

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

SECURITIES AND EXCHANGE	:	
COMMISSION,	:	
Plaintiff,	:	
v.	:	
DONALD ANTHONY WALKER YOUNG,	:	Civil Action No.: 2:09-cv-01634-JP
ET AL. ,	:	
Defendants,	:	
OAK GROVE PARTNERS, L.P., et al.	:	
Relief Defendants.	:	
	:	
	:	

ORDER

AND NOW, this _____ day of _____ 2012, upon consideration of Receiver Louis C. Bechtle’s Motion for Approval of Twelfth Interim Fee Application for the Period April 1, 2012 through September 30, 2012 and Request for Partial Release of Accrued Holdback Fees (“Motion”), it is ORDERED that the Motion is GRANTED.

IT IS THEREFORE ORDERED as follows:

1. The Receiver’s Twelfth Interim Fee Application is APPROVED.
2. Payment to Conrad O’Brien P.C. in the amount of \$136,030.80 for services performed between April 1, 2012 and September 30, 2012, representing eighty percent (80%) of the Law Firm’s total fee of \$170,038.50 is APPROVED and may be paid by the Receiver at this time;

3. Payment to Conrad O'Brien P.C. in the amount of \$3,044.62 for expenses incurred between April 1, 2012 and September 30, 2012 is APPROVED and may be paid by the Receiver at this time.

4. Payment to Kroll, Inc. ("Accountant") in the amount of \$14,626.40 for services performed between April 1, 2012 and September 30, 2012, representing eighty percent (80%) of the Accountant's total fee of \$18,283 is APPROVED and may be paid by the Receiver at this time; and

5. Payment to Kroll, Inc. in the amount of \$30.74 for expenses incurred between April 1, 2012 and September 30, 2012, is APPROVED and may be paid by the Receiver at this time.

6. Payment to Lundy Fleming in the amount of \$3,570 for tax consulting services performed between April 1, 2012 and September 30, 2012, representing one hundred percent (100%) of Lundy Fleming's total fee is APPROVED and may be paid by the Receiver at this time.

7. Payment to Zelnick, Mann and Winikur ("ZMW") in the amount of \$1,125.00 for tax consulting services performed between April 1, 2012 and September 30, 2012 representing one hundred percent (100%) of ZMW's total fee is APPROVED and may be paid by the Receiver at this time

8. Payment to Jones & Walden, LLC in the amount of \$125.00 for its services performed in connection with the Monteagle bankruptcy proceedings is hereby APPROVED, and may be paid by the Receiver at this time.

9. Release of holdback fees in the amount of \$374,146.00, representing two-thirds of the fees held back through the Eleventh Fee Application, is hereby APPROVED, and may be paid by the Receiver at this time.

10. Release of holdback fees in the amount of \$254,296.00, representing two-thirds of the fees earned by, but not paid to, Kroll, Inc. through the Eleventh Fee Application, is hereby APPROVED, and may be paid by the Receiver at this time.

The Honorable John R. Padova, U.S.D.J.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

SECURITIES AND EXCHANGE	:	
COMMISSION	:	
	:	
Plaintiff	:	
	:	Civil Action No.: 2:09-cv-01634-JP
v.	:	
	:	
DONALD ANTHONY WALKER YOUNG,	:	
ET AL.	:	
	:	
Defendants	:	
	:	
OAK GROVE PARTNERS, L.P., et al.	:	
	:	
Relief Defendants	:	
	:	

**RECEIVER LOUIS C. BECHTLE’S
MOTION FOR APPROVAL OF TWELFTH INTERIM FEE APPLICATION FOR THE
PERIOD APRIL 1, 2012 THROUGH SEPTEMBER 30, 2012, AND
REQUEST FOR PARTIAL RELEASE OF ACCRUED HOLDBACK FEES**

Pursuant to the Court’s Order dated June 25, 2009, Louis C. Bechtle, Receiver for the Assets and Records of Acorn II, LP, Acorn Capital Management, LLC., Donald Anthony Walker Young, and Neely A. Young (the “Receivership Entities”), moves for approval of payment of fees and expenses invoiced by counsel for the receiver, Conrad O’Brien P.C. (“Conrad”), the Court appointed accountant to the Receiver, Kroll, Inc. (“Kroll”) as well as other professionals retained by the Receiver. In addition, the Receiver now moves for a partial release of the holdback amounts accrued through each of the previous fee applications to date. The Receiver previously submitted this Application to the SEC, which advised the Receiver that it does not object to the relief sought in this application, including the *partial* release of amounts held back, in view of the substantial amounts recovered and distributed to investors thus far.

The Receiver has not filed a Fee Application in this matter since April 30, 2012, which covered the first quarter of 2012. On November 8, 2012 the Receiver filed a Report covering the current fee application period (April – September, 2012). A copy of the Receiver’s November 8, 2012 Report is attached as Exhibit 1 and is fully incorporated herein by reference. The Receiver’s Report contains substantially all the relevant information and accounting that is normally included in a Fee Application. The Receiver did not include a request for fees at the time of that report. Having now filed his motion to resolve the IRS claims (at the request of the IRS), the Receiver respectfully requests approval of his fees covering the April – September 2012 time period, as well as a *partial* release of the holdback fees. So as not to duplicate the content of the previously filed Receiver’s Report, the Receiver recites only the information that was not included in the Receiver’s Report, and hereby incorporates the Report by reference.

The court-approved fee schedules, which provide substantial discounts from the standard rates of the Law Firm and the Accountant, and which hourly fee rates the Court has already found to be reasonable, are as follows:¹

Receiver

<u>Name</u>	<u>Rate</u>
Louis C. Bechtle	\$495

The Law Firm

<u>Name/ Position</u>	<u>Rate</u>
P. Hamill	\$350
K. Kent	\$325
Associates	Up to \$200
Paralegals	\$100

¹ There has been no request by the Receiver, Conrad O’Brien, or Kroll for annual increases of their rates during the three years since the Receiver’s appointment.

The Accountant

<u>Name</u>	<u>Rate</u>
W. Nugent/J. Slavek	\$375
Senior Manager	\$205
Manager	\$175
Senior Associate	\$150
Associate	\$150
Junior Staff	\$135

Pursuant to the Court’s Order, the reasonable costs and expenses of the Receiver, the Law Firm, and the Accountant are to be paid from Receivership Assets. Upon Order of this Court approving such application, the Receiver may pay up to 80% of the compensation and professional fees and 100% of the expenses of the applicants.²

This is the Twelfth application for approval of fees and expenses by the Receiver, for the period covering April 1, 2012 through June 30, 2012. The dates and amounts of the Receiver’s prior applications are summarized on the following table:

TABLE OF ACCRUED AND PAID FEES AND EXPENSES

	Fees Accrued & (Fees Approved and Paid)	Expenses Approved & Paid
First Application <i>Submitted 10/30/09</i> <i>Approved 11/18/09</i>	Receiver & Law Firm - \$306,267.00 (\$245,013.60) Accounting Firm - \$216,905.00 (\$173,524.00)	Receiver & Law Firm - \$12,871.85 Accounting Firm - \$8,188.39
Second Application <i>Submitted 2/19/10</i> <i>Approved 3/10/10</i>	Receiver & Law Firm – \$306,841.50 (\$245,089.20) Accounting Firm - \$471,412.75	Receiver & Law Firm - \$13,399.25 Accounting Firm - \$6,885.25

² The Order appointing the Receiver provides that at the close of the Receivership, the Receiver must file with the Court a final application for compensation, fees, and expenses, describing in detail the costs and benefits associated with all litigation and other actions pursued in the course of the Receivership. At that time, any amounts held back during the course of the Receivership will be paid at the discretion of the Court. The Receiver is requesting an exemption from this provision of the order for the reasons explained in Section IV below.

	(\$377,130.20)	
Third Application <i>Submitted 4/30/10</i> <i>Approved 5/20/10</i>	Receiver & Law Firm - \$312,460.00 (\$249,968.00) Accounting Firm - \$356,710.00 (\$285,368.00) Lundy & Flynn, LLP – \$2,000 (\$2,000)	Receiver & Law Firm - \$7,241.39 Accounting Firm - \$3,667.93
Fourth Application <i>Submitted 8/12/10</i> <i>Approved 9/2/10</i>	Receiver & Law Firm - \$295,194 (\$236,155.20) Accounting Firm - \$298,636.25 (\$238,909.00) Lundy & Flynn, LLP – \$2,725 (\$2,725)	Receiver & Law Firm - \$8,644.39 Accounting Firm - \$10,419.17
Fifth Application <i>Submitted 10/28/10</i> <i>Approved 11/15/10</i>	Receiver & Law Firm - \$200,297.50 (\$160,238.00) Accounting Firm - \$145,172.00 (\$116,137.60) Lundy & Flynn, LLP – \$1,483.75 (\$1,483.75)	Receiver & Law Firm - \$3,082.46 Accounting Firm - \$311.70
Sixth Application <i>Submitted 2/14/11</i> <i>Approved 3/8/11</i>	Receiver & Law Firm - \$151,903.50 (\$121,522.80) Accounting Firm - \$54,726.00 (\$43,780.80)	Receiver & Law Firm - \$3,360.42 Accounting Firm - \$0.00
Seventh Application <i>Submitted 5/23/11</i> <i>Approved 6/20/11</i>	Receiver & Law Firm - \$217,965.00 (\$174,372) Accounting Firm - \$78,964.50 (\$63,171.60) Jones & Walden, LLC - \$1,684.91 (\$1,684.91)	Receiver & Law Firm - \$5,669.69 Accounting Firm - \$200.38
Eighth Application <i>Submitted 8/24/11</i> <i>Approved 9/19/11</i>	Receiver & Law Firm - \$296,535.00 (\$237,228) Accounting Firm - \$102,148.75 (\$81,719) Marcum LLP - \$15,285 (\$15,285)	Receiver & Law Firm - \$5,828.08 Accounting Firm - \$2,031.34

	James L. Nace – \$14,062 (\$14,062) Cipperman & Co. - \$7,525 (\$7,525)	James L. Nace – \$1,108.93
Ninth Application <i>Submitted 11/17/11</i> <i>Approved 12/14/11</i>	Receiver & Law Firm - \$292,458.00 (\$233,966.80) Accounting Firm - \$46,427.25 (\$37,141.80) Marcum LLP - \$133,868.68 (\$133,868.68) David Flynn, Esq. - \$280.00 (\$280.00)	Receiver & Law Firm - \$7,702.56 Accounting Firm - \$1,295.48
Tenth Application <i>Submitted 2/10/12</i> <i>Approved 2/29/12</i>	Receiver & Law Firm - \$304,655 (\$243,724) Accounting Firm - \$122,163.25 (\$97,730.60) Marcum LLP - \$65,225.78 (\$65,225.78) Myers, Brier & Kelly,LLP. - \$680.00 (\$680.00)	Receiver & Law Firm - \$6,676.41 Accounting Firm - \$1,696.05
Eleventh Application <i>Submitted 4/30/12</i> <i>Approved 5/22/12</i>	Receiver & Law Firm - \$119,878.50 (\$95,902.80) Accounting Firm - \$14,145.50 (\$11,316.40) Myers, Brier & Kelly,LLP.- \$14,018.30 (\$14,018.30)	Receiver & Law Firm - \$811.30 Accounting Firm - \$27.70

The total amount of allowed compensation to date which remains unpaid pursuant to the Court ordered 20% holdback, with respect to the Receiver and the Law Firm is \$561,274.60 and with respect to the Accountant is \$381,482.25.

II. CASE STATUS

The Receiver refers to and incorporates the Receiver's Report filed on November 8, 2012, attached hereto as Exhibit 1, which contains a complete description of the case status for the current Application Period, including Cash Balances, Sources and Uses of Funds, Litigation Activity, Property Liquidation, Summary of Creditor Proceedings, Tax Issues and Receivership Books and Records. The Receiver's Report also includes the Standardized Fund Accounting Report covering the application period as well as a table of Sources and Uses of all funds from the inception of the Receivership through September 30, 2012.

III. FACTORS TO BE CONSIDERED BY THE COURT IN AWARDING FEES

This Court has the power to award the receiver fees for his services and for expenses incurred by the Receiver in the performance of his duties. See Donovan v. Robbins, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”). See also Securities & Exchange Commission v. Elliott, 953 F. Supp. 1560 (11th Cir. 1992) (receiver is entitled to compensation for faithful performance of his duties.). The case law on equity receiverships sets forth the standards for approving receiver compensation and the fees and expenses for the receiver's counsel. The District Court has discretion to determine compensation to be awarded to a court-appointed equity receiver and his counsel and “may consider all of the factors involved in a particular receivership in determining the appropriate fee.” Gaskill v. Gordon, 27 F.3d 248, 253 (7th Cir. 1994). Many authorities provide “convenient guidelines”, but in the final analysis, “the unique fact situation renders direct reliance on precedent impossible.” Securities & Exchange Comm'n v. W.L. Moody & Co., 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff d*, 519 F. 2d 1087 (5th Cir. 1975).

In allowing counsel fees in Securities Act receiverships, “[t]he court will consider . . . the complexity of problems faced, the benefit to the receivership estate, the quality of work performed, and the time records presented.” Securities & Exchange Comm'n v. Fifth Ave. Coach Lines, Inc., 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973); see also United States v. Code Prods., 362 F.2d 669, 673 (3rd Cir. 1966) (court should consider the time, labor and skill required (but not necessarily expended), the fair value of such time, labor and skill, the degree of activity, the dispatch with which the work is conducted and the result obtained). “[R]esults are always relevant.” Securities & Exchange Comm'n v. Elliott, 953 F.2d 1560, 1577 (11th Cir. 1992), quoting Moody, 374 F Supp. at 480. However, a good result may take a form other than a bare increase in monetary value. Id. (“Even though a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”). Obviously, overall results can be determined only at the conclusion of the case. Another “basic consideration is the nature and complexity of the legal problems confronted and the skill necessary to resolve them.” Moody, 374 F. Supp. at 485. Moreover, “[t]ime spent cannot be ignored.” Id. at 483.

Under these standards the Receiver has adequately demonstrated that the amount of fees requested is appropriate. The Receiver as well as his counsel and accountants have successfully liquidated all of the substantial assets of the Receivership and recovered a large portion of false profits paid to net winning investors, in most instances without having to engage in formal costly litigation. Through these efforts, the Receiver has successfully collected and recovered more than \$24.7 million on behalf of the Receivership since the inception of the Receivership. Of the total amount recovered, more than \$2.1 million was recovered during the current Fee Application Period and, more recently, an additional \$5.5 million bringing the total recovery to more than

\$30 million to date. The Receiver has been able to distribute approximately \$11 million to investors and creditors of the Receivership through partial interim distributions.³ The Receiver's distributions to date have produced a minimum recovery percentage rate for investors of 41.26%. Subject to the resolution of the Receiver's Motion to Resolve IRS Claims (Docket No. 310), the Receiver intends to recommend a third interim distribution.

The issues being addressed by the Receiver and his counsel are complex and involve not only the investigation of complex fraud perpetrated over a multi-year period, but the many nuanced issues related to multiple business entities which include tax, investment, employment and other issues that are a matter of rapidly developing law. In addition the Receiver has spent considerable time engaging in substantial discovery and litigation efforts to recover fraudulently transferred funds and property, which efforts have resulted in the recovery of sums that have exceeded the cost of pursuing them. As evidence of the substantial time and effort these various tasks required, the Receiver will submit the following exhibits under seal for the Court's review: Exhibit 2a – Summary of legal professional and paraprofessional time and requested reimbursement of expenses by the Receiver and his Counsel covering April – June, 2012; Exhibit 2b – Summary of legal professional and paraprofessional time and requested reimbursement of expenses by the Receiver and his Counsel covering July – September, 2012. Exhibit 3a – Summary of accounting professional and paraprofessional time and requested reimbursement of expenses by the Receiver's accounting firm covering April – June, 2012; Exhibit 3b – Summary of accounting professional and paraprofessional time and requested reimbursement of expenses by the Receiver's accounting firm covering July – September, 2012; Exhibit 4 – Summary of

³ Through additional distributions the Receiver expects to increase the recovery provided to investors; however, the Receiver does not expect to be able to make investors whole.

professional tax consulting services provided by Lundy Flemming (David Flynn)⁴; Exhibit 5 – Summary of professional tax consulting services provided by Zelnick, Mann and Winikur; and Exhibit 6 – Summary of professional time by Jones & Walden in connection with litigation stemming from the Monteagle Media bankruptcy described above. These exhibits as well as the narrative descriptions in this Application evidence the time and labor employed in processing this case.

The hourly rates charged by the attorneys and investigators providing services to the Receiver, as well as the Receiver's hourly rate, are below the customary rates of the attorneys working on this case and below those charged by attorneys of comparable skills in the Eastern District of Pennsylvania. As an accommodation to the SEC and investors, the Receiver and his counsel at Conrad O'Brien PC are billing at reduced rates at discounts of up to 30%. The Receiver's Court-approved accountants at Kroll are also billing at substantially reduced rates at an average discount of approximately 25%. Moreover, those billing at the higher rates, including the Receiver, Senior Counsel, and the Kroll Managing Director continue to write off substantial time during which they have conducted oversight activities.

The Receiver and his professionals' compensation in this matter is subject to the final approval of this Court. The Court should consider that the Receiver as well as his attorneys and accountants have assumed the risk of non-payment and/or substantial delay in payment in accepting the Court appointment. Based on the foregoing, the Receiver respectfully submits that the compensation sought by the Receiver and his team is wholly warranted.

The fee compensation requested by the Receiver and the Law Firm in this Application is \$136,030.80 (See Exhibit 2a & 2b), and the fee compensation requested by the Accountant in

⁴ Mr. Flynn was formerly with the firm of Myers Brier & Kelly, LLP and a portion of his fees (\$245.00) were invoiced from that firm.

this Application is \$14,626.40 (See Exhibit 3a & 3b). Both these amounts reflect the application of the twenty percent (20%) holdback of the total fees invoiced. The total fee compensation invoiced by the Law Firm and the Accountant during the Application Period is \$170,038.50 and \$18,283.00, respectively. The total expense compensation requested by the Law Firm in this Application is \$3,044.62 (See Exhibit 2a, pp. 33-34; 2b, p. 17). The total expense compensation requested by the Accountant in this Application is \$30.74 (See Exhibit 3a, p. 1).

The Receiver’s application also includes requests for payment in full of invoices submitted by the Receiver’s tax advisors, David Flynn at Lundy Flemming, LLP, and Zelnick, Mann and Winikur, as well as the firm retained to handle the Monteagle bankruptcy related litigation, Jones & Walden, LLC. Lundy Flemming’s invoices for fees and expenses through the current fee application period total \$3,570.00. (See Exhibit 4). Zelnick, Mann and Winikur invoices for fees and expenses through the current fee application period total \$1,125.00. (See Exhibit 5). Jones & Walden’s invoice totals \$325.00, however the Receiver is only requesting authority to pay \$125.00 due to the nature of the work performed. (See Exhibit 6). The Receiver believes such expenditures are specifically authorized under Section X(I) and (M) of the June 25, 2009 Order Appointing Receiver, and in view of the nature of these expenditures, are properly considered expenses of the Receiver’s counsel and should not be subject to holdback.⁵

The following table includes a breakdown of the Receiver’s legal and accounting fees by activity category as defined by the SEC’s billing guidelines:

Activity Category	Hours	Fee Amount
Asset Analysis and Recovery	557.8	\$126,404
Asset Disposition	.2	\$52.50
Business Operations	5.1	\$1,545

⁵ The Receiver has conferred with the SEC, which does not object to this request.

Case Administration	127.4	\$39,644.5
Claims Administration and Objections	11.9	\$2,392.5
Employee Benefits/Pensions	0	\$0
Totals	702.9	\$170,038.50

Activity Category	Hours	Fee Amount
Accounting/Auditing	11.8	\$1,869
Forensic Accounting	0	\$0
Status Reports	6.95	\$1,061.50
Litigation Consulting	94.1	\$15,352.5
Totals	112.85	\$18,283

IV. REQUEST FOR PARTIAL RELEASE OF ACCRUED HOLDBACK FEES

The June 25, 2009 Order of Appointment included a provision requiring 20% of the fees earned by the Receiver and the professionals he has retained to be held back from payment until the conclusion of the Receivership. Specifically, the Order provides as follows:

Upon Order of this Court approving [the Receiver's fee application], the Receiver may pay up to 80% of the compensation and professional fees and 100% of the expenses of the applicants. At the close of the Receivership, the Receiver shall file with the Court a final application for compensation, fees, and expenses, describing in detail the costs and benefits associated with all litigation and other actions pursued in the course of the Receivership. At that time, any amounts held back during the course of the Receivership will be paid at the discretion of the Court.

June 25, 2009 Order, Doc. No. 64 at ¶ XV.

The Receiver respectfully requests this Court to approve the release of two-thirds (66.66%) of the amount of fees currently subject to the holdback provision, which have accrued

from the inception of the Receivership in 2009 through the Order approving the Receiver's last (Eleventh) Fee Application on May 22, 2012. As indicated above, and largely for the reasons set forth below by the Receiver, the Securities and Exchange Commission has informed counsel for the Receiver that it does not oppose this partial release of the holdback.

Consistent with the June 25, 2009 Order, the Receiver has sought approval to pay only 80% of the fees accrued by the Receiver, his counsel and his accountants in each of the eleven quarterly fee applications submitted over the past three years. Although the Order provides that amounts held back from fees earned by the Receiver will be paid at the Court's discretion at the conclusion of the case, the Receiver respectfully submits that it is appropriate to permit a partial release of those amounts at his time given the present status of the Receivership.

This Receivership is past its third anniversary, and by any estimation it has been highly successful. The Receiver has to date recovered more than \$30 million, has distributed \$11 million, and intends to recommend additional distributions subject to the resolution of the IRS claims / potential claims. The total professional fees incurred from the inception of the receivership through the current fee application period represent approximately 23.3% of the total amount recovered.⁶

Over the past three years, the Receiver has not requested any increase to the rates that were approved in 2009 in the June 25 Order, which at that time were already substantially discounted. In the case of the Receiver's counsel the approved rates represent discounts from Conrad O'Brien's standard rates of up to 30%. Similarly, Kroll's rates were discounted on

⁶ The total fees charged by all professionals through the Eleventh Fee Application, including all amounts held back from payment, are \$5,776,702.36. The total amount recovered through this fee period is \$24,752,250. This does not include the recent receipt of \$5,500,000 through the settlement of a number of claims, which further reduces the ratio of fees/amounts recovered.

average approximately 25%. From a cash flow perspective, the holdback provision effectively adds an additional 20% discount to those rates.

The amount currently held back with respect to the Receiver and the Law Firm is \$561,274.60 and with respect to the Accountant is \$381,482.25, for a total of \$942,756.85. A substantial portion of those amounts were earned 2 years ago, but have not been realized by the professionals. The Receiver therefore requests that the Court permit the payment of two-thirds of the holdback amount to the Receiver and the professionals, or \$374,146.00 to the Law Firm and \$254,296.00 to the Accountant for a total payment of \$628,442.00.

WHEREFORE, the Receiver respectfully requests that the Court grant this Motion and thereby authorize the following:

1. Payment to Conrad O'Brien P.C. in the amount of \$136,030.80 for services performed between April 1, 2012 and September 30, 2012, such payment representing eighty percent (80%) of its total fee of \$170,038.50;
2. Payment to Conrad O'Brien P.C. in the amount of \$3,044.62 for expenses incurred between April 1, 2012 and September 30, 2012;
3. Payment to Kroll, Inc. in the amount of \$14,626.40 for services performed between April 1, 2012 and September 30, 2012, such payment representing eighty percent (80%) of its total fee of \$18,283.00;
4. Payment to Kroll, Inc. in the amount of \$30.74 for expenses incurred between April 1, 2012 and September 30, 2012; and
6. Payment to Lundy Flemming, LLP ("MBK) in the amount of \$3,570.00 for tax consulting services performed between April 1, 2012 and September 30, 2012, representing one hundred percent (100%) of MBK's total fee.

7. Payment to Zelnick, Mann and Winikur (“ZMW”) in the amount of \$1,125.00 for tax consulting services performed between April 1, 2012 and September 30, 2012, representing one hundred percent (100%) of ZMW’s total fee.

8. Payment to Jones & Walden, LLC in the amount of \$125.00 for its services performed in connection with the Monteagle bankruptcy proceedings.⁷

9. Release of the current holdback amount of \$374,146.00 representing two-thirds of the fees earned, by but not paid to, the Receiver and Conrad O’Brien from the period of June 25, 2009 through September 30, 2012.

10. Release of the current holdback amount of \$254,296.00 representing two-thirds of the fees earned by, but not paid to, Kroll, Inc. from the period of June 25, 2009 through September 30, 2012.

Respectfully submitted,

Dated: January 14, 2013

s/ Kevin Dooley Kent
Patricia M. Hamill, Esquire
Kevin Dooley Kent, Esquire
Attorney I.D. Nos.: PA 48416/85962
Conrad O’Brien PC
1515 Market Street, 16th Floor
Philadelphia, PA 19102-1921
Telephone: (215) 864-9600
Facsimile: (215) 864-9620
Counsel for Louis C. Bechtle, Receiver

⁷ The invoice submitted in support of Jones & Walden reflects a \$325.00 fee, but the Receiver has only agreed to pay \$125.00 due to the nature of the work performed and therefore requests authority for payment in that amount.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**SECURITIES AND EXCHANGE
COMMISSION**

Plaintiff

v.

Donald Anthony Walker Young, et al.

Defendants

Oak Grove Partners, L.P., et al.

Relief Defendants

Civil Action No.: 2:09-cv-01634-JP

CERTIFICATE OF SERVICE

I hereby certify that on this date a true and correct copy of the foregoing Quarterly Report, Motion for Approval of Twelfth Interim Fee Application and Request for Partial Release of Accrued Holdback Fees was filed and served on all counsel of record via the Court's Electronic Filing System, with additional copies served via electronic mail on the following:

Catherine E. Pappas, Esquire
Securities & Exchange Commission
Mellon Independence Center
701 Market Street, Suite 2000
Philadelphia, PA 19106

Robert E. Welsh, Jr., Esquire
Catherine M. Recker, Esquire
Welsh & Recker, P.C.
2000 Market Street, Suite 2903
Philadelphia, PA 19103

Gregory P. Miller, Esquire
Drinker Biddle & Reath LLP
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103

William J. Winning, Esquire
Cozen and O'Connor
1900 Market Street
The Atrium, 4th Floor
Philadelphia, PA 19103

Mark Cedrone, Esquire
Nicholas V. Pinto, Esquire
Cedrone & Pinto
123 S. Broad Street, Suite 810
Philadelphia, PA 19109

Stephen G. Stroup, Esquire
Drinker Biddle & Reath LLP
One Logan Square, 18th & Cherry Sts.
Philadelphia, PA 19103

DATED: January 14, 2013

s/ Kevin Dooley Kent
Kevin Dooley Kent

EXHIBIT 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**SECURITIES AND EXCHANGE
COMMISSION**

Plaintiff

v.

**DONALD ANTHONY WALKER YOUNG,
ET AL.**

Defendants

**OAK GROVE PARTNERS, L.P.,
NEELY YOUNG, AND W.B. DIXON
STROUD JR.,**

Relief Defendants

Civil Action No.: 2:09-cv-01634-JP

REPORT OF RECEIVER LOUIS C. BECHTLE

Louis C. Bechtle, Receiver for the Assets and Records of Acorn II, LP, Acorn Capital Management, LLC., Donald Anthony Walker Young, and Neely A. Young (the “Receivership Entities”), submits this report pursuant to the Court’s Order dated June 25, 2009. During the current reporting period the Receiver brought in approximately \$2.2 million, and finalized a settlement with a group of investors in which the Receivership will receive an additional \$5.5 million that will be available for future distribution.

A significant focus of the Receiver’s recent work has involved, with the assistance of the SEC, discussions with representatives of the IRS and the Department of Justice in an attempt to resolve potential tax liabilities in order to ensure that all of the funds collected will be available for distribution. Specifically, the Receiver has sought a closing agreement from the IRS similar to those the IRS has previously entered with other federal receivers that would make clear that

the Receiver and the Receivership Estate have no liability for federal taxes under the circumstances of this case. Negotiations between the IRS and the Receiver concerning a closing agreement have been ongoing for nearly a year, but the IRS to date has declined to enter a closing agreement. The Receiver's tax attorneys, with the assistance of the SEC, are continuing their attempts to resolve this issue with the IRS. It is the lack of firm resolution of this tax matter that has to date caused the Receiver to hold off on filing another motion for distribution to investors/creditors.

I. BACKGROUND

On April 17, 2009, the Securities and Exchange Commission filed an action against Donald Anthony Walker Young ("DA Young"), Acorn Capital Management, LLC and Acorn II, LP (collectively "the Acorn Entities"), alleging various securities violations arising out of the defendant's fraudulent investment activity.¹

On June 25, 2009 this Court entered an Order Appointing Receiver ("Receivership Order") pursuant to which the Court took exclusive jurisdiction and possession of the Defendants' assets, monies, securities, choses in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated, and any entities that the Defendants own or control or in which either of them have an interest (the "Receivership Assets"), as well as the Defendants' books, records, computers, and documents (the "Receivership Records"). In the same order, Louis C. Bechtle was appointed Receiver for the Receivership Assets and Records (collectively, the "Receivership Estate"), with the goal and purpose of marshalling the Receivership Assets to maximize the recovery of funds to be distributed to defrauded investors and creditors.

¹ On July 20, 2010, D.A. Young pled guilty to a one count of mail fraud in violation of 18 U.S.C. § 1341 and one count of money laundering in violation of 18 U.S.C. § 1957. See Case No. 2:10-cr-00199-JS.

II. CASE STATUS

A. Cash Balances as of September 30, 2012

The Receiver has consolidated substantially all liquid funds into a central Receivership Account and an Operating Account. The main Receivership account continues to be held at Merrill Lynch, which as of September 30, 2012 held a balance of \$8,079,609.39. The Receiver also continues to maintain an operating account in a Bank of America checking account, with a cash balance of \$706,779.81. In addition to these primary accounts, the Receiver also maintains Donald Young's Alliance Bernstein Simple IRA account, which as of June 30, 2012 held a balance of \$5,981.36.² The combined value of the Receivership accounts as of September 30, 2012 was \$8,792,370.56. For further details, the Receiver has attached the SEC's Standardized Fund Accounting Report ("SFAR") for the period covering April 1, 2012 through September 30, 2012 as Exhibit A to this Report.³

B. Receivership Cash Flow – Sources and Uses of Funds

1. Current Reporting Period (April 1, 2012 – September 30, 2012)

During the current reporting period, the Receiver brought \$2,203,433.72 into the fund through litigation efforts, settlements and other income. (See Ex. A). The professional fees paid in connection with the last fee application (No. 11) covering January through March of 2012 were \$142,201.65.⁴

² These statements issue quarterly, and a more recent statement was not available as of the date of this filing.

³ This SFAR covers a six month period because the Receiver did not file a report and fee application at the close of the quarter ending June 30, 2012.

⁴ The Receiver estimates that from April through September of 2012, the Receiver has incurred approximately \$193,000 in professional fees.

2. From Inception through June 30, 2012

The Receiver has recovered a combined \$24,752,250 from all sources. Of those funds, approximately \$11,000,000 have been distributed to investors.⁵ The Receiver and all professionals retained by the Receiver have been paid a combined \$4,500,336 to date. These payments to professionals represent roughly 18.18% of the funds recovered by the Receiver through September 30, 2012. When including the fees that have been accrued but not yet requested from the court, as well as the total holdback amount, the total professional fees equal approximately 22.8% of all funds recovered to date. A table summarizing this financial history, reflecting the sources and uses of all funds since the inception of the Receivership, is attached as Exhibit B to this Report.

C. Litigation Activity

The Receiver continues to pursue the recovery of Receivership assets through litigation and pre-litigation measures. Through his litigation efforts, the Receiver recovered approximately \$12,599,920 between the inception of the Receivership and September 30, 2012. The Receiver expects to secure substantial additional funds by year end as a result of settlements described more fully in the “Investor Claims” section below. The Receiver’s litigation activity is described generally by category below. The Receiver certifies that such activity is likely to produce and/or has produced a net economic benefit to the estate, based on the receiver’s review of: (i) the legal theories upon which each action is based; (ii) the likelihood of collection on any judgment which might be obtained; and (iii) consideration of alternative methods of seeking the relief.

⁵ A small amount of the most recent distribution was held back pending resolution of a dispute with an investor that otherwise would have received a distribution.

1. Pending, Resolved and Potential Lawsuits By The Receiver

(a). Discovery Efforts

Since the inception of the Receivership, the Receiver has undertaken substantial discovery, which has been described in previous fee applications and reports filed with the Court. The Receiver's discovery efforts through the current reporting period have narrowed substantially, focusing heavily on a few potential claims against certain investors. During the current reporting period the Receiver has conducted interviews and performed a targeted review of electronically stored information received from certain subpoena recipients in connection with the investigation of those potential claims and settlement negotiations concerning those claims.

(b). Investor Claims

In total, the Receiver has recovered to date false profits in the amount of \$6,203,134. The Receiver also reached a settlement agreement with Relief Defendant W.B. Dixon Stroud, Jr. and several related trusts for the payment of \$2.1 million, which represents a combination of false profits and return of principal.⁶ The Court approved that settlement on June 19, 2012 and payment was received on June 22, 2012. The Receiver has concluded that substantially all of the false profits have been recovered, and the remaining claims the Receiver continues to pursue against investors relate primarily to claims for principal.

During the current reporting period the Receiver's investigatory and discovery efforts have focused heavily on the analysis of potential principal clawback and tort claims against Investors and others who executed tolling agreements (the "Tolling Investors"). In developing his claims the Receiver conducted numerous witness interviews and depositions and continued his review of the documents received from the subpoena recipients and certain electronically

⁶ The amount of profit vs. principal cannot be broken down as to this investor because the Receiver and the investor disputed the manner in which profits should be calculated. Therefore, the settlement resolved the dispute with a lump sum payment.

stored information (“ESI”). During the current reporting period, the Receiver reviewed additional ESI he received from two potential principal clawback investors and is currently analyzing his potential claims in light of this new data. The Receiver expects to issue formal demands or updated demands to those Tolling Investors against whom he believes he has claims within the next several weeks.

In an effort to resolve certain claims outside of formal litigation, the Receiver engaged in mediation with thirteen of the Tolling Investors during the current reporting period. The Receiver has reached a settlement with those thirteen investors in the Acorn Entities to resolve in their entirety any claims that the Receiver contends he may have against those investors (together, the “Settling Parties”). The Settling Parties have agreed to pay \$5,500,000.00 to amicably resolve those potential claims and have agreed not to assert any claims against the Receivership Estate. The Settling Parties expressly deny any liability for any claims the Receiver contends that it may have against them. Those funds will be paid to the Receiver before the end of the current calendar year.

(c). Gifts and Donations to Charitable, Religious and Political Organizations

The Receiver has sought to recover all known fraudulent transfers made by the Receivership Entities to charitable, religious and political organizations. Through these efforts, the Receiver has recovered approximately \$464,648 since the inception of the Receivership. The Receiver continues his review of the factual and legal issues in connection with his potential claims against the remaining Tolling Charitable Organizations, and will continue to attempt to resolve any disputes with them outside of formal litigation. To that end the Receiver has issued three demands to Charitable Organizations that currently have tolling agreements in place, and

will file complaints against those entities if those demands are not resolved within the next quarter (October 1, 2012 – December 31, 2012).

(d). Loans and Other Payments from Various Persons and Entities

The Receiver has sought to recover a number of unpaid loan balances and other related transactions on behalf of the Receivership. In total, the Receiver identified approximately \$1.4 million due from various entities. To date, the Receiver has reached settlement agreements to recover the majority of these funds.

The remaining portion of funds relate primarily to the Receiver's interest in Monteagle Media. D.A. Young, and three others entities, loaned a ticket brokerage business known as Monteagle Media a total of \$440,000 under the terms of a promissory note dated December 28, 2005. Mr. Young's share of the loan was \$135,000, or approximately 30.7% of the loan amount. The loan matured on June 30, 2008, but Monteagle has not repaid Mr. Young's share of the loan. Brad Mackler, a Monteagle officer, personally guaranteed the loan for the principal sum of \$140,800, plus pre and post-maturity interest, fees, and costs under the terms of a December 27, 2005 guaranty agreement. On September 19, 2011, the Receiver filed suit against Mr. Mackler in the United States District Court for the Eastern District of Pennsylvania, seeking to enforce the guarantee agreement. In February, the Receiver entered into a settlement agreement with Mr. Mackler, which was approved by the Court. Under that settlement agreement, Mr. Mackler agreed to pay the Receiver \$30,000 in three equal installments of \$10,000, all of which have now been paid.

(e). Lawsuit Against Accounting Firm

On December 13, 2011 the Receiver settled its case against the former accounting firm and filed a stipulation of dismissal of his complaint on March 28, 2012. More detailed

descriptions of the claims and the settlement are included in the Receiver's prior reports and fee applications.

(f). Damage Claims Against Brokers

The Receiver has settled his claims against the brokerage and the registered representative that maintained and serviced the main brokerage account for the Acorn Entities, and had also referred a number of investors to Mr. Young. The Receiver and the brokers agreed to a settlement of the Receiver's claims in exchange for the payment of a combined \$80,000. The Court approved the Receiver's proposed settlement with the brokers on June 8, 2010. \$47,500 of the total settlement amount has been paid to date, with the remaining portion to be paid in installments through the end of 2012.

(g). Damage Claims Against Other Persons and Entities

Although additional damages claims may come to light, the Receiver is not currently pursuing any damages claims beyond those described in the previous paragraphs.

2. Claims against Receivership Assets

Other than creditor claims submitted to the Receiver, which have been or will be addressed through the Court approved claims resolution process, no claims are currently pending against the Receivership Entities other than a complaint brought by John H. Flournoy and Benjamin H. Hardaway, and a complaint brought by Thomas Clint Cheek, both of which are discussed below, and no claims against the Receivership were otherwise settled or resolved during this reporting period.

(a) Flournoy Action

On June 11, 2009, after the Court froze the assets of D.A. Young, et al., John H. Flournoy and Benjamin H. Hardaway filed suit against D.A. Young and Acorn Capital Management, LLC

in the United States District Court for the Middle District of Georgia, No. 4-09-cv-67 (CDL) (“Flournoy Action”). That action is described in greater detail in previous fee applications and Receiver’s Reports. The Flournoy Action remains stayed pending the resolution of the Receivership.

(b) Cheek Action

In November of 2010, Thomas Clint Cheek filed a lawsuit, captioned Cheek v. Young, et al., No. 2010 CA 028253, against D.A. Young and Neely Young in the Circuit Court of Palm Beach County, Florida. The Cheek action is described in greater detail in previous fee applications and Receiver’s Reports. It remains stayed pending resolution of the Receivership.

D. Property Liquidation

The Receiver undertook the following tasks with respect to the various forms of property in the Receivership Estate since the filing of the last Report and Interim Fee Application⁷:

1. Tangible Property

Under the terms of a settlement agreement between Neely Young and the Receiver, Ms. Young had the right to request the return of certain items of personal property that were at the time of settlement in the Receiver’s possession, including jewelry and other household goods in which Ms. Young claimed she held an ownership interest.⁸ Ms. Young was required to make her request to the Receiver by no later than November 21, 2011. She did not make any request to the Receiver by that date, and she has not made any request for the return of personal property as of the date of this Report. Accordingly, under the terms of the settlement agreement, the Receiver auctioned the vast majority of the tangible property remaining in the Estate on April 9, 2012 and

⁷ Items that were fully liquidated or otherwise disposed of during the period covered by previous Reports have not been included in the narrative descriptions below.

⁸ A more complete description of the settlement of the Receiver’s claims against Neely Young can be found in the Receiver’s Tenth Interim Fee Application and Quarterly Report (Docket No. 283, pp. 13-14).

May 11, 2012, which resulted in a gross return to the Receiver of \$11,536.50. For the April 9 and May 11 auctions, the Receiver paid the auctioneer, Martin Auctioneer, a \$3,000 commission and \$2,500 for expenses related to labor and advertising for the auctions and for disposal charges for property with nominal to no value that could not be liquidated, leaving the Estate with a net return on the auctions of \$6,036.50. Additionally, on June 15, 2012, the Receiver auctioned an engraved shotgun. The shot gun sold for \$1,200. The Receiver paid a \$120 commission to Conestoga Auction, resulting in a net return to the Estate of \$1,080.

The tangible property now remaining in the Estate consists of several pieces of jewelry that the Receiver is in the process of liquidating.

2. Intangible Property

The Receivership Estate includes intangible property resulting from D.A. Young's use of fraudulently obtained funds to invest, for his own benefit, in the following entities:

- Red Abbey Venture Partners, L.P. (a partnership formed to invest in the securities of entities in the life sciences industry)
The Receiver received a partner distribution of \$20,513 in connection with this investment in April. The Receiver is attempting to liquidate the Receivership's partnership interest in this entity.
- Monteagle Media, Inc. (a closely held ticket brokerage business)
The Receiver recovered \$7,985.58 as part of a bankruptcy liquidation proceeding with respect to Mr. Young's 30.7% interest in a loan made to that entity. Early in 2012, the Receiver received notice that the Monteagle bankruptcy estate may have additional funds available for distribution to creditors. After filing a proof of claim, the Receiver received an additional \$1,350 from the Monteagle bankruptcy estate on May 1, 2012. Additionally, the Receiver entered into a now fully performed settlement agreement, approved by the Court, with Brad Mackler, the guarantor of a \$135,000 loan that D.A. Young made to Monteagle Media in 2005. For further discussion of that settlement agreement, see the Loans and Other Payments from Various Persons and Entities section on page 7 above.
- Pipex Pharmaceutical, Inc. (successor by merger of Effective Pharmaceuticals, Inc.)
The Receiver has determined that fraudulent proceeds were used to purchase stock for the Young's children worth approximately \$50,000 and is attempting to recover those assets or funds derived therefrom.

- SUNRx Investors, LLC, (a limited liability company formed to invest in SUNRx, LLC, a business that provides administrative services to community health organizations) Mr. Young contributed between \$147,000 and \$200,000 as a private equity investment in the entity, either on behalf of himself or his children. The receiver is now in the process of reviewing documents related to those investments and is in contact with general counsel for SUNRx to discuss those contributions.

E. Summary of Creditor Proceedings

This Court approved the Receiver's proposed Claims Resolution Process on May 14, 2010 establishing a procedure for determining the claim amounts of all known Investor Creditors⁹ and Trade Creditors of the Receivership Estate. Attached hereto as Exhibit C is the summary schedule of the reconstructed limited partner account balances after elimination of the fictitious profits, identified by Investor Number, based on available information and documentation.

In accordance with the approved procedure, the Receiver assessed all claims from investors and creditors submitted before the July 16, 2010 Claims Bar Date. The vast majority of those claims were finalized through the claims procedure without Court involvement. However, a small number of claims remained unresolved by the conclusion of the claims process, and the Receiver filed an omnibus motion seeking to resolve them. Following a hearing, the Court issued an order resolving the remaining claims. One investor, Investor No. 18, filed a motion for clarification of the Court's Order, which was denied. Investor 18 subsequently filed a notice of appeal. Following participation in the appellate mediation program, the parties involved in the appeal agreed to settle the dispute. The settlement involved the recalculation of Investor 18's and Oak Grove's claim amounts. The Receiver submitted a motion to this Court seeking to

⁹ Investor Creditors are defined as investors that suffered a net loss, i.e., investors that contributed more than they withdrew from the fund.

approve the recalculated claim amounts of each on March 21, 2012, and provided notice of the motion to all creditors. The Court approved the recalculation of those claims on April 12, 2012.

On February 22, 2011, the Court approved the Receiver's first proposed interim distribution of \$5 million, as well as the Receiver's proposed "Rising Tide" distribution methodology.¹⁰ Distribution checks totaling \$5 million were issued on March 29, 2011. On November 29, 2011, the Court approved the Receiver's second proposed interim distribution of \$6 million. Distribution checks totaling \$6 million were issued on December 16, 2011.¹¹ The Receiver expects to make a recommendation for a third interim distribution pending further developments in the Receiver's negotiations with the IRS.

F. Tax Issues

The Receiver retained Certified Public Accountant Alan Winikur of Zelnick, Mann and Winikur as well as attorney David Flynn with the law firm of Myers, Brier & Kelly, LLP (formerly Lundy & Flynn LLP) to assist the Receiver in addressing various Federal and State tax matters and prepare necessary tax filings on behalf of the Receivership.

The Receiver's tax attorneys are also in discussions with the IRS concerning tax matters potentially impacting the Receivership. Specifically, the Receiver has sought a closing agreement from the IRS similar to those the IRS has previously agreed to with other federal receivers that would make clear that the Receiver and the Receivership Estate have no liability for federal taxes under the circumstances of this case. Negotiations concerning a closing

¹⁰ The Rising Tide method seeks to create equality between investors that received no withdrawals during the life of their investment and those that were able to recover some portion, but less than all, of their investments during the operation of the fraudulent scheme, by offsetting an investor's pro rata distribution share with any pre-distribution withdrawals received. For a complete description of the Receiver's proposed plan, please refer to the Motion to Approve Proposed Plan of Interim Distribution, Docket No. 198, filed on December 22, 2010.

¹¹ The total amount distributed to investors of the \$6 million approved by the court was \$5,856,195.59. The remaining \$143,804.42 of the distribution has been designated for Investor 39 and placed in escrow due to the pending lawsuit the Receiver filed against that investor. This action is currently being held in civil suspense while the parties attempt to resolve the matter.

agreement have been ongoing for nearly a year, but the IRS to date has declined to enter a closing agreement. The Receiver's tax attorneys, with the assistance of the SEC, are continuing their attempts to resolve this issue with the IRS through discussions with representatives of the IRS and the Department of Justice. Based on recent discussions, timely resolution may require the Receiver to take a position on the IRS claims in this Court.

G. Receivership Books and Records

The treasury function for the Receivership is being undertaken primarily by counsel to the Receiver, Conrad O'Brien PC, and the forensic accountant to the Receiver, Kroll. Tasks include managing the Estate's funds, reconciling accounts on a monthly basis, and managing the review and approval of critical payables. Other responsibilities include working with vendors to ensure that bills critical to the Receivership's operation and asset preservation are accounted for and paid in a timely manner. Kroll is also maintaining the accounting books for the Receivership Estate.

Respectfully submitted,

Dated: November 8, 2012

/s/ Kevin Dooley Kent
Patricia M. Hamill, Esquire
Kevin Dooley Kent, Esquire
Attorney I.D. Nos.: PA 48416/85962
Conrad O'Brien PC
1515 Market Street, 16th Floor
Philadelphia, PA 19102-1921
Telephone: (215) 864-9600
Facsimile: (215) 864-9620
Counsel for Louis C. Bechtle, Receiver

RECEIVER'S PLAN FOR RECEIVERSHIP ESTATE ACTIVITIES

ANTICIPATED DATE	ACTION ITEM	COMMENTS
Ongoing – Target completion during early 2013	Interim Distributions	The Receiver made his first interim distribution on March 29, 2011 and a second distribution of \$6 million December 14, 2011. Pending further developments in negotiations with the Internal Revenue Service described in the Receiver's Report, the Receiver will make a recommendation to the Court regarding the timing and amount of a third interim distribution.
Ongoing – Target completion during early 2013	Investigation and Disposition of Receivership interests in three private equity investments.	Receiver to determine most appropriate avenues for recovery and possible liquidation of three presently unliquidated privately held companies.
Ongoing – Target completion during early 2013 Ongoing – Target completion during early 2013	Institute Litigation as Necessary to Recover: Limited Partner Withdrawals and Contributions	Litigation will be instituted where negotiation fails to resolve the following Receiver's claims: The Receiver is engaged in an ongoing review of documents in connection with potential claims for the return of principal contributions in Acorn.
2013	Final Distributions and Wind Down Receivership	Assuming the Receiver is able to resolve all of the currently pending or potential litigations, the Receiver would attempt to distribute the remaining receivership assets and take appropriate measures to terminate the Receivership.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**SECURITIES AND EXCHANGE
COMMISSION**

Plaintiff

v.

Donald Anthony Walker Young, et al.

Defendants

Oak Grove Partners, L.P., et al.

Relief Defendants

Civil Action No.: 2:09-cv-01634-JP

CERTIFICATE OF SERVICE

I hereby certify that on this date a true and correct copy of the foregoing Receiver's Report was filed and served on all counsel of record via the Court's Electronic Filing System, with additional copies served via electronic mail on the following:

Catherine E. Pappas, Esquire
Securities & Exchange Commission
Mellon Independence Center
701 Market Street, Suite 2000
Philadelphia, PA 19106

Gregory P. Miller, Esquire
Drinker Biddle & Reath LLP
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Mark Cedrone, Esquire
Nicholas V. Pinto, Esquire
Cedrone & Pinto
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Robert E. Welsh, Jr., Esquire
Catherine M. Recker, Esquire
Welsh & Recker, P.C.
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William J. Winning, Esquire
Cozen and O'Connor
1900 Market Street
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Philadelphia, PA 19103

Stephen G. Stroup, Esquire
Drinker Biddle & Reath LLP
One Logan Square, 18th & Cherry Sts.
Philadelphia, PA 19103

DATED: November 8, 2012

/s/ Kevin Dooley Kent
Kevin Dooley Kent

EXHIBIT A

Louis C. Bechtle
PO Box 59227
Philadelphia, PA 19103
(215) 864-8071

STANDARDIZED FUND ACCOUNTING REPORT

CIVIL – RECEIVERSHIP FUND

Donald Anthony Walker Young, a/k/a D.A. Walker Young,
Acorn II, L.P., Acorn Capital Management, LLC
Civil Action No.: 2:09-cv-01634-JP

REPORTING PERIOD 4/1/2012 TO 9/30/2012

STANDARDIZED FUND ACCOUNTING REPORT for Donald Anthony Walker Young, et al. - Cash Basis

Receivership; Civil Action No.: 2:09-cv-016434-JP

Reporting Period 4/1/2012 to 9/30/2012

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 4/1/2012)			6,735,307.24
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities			467.12
Line 4	Interest/Dividend Income			1,486.00
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			7,116.50
Line 7	Third-Party Litigation Income			2,173,851.10
Line 8	Miscellaneous - Other			20,513.00
	Total Funds Available (Lines 1 – 8):			8,938,740.96
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors/Claimants			-
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals			145,990.40
Line 10b	Business Asset Expenses			
Line 10c	Personal Asset Expenses			380.00
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations			146,370.40
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....			
	Independent Distribution Consultant (IDC).....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR)			
	Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			-
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Funds Disbursed (Lines 9 – 12):			146,370.40
Line 13	Ending Balance (As of 9/30/12):			<u>8,792,370.56</u>
Line 14	Ending Balance of Fund – Net Assets:			

STANDARDIZED FUND ACCOUNTING REPORT for Donald Anthony Walker Young, et al. - Cash Basis
 Receivership; Civil Action No.: 2:09-cv-016434-JP
 Reporting Period 4/1/2012 to 9/30/2012

Line 14a	Cash & Cash Equivalents			\$ 8,792,370.56
Line 14b	Investments			-
Line 14c	Other Assets or Uncleared Funds			-
	Total Ending Balance of Fund – Net Assets			8,792,370.56

OTHER SUPPLEMENTAL INFORMATION:				
		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	<i>Plan Development Expenses Not Paid by the Fund:</i>			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	<i>Total Plan Development Expenses Not Paid by the Fund</i>			
Line 15b	<i>Plan Implementation Expenses Not Paid by the Fund:</i>			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. FAIR Reporting Expenses			
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>			
Line 15c	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	<i>Investment Expenses/CRIS Fees</i>			
Line 16b	<i>Federal Tax Payments</i>			
	Total Disbursements to Court/Other Not Paid by the Fund:			
Line 17	DC & State Tax Payments			
Line 18	No. of Claims:			
Line 18a	<i># of Claims Received This Reporting Period.....</i>			-
Line 18b	<i># of Claims Received Since Inception of Fund.....</i>			75
Line 19	No. of Claimants/Investors:			
Line 19a	<i># of Claimants/Investors Paid This Reporting Period.....</i>			
Line 19b	<i># of Claimants/Investors Paid Since Inception of Fund.....</i>			64

Receiver:

By: Kevin Doolley Kent
 (signature)

Kevin Doolley Kent
 (printed name)

Counsel for Receiver
 (title)

Date: 11/8/12

NOTES TO THE STANDARDIZED FUND REPORT

Background

On April 17, 2009, the SEC filed a complaint against Donald Anthony Walker Young, a/k/a, D.A. Walker Young, Acorn Capital Management, LLC and Acorn II, L.P. (collectively the "Defendants") and Oak Grove Partners, L.P., Neely Young, and W.B Dixon Stroud Jr., as relief defendants, alleging Mr. Young and Acorn Capital used Acorn II, L.P., a limited partnership they advised and controlled, to misappropriate at least \$23 million from investors in Acorn II, L.P. The complaint further alleged that Mr. Young had stolen directly from these funds and also used investor monies to pay other investors in the nature of a Ponzi scheme.

The Court found that it was both necessary and appropriate to appoint a receiver. On June 25, 2009, the Court entered an Order Appointing A Receiver ("Receivership Order"), pursuant to which the Court took exclusive jurisdiction and possession of the Defendants' and relief defendant Neely Young's (collectively the "Source Entities") assets, monies, securities, choses in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated, and any entities that the Source Entities own or control or in which any of them had an interest (the "Receivership Assets"), as well as the Source Entities' books, records, computers, and documents (the "Receivership Records"). In this same order, Louis C. Bechtle was appointed Receiver for the Receivership Assets and Records (collectively, the "Receivership Estate"), with the goal and purpose of marshalling the Receivership Assets to maximize the recovery of defrauded investors.

The Receivership Order also requires the Receiver to keep the SEC apprised at reasonable intervals of developments concerning the operation of the Receivership and provide the Court, the SEC, and the Defendants and Relief Defendants, with the Standardized Fund Accounting Report setting forth the assets, money, funds, securities, and real or personal property currently held directly or indirectly as Receivership Assets, and any liabilities pertaining thereto, including without limitation, bank accounts, brokerage accounts, investments, business interests, and real and personal property.

Books and Records

The Receivership Records did not contain reliable accounting records that accurately summarized the Source Entities' business dealings. Accordingly, the Receiver has had to undertake substantial work to identify the Defendants' bank accounts, securities, and other potentially recoverable assets, as well as to identify investors in the Defendants' scheme and other potential claimants to the Receivership Estate. As of the date of this report, the investigation into the Defendants' business dealings is substantially complete. As such, this report has been prepared based on the documentation available as of the date of this report.

Receivership Cash Accounts

As of September 30, 2012, the Receiver had \$706,779.81 in cash at Bank of America and \$8,079,609.39 in cash at Merrill Lynch. In addition to these amounts, the Receiver had \$5,981.36 in Donald Young's Alliance Bernstein Simple IRA as of June 30, 2012. The September account statement for this account was unavailable as of the date of this filing. The monthly activity in this account is limited to market fluctuations that typically have a minimal effect on the total cash balance. Accordingly, the Receiver had a total cash balance of approximately \$8,792,370.56 as of September 30, 2012.

Investments, Real and Personal Property

The Receiver has sought to identify and liquidate all of Mr. Young's investments, real and personal property purchased with Ponzi dollars, whether held in Mr. Young's own name or held jointly by him and his wife.

The Receiver has an interest in the following assets and limited partnerships that have yet to be valued:

- 1) Pipex Pharmaceutical, Inc.
- 2) Red Abbey
- 3) Sun RX

EXHIBIT B

SEC v. Acorn Capital Management, LLC, et al.

Summary of Sources and Uses of Receivership Funds

	<u>09/30/12</u>
Sources of Funds:	
Money Recovered from Acorn and Young Accounts	\$ 4,808,192
Sale of Real and Personal Property	7,194,311
Third Party Litigation Income:	
Net Winner Clawbacks	\$ 8,303,134
Returned Charitable Contributions/Gifts	464,648
Other Proceeds	3,832,138
Total Third Party Litigation Income	12,599,920
Interest and Miscellaneous Other	149,827
Total Sources of Funds	24,752,250
Uses of Funds:	
Expenses Related to the Preservation of Receivership Assets	573,872
Disbursement to Receiver or Other Professionals	4,500,336
Disbursements to Investors/Claimants	10,856,196
Return of Non-Receivership Assets	30,000
Total Uses of Funds	15,960,404
Unrealized Gain/Loss	525
Cash balance of Receiver's Fund at 9/30/12	\$ 8,792,371
Outstanding Claims and Professional Fees	
Investor/Other Claimants	\$ 21,277,004
Oak Grove Claim	2,196,273
Holdback of Professional Fees	942,757
Unpaid Professional Fees and Expenses [1]	193,831
Total Claims	\$ 24,609,865

[1]: These amounts have not been paid for reasons disclosed in this report.

EXHIBIT C

SEC v. Acorn Capital Management, LLC, et al.

Summary of Contributions and Withdrawals

All Limited Partner Accounts

Draft Schedule - Subject to Revision - Based on Available Documents

Investor Number	Total Contributions	Total Withdrawals	Net (Gain) / Loss
1	596,855	-	596,855
2	200,000	-	200,000
3	115,000	-	115,000
4	-	-	-
5	577,000	42,482	534,518
6	1,073,448	-	1,073,448
7	115,692	-	115,692
8	345,000	30,692	314,308
9	200,000	-	200,000
10	700,000	-	700,000
11	2,084,042	-	2,084,042
12	-	-	-
13	1,033,418	450,000	583,418
14	4,570,522	1,190,600	3,379,922
15	67,000	-	67,000
16	234,175	-	234,175
17	194,607	63,750	130,857
18	2,117,262	1,320,910	796,352
19	-	-	-
20	2,250,000	1,735,000	515,000
21	1,200,000	250,000	950,000
22	2,592,268	-	2,592,268
23	2,200,000	409,000	1,791,000
24	100,000	-	100,000
25	-	-	-
26	1,159,443	1,677,992	(518,549)
27	600,000	-	600,000
28	1,217,422	150,000	1,067,422
29	1,905,250	1,977,850	(72,600)
30	150,000	-	150,000
31	-	-	-
32	850,000	879,579	(29,579)
33	1,000,000	-	1,000,000
34	10,000	-	10,000
35	1,000,000	-	1,000,000
36	299,175	386,082	(86,907)
37	159,303	250,000	(90,697)
38	1,000,000	937,378	62,622
39	2,012,869	686,740	1,326,129
40	702,500	1,225,000	(522,500)
41	500,000	601,612	(101,612)
42	450,000	-	450,000
43	66,000	-	66,000
44	233,794	346,839	(113,045)
45	-	-	-
46	206,000	-	206,000
47	100,000	-	100,000

SEC v. Acorn Capital Management, LLC, et al.**Summary of Contributions and Withdrawals****All Limited Partner Accounts**

Draft Schedule - Subject to Revision - Based on Available Documents

Investor Number	Total Contributions	Total Withdrawals	Net (Gain) / Loss
48	6,500,000	6,138,242	361,758
49	10,450,393	9,286,851	1,163,542
50	-	-	-
51	1,700,000	2,333,035	(633,035)
52	-	-	-
53	750,000	877,939	(127,939)
54	-	-	-
55	3,506,000	3,934,157	(428,157)
56	1,445,000	2,051,751	(606,751)
57	11,575,000	11,842,755	(267,755)
58	1,000,000	1,142,011	(142,011)
59	4,000,000	5,585,526	(1,585,526)
60	1,200,000	-	1,200,000
61	-	-	-
62	3,200,000	2,692,709	507,291
63	1,000,000	1,214,979	(214,979)
64	750,000	1,095,103	(345,103)
65	312,000	353,310	(41,310)
66	1,350,000	-	1,350,000
67	-	-	-
68	43,687	-	43,687
69	2,062,173	101,500	1,960,673
70	300,000	375,969	(75,969)
71	1,800,000	1,514,406	285,594
72	2,000,000	2,084,413	(84,413)
73	115,000	139,832	(24,832)
77	25,000	6,000	19,000
78	350,000	-	350,000
79	238,437	-	238,437
80	1,350,000	180,000	1,170,000
	\$ 93,210,736	\$ 67,561,994	\$ 25,648,742

Note [1]: For purposes of this report only, the transactions for Investor 49 and the investor's related entities have been combined due to the interrelationships of these parties. This is not an indication of the Receiver's substantive determinations regarding this investor at this time.