

II.

THE INITIAL EXECUTION OF THE SRO

The Commodity Futures Trading Commission (“CFTC”) filed its Complaint under seal against the Defendants on September 18, 2023. The *SRO* was entered under seal on September 20, 2023.

On the afternoon of Wednesday, September 20, 2023, a team of FBI agents, acting pursuant to a search warrant, raided the office of the Defendants at Suite 4150 in the office building at 901 Main Street, Dallas, Texas (the “Premises”). Later that afternoon, the Receiver and his attorney Peter Lewis entered the Premises. The Receiver provided the Lessor of the Premises with a copy of the *SRO* and had the locks to the Premises changed so that the Premises are only accessible by the Receiver and the Lessor. As shown on **Exhibit A** attached hereto, a sign was posted on the door to the Premises warning that the office and contents of the office are in receivership.

In addition, pursuant to the *SRO*, the Receiver removed Defendant Moran and any existing officer or employee from control and management of the Defendant entities in receivership. A copy of the Notice of Removal posted on the door of the Premises is attached hereto as **Exhibit B**.

The Receiver and his attorney took photographs of the Premises and began inspecting the contents of the Premises. In addition, the Receiver and his attorney began reviewing documents in the Premises. The hard drives to the computers in the Premises were seized by the FBI.

In addition to the foregoing, at the same time as the Receiver was executing the *SRO*, the Receiver’s attorneys and paralegals sent copies of the *SRO* to banks and metals depositories in which the Defendants were believed to have accounts.

III.

ESTABLISHING JURISDICTION FOR THE RECEIVERSHIP

Pursuant to 28 U.S.C. Section 754, a Receiver may be vested with complete jurisdiction and control of all property within the territory of a federal district court if the Receiver, within ten (10) days of his appointment, files with the federal district court a copy of the complaint and the order appointing him Receiver. Based on information regarding the scope of the Defendants' business, the Receiver filed a copy of the complaint and the order appointing him Receiver in the following federal district courts in the country:

1. Texas- Northern, Eastern, Western Districts (3)
2. Delaware – Dist. of DE (1)
3. Nevada – Dist. of Nevada (1)
4. Florida-Middle, Northern, Southern Districts (3)
5. California- Central, Eastern, Southern (3)
6. New York- Eastern, Northern, and Western (3)
7. Delaware- Dist. of DE (1)

These filings establish jurisdiction for the receivership in 7 States and allow the Receiver to recover assets of the Defendants that may be found in those States.

IV.

INVESTORS

In order to advise investors of the receivership, the Receiver established a website, www.crownbullionreceivership.com, where the Receiver provides his contact information, answers to frequently asked questions, a timeline of events, and copies of the Complaint, and the orders of the Court. In addition, the Receiver gained control over the domain names used by the Defendants and had such websites redirected to the receivership website.

The Receiver's team is dedicated to recovering and maintaining information from each investor to facilitate communications with the investors during the claims process described herein.

V.

ASSETS RECOVERED TO DATE

The assets recovered to date by the Receiver are minimal. The Receiver took possession of 5 oz. of silver and 1 oz. of gold that were at International Depository Services of Delaware in an account in the name of Bright IDS Delaware with Damien Moran as the authorized name on the account. In addition, International Depository Services of Texas ("IDS-Texas") had precious metals on deposit in an account in the name of Bright Future Financial with Damien Moran as the authorized name on the account. On September 20, 2023, the same day as the *SRO* was issued, 1000 oz. of silver was withdrawn from the Bright Future Financial account with the authorization of Defendant Moran. According to IDS-Texas, it currently has 1,500 oz. of silver and 10 oz. of gold in the Bright Future Financial account that are being held pending further instruction from the Receiver. Defendant Moran, after having notice of the *SRO* issued on September 20, 2023, attempted to withdraw all of the precious metals from the account at IDS-Texas on September 21, 2023, and again on September 25, 2023. IDS-Texas refused such requests by Defendant Damien pursuant to the *SRO*. These attempts by Defendant Moran to withdraw precious metals from the IDS-Texas account after Defendant Moran had notice that the account was frozen by Court order, represent a blatant attempt by Defendant Moran to violate the *SRO*.

In addition, the following financial institutions confirmed that funds in accounts in the name of at least one of the Defendants have been frozen, as shown below:

Coinbase	\$6,216.98
TD Ameritrade	\$750.61
JP Morgan Chase	\$480.96
Total:	<u>\$7,448.55</u>

VI.

POTENTIAL SOURCES OF RECOVERY

To date, Defendant Moran has not provided the Receiver with a list of the Defendant's assets as required by the *SRO*. The Receiver discussed with Moran's counsel the list of assets required by the *SRO*, and Moran's counsel assured the Receiver the list of assets is forthcoming. The Receiver is aware that Defendant Moran owns a house and several cars.

The receivership is in its infancy, and the Receiver is still collecting bank records to determine the disposition of monies, and possible targets for recovery.

VII.

RECEIVERSHIP PROCEEDINGS IN THE LAWSUIT

The preliminary injunction hearing has been postponed two times with the agreement of the parties. Once the preliminary injunction hearing on December 12, 2023 is completed, and presuming, the relief previously granted by the Court remains in place, the Receiver will be proposing to the Court a set for procedures for the Receiver to follow during the course of the case.

VIII.

RECOMMENDATIONS FOR THE RECEIVERSHIP

The Receiver makes the following recommendations for the receivership:

A. DETERMINING THE SOURCES OF RETAINERS PAID TO DEFENDANTS' ATTORNEYS

The Receiver requested counsel for Defendants to disclose the source of their retainers for representing their clients. Joshua Graham, counsel for the Defendants in this civil case, provided information to the Receiver indicating the source of the retainers he received and his due diligence regarding the retainers. The criminal defense attorney representing Defendant Damien Moran has, to date, ignored the Receiver's request that he identify the source of the retainer received and the due diligence exercised to insure the retainer is not derived from funds subject to the SRO.

The *SRO*, as well as Fifth Circuit precedent compel the compliance of Defendants' criminal defense counsel with the Receiver's request. In *FTC v. Assail, Inc.*, 410 F.3d 256 (5th Cir. 2005), *cert. denied, sub nom., Draskovich v. Robb Evans & Assoc. LLC*, 126 S.Ct. 735, 163 L.Ed.2d 569 (2005) the Fifth Circuit held:

“[T]here is a clear principle that an attorney is not permitted to be willfully ignorant of how his representation is funded... [W]hen an attorney is objectively on notice that his fees may derive from a pool of frozen assets, he has a duty to make a good faith inquiry into the source of those fees. Failure to make such an inquiry in the face of this duty will result in disgorgement of the funds.” *Id.* at 265.

Assail relies on numerous cases that discuss an attorney's obligation to “do more than simply take his client at his word” regarding the source of fees where an attorney is on notice that the fees could be subject to forfeiture. *Id.* at 266; see, *McGraw v. Connelly*, 838 F.2d 844 (6th Cir. 1988)(attorney who received fees from client whose assets were in receivership “was under a duty of inquiry as to the source of his fees”); *SEC v. Princeton Economic International, Ltd.*, 84 F.Supp.2d 443, 446, 447 (S.D.N.Y. 2000)(“A lawyer who blindly accepts fees from a client under circumstances that would cause a reasonable lawyer to question the client's intent in paying the fees accepts the fees at his peril”); *In re Moffitt, Zwerling & Kemler, P.C.*, 846

F.Supp. 463 (E.D. Va. 1994)(requiring forfeiture of funds paid to firm that made no efforts to ascertain the source of funds paid by defendant indicted for sale of narcotics).

The Receiver will continue to investigate the source of the retainers paid to the Defendants' criminal defense attorney to determine whether the monies are subject to the *SRO*.

B. TIMELINE FOR THE RECEIVERSHIP

The Receiver recommends continuation of the receivership to complete the discovery, seizure, and potential liquidation of additional assets; pursuit of claims against recipients of fraudulent transfers; institution and administration of a claims process for the investors who are victims of the Defendants, if merited; and, once ordered by the Court, distribution of the assets recovered to the approved claimants. At this early stage of the lawsuit and receivership, the Receiver estimates it will be necessary to continue the receivership in place through at least the following year.

Respectfully submitted, November 16, 2023.

RECEIVER KELLY M. CRAWFORD

/s/ Kelly M. Crawford

Kelly M. Crawford, Receiver
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SCHEEF & STONE, L.L.P.
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Tele: 214/706-4200
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on November 16, 2023 I electronically filed the foregoing document with the clerk of the U.S. District Court, Western District of Texas, using the electronic case filing system of the court.

/s/ Kelly M. Crawford
KELLY M. CRAWFORD

WARNING

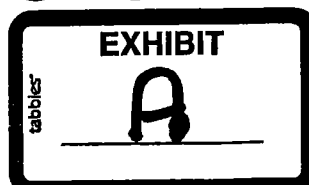
All documents, records, and assets directly or indirectly owned, beneficially or otherwise by Damien Moran, Crown Bullion, Inc. (a Texas corporation d/b/a "Kenwood Capital"), Bright Future Financial, LLC (a Florida limited liability company d/b/a "Oakhurst Metals"), and Bright Future Financial, LLC (a California limited liability company d/b/a "Oakhurst Metals") located herein are under the control of the United States District Court for the Northern District of Texas, Dallas Division

Case No. 3:23-CV-2077-L

Unauthorized removal, destruction, or interference with these assets or records is prohibited by Court Order.

Contact Kelly M. Crawford, Receiver
for more information (214) 706-4213

**VIOLATORS WILL BE
PROSECUTED**



NOTICE OF REMOVAL
September 20, 2023

Pursuant to the *Memorandum and Order (the "SRO")* entered by the United States District Court for the Northern District of Texas in Case No. 3:23-CV-2077-L, *Commodity Futures Trading Commission v. Damien Moran, Crown Bullion, Inc., Bright Future Financial, LLC (Florida limited liability company d/b/a "Oakhurst Metals"), and Bright Future Financial, LLC (a California limited liability company d/b/a "Oakhurst Metals")*, Kelly M. Crawford, as the Court appointed Receiver, is authorized to assume full control of the "Defendants", as defined in the *SRO*.

Accordingly, you are notified that the Receiver hereby removes Damien Moran and any existing officer, independent contractor, employee, or agent of the Defendants from control and management of the affairs of the Receivership Estate.

The SRO defines "Defendants" as referring to Damien Moran, Crown Bullion, Inc. (a Texas corporation d/b/a "Kenwood Capital"), Bright Future Financial, LLC (a Florida limited liability company d/b/a "Oakhurst Metals"), and Bright Future Financial, LLC (a California limited liability company d/b/a "Oakhurst Metals").

September 20, 2023.

/s/ Kelly M. Crawford, Receiver
Kelly M. Crawford, Receiver

