

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

U.S. SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	
)	
WILLIAM A. HUBER and)	
HUBADEX, INC.,)	
)	
Defendants,)	Case No. 09-cv-6068
)	
and)	Judge Ruben Castillo
)	
THE QUARTER FUNDS, L.P.,)	Magistrate Judge Soat Brown
THE SYMMETRY FUND, L.P.,)	
THE TRIMESTER FUND, and)	
RUTHANN HUBER,)	
)	
Relief Defendants.)	

RECEIVER’S LIQUIDATION PLAN

Kevin B. Duff, as the receiver (“Receiver”) for the assets of Defendants William A. Huber and Hubadex, Inc. and the Recoverable Assets of Relief Defendants The Quarter Funds, L.P., The Symmetry Fund, L.P., The Trimester Fund, and Ruthann Huber (collectively “Receivership Defendants”), and pursuant to the powers vested in him by the Order of this Court entered on October 13, 2009, now respectfully submits this Liquidation Plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property, and states as follows.

The Receiver has used and continues to use reasonable efforts in connection with the analysis and disposition of various property interests of the Receivership Defendants, including monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all profits, interest, or other income

attributable thereto, of whatever kind, which the Receivership Defendants owned, possessed, had a beneficial interest in, or controlled directly or indirectly.

In furtherance of such, the Receiver identifies Receivership Property that falls into the following categories together with a description of the steps taken to liquidate or the plan to liquidate the property:

1. Funds and investments.

Since the filing of the Receiver's First Status Report, the Receiver has continued to liquidate all funds, accounts or other assets held by, in the name of, or for the benefit of, directly or indirectly, any and all of the Receivership Defendants by any bank, brokerage firm, or other financial institution and transferred all proceeds to the accounts established by the Receiver for the operation and benefit of the Receivership estate.

a. Bank and investment firm accounts

Together with information provided by the United States Securities and Exchange Commission, the Receiver identified numerous accounts at several financial institutions and investment firms holding cash. Except for two small accounts with E*Trade (totaling approximately \$2,231.76), for which the Receiver intends to seek cooperation through the Defendants' counsel to effectuate a transfer of sums, the Receiver has already transferred all amounts in these accounts to the Receiver's account.

The referenced cash includes an amount corresponding to 182 shares of Bank of America stock in a joint E*Trade account held by William and Ruthann Huber. The Receiver sold the shares and subsequently transferred the resulting \$3,770.74 in cash to the Receiver's account.

To date, the Receiver has transferred \$3,048,822.85 to the Receiver's account out of bank or investment firm accounts.

b. Other investments

In addition to the cash referenced above, the Receiver identified three additional investments purchased with Receiver money.

i. *Summit Private Investments*

The Defendants invested in a limited partnership with Summit Private Investments, which was in a portfolio of hedge funds. The Receiver instructed Summit Private Investments to liquidate the investment. Summit Private Investments liquidates investments in two payments. The first payment represents 90% of the investment's liquidated value, in the amount of \$58,145, which has been transferred to the Receiver's account. The Receiver expects to receive the second payment (a 10% holdback amount) within the next 3-4 months.

ii. *Advanced Equities*

The Defendants made a \$100,000 investment through Advanced Equities in a mid to late stage private equity venture. At this time, the investment is illiquid. The Receiver is evaluating potential future liquidation options for this investment.

2. Naples, FL property.

a. Residential property

With respect to the real property in Naples, FL, the Receiver inspected the premises, changed the locks, seized all files and records related to the Receivership assets located thereupon, sought and obtained Court approval (*see* Order, 12/4/09, Docket No. 43) and arranged for an evaluation and appraisal of the real estate and all personal property, and sought and obtained Court approval (*see* Order, 12/4/09, Docket No. 41) and arranged for the listing and anticipated sale of the Naples real estate with a licensed Florida real estate broker. The Receiver and his attorneys also contacted and retained

certain professionals to maintain the real properties in order to retain the maximum property values. In addition, the Receiver has retained such utilities and services as are necessary to maintain the properties (*e.g.*, water, electricity, sewage, trash removal).

Subsequently, the Receiver, through his licensed Florida real estate broker, has secured a contract for the turn-key sale of the property, which is set to close on or before August 3, 2010. After receiving three competitive bids for the sale of the Naples Property and the remaining personal property, the Receiver ultimately accepted – subject to Court approval – the highest offer in the amount of \$1,750,000. The Receiver anticipates filing a motion for court approval of the sale of the property within the next 14 days.

b. Personalty

i. *Turn-key items*

In addition to the real property, the majority of the furnishings in the home are being sold as part of the real estate contract.

ii. *Consignment*

Most remaining items of personal property of value, including clothing, shoes, books, decorations and all other tangible things not sold with the real estate have been placed for consignment. The Receiver sought and obtained approval of the rates to be charged by the consignment service, Audrey's Attic (*see* Minute Entry, 2/25/10, Docket No. 79). To date, the Receiver has received \$6,356.28 as a result of the sale of items through the consignment service.

iii. *Jewelry*

As part of the marshaling of assets from Defendant William Huber and Relief Defendant Ruthann Huber, and the collection of personal property located in Naples

property, the Receiver has obtained numerous pieces of jewelry, including both from the Naples residence and from a safe deposit box at Bank United. The Receiver has secured those pieces in a safe deposit box in Chicago. The Receiver intends to work with jewelry appraisers and or auction firms to determine the most expeditious and beneficial means of disposing of those items subject to liquidation in the second quarter of 2010 or as soon thereafter as practical.

iv. *Huber personal items*

The Receiver allowed Relief Defendant Ruthann Huber to remove a limited number of items from the Naples home, including but not limited to a personal clothing articles, family photographs and memorabilia, personal papers, and certain items of limited or inconsequential value that Mrs. Huber obtained prior to the Ponzi scheme.

c. Automobile

There was a 2006 BMW at the Naples residence. The Receiver researched the value of the 2006 BMW and obtained competitive bids for the vehicle. Subsequently, the Receiver entered into an agreement for the sale of the automobile at the best price offered, which was \$20,500. The Receiver sought and obtained Court approval for this sale (*see* Order, 4/19/2010, Docket No. 98). The Receiver anticipates consummating this sale shortly.

d. Country Club membership

The Receiver is evaluating the benefits of retaining, liquidating, and/or abandoning a country club membership.

3. La Jolla, CA property.

a. Residential property

With respect to the real property in La Jolla, the Receiver sought and obtained Court approval to retain a property manager and various contractors to oversee, manage and secure the property, change the locks, and complete certain renovations that were underway at the time the property was seized (*see* Order, 1/6/10, Docket No. 55), and sought and obtained Court approval to hire a licensed California real estate broker to list and sell the La Jolla property (*see* Order, 1/6/10, Docket No. 56). The Receiver and his attorneys also contacted and retained certain professionals to maintain the real properties in order to retain the maximum property values. In addition, the Receiver has retained such utilities and services as are necessary to maintain the properties (*e.g.*, water, electricity, sewage, trash removal).

The Receiver determined, after consulting with BrookWeiner, his attorneys, and professionals at JPMorgan, that it was in the best interests of the Receivership to pay off the existing mortgage on the La Jolla property. The Receiver sought and obtained court approval for this payment (*see* Order, 2/23/2010, Docket No. 77) and thereafter paid off the mortgage on the La Jolla property. In addition, the La Jolla property manager supervised completion of the contracted construction work on the property that was interrupted when the Defendants' assets were frozen, which work the Court approved pursuant to the Receiver's requests (*see* Orders, 1/6/2010, Docket No. 55 and 2/23/2010, Docket No. 78). All contractors who were involved in construction work on the property have been paid.

In addition, the Receiver has accepted – subject to Court approval – an offer for the sale of the real property in La Jolla in the amount of \$1,837,500. The contract is

currently in a period of inspection and attorney review, after which the Receiver anticipates expeditiously filing a motion for court approval of the sale of the property.

b. Personalty

i. *Estate sale*

After evaluating appraisals obtained on the furnishings and all other tangible things in the La Jolla home, the Receiver determined to sell such property along with property obtained from the Huber children (see description below) in an estate sale, which took place April 9-11, 2010. Prior to the sale, the Receiver sought and received court approval of the rates to be charged by the estate sale company (*see* Order, 4/7/2010, Docket No. 91). The Receiver has received \$13,221.49 as a result of the La Jolla estate sale. The Receiver is currently evaluating disposition options for the limited number of items that were not sold as part of the Estate sale.

ii. *Jewelry*

As part of the marshaling of assets from Defendant William Huber and Relief Defendant Ruthann Huber, and the collection of personal property located in the La Jolla property, the Receiver has obtained numerous pieces of jewelry, including both from the La Jolla residence and from the Hubers. The Receiver has secured those pieces in a safe deposit box in Chicago. The Receiver intends to work with jewelry appraisers and or auction firms to determine the most expeditious and beneficial means of disposing of those items subject to liquidation in the second quarter of 2010 or as soon thereafter as practical.

iii. *Huber personal items*

The Receiver allowed Defendant William Huber and Relief Defendant Ruthann Huber to remove a limited number of items from the La Jolla home, including but not

limited to personal clothing articles, family photographs and memorabilia, personal papers, and certain items of limited or inconsequential value that the Hubers obtained prior to the Ponzi scheme.

c. Automobile

There was a 2007 BMW at the La Jolla residence. The Receiver researched the value of the 2007 BMW and is currently evaluating disposition options.

4. Forsyth, IL property.

The Receivership Defendants maintained a small office in Forsyth, Illinois. With respect to the business offices in Forsyth, the Receiver inspected the premises, seized all personal and business property and records located thereupon, canceled the property lease, and sought and obtained Court approval (*see* Order, 12/4/09, Docket No. 45) and arranged for the valuation and sale of the used business furniture which remained.

5. Life Insurance.

The Receiver has identified four existing life insurance policies. The benefit amounts are, respectively, (a) \$12,000,000, (b) \$5,000,000, (c) \$1,250,000, and (d) \$1,000,000. The policies have varying remaining terms, including differences as to expiration date, conversion, payments, and escalation of premiums. The annual premiums at present are, respectively, (a) \$30,555.20, (b) \$40,750.00, (c) \$16,712.50, and (d) \$3,880.00. With respect to each such policy, the Receiver has contacted all insurance companies holding policies against the life of Receivership Defendant William A. Huber, and has received copies of all such policies and related documents from the insurers.

The Receiver, with the cooperation of the Receivership Defendants, has effected the changing of the beneficiary designations for each of the four life insurance policies to the Receivership estate. The Receiver has also obtained and submitted the required

release forms and applications from the Receivership Defendants to obtain quotes on potential life settlements in connection with these policies, the proceeds of which (if any) would be transferred to the Receivership estate. The Receiver has been working with a life settlement professional in an effort to obtain a life settlement offer for one or more of the four life insurance policies. At this time, the Receiver has not received any life settlement offers. The Receiver's investigation and review of potential life settlements remains ongoing. In addition, the Receiver has consulted with and obtained advice from a life insurance expert who has advised the Receiver to hold the current life insurance policies for approximately one year to determine if a life settlement offer can be obtained during that time and to evaluate which if any policies to hold beyond one year.

6. Huber children property.

The Receiver has collected items from the Huber children that were purchased with investor money. These items, including for example a 2001 Audi, were included as part of the estate sale at the La Jolla property. In a few instances, the Receiver allowed the Huber children to repurchase items for amounts in excess of the items' appraised values where the Huber children used money not obtained from investors.

In addition, the Receiver has determined that the Huber's daughter purchased a California residential property using investor money. The property is presently encumbered with a substantial mortgage. The Receiver has had the property appraised and is working with a real estate broker to determine whether the property can be sold in a manner that would return money to the Receivership. The Huber's daughter is cooperating with respect to the Receiver's effort to consider liquidation options for this property.

7. Clawback amounts.

The Receiver has identified investors who withdrew more funds than they deposited. Based on the Receiver's and his attorneys' investigation of these accounts, the Receiver has made demands for clawback payments for amounts totaling \$2,589,847.65.

In return for full repayment of a clawback claim, the Receiver is offering a release letter to those investors who have requested one in return for a full clawback amount payment. The release letter provides a statement by the Receiver that he will not seek the return of withdrawn deposits from that investor upon two conditions: first, the Receiver does not learn facts showing that the investor received additional funds from Huber of which the Receiver is currently unaware; and second, the Receiver does not learn facts of which he is currently unaware showing that the investor knew or had reason to know that Huber was running a Ponzi scheme at the time the investor withdrew money from the Ponzi scheme.

Through use of the foregoing release, and based on oral representations already received by the Receiver from investors indicating a willingness to make a full payback of clawback amounts in return for such a release, the Receiver seeks to obtain the voluntary return of the full amount of fictitious profits claimed by the Receiver from the bulk of the investors with whom the Receiver is currently in contact without having to resort to litigation. For those investors who refuse to return the clawback amounts claimed by the Receiver, including those investors who have failed to respond to communications from the Receiver regarding clawback claims, the Receiver expects to file suit in the United States District Court for the Northern District of Illinois seeking the return of all clawback claims which have not been otherwise resolved.

8. Charitable donations.

The Receiver continues the process of evaluating gifts, donations, and charitable contributions for their inclusion as potential assets of the Receivership estate. At this time the investigation and research is preliminary as to these claims and as such, the Receiver has nothing specific to report other than to identify these as potential claims which are being investigated.

Conclusion

The Receiver anticipates that his quarterly status reports are the best means to provide updates on the progress of liquidating Receivership Property. However, should the Receiver determine that it is appropriate to file a supplemental or amended Liquidation Plan, or should the Court order the Receiver to file or the United States Securities and Exchange Commission request that the Receiver file a supplemental or amended Liquidation Plan, then the Receiver will file a supplemental or amended plan, as appropriate.

Dated: April 30, 2010

Kevin B. Duff, Receiver

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CERTIFICATE OF SERVICE

I hereby certify that on April 30, 2010, I electronically filed the foregoing **Receiver's Liquidation Plan** with the Clerk of the United States District Court for the Northern District of Illinois, using the CM/ECF system. A copy of the Status Report was served via the CM/ECF system upon counsel for the parties as identified on the attached Service List.

s/ Michael Rachlis

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SEC v. WILLIAM A. HUBER, et al.
Case No. 09-cv-6068

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