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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff

v.

TRAFFIC MONSOON, LLC, a Utah Limited
Liability Company, and CHARLES DAVID
SCOVILLE, an individual,

Defendants.

**RECEIVER'S CLAIM
STATUS REPORT**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

Peggy Hunt, the Court-appointed Receiver (the "Receiver") for Traffic Monsoon, LLC, and the assets of Charles David Scoville that were obtained directly or indirectly from Traffic Monsoon, hereby submits this *Claims Status Report*. This Claims Status Report is posted on the website for the receivership at www.trafficmonsoonreceivership.com (the "Receivership Website").

I. INTRODUCTION

The deadline to submit Proofs of Claim against the Receivership Estate expired on April 10, 2020. Since that time, the Receiver and her professionals have been analyzing the claims submitted. This Claims Status Report is intended to provide the Court and parties in interest with a summary of key events and information in this case relating to the claims process, and an initial summary of the Proofs of Claim received. All documents filed with the Court that are referenced in this Claims Status Report are posted on the Receivership Website.

Please note that a more detailed discussion about the background in this case is set forth in the *Receiver's First Status Report (July 26, 2016 through March 21, 2017)* (the "First Status Report"),¹ which incorporated the Receiver's *Declarations* outlining the initial findings of her investigation.² Since filing the First Status Report, the Receiver has continued to file *Status Reports* that, in addition to the updates posted on the Receivership Website, may be consulted for information about this case. To date, the following additional Status Reports have been filed: *Receiver's Second Status Report (April 1, 2017 through June 30, 2017)*;³ *Receiver's Third Status Report (July 1, 2017 through September 30, 2017)*;⁴ *Receiver's Fourth Status Report (October 1, 2017 through December 31, 2017)*;⁵ *Receiver's Fifth Status Report (January 1, 2018 through*

¹ [Dkt. 91](#).

² See *Declaration of Receiver Peggy Hunt (Communications)* (the "Communications Declaration"), [Dkt. 54](#); and the *Declaration of Peggy Hunt (Business Operations)* (the "Business Operations Declaration"), [Dkt. 55](#).

³ [Dkt. 104](#).

⁴ [Dkt. 108](#).

⁵ [Dkt. 122](#).

March 31, 2018);⁶ Receiver's Sixth Status Report (April 1, 2018 through June 30, 2018);⁷ and Receiver's Seventh Status Report (July 1, 2018 through June 30, 2019);⁸ Receiver's Eighth Status Report (July 1, 2019 through March 31, 2020).⁹

II. CLAIMS STATUS REPORT

A. The Approved Claims Process

On December 20, 2019, the Court entered an *Order* granting the Receiver's *Renewed and Amended Motion Seeking Approval of (1) Claims Process; (2) Settling Claims Bar Date; and (3) Certain Notice Procedures* (the "Claims Procedure Order").¹⁰

The Claims Procedure Order set 11:59 p.m. (Mountain Time) on April 10, 2020, as the deadline for submitting Proofs of Claim against the Receivership Estate (the "Claims Bar Date"). Unless a person or entity asserting a claim against the Receivership Estate (a "Claimant") received express, written consent from the Receiver or an order from the Court permitting an alternate method, each Claimant was required to submit a Proof of Claim through the Receiver's electronic claim submission website (the "Claims Portal"). Each potential Claimant was provided with a validation code to enter in the Claims Portal. Once that validation code was entered, the Claimant was notified of the amount of the Claimant's proposed claim as calculated by the Receiver (the "Scheduled Claim Amount"). If the Claimant agreed with the Scheduled

⁶ [Dkt. 153](#).

⁷ [Dkt. 162](#).

⁸ [Dkt. 194](#).

⁹ [Dkt. 239](#).

¹⁰ [Dkt. 232](#).

Claim Amount, he or she could simply accept that amount. If the Claimant did not agree with the Scheduled Claim Amount, or if the Receiver had no record of a potential claim, the Claimant was required to provide: (1) the amount of his or her alleged claim; (2) a brief explanation of the basis of such claim; and (3) documentation to support such claim. Potential Claimants were required to complete every step in the Claims Portal for a Proof of Claim to be submitted and considered by the Receiver. Upon submission of the Proof of Claim, the Claims Portal sent an email to the Claimant confirming that the Proof of Claim was received.

B. Notice to Potential Claimants

The Claims Procedure Order also approved certain “Notice Procedures” designed to ensure that potential Claimants received notice of the Claims Bar Date and the procedures for submitting a Proof of Claim. Pursuant to the Notice Procedures, the Receiver served a “Notice” on potential Claimants via four methods of service: (1) email; (2) U.S. mail; (3) newspaper publication; and (4) targeted Facebook advertisements. Notice was served via these methods commencing on January 6, 2020. The Receiver determined in an exercise of her business judgment that, in certain instances discussed below, the Notice should be served several times. Although multiple rounds of service of the Notice increased the cost, the Receiver determined that the multiple rounds were necessary and beneficial to the Receivership Estate given the time between the filing of this case in 2016 and the entry of the Claims Procedure Order in 2019, and the response she received to the first round of service. With each instance of service, additional Proofs of Claim were submitted. In the end, the total cost to the Receivership Estate of serving such Notice was \$157,034.14.

1. Email

The Notice was served on potential Claimants three times via email. Because of the large number of potential Claimants, the Notice was sent to potential Claimants over a five-day period each time that it was served. The initial set of emails was served on 561,209 potential Claimants from January 6 to January 10, 2020.¹¹ A second email was served on 560,309 potential Claimants between March 16 and March 20, 2020.¹² A third and final email was served on 560,309 potential Claimants between April 1, 2020 and April 5, 2020.¹³ The cost of each round of email service was \$28,051.45, for a total cost of \$84,154.35.

2. U.S. Mail

A total of 53 potential Claimants were served via U.S. mail, first class, postage prepaid on January 10, 2020.¹⁴ The total cost of service via U.S. mail was \$49.09.

¹¹ An *Affidavit of Service* for the January Notice was filed with the Court. [Dkt. 251](#). Exhibits B and C to this Affidavit, [Dkts. 251-2](#) and [-3](#), contain a list of names and email addresses and/or mailing addresses for potential Claimants. To protect the identity of potential Claimants, these Exhibits were filed under seal.

¹² An *Affidavit of Service* for the March Notice was filed with the Court. [Dkt. 252](#). Exhibit B to this Affidavit contains a list of names and email addresses of potential Claimants. [Dkt. 252-2](#). To protect the identity of potential Claimants, this Exhibit was filed under seal.

¹³ An *Affidavit of Service* for the April Notice was filed with the Court. [Dkt. 253](#). Exhibit B to this Affidavit contains a list of names and email addresses of potential Claimants. [Dkt. 253-2](#). To protect the identity of potential Claimants, this Exhibit was filed under seal.

¹⁴ The *Affidavit of Service* for the January Notice, confirms the service via U.S. Mail. [Dkt. 251](#). Exhibit C to that Affidavit contains the names and mailing addresses for the potential Claimants that were served by mail. [Dkt. 251-3](#). To protect the identity of potential Claimants, this Exhibit was filed under seal.

3. Newspaper Publication

The Receiver published the Notice in newspapers of general circulation between January 8 and January 10, 2020 in the five countries where the most potential Claimants were known to reside. The total cost for publication in these newspapers was \$72,218.00. The newspaper, country, date, and cost of each publication are as follows:

Newspaper	Country	Date	Cost
Wall Street Journal ¹⁵	United States	January 9, 2020	\$26,376.00
IL Sole 24 Ore ¹⁶	Italy	January 9, 2020	\$14,329.00
Daily Mail	United Kingdom	January 9, 2020	\$14,629.00
Gazeta Wyborcza	Poland	January 10, 2020	\$6,126.00
Globe and Mail	Canada	January 8, 2020	\$10,758.00

4. Facebook Advertisements

Finally, because many potential Claimants were known to communicate through Facebook, the Receiver purchased targeted advertisements on that platform that contained a link to the Receivership Website. These advertisements were run on Facebook from January 9

¹⁵ An *Affidavit of Publication* for the Wall Street Journal was filed with the Court. [Dkt. 247](#).

¹⁶ An *Affidavit of Publication* for all other periodicals was filed with the Court. [Dkt. 248](#).

through February 8, 2020,¹⁷ and again from March 16 through April 14, 2020.¹⁸ The cost of running the Facebook advertisements was \$306.35 per run, with a total cost of \$612.70.

C. Claims Received

As of June 22, 2020, a total of 23,061 Proofs of Claim were received asserting claims in the total amount of \$100,000,217,093,489. The total claim amount is skewed significantly by a single Proof of Claim that was submitted in the amount of \$99,999,999,999.99 (the “\$99 Trillion Claim”).¹⁹ In submitting a Proof of Claim, each Claimant consented to the jurisdiction of this Court.

Omitting the \$99 Trillion Claim, the total amount of the Proofs of Claim is \$217,093,489. Since the expiration of the Claims Bar Date, the Receiver has commenced an initial reconciliation of the Proofs of Claim submitted. This work has been done primarily through Epiq, her approved claims agent. Below is a summary of the categories of Proofs of Claim received based on the initial reconciliation. In the interest of clarity, the following summary omits the \$99 Trillion Claim.

- As of June 22, 2020, 682 Proofs of Claim were filed after the Claims Bar Date (the “Late-Filed Claims”). The Late-Filed Claims total \$2,323,782.²⁰

¹⁷ An *Affidavit of Publication* of the first Facebook advertisement and copy of the advertisement were filed with the Court. [Dkt. 249](#).

¹⁸ An *Affidavit of Publication* of the second Facebook advertisement and copy of the advertisement were filed with the Court. [Dkt. 250](#).

¹⁹ The Scheduled Claim Amount for this Claimant was \$0.00.

²⁰ The Receiver has determined that she should not, at this time, close the Claims Portal, and Proofs of Claim continue to be submitted. The Receiver is evaluating issues related to Late-Filed Claims and ultimately will file further information about this issue.

- 687 Proofs of Claim are duplicate claims (the “Duplicate Claims”). The Duplicate Claims total \$6,376,347.
- 2,279 Proofs of Claim were amended by a later-filed Proof of Claim (the “Amended Claims”). The Amended Claims total \$40,687,636.
- 12,528 of the Claimants agreed with the Receiver’s Scheduled Claim Amount (the “Agreed Claims”). The Agreed Claims total \$36,338,653.
- 2,885 Claimants asserted a claim in an amount above the Scheduled Claim Amount (the “Contested Claims”). The Contested Claims total \$74,878,012, which is \$67,057,550 more than the total Scheduled Claim Amount for these Contested Claims (the Scheduled Claim Amount for the Contested Claims is \$7,820,462).
- 3,866 Claimants did not attest to the accuracy of the Scheduled Claim Amount due to either not using or using an improper validation code (the “Did Not Attest Claims”). The Did Not Attest Claims total \$51,891,530.
- 108 Claimants are not known to have invested in Traffic Monsoon (the “Non-Member Claims”). The Non-Member Claims, excluding the claim asserted by PayPal, Inc. discussed below, total \$427,445.93.
- The largest Non-Member Claim is a Proof of Claim submitted by PayPal, Inc., asserting a secured claim in the amount of \$3,144,021.07 related to chargebacks it issued to investors.

D. Resolution of Claims

The Receiver is continuing to analyze the Proofs of Claim she received and working to develop the most effective and efficient procedures to implement to attend to those Proofs of Claim which should be disallowed or allowed in a reduced amount. Ultimately the Receiver will need to file objections to certain categories of Proofs of Claim.

III. CONCLUSION

The Receiver understands that making a distribution to those Claimants holding allowed claims is of paramount importance. She and her team are working diligently to analyze and resolve the Proofs of Claim that have been submitted so that the Receiver can make a distribution to those who lost money in this scheme.

DATED this 24th day of June, 2020.

GREENBERG TRAURIG, LLP

/s/ Sarah Goldberg _____

Peggy Hunt

Sarah Goldberg

John J. Wiest

Proposed Attorneys for Receiver Peggy Hunt

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of June, 2020, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of the filing to the following:

- **Mary (Peggy) Hunt**
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/s/ Sarah Goldberg