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THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. TRAFFIC MONSOON, LLC, a Utah Limited Liability Company, and CHARLES DAVID SCOVILLE, an individual, Defendants.	**RECEIVER'S MOTION TO SET A CUTOFF DATE TO COMPLETE THE DISTRIBUTION PORTAL PROCESS** 2:16-cv-00832-JNP The Honorable Jill N. Parrish

D. Ray Strong, the Court-appointed Receiver (the "Receiver")[1] for Traffic Monsoon, LLC ("Traffic Monsoon"), and all assets of Charles D. Scoville obtained directly or indirectly from Traffic Monsoon, respectfully requests that the Court enter an Order, substantially in the form

[1] On April 19, 2023, the Court entered its Order Appointing Successor Receiver, thereby discharging Mary Margaret (Peggy) Hunt from her duties as receiver in this case and appointing Michael F. Thomson as the successor receiver in this case. *See* [Doc. No. 552]. On October 27, 2025, the Court entered its Order Granting Motion to Appoint Successor Receiver, thereby discharging Michael Thomson and appointing D. Ray Strong as the successor receiver in this case. *See* [Doc. No. 705]. All references to the "Receiver" used throughout this Motion refer to the acting receiver at the relevant time and may include Peggy Hunt and Michael Thomson, the prior Court-appointed receivers.

attached hereto as **Exhibit A**, setting a definitive cutoff date by which the holders of the remaining Allowed Claims must cure the deficiencies in, and complete, their Distribution Portal submissions (the "Cutoff Date"), and providing that, after the Cutoff Date, the distributions allocable to any Allowed Claims that remain uncured shall be deemed Unclaimed Property (as defined in the Approval Order), shall revert to and become property of the Receivership Estate, and the corresponding Allowed Claims shall be deemed disallowed and forfeited, in accordance with paragraphs 13 through 15 of the Approval Order.

I. BACKGROUND

A. The SEC Action, the Receivership, and the Judgments.

1. On July 26, 2016, the SEC filed a *Complaint* [Doc. No. 2] against the Defendants, alleging that between October 2014 and July 2016 the Defendants engaged in securities fraud and operated a Ponzi scheme, and the Court entered a *Temporary Restraining Order and Order Freezing Assets* the same day. [Doc. No. 8, 14].

2. On July 17, 2016, the Court entered an *Order Appointing Receiver* [Doc. No. 11] (the "Receivership Order"), later amended for clarification [Doc. No. 81], and on March 28, 2017, the Court entered a *Preliminary Injunction* [Doc. No. 80] extending the freeze on the Defendants' assets.

3. Since appointment, the Receiver has acted in good faith and diligently performed the duties prescribed by the Receivership Order, including marshalling the Defendants' assets, reviewing and objecting to claims, and attending to the administration of the Receivership Estate.

4. On January 5, 2021, the Court entered a *Final Judgment as to Defendant Charles Scoville*, finding him liable for disgorgement of $2,537,642.93 and a civil penalty of $2,426,749.00 [Doc. No. 285].

5. On February 4, 2022, the Court entered a *Final Judgment as to Defendant Traffic Monsoon, LLC* [Doc. No. 448], ordering Traffic Monsoon to disgorge $145,736,805.22, "which amount shall be deemed satisfied by the collection efforts to date and the future distribution of funds to allowed claims of investors by the [Receiver]."

B. *The Claims Process and the Approved Plan of Distribution.*

6. On December 20, 2019, the Court entered the *Order Approving (1) Claims Process; (2) Setting Claims Bar Date; and (3) Certain Notice Procedures* [Doc. No. 232], establishing the claims process and bar date.

7. On February 13, 2024, the Receiver filed the *Motion for Approval of Proposed Plan of Distribution* (the "Initial Plan") [Doc. No. 595]. On July 23, 2024, the Court denied the request to make initial distributions under the Initial Plan and approved, among other things, the opening of and collection of certain information in a distribution portal (the "Distribution Portal"), through which holders of Allowed Claims had 90 days to submit the release, tax, and payment information required to receive their distributions. [Doc. No. 673].

8. On December 23, 2024, the Receiver filed the *Motion to Extend Distribution Portal Bar Date to Allow for Re-Noticing* [Doc. No. 683]. The Court granted this motion. [Doc. No. 684].

9. On October 10, 2025, the Receiver filed the *Motion for Approval of Revised Plan of Distribution* (the "Revised Plan") [Doc. No. 701], proposing a single and final distribution to holders of Allowed Claims for 100% of the principal amount of their claims.

10. After a hearing, on December 2, 2025, the Court entered its *Order Approving Receiver's Plan of Distribution* (the "Approval Order") [Doc. No. 753], authorizing the Receiver to make a final distribution to holders of Allowed Claims in the amount of $47,801,720.12 and approving Epiq Corporate Restructuring, LLC ("Epiq") as the Receiver's distribution agent.

11. Under the Approval Order, the Court further extended the deadline to complete the Distribution Portal to November 25, 2025. *See* [Doc. No. 753].

12. The Approval Order established the mechanism for resolving undistributable amounts. Under paragraph 13, any holder who failed to provide the required information through the Distribution Portal—a release, an IRS Form W-9 or W-8, an OFAC certificate, or wire information or a mailing address—is deemed to have forfeited any distribution to which it would otherwise be entitled (a "Forfeited Distribution").

13. Paragraph 14 of the Approval Order defines "Unclaimed Property" to include Forfeited Distributions and distributions that cannot be delivered using the wire information provided, and paragraph 15 provides that Unclaimed Property "shall become property of the Receivership Estate" and that the corresponding Allowed Claims "shall be deemed disallowed," with the holders "forever barred, expunged, estopped, and enjoined" from asserting them.

C. Status of Distributions.

14. Shortly after the Approval Order was entered, the Receiver (through Epiq, the distribution agent) began making distributions. But it became apparent that a large portion of claimants, although they had timely completed the Distribution Portal, failed to include all of the required information.

15. Through much effort, the Receiver has been reaching out to claimants over the last eight months to help them correct the required information in the Distribution Portal.

16. On July 31, 2026, the Receiver filed his *Third Status Report of Approved Distributions* [Doc. No. 777] (the "Third Status Report"), detailing the progress of distributions and the Receiver's recommendation for the winddown of the Receivership Estate.

17. As set forth in the Third Status Report, the Revised Plan allows for 10,539 Allowed Claims totaling $47,801,720.12. As of July 27, 2026, the Receiver, through Epiq, had distributed

$46,759,989.79 to 10,105 holders of Allowed Claims—approximately 96% of eligible claimants, representing 98% of the funds to be distributed.

18. The distributions that remain outstanding are attributable to a comparatively small group of 424 Allowed Claims, totaling $944,482.70, whose holders timely completed the Distribution Portal but whose distributions cannot be processed because of deficiencies in the payment or tax information they submitted—including mistakes on tax forms, invalid wire details, and unfulfilled requests to change payment methods or wire information.

II. RELIEF REQUESTED

19. By this Motion, the Receiver seeks the entry of an Order, substantially in the form of **Exhibit A**, setting a definitive Cutoff Date by which the holders of the remaining Allowed Claims must cure the deficiencies in, and complete, their Distribution Portal submissions, and providing that, upon expiration of the Cutoff Date, the distributions allocable to any Allowed Claims that remain uncured shall be deemed Unclaimed Property, shall revert to and become property of the Receivership Estate, and the corresponding Allowed Claims shall be deemed disallowed and forfeited, in accordance with paragraphs 13 through 15 of the Approval Order.

20. The Receiver has provided a copy of this Motion to the SEC, and the SEC does not object to the requested relief.

III. ARGUMENT

21. Nearly eight months have passed since the Approval Order was entered. Throughout that period, the Receiver, through Epiq and his other professionals, has repeatedly contacted the remaining claimants and worked to cure the defects in their submissions. Despite these sustained efforts, the remaining claimants have not supplied the corrected information necessary to process their distributions, even though the deficiencies are within each claimant's own control to cure.

22. The cost of continuing to pursue these distributions has become disproportionate to the amounts that remain. As detailed in the Third Status Report, the administrative fees incurred in making distributions have far exceeded the amounts originally estimated, and those fees continue to accrue each month the Receivership Estate remains open. Holding the estate open and reserving funds indefinitely for a comparatively small group of non-responsive claimants would erode the estate through administrative expense, to the detriment of the winddown as a whole.

23. An SEC receivership is an equitable proceeding in which "the district court has broad powers and wide discretion to determine . . . relief in an equity receivership." *SEC v. DeYoung*, 850 F.3d 1172, 1182 (10th Cir. 2017) (citing *SEC v. Vescor Cap. Corp.,* 599 F.3d 1189, 1194 (10th Cir. 2010)). That discretion "derives from the inherent powers of an equity court to fashion relief." *DeYoung*, 850 F.3d at 1182 (citation omitted). Among those broad powers "is the power to establish proof of claim procedures and set an effective claims bar date." *SEC v. Wells Fargo Bank, N.A*., 848 F.3d 1339, 1343-44 (11th Cir. 2017). The Tenth Circuit has affirmed the entry of a claims bar order in an equity receivership as a proper exercise of the district court's discretion, and a party challenging such an order bears "the weighty burden of showing an abuse of discretion." *DeYoung,* 850 F.3d at 1182 (citation omitted). Setting a definitive Cutoff Date for completion of the Distribution Portal process is a routine exercise of that authority.

24. The Approval Order already supplies the mechanism for resolving the remaining claims: under paragraphs 13 through 15, undistributable amounts become Unclaimed Property, revert to the Receivership Estate, and the corresponding Allowed Claims are deemed disallowed. The Cutoff Date implements that mechanism as to the remaining 424 uncured Allowed Claims after affording their holders one final, defined opportunity to complete the Distribution Portal process.

25. Accordingly, the Receiver requests that the Court set the Cutoff Date as 14 days after the entry of the Order granting this Motion. On or promptly after entry of the Order, the Receiver will provide notice of the Cutoff Date to each holder of a remaining Allowed Claim, at the email or mailing address in the claim record, and will post notice on the receivership website.

26. Any holder of a remaining Allowed Claim who does not cure the deficiencies in, and complete, its Distribution Portal submission on or before the Cutoff Date shall be deemed to have forfeited its distribution. As of the Cutoff Date, the distributions allocable to the uncured Allowed Claims shall be deemed Unclaimed Property, shall revert to and become property of the Receivership Estate, and the corresponding Allowed Claims shall be deemed disallowed, with the holders forever barred, expunged, estopped, and enjoined from asserting them, in accordance with paragraphs 14 and 15 of the Approval Order.

27. A definitive Cutoff Date is fair and reasonable under the circumstances of this case. The remaining claimants have had nearly eight months and repeated outreach to supply information that is within their own control to provide, yet the deficiencies remain uncured. Meanwhile, the administrative cost of holding the Receivership Estate open for this comparatively small group of non-responsive claimants has become disproportionate to the amounts at issue and continues to accrue. A firm deadline, coupled with a final round of notice, gives these claimants one last opportunity to receive their distributions while permitting the orderly winddown of the Receivership Estate to proceed.

IV. CONCLUSION.

28. For the foregoing reasons, the Receiver respectfully requests that the Court enter the proposed Order attached as **Exhibit A**: (1) setting a definitive Cutoff Date, 14 days after entry of the Order, by which the holders of the remaining Allowed Claims must cure the deficiencies in, and complete, their Distribution Portal submissions; (2) providing that, as of the Cutoff Date, the

distributions allocable to any Allowed Claims that remain uncured shall be deemed Unclaimed Property, shall revert to and become property of the Receivership Estate, and the corresponding Allowed Claims shall be deemed disallowed and forfeited, with the holders forever barred, expunged, estopped, and enjoined from asserting them, in accordance with paragraphs 13 through 15 of the Approval Order; and (3) granting such other and further relief as the Court deems just and proper.

DATED August 13, 2026.

GREENBERG TRAURIG, LLP

/s/ Carson Heninger
Annette W. Jarvis
Carson Heninger

Attorneys for Receiver D. Ray Strong

CERTIFICATE OF SERVICE

I hereby certify that on August 13, 2026, 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 all counsel of record in this case.

/s/ Candy Long

Exhibit A

(Proposed Order)

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.	**ORDER APPROVING RECEIVER'S MOTION TO SET A CUTOFF DATE TO COMPLETE THE DISTRIBUTION PORTAL PROCESS** 2:16-cv-00832-JNP The Honorable Jill N. Parrish

The matter before the Court is the *Receiver's Motion to Set a Cutoff Date to Complete the Distribution Portal Process* (the "Motion") [Docket No. ●] filed by D. Ray Strong, the court-appointed Receiver (the "Receiver"), seeking to set a cutoff date for the remaining holders of allowed claims that have not cured defects in their Distribution Portal submission.

The Court has reviewed the Motion, the record in this case and applicable law. Based thereon, and for good cause appearing,

IT IS HEREBY ORDERED that:

(1) The Motion is **GRANTED**;

(2) The "Cutoff Date" shall be the date that is 14 days after the date of entry of this Order. On or before the Cutoff Date, each holder of a remaining Allowed Claim must cure the deficiencies in, and complete, its Distribution Portal submission;

(3) On or promptly after entry of this Order, the Receiver shall provide notice of the Cutoff Date to each holder of a remaining Allowed Claim, at the email or mailing address reflected in the claim record, and shall post notice of the Cutoff Date on the receivership website;

(4) Any holder of a remaining Allowed Claim who does not cure the deficiencies in, and complete, its Distribution Portal submission on or before the Cutoff Date shall be deemed to have forfeited its distribution. As of the Cutoff Date, the distributions allocable to any Allowed Claims that remain uncured shall be deemed Unclaimed Property (as defined in the Approval Order), shall revert to and become property of the Receivership Estate, and the corresponding Allowed Claims shall be deemed disallowed and forfeited, with the holders forever barred, expunged, estopped, and enjoined from asserting them, in accordance with paragraphs 13 through 15 of the Approval Order [Doc. No. 753];

(5) The Receiver is authorized to take all actions reasonably necessary or appropriate to implement this Order; and

(6) This Court shall retain jurisdiction over all matters arising from or relating to the implementation of this Order.

DATED _____, 2026.

BY THE COURT:

_____
The Honorable Jill N. Parrish
United States District Court