violations of the Commodity Exchange Act. *See* CFTC’s Complaint for Permanent Injunction, Civil Penalties, and Other Equitable Relief, Case No. 1:15-cv-01022-LY, *U.S. Commodity Futures Trading Commission v. IB Capital FX, LLC et al.* [IB Capital Matter Docket No. 1]. On January 15, 2016, the Court entered an order enjoining IB Capital and principals Michel Geurkink and Emad Echadi (the “IB Capital Defendants”) from engaging in certain activity. *See* Order of Preliminary Injunction and Other Equitable Relief (“IB Capital Order”), Case No. 1:15-cv-01022-LY, *U.S. Commodity Futures Trading Commission v. IB Capital FX, LLC et al.* [IB Capital Matter Docket No. 16]. In the IB Capital Order the Court also appointed Guy Hohmann as Receiver to take control of the IB Capital Defendants’ assets and requires the IB Capital Defendants’ assets be repatriated to the Receiver. IB Capital Order at ¶10.

II. IB CAPITAL CONSENT ORDER AND DUTCH PROCEEDINGS

3. On October 14, 2016, the Court entered a consent order (the “IB Capital Consent Order”) and final judgment against Michel Geurkink, Emad Echadi, and IB Capital. Pursuant to the IB Capital Consent Order, the IB Capital Defendants have agreed to payment of civil monetary penalties, as well as, restitution totaling \$35 million dollars. It has been (and continues to be) the Receiver’s hope that a significant amount of the restitution owed by the IB Capital Defendants will be satisfied with funds that are currently frozen in the Netherlands and other jurisdictions in connection with an ongoing criminal case against the IB Capital Defendants in that jurisdiction, allowing for distribution of those funds to investors in the United States and worldwide. For some time, the CFTC and Receiver have been working with the IB Capital Defendants and authorities in the Netherlands to come to an agreement regarding the disposition of those funds. As noted in

previous fee applications, the Receiver retained counsel in the Netherlands in an attempt to expedite the process. Throughout the past year, active ongoing communication has taken place between the Receiver's Dutch counsel, the CFTC, and Dutch authorities. As a result of these ongoing communications, the Receiver continues to believe that repatriation of the funds at issue may be imminent.

4. By way of update, the Receiver was recently informed that one of the defendants (Michel Geurkink) has entered a guilty plea. The Receiver also understands that Mr. Geurkink relinquished any claim to any funds in his name or the names of his affiliated entities that were previously frozen by governmental authorities. The Receiver recently contacted Mr. Geurkink's counsel to commence the process of having those funds (approximately \$8.25 million) repatriated to the United States.

5. The Receiver also understands that plea negotiations with the other defendant (Emad Echadi) are in their final stages and expect they will be consummated within the next 20 - 30 days. It is also expected the final agreement with Mr. Echadi will include a provision requiring Mr. Echadi to relinquish any claim to funds in his name (approximately \$20 million) or the names of his affiliated entities that were previously frozen by governmental authorities. In addition, it is presently envisioned that Mr. Echadi will be required to relinquish any claims to a villa in Morocco, North Africa. The Receiver understands the villa was purchased with funds that were diverted from I.B. Capital.

6. It should be noted that the amount of funds referenced in paragraph four and five above were initially reported in approximately June of 2012. These funds were seized by authorities in Morocco, Cyprus, and Slovakia pursuant to a request from the Dutch government. Based upon exchange rate fluctuations and dependent upon whether such sums were in interest

bearing accounts, the current value or amounts may differ from the referenced amounts. In addition, it is the Receiver's understanding the funds that were on deposit in Morocco were placed into an account with a financial institution which has since been declared insolvent. It is not known how that may impact the amount of funds that can ultimately be repatriated. If it impacts it negatively, any amount that may not be recoverable would become part of the damage model in the claim to be asserted against the financial institution referenced in paragraph seven below.

7. Through his Dutch counsel, the Receiver also learned that significant claims may exist against a large third-party entity based in the Netherlands. Moreover, it is the Receiver's position that it would be proper to file suit against the third party in this Court. The Receiver previously sent a demand letter to this third party effectively extending the statute of limitations against the party for five years. Should he be successful in recovering funds either through expedited settlement discussions or a lawsuit, those funds (which could be significant) would likewise be distributed to investors.

III. RECEIVER'S EIGHTH FEE APPLICATION

8. Finally, the Receiver also requests the Court approve the Receiver's Eighth Fee Application totaling \$42,380.59. The "Eighth Fee Period" includes fees incurred by the Receiver and the Receiver's retained U.S. and Dutch counsel for the tenth month period between June 1, 2017 through March 31, 2018.

a. The Receiver

9. During the Eighth Fee Period, the Receiver or his retained counsel has focused primarily on continuing communications with the CFTC, Dutch authorities and with criminal counsel for Mr. Echadi, Mr. Geurkink, and the investors. In addition, the Receiver has been reviewing financial records which detail the names and locations of financial institutions which

presently contain funds previously misappropriated by Messrs. Echadi and Geurkink. In the case of Mr. Echadi or his affiliated entities, this includes approximately twenty-five separate accounts. In the case of Mr. Geurkink or affiliated entities, this includes approximately nine separate accounts. Lastly, the Receiver has continued to analyze jurisdictional issues associated with potential claims against third parties and further communicating with his retained U.S. and Dutch counsel concerning the services they have rendered during the time period covered by this Eighth Fee Period (as described more fully below in paragraph 14 below).

10. During the Eighth Fee Period, the fees charged by the Receiver include all compensation requested for the Receiver's services. *See* Receiver's Invoices attached hereto as **Exhibits A-1 through A-3**. The Receiver requests the Court's approval to pay for these services totaling \$25,327.63 in fees and expenses because the fees and expenses were reasonable and necessary for the Receiver to fulfill his Court-ordered duties.

b. The Law Firm of Hohmann, Brophy & Shelton, PLLC

11. A significant portion of the efforts of both counsel for the Receiver and support staff during the Eighth Fee Period involved: (1) assisting the Receiver's engagement of Dutch counsel for the purpose of effectuating repatriation of funds held in the Netherlands; assisting the Receiver in analyzing the viability of claims and jurisdictional issues against potentially liable third parties; (3) maintaining regular communication with investors regarding the status of the ProphetMax and IB Capital matters and an anticipated distribution; and (4) continuing to manage occasional incoming claims and requests to confirm receipt of claim information. The Receiver's counsel has continued to provide services to the ProphetMax and IB Capital matters at a 15 percent discount to their customary billing rates. *See* Invoices of Hohmann, Brophy & Shelton, PLLC, attached hereto as **Exhibit B-1** and **Exhibit B-2**.

12. The fees and expenses charged by HBS during the Eighth Fee Period include all compensation requested for the services of the Receiver's US-based legal professionals. *See Exhibit B-1 and Exhibit B-2.* The Receiver requests the Court's approval to pay for these services totaling \$7014.18 in fees and expenses because the fees and expenses were reasonable and necessary for the Receiver to fulfill his Court-ordered duties.

c. Retained Dutch Counsel

13. As noted in the Receiver's Sixth Fee Application, in an attempt to expedite the repatriation of funds associated with the IB Capital proceedings, the Receiver retained Jurjen de Korte and Geertjan van Oosten in connection with enforcement of the IB Capital Consent Order and repatriation of the previously frozen funds. As anticipated by the Receiver in the Sixth Fee Application, Dutch counsel's fees have exceeded the initial \$5,000 retainer approved by the Court, and currently seeks reimbursement for fees and expenses incurred during the Eighth Fee Period totaling \$10,038.88. *See Invoices attached hereto as Exhibit C.* The invoices are stated in Euros. The Receiver converted the Euros (EUR) to U.S. dollars (USD) based on the April 13, 2018 exchange rate of \$1.2335.

14. As noted herein, the Receiver believes significant progress has been made regarding repatriation efforts and potentially significant third-party claims, and it is the Receiver's position this progress could not have been made if not for the local expertise and contacts his Dutch counsel provided. The Receiver requests the Court's approval to pay fees and expenses of his Dutch counsel totaling \$10,038.88 because the fees and expenses were reasonable and necessary for the Receiver to fulfill his Court-ordered duties.

V. CONCLUSION

15. The Receiver requests the Court enter the proposed Order filed with this Motion to approve the payment of interim fees and expenses of \$42,380.59 to the Receiver and the retained

professionals who rendered services to the ProphetMax Receivership Estate and IB Capital Receivership Estate during the Eighth Fee Period, which were both reasonable and necessary for the Receiver to fulfill his Court-ordered duties.

Respectfully submitted,
GUY HOHMANN

By: /s/ Guy Hohmann
Guy Hohmann
State Bar No. 09813100
guyh@hohmannlaw.com
114 West 7th Street
Suite 1100
Austin, Texas 78701
(512) 495-1438

**RECEIVER FOR THE PROPHETMAX AND
IB CAPITAL RECEIVERSHIP ESTATES**

CERTIFICATE OF CONFERENCE

The Receiver conferred with Timothy Mulreany, counsel for the CFTC, who stated the CFTC does not oppose this Motion nor the relief sought herein. The Motion, therefore, is unopposed.

/s/ Guy Hohmann
Guy Hohmann

CERTIFICATE OF SERVICE

On April 20, 2018, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Western District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Guy Hohmann
Guy Hohmann