

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

JENNIFER ECKLUND, RECEIVER,

Plaintiff,

v.

ROBERT AND SANDRA BAILEY, et al.

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Ancillary Civil Action No. 4:18-cv-359

RECEIVER’S COMPLAINT AGAINST CERTAIN WINNING INVESTORS

Jennifer Ecklund, in her capacity as the Court-appointed Receiver (the “**Receiver**”) for Defendants Thurman P. Bryant, III (“**Bryant**”) and Bryant United Capital Funding, Inc. (“**BUCF**”) (Bryant and BUCF, collectively, the “**Bryant Defendants**”) and Defendant Arthur F. Wammel (“**Wammel**”), Defendant Wammel Group, LLC (the “**Wammel Group**”), and Wammel Group Holdings Partnership (“**WGHP**”) (together Wammel, Wammel Group, and WGHP, the “**Wammel Defendants**”) receivership estates (together, the “**Receivership Estate**” or the “**Receivership**”), by and through undersigned counsel, hereby files this *Complaint* against certain Winning Investors, and would respectfully show this Court the following:

I. INTRODUCTION

1. This case arises out of, and is ancillary to, a lawsuit brought by the Securities and Exchange Commission (“**SEC**”) against Bryant Defendants, Wammel Defendants, Carlos Goodspeed a/k/a Sean Phillips a/k/a GC d/b/a Top Agent Entertainment d/b/a Mr. Top Agent Entertainment (“**Goodspeed**”), and Relief Defendant Thurman P. Bryant, Jr. (“**Bryant, Jr.**”) for claims related to a fraudulent investment scheme created, organized, and operated by the Bryant Defendants. That lawsuit is styled *SEC v. Thurman P. Bryant, III, et al.*, No. 4:17-cv-00336-

ALM, and is pending in the United States District Court for the Eastern District of Texas, Sherman Division (“*SEC v. Thurman P. Bryant, III, et al.*”).

2. The Bryant Defendants engaged in a Ponzi scheme that raised millions of dollars from unwitting investors through the sale of “limited partnership interests” in BUCF (the “**Ponzi scheme**”). Defendant Bryant induced Investors to invest in BUCF through investment contracts based upon misrepresentations and material omissions regarding (a) returns (30% or more), (b) the secure nature of the “mortgage-based” investments, and (c) the existence of “escrow accounts.” However, no secure escrow account existed and there was no mortgage-related investment program.

3. As part of the Bryant Defendants’ Ponzi scheme and directly violative of promises to BUCF investors, BUCF transferred its investors’ funds to the Wammel Group—a limited liability company wholly owned and operated by Wammel—which in turn invested BUCF investor funds in high-risk options trading. *See* August 15, 2017 Memorandum Opinion and Order, *SEC v. Thurman P. Bryant, III, et al.*, Case No. 04:17-CV-00336-ALM. Dkt. No. 89 (E.D. Tex., Mazzant, J.) at 8 (the “**Memorandum Opinion and Order**”). The Wammel Defendants, by and through Wammel, also raised funds independent of BUCF funds, which Wammel used in the same way. In effect, the Bryant Defendants and the Wammel Defendants created a web of interlocking entities that they utilized in connection with the Ponzi scheme out of which this case arises. *See id.* (“The Court finds that this is sufficient evidence to establish a Ponzi scheme.”).

4. The SEC’s complaint in *SEC v. Thurman P. Bryant, III, et al.* describing the Ponzi scheme is in this Court’s record and is incorporated herein by reference. *See* Amended Complaint, Dkt. 154.

5. The Receiver's investigation has established that more than \$22 million was raised from BUCF investors during the course of the scheme, including approximately \$1.4 million raised since January 2017 alone. Notably, of that \$22 million, more than \$17.8 million was transferred to the Wammel Group, Goodspeed, and Bryant, Jr., and approximately \$4.8 million was misappropriated by Bryant to fund his personal living expenses. In addition, the Wammel Defendants raised approximately \$44.7 million dollars from 16 investors, primarily through limited partnership agreements.

6. Certain investors, identified herein as the "**Winning Investors**," invested with the Bryant Defendants and Wammel Defendants and received purported interest payments over and above the amounts they initially invested (the "**Transfers**"). *See* Transfers Between Bryant Defendants and Winners attached hereto as **Exhibit A**; Transfers Between Wammel Defendants and Winning Investors, attached hereto as **Exhibit B**.

7. The Winning Investors not only received from the Bryant Defendants and Wammel Defendants sums equal to their "principal" investments, but they also collectively received approximately \$1.4 million in payments in excess of their respective investments. The money used to make those payments came directly from other unwitting investors.

8. The Transfers received as a purported return on investment or interest, which were actually just the principal of other investors, amount to fraudulent transfers. The Receiver brings this Complaint to rescind the Transfers to the Winning Investors because the funds used for the Transfers were those of other innocent, unwitting investors in the Ponzi scheme.

II. PARTIES

9. Plaintiff Jennifer Ecklund was appointed as Receiver for the Bryant Defendants by order of this Court signed May 15, 2017, and superseded by the Amended Order Appointing

Receiver (and including the Wammel Defendants in the Receivership) entered on July 19, 2017 (the “**Receivership Order**”), which are in the Court’s record and incorporated herein by reference. The Receivership Order authorizes the Receiver to, *inter alia*:

institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts, disgorgement of profits, asset turnover, avoidance of fraudulent transfers rescission . . .

¶ 41, p. 13.

10. Defendants Robert and Sandra Bailey are individuals residing at 2302 Limerick Ct., Deer Park, Texas 77536. They may be served with process at that address or wherever else they may be found. FED. R. CIV. P. 4.

11. Defendants Roland and Holly Maldonado are individuals residing at 802 Sir Galahad Lane, Lewisville, Texas 75056. They may be served with process at that address or wherever else they may be found. FED. R. CIV. P. 4.

12. Defendant Hossein Seddighi is an individual residing at 13175 Torrington Dr., Frisco, Texas 75035. He may be served with process at that address or wherever else they may be found. FED. R. CIV. P. 4.

13. Defendant Kenneth and Chelsea Hughes are individuals residing at 1527 Mammoth Springs, Richmond, Texas 77469. They may be served with process at that address or wherever else they may be found. FED. R. CIV. P. 4.

14. Defendant Calehr & Associates is a sole proprietorship law firm doing business in the State of Texas. Defendant Calehr & Associates may be served with process through its principal Haroen Calehr at his principal place of business of 2700 Post Oak Blvd., Suite 1220, Houston, Texas 77056 or wherever else he may be found. FED. R. CIV. P. 4.

15. Defendant Teresa Ezell is an individual residing at 6830 Alpine, Houston, Texas 77061. She may be served with process at that address or wherever else she may be found. FED. R. CIV. P. 4.

16. Defendant Randi Cahill is an individual residing at 14935 S. Richmond Ave., Apt. 2118, Houston, Texas 77082. He may served with process at that address or wherever else he may be found. FED. R. CIV. P. 4.

17. Defendant Blair Knapp is an individual residing at 723 Red Oak Lane, Friendswood, Texas 77546. He may served with process at that address or wherever else he may be found. FED. R. CIV. P. 4.

18. Defendants Jurgen and Jennifer Revenig are individuals residing at 21723 97th Dr. SE, Snohomish, Washington 98296. They may be served with process at that address or wherever else they may be found. FED. R. CIV. P. 4.

19. Defendant Neva Terry is an individual residing at 6115 Sedgwick Rd., Columbus, Ohio 43235. He may served with process at that address or wherever else he may be found. FED. R. CIV. P. 4.

20. Defendant Stephen Garrett is an individual residing at L.C.B. & R.V. Storage #3, 3000 FM 646 East Dickinson, Texas 77539. He may served with process at that address or wherever else they may be found. FED. R. CIV. P. 4.

III. JURISDICTION AND VENUE

21. This Court has subject-matter jurisdiction over the matters raised by this lawsuit pursuant to 28 U.S.C. § 1367 because this action is ancillary to *SEC v. Thurman P. Bryant, III, et al.* See *Crawford v. Silette*, 608 F.3d 275, 278 (5th Cir. 2010); see also *Haile v. Henderson Nat'l Bank*, 657 F.2d 816, 822 (6th Cir. 1981). Moreover, the money transferred to Winning Investors

in excess of the principal they invested, as described herein, constitutes a Receivership Asset defined in the Receivership Order as “all property interests of the Receivership Defendants, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Defendant owns, possesses, has a beneficial interest in, or controls directly or indirectly.” Receivership Order, ¶ 7(A), p. 3.

22. Venue is proper in this Court because this action is ancillary to *SEC v. Thurman P. Bryant, III, et al.*, and pursuant to 28 U.S.C. §§ 754 and 1692, the Receiver may sue in the district in which she was appointed to enforce claims anywhere in the country.

IV. FACTS AND PROCEDURAL BACKGROUND

23. The Receiver relies on, and hereby incorporates by reference, the specific factual allegations made by the SEC in its complaint against the Bryant Defendants, Wammel Defendants, Goodspeed, and Relief Defendant Bryant, Jr. *See* First Amended Complaint, Dkt. No. 154.

A. Bryant Creates the BUCF Scheme

24. In early 2011, Bryant formed BUCF and is, and always has been, BUCF’s sole officer, manager, and decision-maker. Bryant opened, maintained, and had sole signatory authority over BUCF’s single bank account. Hence, Bryant and BUCF’s interests and activities were one and the same and their interest are, and always have been, aligned.

25. Generally, Bryant pitched to investors orally representing, among other things, that investor funds would be protected in segregated, secure escrow accounts and used solely to serve as “proof of funds” for BUCF to secure a line of credit from a hedge fund. First Amended

Complaint, Dkt. No. 154. Bryant further represented that BUCF would use the line of credit to fund short-term mortgage loans, which long-term lenders would purportedly quickly purchase in exchange for a set fee paid to BUCF. Furthermore, Bryant promised investors, orally and in partnership agreements, that their investment bore no risk and was guaranteed to generate 2.4% monthly returns for a total of 30% annually. The Bryant Defendants raised more than \$22 million from approximately 100 investors located in Texas and other states, and at least two international investors (the “**BUCF Defrauded Investors**”).

26. However, Bryant’s promises were false. No secure escrow accounts existed, and there was no mortgage-related investment program. In reality, and directly contrary to representations made to investors, Bryant commingled investor funds in a single BUCF deposit account controlled by Bryant, from which more than \$16 million was transferred to the Wammel Group¹ and more than \$1.4 million was transferred to the Winning Investors. Returns were paid to the Winning Investors from monies raised from other investors.

B. Wammel Defendants’ Ponzi Scheme.

27. Similar to Bryant, the Wammel Defendants began selling limited partnership interests as documented by the *Limited Partnership Agreement of Wammel Group* (“**Wammel Partnership Agreement**”). The Wammel Defendants ultimately raised approximately \$44.7 million from early June 2007 through December 2016. These funds came from three primary investor groups: (1) BUCF *i.e.* Bryant without informing or obtaining permission from BUCF’s unwitting investors (\$16.1 million); (2) one large investor (\$25 million); and (3) approximately 15 other investors the Wammel Group solicited (\$3.6 million) (the “**Wammel Defrauded**

¹ The Wammel Group is wholly owned and operated by Wammel. Since at least 2011, Wammel Group and Wammel have raised approximately \$28.6 million from approximately 16 non-BUCF investors.

Investors”)(together Wammel Defrauded Investors and BUCF Defrauded Investors, the “**Defrauded Investors**”).

28. According to the SEC’s Amended Complaint, the Wammel Defendants told investors that they would engage in options trading with their invested funds, and promised BUCF annual returns of 42% or more that would be derived from the monthly earnings of the Wammel Defendants’ trading activity. The Wammel Defendants promised other investors a *pro rata* share of the monthly earnings from the trading. However, the Wammel Defendants’ promises to BUCF and other investors were false. The bank and brokerage account records show that the Wammel Defendants failed to earn sufficient returns to support the investors’ distributions. For example, in February and March 2014, the Wammel Defendants’ options trading earnings totaled approximately \$12,600 and the balance of the Wammel Group’s bank account was less than \$7,000. But during these same months, Wammel emailed Bryant statements reflecting \$405,260 of earnings and distributed more than \$387,00 to BUCF. The bank records show that the only material source of cash during this period were the new investments from the Defrauded Investors. Returns were paid to the Winning Investors from monies raised from other investors.

C. Bryant Partners with Wammel

29. As part of Bryant’s investment scheme, BUCF partnered with the Wammel Group, which in turn invested BUCF investor funds in high-risk options trading. *See* Memorandum Opinion and Order at 8 (“[Bryant] Defendants transferred funds to the Wammel Parties, who then commingled [Bryant] Defendants’ funds with Wammel Group investors’ funds and invested in high-risk options trading.”).

30. As Bryant offered and sold BUCF’s securities to investors, other entities—Bryant United Holdings, Inc. d/b/a Bryant United d/b/a Bryant Financial d/b/a Bryant United Realtors,

WGHP, and the Wammel Group—acted as conduits through which Defrauded Investor money flowed. Each of these entities was owned or controlled by Bryant and/or Wammel who worked in concert to defraud investors.

31. Based on the Receiver's investigation, the relationship between the Bryant Defendants and the Wammel Defendants functioned as follows: (1) investors would transfer money to BUCF, (2) BUCF would transfer money to the Wammel Group, (3) the Wammel Group would commingle such monies with the Wammel Group investor funds, (4) the Wammel Group would invest such funds in high-risk trading, and (5) the Wammel Group would eventually transfer funds back to BUCF.

32. From July 2011 through April 2017, Bryant transferred more than \$16 million from BUCF to the Wammel Group. Wammel commingled Wammel Group investors' funds with BUCF investors' funds. The Wammel Defendants used the majority of the \$16.2 million of BUCF investor capital received, commingled with \$28.6 million in funds raised from the Wammel Defendants' own investors, to fund speculative options and securities trading. The Wammel Defendants then transferred more than \$15 million back to BUCF to use as distributions to investors. By commingling the BUCF investor funds with money raised from the Wammel Group's own non-BUCF investors, the Wammel Defendants facilitated the interrelated Ponzi schemes to: (1) make distributions to BUCF investors; (2) make distributions to the Wammel Group's investors; (3) fund high-risk investments; and (4) fund their extravagant lifestyles.

33. The Wammel Group does not have, and never has had, any legitimate claim to the funds it received from BUCF.

34. In addition to the \$16.2 million transferred from BUCF to the Wammel Group, Bryant, individually, misappropriated at least \$4.8 million of BUCF investor funds to fund his personal living expenses. *See id.* at 2-4. Similarly, Wammel Defendants transferred \$15.8 million to BUCF and Wammel withdrew or transferred to himself over \$5.5 million of commingled BUCF investor funds and Wammel Group investor funds from 2011 to 2017. *See id.*

35. BUCF and Wammel Group paid purported earnings to certain investors above and beyond the original investments made by the particular investors themselves. The profit received by these investors was fictitious. Rather, Bryant and Wammel used the funds invested by later investors to pay “earnings” or “interest” to earlier investors, and the Ponzi scheme was perpetuated in this way for years.

D. Winning Investors Benefitted from the Ponzi Scheme

36. The Bryant Defendants and Wammel Defendants paid approximately \$1.4 million in purported interest payments to the Winning Investors collectively above and beyond the original investment made by those investors themselves. The profit received by the Winning Investors was fictitious, as their money was never invested and never earned any real interest. Rather, the monies used to make those payments came directly from other unwitting investors. As a result, Winning Investors received a windfall while others lost the entirety of the principal they invested.

37. When the Transfers to the Winning Investors were made, the assets of BUCF and Wammel Group were insufficient to fully reimburse all of the Defrauded Investors for the money each invested in the Ponzi scheme. BUCF, through Bryant, and the Wammel Group through Wammel, knew or should have known at the time of the Transfers that by making the Transfers

BUCF and Wammel Group would be unable to fully reimburse the Defrauded Investors for their principal invested in the Ponzi scheme.

38. The Bryant Defendants and Wammel Defendants made Transfers from the proceeds of and in furtherance of the Ponzi scheme. The Bryant Defendants and Wammel Defendants made the “interest payments” in an attempt to prevent the Ponzi scheme from being discovered. Thus, the Bryant Defendants and Wammel Defendants made the Transfers with actual intent to defraud the other investors in the Ponzi scheme.

39. Generally, the Bryant Defendants and Wammel Defendants promised investors their principal would be invested in short-term mortgage loans and options trading wherein investors would earn 30% to 42% annual return on their investments. These promises were false. Neither the Bryant Defendants nor the Wammel Defendants invested the funds as promised. Instead, the Bryant Defendants and Wammel Defendants made purported interest payments to the Winning Investors above and beyond the original investment made by those investors themselves. The profit received by the Winning Investors was fictitious, as their money was never invested and never earned any real interest. Rather, the monies used to make those payments came directly from other unwitting investors. As a result, Winning Investors received a windfall while others lost the entirety of the principal they invested.

40. Specifically, the Transfers from the Ponzi scheme to Winning Investors consisted of at least the following²:

WINNING INVESTORS	AMOUNT INVESTED	AMOUNT TRANSFERRED TO WINNING INVESTORS	AMOUNT RECEIVED BEYOND PRINCIPAL	TRANSFERRING ENTITY
Robert and Sandra Bailey	\$200,000	\$377,315	\$177,315	Wammel Group

² The Receiver’s investigation is ongoing and additional transfers or Winning Investors may be later identified in the course and scope of the Receivership.

Roland and Holly Maldonado	\$259,000	\$990,200	\$731,200	BUCF
Hossein Seddighi	\$70,000	\$179,900	\$109,900	BUCF
Kenneth and Chelsea Hughes	\$750,000	\$839,452	\$89,452	BUCF
Calehr & Associates	\$290,000	\$333,250	\$43,250	BUCF
Teresa Ezell	\$100,000	\$130,000	\$30,000	BUCF
Randi Cahill	\$52,500	\$76,000	\$23,500	BUCF
Blair Knapp	\$40,000	\$60,750	\$20,750	BUCF
Jurgen and Jennifer Revenig	\$60,000	\$78,500	\$18,500	BUCF
Neva Terry	\$36,000	\$44,100	\$8,100	BUCF
Stephen Garrett	\$646,000	\$808,766	\$162,766	Wammel Group
Total	\$2,503,500	\$3,918,233	\$1,414,733	

41. The Receiver brings this Complaint to rescind the Transfers to these investors over and above their principal investment because the funds used for the Transfers were those of other investors in the Ponzi scheme.

42. The Winning Investors' knowledge of the Bryant Defendants and Wammel Defendants fraud is immaterial to the claims herein, as each of the Winning Investors received funds which were fraudulently transferred.

43. Despite attempts by the SEC and the Receiver to marshal, collect, and liquidate Receivership Assets, there are currently insufficient funds to fully reimburse the Defrauded Investors.

V. CLAIMS

COUNT 1: Actual Fraudulent Transfer – TEX. BUS. & COMM. CODE § 24.005(a)(1)

44. The Receiver incorporates the preceding paragraphs as if set forth fully herein.

45. A Ponzi scheme is, by its nature, a fraudulent enterprise. *See generally Warfield v. Byron*, 436 F.3d 551, 560 (5th Cir. 2006); *In re International Management Associates, LLC*, No. 09-MP-601, 2009 WL 6506657 (Bankr. N.D. Ga. Dec. 1, 2009). Transfers made in furtherance of such an enterprise are presumptively fraudulent. *See S.E.C. v. Res. Dev. Int'l, LLC*, 487 F.3d

295, 301 (5th Cir. 2007); *In re Christou*, No. 08-6405, 2009 WL 6498175, *1 (Bankr. N.D. Ga. Sept. 29, 2009).

46. The Bryant Defendants and Wammel Defendants fraudulently transferred approximately \$1.4 million to the Winning Investors over and above their principal investment during the period November 2010 to April 2017.

WINNING INVESTORS	AMOUNT INVESTED	AMOUNT TRANSFERRED TO WINNING INVESTORS	AMOUNT RECEIVED BEYOND PRINCIPAL	TRANSFERRING ENTITY
Robert and Sandra Bailey	\$200,000	\$377,315	\$177,315	Wammel Group
Roland and Holly Maldonado	\$259,000	\$990,200	\$731,200	BUCF
Hossein Seddighi	\$70,000	\$179,900	\$109,900	BUCF
Kenneth and Chelsea Hughes	\$750,000	\$839,452	\$89,452	BUCF
Calehr & Associates	\$290,000	\$333,250	\$43,250	BUCF
Teresa Ezell	\$100,000	\$130,000	\$30,000	BUCF
Randi Cahill	\$52,500	\$76,000	\$23,500	BUCF
Blair Knapp	\$40,000	\$60,750	\$20,750	BUCF
Jurgen and Jennifer Revenig	\$60,000	\$78,500	\$18,500	BUCF
Neva Terry	\$36,000	\$44,100	\$8,100	BUCF
Stephen Garrett	\$646,000	\$808,766	\$162,766	Wammel Group
Total	\$2,503,500	\$3,918,233	\$1,414,733	

47. This money came from other investors, not from any legitimate returns on investment. These Transfers were fraudulent as to BUCF and Wammel Group's creditors, including the Defrauded Investors, pursuant to the Texas Uniform Fraudulent Transfer Act, TEX. BUS. & COMM. CODE § 24.001 *et seq.*

48. The claims of BUCF and Wammel Group's creditors, including the Defrauded Investors in Ponzi scheme, arose before or within a reasonable time after the Transfers. The

Receiver brings this action within one year after the Transfers were or reasonably could have been discovered.

49. BUCF and Wammel Group made the Transfers with actual intent to hinder, delay, or defraud its creditors, including the Defrauded Investors.³ Specifically, the Bryant and Wammel made promises to investors that they would receive a certain return on their investment. However, these promises were false. The Bryant Defendants and Wammel Defendants made the promises to investors to secure more funds for the Ponzi scheme. Other investors' principal was transferred to Winning Investors as purported "interest payments" in an attempt to prevent the Ponzi scheme from being discovered. The Bryant Defendants and Wammel Defendants made Transfers from the proceeds of and in furtherance of the Ponzi scheme. Thus, the Bryant Defendants and Wammel Defendants made the Transfers with actual intent to defraud the other investors in the Ponzi scheme.

50. The Winning Investors provided no reasonably equivalent value in exchange for the Transfers and thus they are not entitled to retain the funds.

51. BUCF and Wammel Group were insolvent or became insolvent shortly after the Transfers to Winning Investors were made.

52. Therefore, the Transfers should be avoided pursuant to TEX. BUS. & COMM. CODE § 24.005(a)(1).

COUNT 2: Constructive Fraudulent Transfer - TEX. BUS. & COMM. CODE § 24.005(a)(2)

53. The Receiver incorporates the preceding paragraphs as if set forth fully herein.

54. The Bryant Defendants' and Wammel Defendants' fraudulent transfer amounts over and above the principal invested by the Winning Investors totaled approximately \$1.4 million

³ BUCF engaged in all relevant actions herein through Bryant. Wammel Group engaged in all relevant actions herein through Wammel.

during the period November 2010 to April 2017. During May 2013 to May 2017⁴, Winning Investors collectively received \$3.4 million in fraudulent transfers.

WINNING INVESTORS	AMOUNT INVESTED	TOTAL AMOUNT TRANSFERRED TO WINNING INVESTORS	AMOUNT TRANSFERRED TO WINNING INVESTORS DURING MAY 2013 – MAY 2017	TRANSFERRING ENTITY
Robert and Sandra Bailey	\$200,000	\$377,315	\$283,455	Wammel Group
Roland and Holly Maldonado	\$259,000	\$990,200	\$757,100	BUCF
Hossein Seddighi	\$70,000	\$179,900	\$126,500	BUCF
Kenneth and Chelsea Hughes	\$750,000	\$839,452	\$748,372	BUCF
Calehr & Associates	\$290,000	\$333,250	\$312,000	BUCF
Teresa Ezell	\$100,000	\$130,000	\$30,000	BUCF
Randi Cahill	\$52,500	\$76,000	\$47,000	BUCF
Blair Knapp	\$40,000	\$60,750	\$60,750	BUCF
Jurgen and Jennifer Revenig	\$60,000	\$78,500	\$78,500	BUCF
Neva Terry	\$36,000	\$44,100	\$42,300	BUCF
Stephen Garrett	\$646,000	\$808,766	\$958,766	Wammel Group
Total	\$2,503,500	\$3,918,766	\$3,444,743	

55. The Winning Investors provided no reasonably equivalent value in exchange for the Transfers each received and thus they are not entitled to retain the funds.

56. Without receiving reasonably equivalent value in exchange for the Transfers to Winning Investors, BUCF and Wammel Group engaged in transactions for which the remaining assets of BUCF and Wammel Group were unreasonably small in relation to their business.

57. In fact, these entities engaged in no legitimate business at all. Without receiving reasonably equivalent value in exchange for the Transfers, BUCF and Wammel Group intended

⁴ The relevant time period for the constructive fraud cause of action includes the Transfers made from May 15, 2013 to May 15, 2017 (the date the Receiver was appointed).

to incur, or believed, or reasonably should have believed that it would incur, debts beyond their ability to pay as they became due, including the claims of the Defrauded Investors.

58. BUCF and Wammel Group were insolvent from their inception or became insolvent shortly after the Transfers to Winning Investors were made.

59. Therefore, the Transfers to Winning Investors, as stated and detailed above, should be avoided pursuant to TEX. BUS. & COMM. CODE § 24.005(a)(2).

COUNT 3: Unjust Enrichment and Constructive Trust

60. The Receiver incorporates the preceding paragraphs as if set forth fully herein.

61. The Winning Investors were unjustly enriched by the Transfers they received, based on principles of justice, equity, and good conscience. The Transfers caused the Winning Investors to receive money that belonged to Defrauded Investors for no reasonably equivalent exchange. Because of the nature of the Ponzi scheme and the fact that the assets of BUCF and the Wammel Group are insufficient to fully repay all of their creditors, the Defrauded Investors will only receive a fraction of the amount of their investments back from BUCF and Wammel Group. It would be fundamentally unfair to allow the Winning Investors to retain funds truly belonging to the Defrauded Investors while the Defrauded Investors stand to recover little to none of their original investments.

62. Moreover, the Ponzi scheme involved actual fraud and was the source of the Transfers made to the Winning Investors. The Transfers also involved actual fraud on the part of the Bryant Defendants and Wammel Defendants. As third-party beneficiaries who, combined, received more than \$1.4 million beyond the principal they invested with the Bryant Defendants and Wammel Defendants, the Winning Investors were unjustly enriched and are not entitled to retain that money.

63. The Transfers are directly traceable to funds of the Defrauded Investors in the Ponzi scheme. As such, they constitute Receivership Assets and are impressed with a constructive trust and should be disgorged and paid to the Receiver for ultimate distribution equitably among all Defrauded Investors.

64. The Receiver is empowered by this Court to marshal, collect, and liquidate Receivership Assets. Receivership Order, ¶ 7. Once the funds are recovered, it is anticipated that they will be distributed on a pro rata basis to the Defrauded Investors who lost money and to appropriate BUCF and Wammel Group creditors. The Receiver alone is in a position to redistribute the limited funds available to the Receivership Estate, including those which should be returned to the Receivership Estate based on the Transfers.

65. Pursuant to the principles of equity, the Receiver seeks the imposition of a constructive trust on the profits received by the Winning Investors as described herein, and the immediate turnover of such funds to the Receiver.

66. To the extent that the Winning Investors are unable to immediately return the funds received, the Receiver seeks a money judgment against each of them in an amount equal to the payments they received, over and above their principal investment, from the Bryant Defendants and Wammel Defendants.

VI. ATTORNEYS' FEES

67. The Receiver is entitled to recover reasonable and necessary attorneys' fees and costs for the claims against Defendants pursuant to TEX. BUS. & COMM. CODE § 24.013.

VII. RELIEF REQUESTED

THEREFORE, the Receiver requests that the Winning Investors be ordered to return the funds they received from the Bryant Defendants and the Wammel Defendants beyond the

principal they invested to the Receivership Estate, and that judgment be entered against the Winning Investors and in favor of the Receiver for the amount transferred to each Winning Investor above and beyond their principal invested. In the case that the funds were spent to acquire any real or personal property, the Receiver requests that a constructive trust be imposed upon the funds, and an order that it must immediately be turned over to the Receiver. Further, the Receiver requests recovery of attorneys' fees and costs, and she be granted any other relief, both special and general, to which she may be justly entitled.

DATED: May 15, 2018.

Respectfully submitted,

By: /s/ Timothy E. Hudson

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COUNSEL TO RECEIVER

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Jennifer Ecklund, Receiver

(b) County of Residence of First Listed Plaintiff Dallas County (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) Thompson & Knight LLP One Arts Plaza, 1722 Routh Street, Suite 1500, Dallas, Texas 75201 (214) 969-1700

DEFENDANTS

Robert and Sandra Bailey, et al.

County of Residence of First Listed Defendant Harris County (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship and business location (Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation).

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, PRISONER PETITIONS, TORTS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): TEX. BUS. & COMM. CODE § 24.005. Brief description of cause: Suit against Defendants for fraudulent transfers and unjust enrichment and constructive trust; ancillary to VIII.

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ 1.4 million. CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE District Judge Amos L. Mazzant, III DOCKET NUMBER Case 04:17-CV-00336-ALM

DATE 05/15/2018 SIGNATURE OF ATTORNEY OF RECORD /s/ Timothy E. Hudson

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
 Original Proceedings. (1) Cases which originate in the United States district courts.
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.
PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7. Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

Exhibit A**SEC v. Bryant III and BUCF***Transfers Between Bryant Defendants and Winning Investors*

Fraudulent Transferee	Amount Transferred from Defendant	Amount Transferred to Defendant	Net Fraudulent Transfer	Occurrences	First Payment Date	Last Payment Date
Roland and Holly Maldonado	990,200	(259,000)	731,200	73	7/11/2011	3/31/2017
Hossein Seddighi	179,900	(70,000)	109,900	67	7/29/2011	3/3/2017
Kenneth and Chelsea Hughes	839,452	(750,000)	89,452	79	8/11/2011	3/3/2017
Calehr & Associates	333,250	(290,000)	43,250	68	11/10/2011	3/31/2017
Teresa Ezell	130,000	(100,000)	30,000	14	2/6/2015	4/1/2016
Randi Cahill	76,000	(52,500)	23,500	68	11/19/2010	4/3/2017
Blair Knapp	60,750	(40,000)	20,750	44	1/3/2014	3/31/2017
Jurgen and Jennifer Revenig	78,500	(60,000)	18,500	44	8/2/2013	3/3/2017
Neva Terry	44,100	(36,000)	8,100	49	2/26/2013	3/31/2017
Total	\$2,732,152	(\$1,657,500)	\$1,074,652	506		

Exhibit B**SEC v. Bryant III and BUCF***Transfers Between Wammel Defendants and Winning Investors*

Fraudulent Transferee	Amount Transferred from Defendant	Amount Transferred to Defendant	Net Fraudulent Transfer	Occurrences	First Payment Date	Last Payment Date
Robert and Sandra Bailey	377,315	(200,000)	\$177,315	62	1/11/2012	3/24/2017
Stephen Garrett	808,766	(646,000)	162,766	59	6/4/2013	12/23/2016
Total	\$1,186,081	(\$846,000)	\$340,081	121		