

**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 SEVENTH STATUS REPORT

Kelly M. Crawford, as the court-appointed Receiver (“Receiver”), submits the following Seventh 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”).¹ 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]. The Receiver’s Third Status Report covered the period from February 1, 2023 through May 31, 2023 [D.I. 119]. The Receiver’s Fourth Status Report covered the period from June 1, 2023 through June 10, 2023 [D.I. 129]. The Receiver’s Fifth Status report covered the period from June 11, 2023 through August 4, 2023. The Receiver’s Sixth Status report covered the period from August

¹ 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.

5, 2023 through November 3, 2023. This Receiver's Seventh Status report covers the period from November 4, 2023 through December 4, 2023.

I.

DISTRIBUTING HOLDINGS TO DEPOSITORS

Pursuant to the *Claims and Distribution Order*, the Receiver and his team completed the distribution of holdings to First State Depository ("FSD") depositors or their custodians. Distributions of metals, foreign currency, and other holdings valued at \$63.7 million were made to 1,616 depositors or their custodians. This process began in the middle of April, 2023 and continued until November 23, 2023.

A number of depositors requested the Receiver to ship their holdings via federal express. Boxes belonging to three depositors were lost by Federal Express and to date have not been found. The Receiver filed a claim for the value of these lost boxes with Lloyds of London under the policy he maintained in force during the distribution process.²

In addition, in four shipments handled by Federal Express, gold was pilfered and stolen from the boxes while in the custody and care of Federal Express. On or about November 10, 2023, a Federal Express employee in New Castle, Delaware was arrested on felony theft charges for allegedly stealing gold coins from a package. The Receiver provided the FBI with the specifics of the theft of gold from the Federal Express packages, and made demand upon Federal Express to cooperate in returning the gold to the customers or paying the value of the gold to the customers. A true and correct copy of the Receiver's letter to the general counsel of FedEx is attached hereto

² In addition, the Receiver submitted a claim for a Federal Express package sent by FSD to a customer that was lost prior to the receivership.

as **Exhibit A**. In addition, the Receiver made a claim under the Lloyds of London insurance policy for the value of the stolen gold.

II.

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]. On October 10, 2023, the Court approved the Receiver's proposed procedures for the sale of precious metals in receivership [D.I. 163].

The most significant assets remaining in receivership are those of Defendant Argent Asset Group, LLC ("Argent"). The Receiver divided the inventory into the following categories: 1) coins to be deposited with a bank at face value; 2) precious metals and proofs to be sold based on spot value; 3) specialty coins; and 4) other collectables.

To date, the Receiver has made a number of sales of precious metals that were either forfeited to the receivership estate, could not be traced to a FSD Depositor, or were in the Argent inventory. The Receiver is continuing to sell such precious metals. For each sale, the Receiver files a Notice of Sale with the Court that identifies the specific metals sold and the prices received.

With the assistance of Mr. Rich Weaver of Delaware Valley Rare Coin Company, the Receiver had standard coinage worth \$13,217.47 deposited with Franklin Mint Credit Union.

In addition, the Receiver has a significant amount of Iraq Dinar to exchange for U.S. currency. On December 1, 2023, the Receiver exchanged with Currency Exchange International in Hanover, Maryland 98 million Iraq Dinar for approximately \$60,000 US. The Receiver also received a number of offers to purchase the Dinar from private parties, which the Receiver will include in a notice filed in the case. The Receiver estimates he has the US equivalent of approximately \$270,000 in Iraq Dinar to exchange.

As previously reported, the Receiver identified approximately 200 specialty coins that were placed on consignment for sale at the Whitman Expo, November 9-11, 2023 at the Baltimore Convention Center. The Receiver obtained an appraisal of the 200 coins from Stephen Gehringer, a 50 year life member of American Numismatic Association 2714, to set a reserve price for the sale of the coins. The coins were placed on consignment with Delaware Valley Rare Coin Company with the agreement that the receivership will receive 100% of the proceeds from the sale of coins up to the reserve value and 50% of the proceeds in excess of the reserve value.

Shortly before the Whitman Expo, Higgins' criminal defense attorney contacted the Receiver and the U.S. Attorneys' office and requested an opportunity to inspect the coins placed on consignment and the other assets of the Defendants at the depository. To accommodate this request, the Receiver pulled the 200 coins from being shown at the Whitman Expo, and made the coins, and other assets of the Defendants available for inspection at the depository on Tuesday, November 14, 2023. On that day, Higgins, his criminal defense attorney, and an investigator retained by Higgins' criminal defense attorney visited the depository and inspected the assets of the Defendants under the supervision of the Receiver's local counsel Rick Palacio.

The Receiver once again placed the approximate 200 specialty coins on consignment with Delaware Valley Rare Coin Company under the same terms previously identified. The coins will be sold by Delaware Valley Rare Coin Company over the course of the next couple of months, including being offered for sale at a coin show in Florida in January, 2024.

The Receiver is exploring options for the sale of the remaining inventory of Argent and soliciting input from a number of coin dealers.

Finally, the Receiver entered into an agreement with Local Liquidators to sell at a public online auction all of the office equipment, supplies, machinery, furniture, etc. located at the

depository. Pursuant to the Receiver's agreement with Local Liquidators, the receivership will receive 80% of the proceeds from the auction and Local Liquidators will receive 20% of the proceeds. The items for sale, with pictures, will be posted and advertised online, and interested parties will be given an opportunity to view the items at the depository the last week of January immediately prior to the auction closing. Successful bidders will be responsible for picking up the purchased items from the depository.

III.

STORAGE OF DOCUMENTS

The Receiver retained Hill Archive in New Jersey to store documents of the Defendants that were located at the depository. On November 28, 2023, Hill Archive boxed up 194 boxes of documents and transported them to their storage facility in West Berlin, New Jersey. These boxes include all documents of the Defendants at the depository and hard drives to computers at the depository. The documents and hard drives will continue to be stored until the conclusion of the case and will be available for Robert Higgins during his criminal case.

IV.

ATTEMPTS BY THE RECEIVER TO IDENTIFY AND RECOVER ADDITIONAL ASSETS

On September 29, 2023, the Receiver filed a Complaint against West Hills Capital, LLC and Joseph Unger to recover more than a million dollars in commissions paid by First State Depository that the Receiver contends were fraudulent conveyances. The lawsuit was filed in the United States District Court for the District of Delaware, Case No. 1-23-cv-01076-RGA. The Defendants agreed to waive service and their response to the Complaint will be due in late January, 2024. The Receiver is proposing to use the net proceeds recovered from the lawsuit to pay those claimants in the Uncompromised category who were part of the Silver Lease Program.

In addition, the Receiver served subpoenas and the Statutory Restraining Order on a number of third parties to obtain information regarding the possible disposition of the missing precious metals by Higgins or associates of Higgins. The Receiver continues his search for the missing metals and currency.

Respectfully submitted on December 6, 2023

ASHBY & GEDDES, P.A.

/s/ Ricardo Palacio

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Exhibit A

Kelly Crawford
Receiver
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Dallas, Texas 75201
(214) 706-42123
kelly.crawford@solidcounsel.com

November 17, 2023

Via Overnight Mail

Mark Allen
General Counsel
FedEx Corp.
942 South Shady Grove Road
Memphis, Tennessee

RE: *Commodity Futures Trading Commission v. First State Depository Company, LLC, Argent Asset Group LLC, and Robert Leroy Higgins*; Case No. 22-1266; pending in the United States District Court for the District of Delaware

Dear Mr. Allen:

In the case brought by the CFTC referenced above, First State Depository (“FSD”), a precious metals depository in Wilmington, Delaware, was placed in receivership. I serve as the Receiver of the depository, appointed by United States District Court Judge Andrews of the District of Delaware. My duties include returning to the depositors their precious metals stored at the depository.

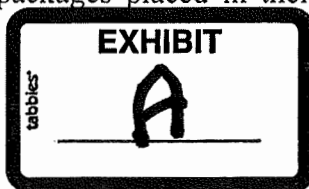
Many of the depositors elected to have their precious metals shipped by us to their specified location by Federal Express. In the last few weeks, we discovered that in four separate instances, gold was stolen from the packages while in the custody of Federal Express and enroute to the depositor or the depositor’s agent.

A summary of the theft that occurred and a description of the contents stolen is enclosed for your review. The total value of the stolen gold is approximately \$75,000.

It is my understanding that Jordan Hamilton, a Federal Express employee in Wilmington, Delaware was recently arrested and confessed to stealing gold out of packages under the custody of Federal Express.

There is a high likelihood the gold stolen by the Federal Express employee belongs to the FSD depositors. I provided information regarding the theft of gold by a Federal Express employee to the FBI.

Federal Express is responsible for the actions of its employees and toward that end must ensure it hires persons who do not pilfer packages placed in their custody. Clearly, Federal Express failed in its hiring of Mr. Hamilton.




November 17, 2023

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Your cooperation in getting this theft claim resolved would be greatly appreciated. Toward that end, I request Federal Express to either 1) find and return the stolen gold as outlined in the enclosed summary; or 2) pay to the receivership and the depositors the value of the gold stolen in the amount of \$75,000.

If the theft claim cannot be resolved, I will submit it to the Court presiding over the receivership for adjudication.

Sincerely,



Kelly M. Crawford
Receiver

Enclosure

cc: Rick Glaser, Commodity Futures Trading Commission (via electronic mail)
Brian Hunt, Commodity Futures Trading Commission (via electronic mail)

Date: November 17, 2023
 To: Mark Allen, General Counsel of FedEx Corp.
 From: Kelly Crawford, Receiver for First State Depository Co.
 Re: Claims for Stolen Inventory from Federal Express Shipments

There are four shipments to claimants made by Federal Express in which contents of the shipments were stolen while enroute from the depository to the claimant. The boxes were tampered with enroute. We believe an employee of Federal Express is responsible for the theft. I have notified the FBI of this theft. The details of the contents missing are set forth below. The estimated values of the inventory are based upon the spot price of gold as of November 17, 2023 (\$1,980 per ounce).

Investor Name	Date Shipped	Fedex #	Inventory Lost	Estimated Value of Inventory	NOTES
Nicholas Rhodes Claim No. 0040	9/15/2023	7732 3883 5684	<ul style="list-style-type: none"> (2) 1 oz Gold Bar – Republic Metal Corp. 	\$3,960	Shipment was picked up by Federal Express on September 12, 2023 and reached its destination of IDS in Dallas, Texas on September 15, 2023. The investors' holdings were shipped in one box and contained 4 of the 1 oz Gold Bars. On or about October 17, 2023, Terri Hewitt from IDS contacted the Receiver to notify him that only two of the 1 oz gold bars were received. All relevant pictures and fedex and pick sheets can be provided upon request.

Investor Name	Date Shipped	Fedex #	Inventory Lost	Estimated Value of Inventory	NOTES
John Mahoney Claim 1454	10/13/2023	7737 1831 8911	<ul style="list-style-type: none"> (12) 1 oz Gold American Eagle/American Buffalo Coins 	\$23,760	<p>Investor had 15 1 oz gold coins, and surrendered one to Receiver to pay for his surcharge. Shipment was sent to Midland Trust in New Castle, Delaware via federal express on October 13, 2023. The shipment arrived at its destination on October 16, 2023 and weighed 1.6 lbs. On October 23, 2023 the investor contacted Receiver to notify that only 2 of the 14 coins were received by Midland Trust and the package weighed in at only .80 lbs. All relevant pictures and fedex and pick sheets can be provided upon request.</p>

Investor Name	Date Shipped	Fedex #	Inventory Lost	Estimated Value of Inventory	NOTES
Arline Parfitt Claim 1715	10/13/2023	7737 0408 7034 7737 0408 7126 7737 0408 8019	<ul style="list-style-type: none"> (10) 1 oz Gold Bars 	\$19,800	<p>Investor's holdings were shipped in three boxes and contained (59) 5 oz Silver Rounds; (58) 10 oz Silver Bars; and (12) 1 oz gold Bars. The federal express package arrived at its destination on October 17, 2023.</p> <p>On October 18, 2023 the investor contacted Receiver indicating that 10 of the 1 oz gold bars were not received. There were five gold bars each in its own wooden box and 7 were contained in individual cardboard/cellophane packages. The five wooden boxes containing the 1 oz gold bars were received, but three were empty. The other 7 in the cardboard/cellophane packages were missing as well.</p> <p>All relevant pictures and fedex and pick sheets can be provided upon request.</p>

Investor Name	Date Shipped	Fedex #	Inventory Lost	Estimated Value of Inventory	NOTES
Kemba Hubbard Claim 1229	11/13/2023	7737 0408 7034 7737 0408 7126 7737 0408 8019	<ul style="list-style-type: none"> (14) 1 oz Gold Rounds 	\$27,720	Investors' holdings were shipped in three boxes and consisted of (14) 1 oz gold rounds; (33) of the 1/10 oz Gold Rounds; and (998) of the 1 oz gold rounds. The shipment was received at its destination on October 17, 2023. On November 11, 2023 the investor contacted Receiver's office to notify the Receiver that 14 of the 1 oz Gold Rounds were missing from her shipment. All relevant pictures and fedex and pick sheets can be provided upon request.
Total Claim Value				\$75,240	