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| DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO 1437 Bannock Street Denver, CO 80202 | DATE FILED: June 3, 2021 1:41 PM FILING ID: 1A818BD7D6FDF CASE NUMBER: 2019CV33770 |
| TUNG CHAN, Securities Commissioner for the State of Colorado, Plaintiff, v. MARK RAY; REVA STACHNIW; CUSTOM CONSULTING & PRODUCT SERVICES, LLC; RM FARM & LIVESTOCK, LLC; MR CATTLE PRODUCTION SERVICES, LLC; SUNSHINE ENTERPRISES; UNIVERSAL HERBS, LLC; DBC LIMITED, LLC, Defendants. | <p style="text-align: center;">▲ COURT USE ONLY ▲</p> |
| <i>Attorneys for Court-appointed Receiver Gary Schwartz:</i> John A. Chanin, #20749 Katherine A. Roush, #39267 FOSTER GRAHAM MILSTEIN & CALISHER, LLP 360 South Garfield Street, Suite 600 Denver, Colorado 80209 Phone: (303) 333-9810 Fax: (303) 333-9786 Email: jchanin@fostergraham.com ; kroush@fostergraham.com | Case Number: 19CV33770 Division: 209 |
| RECEIVER’S MOTION FOR ORDER AUTHORIZING SALE OF CATTLE INTERESTS | |

Gary Schwartz, the duly-appointed receiver “Receiver” for Mark Ray (“Ray”), Reva Stachniw (“Stachniw”), Custom Consulting & Product Services, LLC (“Custom Consulting”), MR Cattle Production Services, LLC (“MR Cattle”), Universal Herbs, LLC (“UH”), DBC Limited, LLC (“DBC”), RM Farm & Livestock, LLC (“RM Farm”), and Sunshine Enterprises (“Sunshine” and collectively with Ray, Stachniw, Custom Consulting, MR Cattle, UH, DBC,

RM Farm, and Sunshine, “Ray and the Ray Entities”), asks the Court to enter an order approving the sale of certain cattle interests.

I. Background

1. On September 30, 2019, David Cheval, then-Acting Securities Commissioner for the State of Colorado (the “Commissioner”), filed his Complaint for Injunctive and Other Relief against Ray and the Ray Entities. The plaintiff is now Securities Commissioner Tung Chan.

2. On September 30, 2019, the Commissioner and Ray, Custom Consulting, MR Cattle, UH and DBC filed a Stipulated Motion for Appointment of Receiver, consenting to the appointment of a receiver over Ray, Custom Consulting, MR Cattle, UH and DBC pursuant to Colo. Rev. Stat. § 11-51-602(1) and C.R.C.P. 66.

3. On September 30, 2019, the Court entered a Stipulated Order Appointing Receiver (the “September 30 Order”) appointing Gary Schwartz of Betzer Call Lausten & Schwartz, LLP as receiver for Ray, Custom Consulting, MR Cattle, UH and DBC and their respective properties and assets, and interests and management rights in related affiliated and subsidiary businesses (the “Ray Estate”) September 30 Order at ¶ 3.

4. On September 30, 2019, the Securities and Exchange Commission (“SEC”) filed a Complaint against Ray and the Ray Entities and Ron Throgmartin in the United States District Court for the District of Colorado, case no. 19-cv-02789-DDD-NYW (the “Federal Case”).

5. On September 30, 2019 the SEC and Ray, Throgmartin, UH, Custom Consulting, MR Cattle, and DBC filed a stipulated request for the entry of consent orders in the Federal Case.

6. The Court in the Federal Case granted the request for entry of consent orders on October 10, 2019 (the “Ray Consent Judgments”).

7. On October 16, 2019, the SEC and Stachniw, RM Farm and Sunshine filed a second stipulated request for the entry of consent orders in the Federal Case.

8. The Court in the Federal Case granted the request for entry of consent orders on October 18, 2019 (the “Stachniw Consent Judgments”).

9. On October 30, 2019, the Commissioner and Stachniw, RM Farm and Sunshine filed a Second Stipulated Motion for Appointment of Receiver, consenting to the appointment of a receiver over RM Farm, Sunshine, and the real property, equipment, supplies or inventory located at 12700 E. Lone Chimney Road, Glencoe, OK 74032 (the “Glencoe Ranch”) that are in the name of or under the control of” Stachniw (the “Stanchiw Assets”) pursuant to Colo. Rev. Stat. § 11-51-602(1) and C.R.C.P. 66.

10. On November 4, 2019, the Court entered a Stipulated Order Appointing Receiver (the “November 4 Order” and collectively with the September 30 Order, the “Receivership Orders”) appointing Gary Schwartz of Betzer Call Lausten & Schwartz, LLP as receiver for Stachniw, RM Farm, and Sunshine and their identified properties, assets, interests and management rights in related affiliated and subsidiary businesses (the “Stachniw Estate”) and added the Stachniw Estate to the Ray Estate (collectively, the Stachniw Estate and Ray Estate are referred to herein as the “Receivership Estate” or “Estate”). November 4 Order at ¶¶ 3, 4.

11. The Ray Consent Judgments and the Stachniw Consent Judgments both stay the Federal Case during the pendency of the above-captioned litigation.

12. On February 20, 2020, Ray pled guilty to a one-count federal Information charging conspiracy to commit wire fraud and bank fraud in connection with the Ponzi scheme alleged in the Receivership Action, U.S. District Court for the C.D. of Illinois, Case No. 20-cr-40007. The Information alleges the active participation in the Ponzi scheme of two unnamed, co-conspirators, presumably Stachniw and Throgmartin.

13. The Receivership Orders grant the Receiver the authority to sell or otherwise dispose of any portion of the Estate and to obtain Court approval for any sale for greater than \$20,000 (September 30 Receivership Order at 4, ¶ 5(j)).

II. Sale of Certain Cattle is in the Best Interest of the Estate and Its Creditors

14. The Receivership Estate owns percentage interests in various cattle currently located on the Glencoe Ranch. The Receivership owns percentage interests in approximately 59 head of cattle (the “Cattle Interests”). Joe Porter owns the remaining percentage interests in the cattle. The Cattle Interests are a portion of the Receivership Estate that the Receiver is authorized to sell. Throughout the Receivership, Joe Porter has been maintaining the cattle and paying for their upkeep, which includes feed, medical care, and miscellaneous other expenses.

15. The Receiver and Joe Porter have reached an agreement whereby Joe Porter has agreed to purchase all of the Cattle Interests from the Receivership Estate for a net total of \$22,820.16.

16. The parties have determined that a fair market value for the Cattle Interests is \$146,875.00. In reaching this price, the parties used the same basic pricing approach as previously approved by the Court when the Receiver sold other cattle interests owned by the Estate.

17. Mr. Porter has spent \$124,054.84 to date to maintain and care for the cattle. The Receiver reviewed the expenses claimed by Porter and spot-checked several months of invoices and records that he submitted in support of his claimed expense and determined that his expenses are reasonable and appropriate. The remainder--\$22,820.16 is the net purchase price.

18. A bill of sale is attached as Exhibit A.

19. The proposed sale of the entire inventory of Cattle Interests to Joe Porter avoids the expense of marketing the individual percentage interests and any associated transaction costs for each individual sale of the cattle interests. This is particularly true where Mr. Porter already owns percentages in many of these cattle and has been maintaining them for over a year and a half. Because of the split ownership structure, there is less likelihood that there is even a market for such ownership interests.

20. In light of the foregoing, the Receiver believes that the sale of the Cattle Interests is in the best interests of the Estate.

21. Pursuant to Paragraph 20 of the September 30, 2019 Receivership Order, the Receiver is required to serve this request for approval on the Commissioner, her counsel and any other party filing an entry of appearance in this proceeding. Court approval of any motion filed by the Receiver shall be given as a matter of course within 10 days after the Motion is filed and served.

22. As reflected in the certificate of service below, this Motion is being posted to the website www.rayreceivership.com.

23. WHEREFORE, The Receiver requests that the Court grant this Motion and approve the proposed sale of the Cattle Interests to Joe Porter for a total of \$146,875.00 and a net profit of \$22,820.16.

DATED this 3rd Day of June, 2021.

FOSTER GRAHAM MILSTEIN & CALISHER, LLP

By: /s/ John A. Chanin
John A. Chanin, #20749
Katherine A. Roush, #39267

Attorneys for Court-appointed Receiver Gary Schwartz

BILL OF SALE

DATE FILED: June 3, 2021 1:41 PM
FILING ID: 1A818BD7D6FDF
CASE NUMBER: 2019CV33770

This Bill of Sale (the "Agreement") is made and effective June 2, 2021,

BETWEEN: Gary Schwartz, the duly appointed receiver for Mark Ray, Reva Stachniw, Custom Consulting & Product Services, LLC, MR Cattle Production Services, LLC, Universal Herbs, LLC, DBC Limited, LLC, RM Farm & Livestock, LLC, and Sunshine Enterprises (the "Seller").

AND: Joseph D. Porter (the "Buyer"), an individual with his main address located at 143 Airport Road, Greenfield, TN 38230

FOR GOOD AND VALUABLE CONSIDERATION, the Seller hereby sells and transfers his interest in the following cattle in their present condition and location to the Buyer, and its successors and assigns forever, the following described cattle:

SEE EXHIBIT A

The undersigned Seller sells to the undersigned Buyer the previously described cattle interests for a total purchase price of \$146,875.00. After all credits, chargebacks, and rebates applied, the Buyer owes the remaining amount of \$22,820.16, due and payable as of the date of this Bill of Sale for payment in full.

Seller warrants and represents that he has good title to said cattle interest, full authority to sell and transfer same and that said cattle interests are being sold free and clear of all liens, encumbrances, liabilities, and adverse claims, of every nature and description.

The Buyer acknowledges examining the cattle and buying them "as and where is" completely at the Buyer's risk and promises not to make any claims against the Seller based upon alleged express or implied representations, warranties, or collateral agreements as to the merchantability of the cattle or as to their fitness for any particular purpose or as to their safe use.

It is provided that Seller disclaims any implied warranty of condition, merchantability, or fitness for a particular purpose. Said cattle being in their present condition "as is" and "where is."

IN WITNESS WHEREOF, this Bill of Sale is executed under seal on this 3 day of June, 2021.

BUYER

SELLER



Joseph D. Porter

Gary Schwartz, *Receiver*

BILL OF SALE

This Bill of Sale (the "Agreement") is made and effective June 2 2021,

BETWEEN: **Gary Schwartz, the duly appointed receiver for Mark Ray, Reva Stachniw, Custom Consulting & Product Services, LLC, MR Cattle Production Services, LLC, Universal Herbs, LLC, DBC Limited, LLC, RM Farm & Livestock, LLC, and Sunshine Enterprises (the "Seller").**

AND: **Joseph D. Porter (the "Buyer"), an individual with his main address located at 143 Airport Road, Greenfield, TN 38230**

FOR GOOD AND VALUABLE CONSIDERATION, the Seller hereby sells and transfers his interest in the following cattle in their present condition and location to the Buyer, and its successors and assigns forever, the following described cattle:

SEE EXHIBIT A

The undersigned Seller sells to the undersigned Buyer the previously described cattle interests for a total purchase price of \$146,875.00. After all credits, chargebacks, and rebates applied, the Buyer owes the remaining amount of \$22,820.16, due and payable as of the date of this Bill of Sale for payment in full.

Seller warrants and represents that he has good title to said cattle interest, full authority to sell and transfer same and that said cattle interests are being sold free and clear of all liens, encumbrances, liabilities, and adverse claims, of every nature and description.

The Buyer acknowledges examining the cattle and buying them "as and where is" completely at the Buyer's risk and promises not to make any claims against the Seller based upon alleged express or implied representations, warranties, or collateral agreements as to the merchantability of the cattle or as to their fitness for any particular purpose or as to their safe use.

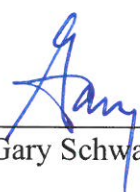
It is provided that Seller disclaims any implied warranty of condition, merchantability, or fitness for a particular purpose. Said cattle being in their present condition "as is" and "where is."

IN WITNESS WHEREOF, this Bill of Sale is executed under seal on this 2nd day of JUNE, 2021.


BUYER

SELLER

Joseph D. Porter



Gary Schwartz, Receiver

 , RECEIVER
6/2/2021



| Cow/RECIP # | Breed | Registration Number |
|-------------|---------------|-----------------------------------|
| E306 | Angus | 19160222 |
| E96 | Angus | 18940611 |
| | 1527 Angus | 18868678 |
| | 75 Angus | RT x 5391 |
| | 212 Angus | 17254216 |
| D130 | Angus | 18939891 |
| E98 | Angus | Need to check on reg. 0129 x 3122 |
| E157 | Angus | 19249841 |
| E165 | Angus | 19249842 |
| | 14477 Angus | 18993389 |
| | 13577 Angus | 18884387 |
| | 2047 Angus | 19002566 |
| 765E | Angus | 18887771 |
| F025 | Angus | 19237504 |
| | 8033 Angus | 19202656 |
| 767E | Angus | 18887769 |
| | 2142 Angus | |
| | 720 Charolais | |
| 67E | Chi | 393444 |
| E113 | Hereford | 43849628 |
| | 399 Hereford | 43384335 |
| | 6095 Hereford | 43729948 |
| | 8424 Hereford | 43724292 |
| | 4121 Hereford | 43482333 |
| O375 | Hereford | 43838439 |
| D712 | Hereford | 43834362 |
| | 8026 Hereford | 43876816 |
| | 81 Hereford | 43949805 |
| | 7209 Hereford | 43819086 |
| | 7402 Hereford | 43837510 |
| | 7153 Hereford | 43894325 |
| | 7107 Hereford | 43763123 |
| | 7182 Hereford | 43796600 |
| 7310E | Hereford | 43832998 |
| 77E | Hereford | 43954458 |
| E137 | Hereford | 43849613 |
| C1857 | Hereford | 43697437 |
| | 414 Hereford | 43482367 |
| D323 | Hereford | 43855449 |
| 6463D | Hereford | 43784244 |
| 4278B | Hereford | 43530848 |
| | 8182 Hereford | 43927972 |

Exhibit A

| | | | |
|---------|---------------|---------------------------|----------|
| | 6458 Hereford | | 43734238 |
| | 7156 Hereford | | 43784777 |
| 25E | Hereford | | 43943510 |
| | 4171 Hereford | | 43945176 |
| | 7238 Hereford | | 43850440 |
| F3 | Hereford | | 43960719 |
| | 810 Hereford | | 43930456 |
| F27 | Hereford | pending | |
| | 420 Hereford | pending | |
| | 379 Hereford | | 43384313 |
| | 4092 Hereford | | 43526025 |
| | 7235 Hereford | | 43850437 |
| | 8185 Hereford | | 43937724 |
| | 7260 Hereford | | 43850468 |
| | 6104 Hereford | | 43676093 |
| 531B | Hereford | | 43517572 |
| | 8068 Hereford | | 43940698 |
| H821 | Hereford | | 43948506 |
| 98E | Maine | | 481091 |
| 798E | Mainetainer | | 481165 |
| 788E | Mainetainer | | 481183 |
| 715E | Mainetainer | | 490042 |
| 721E | Mainetainer | | 490140 |
| | 60637 Recip | - | |
| | 610 Recip | - | |
| T/R 102 | Recip | - | |
| | 60767 Recip | - | |
| | 61035 Recip | | |
| 764E | Sim/Maine | maine 481266, ASA 3296663 | |
| F191 | Simmental | | 3484248 |
| E189 | Simmental | | 3311968 |
| E299 | Simmental | | 3481012 |
| E277 | Simmental | | 3311966 |
| E123 | Simmental | pending | |
| E135 | Simmental | | 3481007 |
| E110 | Simmental | pending | |
| F159 | Simmental | | 3478180 |
| F114 | Simmental | | 3469146 |
| F250 | Simmental | | 3481005 |

Replacemnts

| | | |
|------|-------------|---------|
| G221 | Mainetainer | Pending |
| G224 | Mainetainer | Pending |

Exhibit A

| | | |
|------|-------------|---------|
| G205 | Hereford | Pending |
| G220 | Hereford | Pending |
| G223 | Charolais | Pending |
| G216 | Charolais | Pending |
| G43 | Hereford | Pending |
| G218 | Hereford | Pending |
| G206 | Simmental | Pending |
| G20 | Simmental | Pending |
| G26 | Simmental | Pending |
| G36 | Hereford | Pending |
| G39 | Angus | Pending |
| G51 | Simmental | Pending |
| G61 | Angus | Pending |
| G69 | Hereford | Pending |
| G76 | Hereford | Pending |
| G21 | Mainetainer | Pending |
| G25 | Hereford | Pending |

Mature Bulls

| | | |
|------|----------|---------|
| G3 | Hereford | Pending |
| G34 | Hereford | Pending |
| G48 | Hereford | Pending |
| 7058 | Hereford | Pending |

Other Partnership Cattle at other Locations

| | | | |
|-------|-----------|----------|----------|
| 785E | Simmental | | 3338131 |
| 4038 | Hereford | | 43890099 |
| 5129 | Hereford | | 43921888 |
| 5280 | Hereford | | 43676093 |
| 6303 | Hereford | | 43738561 |
| 8063 | Hereford | | 43889930 |
| D83 | Hereford | | 43950572 |
| 8105 | Hereford | | 43889970 |
| 54B | Hereford | | 43888292 |
| 15F | Simmental | | 3464791 |
| 11F | Simmental | | 3464795 |
| 664 | Angus | | 18779803 |
| 7165 | Angus | | 19093639 |
| 31401 | Hereford | | 43531161 |
| 660 | Charolais | E1229470 | |
| 748 | Charolais | E1255325 | |
| 743 | Charolais | E1906170 | |
| 723 | Angus | | 19101319 |

Exhibit A

6995 Angus
8459 Hereford Bull
731 Hereford

18558762
43915089
43823952

Exhibit A

| | |
|--|------|
| 50% Porter Cattle 50% MR Cattle Production | 0.5 |
| 50% Hoffman Ranch 25% Porter Cattle 25% MR Cattle Production | 0.25 |
| 50% Porter Cattle 50% MR Cattle Production | 0.5 |

Exhibit A

| Description | # of items | Price | Total |
|--------------------|-------------------|--------------|--------------|
| Females | 56.5 | \$2,500.00 | \$141,250.00 |
| Bulls | 2.25 | \$2,500.00 | \$5,625.00 |
| Total | 58.75 | \$2,500 | \$146,875.00 |