

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

COMMODITY FUTURES TRADING  
COMMISSION,

**Plaintiff,**

v.

FIRST STATE DEPOSITORY COMPANY,  
LLC, ARGENT ASSET GROUP, LLC, AND  
ROBERT LEROY HIGGINS,

**Defendants.**

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CASE NO.: 1:22-cv-01266-RGA

**THE RECEIVER’S THIRD STATUS REPORT**

Kelly M. Crawford, as the court-appointed Receiver (“Receiver”), submits the following Third Status Report pursuant to this Court’s *Order Granting Plaintiff’s Motion for an Ex Parte Statutory Restraining Order, Appointment of a Temporary Receiver, and Other Equitable Relief* [Docket No. 12] (the “SRO”).<sup>1</sup> The Receiver’s Initial Status Report, filed on November 29, 2022, covered the first 60 days of the receivership [D.I. 44]. The Receiver’s Second Status Report covered the two-month period from November 30, 2022 through January 31, 2023 [D.I. 93]. This status report covers the four-month period from February 1, 2023 through May 31, 2023.

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<sup>1</sup> The SRO was continued in force by an *Order of Preliminary Injunction, Appointment Of A Receiver And For Other Equitable Relief Against Defendants* entered by the Court on December 2, 2022 [D.I. 57]. The Receiver requests the Court to take judicial notice of the pleadings on file in this lawsuit.

I.

**INTRODUCTION**

The Receiver's activities during the four-month period between February 1, 2023 and March 31, 2023 were primarily focused upon implementing the claims process approved by the Court and returning assets held at the depository to the depository customers.

II.

**CLAIMS PROCESS**

On January 31, 2023, the Receiver filed his Amended Motion to Establish Claims and Distribution Procedures [D.I. 91] setting forth the Receiver's proposal for returning the assets to the FSD customers and establishing a claims process for those customers who have assets missing. On February 15, 2023, the Court entered an Order approving the Receiver's Amended Motion and established procedures for the Receiver to solicit, review, and report upon claims of depositors and creditors of the Defendants, and to begin the process of returning assets to depositors (the "Claims and Distribution Order") [D.I. 103].

On May 22, 2023, the Receiver filed the Receiver's Claims Report detailing the implementation of the claims process [D.I. 118] (the "Claims Report"). As set forth in the Claims Report, the Receiver received 1,705 claims and categorized 814 claims as uncompromised; 687 claims as compromised; 191 claims as compromised and part of the Silver Lease program; 7 purchase money claims; and 6 creditor claims. For those claimants in the uncompromised category, they will receive their holdings from the depository and have no monetary claim in the receivership. For those claimants in the compromised category, they will receive their holdings (that still exist) from the depository and have a monetary claim in the receivership totaling \$78,212,803, representing the total value of the holdings that are missing. For those claimants in

the silver lease program, nearly all of their holdings are missing and they have a monetary claim in the receivership totaling \$21,333,894. For those claimants who provided monies to the Defendants to purchase metals for their benefit, but such metals were not purchased, the claimants have a purchase money claim totaling \$155,894.

The Receiver served the Claims Report on the claimants and the claimants have until June 16, 2023 in which to file an objection with the Receiver if they disagree with the Receiver's recommendations. The Receiver will seek to resolve as many objections as possible and any unresolved objections will be submitted by the Receiver to the Court on June 23, 2023.

The Receiver sent proofs of claim forms to 491 potential claimants who have not yet filed a claim. The Receiver's team is trying to locate these potential claimants and ensure they are aware of their need to file a claim, or face the prospect of forfeiting their holdings.

### III.

#### **DISTRIBUTING HOLDINGS TO DEPOSITORS**

Pursuant to the *Claims and Distribution Order*, in the middle of April, 2023 the Receiver and his team, together with accountants from Baker Tilly who prepared the audit and inventory of the holdings found at the depository, began distributing holdings to First State Depository depositors. The process is taking much longer, and is much more time intensive, than the Receiver anticipated. Consequently, the cost to the receivership will be much greater than the Receiver projected. The Receiver is seeking to offset the costs by charging every depositor a handling fee of between \$50 and \$200 for the cost incurred in distributing the holdings to the depositors.

The Receiver provides depositors with the option of picking up their holdings at the depository, having them picked up by their authorized representative, or having them shipped via Federal Express or UPS. The Receiver informed the depositors they are responsible for making

the arrangements for the delivery of their holdings from the depository and purchasing any insurance they desire regarding the shipment. Unfortunately, most depositors are having difficulty making these arrangements and require a lot of time and assistance from the Receiver's team. Moreover, the Receiver has to keep the IRA custodians aware of the disposition of the holdings by the claimants.

The process for distributing assets from the depository to the depositors requires:

- 1) locating the holdings in the depository and pulling them for the depositor;
- 2) counting the holdings to ensure the holdings match the holdings reported by the Receiver to the depositor based on the Accountants' audit and inventory;
- 3) photographing the holdings;
- 4) boxing the holdings for shipment or preparing the holdings for pickup or transfer to another depository;
- 5) determining the size and weight of the holdings;
- 6) providing the details of the holdings to the new depository picking up the holdings, or preparing shipping labels for the boxes of holdings;
- 7) invoicing the depositor for handling and shipping fees;
- 8) insuring payment of the invoice by the depositor; and
- 9) arranging for pickup by the depositor, Federal Express, UPS, Brinks, or another representative of the depositor.

The Receiver began distributing holdings to depositors the week of April 11, 2023 and has continued making distributions for the past 7 weeks. To date, the Receiver has distributed approximately 35-40 percent of the total holdings in the depository. The Receiver is hoping the distribution of the holdings will be completed by the middle or end of July, 2023.

#### IV.

#### **STEPS TOWARD LIQUIDATION OF RECEIVERSHIP ASSETS**

On March 9, 2023, the Court approved the Receiver's proposed procedures for the liquidation of the assets in receivership [D.I. 109]. The Receiver obtained the Hummer driven by Defendant Higgins and its estimated value, with more than 290,000 miles, is less than \$2,500. In addition, the Receiver filed a Notice of Lis Pendens in the real property records of Chester County, Pennsylvania to assert an interest in whatever equity may exist in the house owned by Higgins. The house is subject to certain judgment liens or purported secured liens. Indeed, to protect any interest of the receivership in equity of the house, the Receiver stopped a Sheriff's sale of the house sought by a creditor.

The most significant assets in receivership are those of Defendant Argent Asset Group, LLC ("Argent"). The Receiver recovered coins and other valuables owned by Argent that were held by third parties. In addition, the Receiver discovered that approximately \$100,000 of Argent's inventory was held by COINS TV. The Receiver negotiated with COINS TV to continue sales of the inventory and to remit the proceeds of such sales to the receivership. To date, COINS TV has paid the receivership approximately \$42,583 from liquidation of that inventory. Also, the Receiver learned of an account receivable payable to Argent by Collector's Alliance in the amount of \$217,563. To date, Collector's Alliance has turned over to the receivership approximately \$168,288, and continues to make weekly payments to the receivership toward payment of the accounts receivable.

The Receiver retained Richard Weaver, owner of Delaware Valley Rare Coin Company, to inspect the Argent inventory and advise the Receiver on the best means of liquidating the inventory. In May, 2023, Mr. Weaver visited the Argent office, inspected the inventory, and

provided recommendations to the Receiver regarding liquidation of the inventory. In addition, the Receiver consulted with two other coin dealers about the best method for selling the Argent inventory.

V.

**ATTEMPTS BY THE RECEIVER TO IDENTIFY ADDITIONAL ASSETS**

As set forth in the Claims Report, there is nearly \$100 million in precious metals missing from the FSD Depository. The Receiver continues to face questions from angry depositors, asking where are the assets? Defendant Higgins continues to assert the Fifth Amendment and refuses to give an asset deposition to the Receiver. Recently, the Department of Justice in Higgins' criminal case reported that Higgins attempted to purchase a replacement Hummer using gold coins. The Receiver continues to search for leads as to the whereabouts of the missing assets.

Respectfully submitted on May 31, 2023

ASHBY & GEDDES, P.A.

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