

**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 EIGHTH STATUS REPORT**

Kelly M. Crawford, as the court-appointed Receiver (“Receiver”), submits the following Eighth 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]. 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 5, 2023 through November 3, 2023. This Receiver’s Seventh Status Report covered the period

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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.

from November 4, 2023 through December 4, 2023. The Receiver's Eighth Status Report covers the period from December 4, 2023 through January 17, 2024.

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.<sup>2</sup> One of the boxes was found and the metals delivered to the customer. Lloyds of London made payment on the other two claims. The claim for the Federal Express package sent by FSD to a customer that was lost prior to the receivership is still awaiting payment from Lloyds of London.

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

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<sup>2</sup> 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.

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 as **Exhibit A**. In addition, the Receiver made a claim under the Lloyds of London insurance policy for the value of the stolen gold. Lloyds of London submitted a proof of loss form for the Receiver to execute with respect to each of the four claims of stolen gold and the Receiver is awaiting payment of the claims.

## **II.**

### **CLAIMS**

On January 12, 2024, the Receiver filed a Motion to Approve Third Revised Claims Report [D.I. 183]. The Third Revised Claims Report reflected changes in the categories of claims for certain claimants, the amount of claim for certain claimants, and the addition of 195 late filed claims. On January 16, 2024, the Court entered an Order Granting the Receiver's Motion to Approve Third Revised Claims Report. The Receiver's Third Revised Claims Report will be used by the Receiver for distribution of monies available to the approved claimants pursuant to the distribution plan previously approved by the Court. A copy of the Third Revised Claims Report has been posted on the receivership website, [www.fsdreceivership.com](http://www.fsdreceivership.com) and was mailed to each claimant with a revised or late filed claim.

## **III.**

### **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. To date, the Receiver has filed six Notices of Sale with the Court showing a total of \$2,982,486.73 in metals sold.

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 has noticed 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 200 specialty coins on consignment with Delaware Valley Rare Coin Company under the same terms previously identified. The coins were sold by Delaware Valley Rare Coin Company over the course of the last couple of months, including at a coin show in Florida in January, 2024. To date, 160 of the coins have been sold resulting in \$263,130 being paid to the receivership. The estimated value of the remaining 40 coins is approximately \$44,000 to \$46,000.

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, are posted and advertised online at <https://online.localauctions.com/auction/wilmington-de-office-liquidation-auction-id3951-3951/bidgallery>. The Depository will be open to the public January 30-31, 2024, from 9:00 a.m. until 5:00 p.m. EST for potential bidders to view the merchandise being auctioned. The auction will close on January 31, 2024, and on February 1-2, 2024, successful bidders will pick up the merchandise from the Depository between the hours of 9:00 a.m. and 5:00 p.m. EST.

#### 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 January 17, 2024

ASHBY & GEDDES, P.A.

/s/ Ricardo Palacio

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