

IN THE DISTRICT COURT OF EL PASO COUNTY, TEXAS
205th JUDICIAL DISTRICT

BANCO MEXICANO, S.A,

Plaintiff,

V.

WORLD MANUFACTURING LIMITED,

a British Virgin Island Corporation,

and MANUFACTURERA DEL BRAVO,

LTD., a British Virgin Island

Corporation,

Defendants.

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No. 95-9618

FOURTEENTH INTERIM REPORT OF RECEIVER

TO THE HONORABLE KATHLEEN H. OLIVARES, STATE DISTRICT COURT JUDGE:

Comes now Drew McManigle, Receiver, and files this his Fourteenth Interim Report of Receiver (the "Fourteenth Report") and in support thereof would show the Court as follows:

SUMMARY

1. After appointment as Receiver by the Court in July, 1995, Drew McManigle undertook an investigation and recovery of assets resulting in a two and one half year international fraud investigation. The Receiver initiated and supervised the prosecution of complex fraudulent conveyance and asset recovery litigation spanning four countries, three Caribbean nations and utilizing the services of thirteen separate law firms. These efforts yielded over \$1.3 million in cash and assets. The ultimate result is a worldwide, multi-party settlement of all disputes and litigation, including obtaining a non-dischargeable \$1 million promissory note from a principal resulting in a positive cash recovery to the estate net of payment of all professional fees and expenses. The Final Report is two-fold. It will describe actions undertaken in this action since the filing of the Receiver's Thirteenth Interim Report on August 28, 1997, and summarize the case's significant aspects.

HISTORICAL BACKGROUND

2. World Manufacturing, Ltd. ("World") and Manufacturera del Bravo ("Bravo") were part of a group of U.S., Mexican and Caribbean offshore corporations commonly referred to as the Bravo Group of Companies (the "Bravo Group"). The Bravo Group was privately held and was originally formed to produce and manufacture high quality automotive audio components under contract with two multi-national electronics companies (the "Electronics Companies"). The Bravo Group management were led by Antonio A. Echegaray ("Echegaray"). The leadership of the Bravo Group included Echegaray and his immediate family members or close business associates. In connection with the Bravo Group's businesses, World and Bravo obtained export loans from Banco Mexicano, S.A. (the "Bank") in the early 1990's. The Bank's loans which contained favorable terms and conditions. These loans were based upon World and Bravo's assertions that the products they were producing had at least fifty one percent Mexican components (the "Loans"). In reality, the Electronics Companies were supplying both the production equipment and the audio components which the Bravo Group companies were then fabricating in Maquiladora operations in Mexico for export. At various points in time, the Bravo Group's total borrowing from both the Bank and other Mexican lending institutions reached approximately \$80 million.

3. In 1992, the relationship between the Bravo Group and the Electronics Companies became troubled. The manufacturing contracts were canceled, World and the Electronics Companies worked out a settlement of their dispute. Pursuant to the settlement, World received a \$2 million cash payment and contribution of approximately \$4 million of production equipment located principally in Mexico utilized by Bravo Group companies. Concurrently, the Loans defaulted. Bravo Group closed its operations and transferred most of its assets to third parties. The Bank was left with an un-performing Loan and apparently, little chance of collecting its collateral. By design, the Bravo Group's management utilized World's and Bravo's offshore corporate status to cloak the true nature of the settlement transaction, including the misapplication and diversion of the settlement proceeds to certain Echegaray family members and to other Bravo Group companies. Many of the significant corporate and financial transactions in this case occurred in the United States, Germany, Switzerland, Mexico and certain Caribbean Island nations.

4. In 1994, after failing to negotiate a suitable resolution to the Loan with Echegaray and, after initiating collection litigation in Mexico, the Bank filed a collection suit in the U.S. against four Mexican Bravo Group companies, three U.S. Bravo Group affiliates, Antonio A. Echegaray and other individual insiders. After a year of technically challenging, contentious and lengthy proceedings, including the appointment of a special master in respect to discovery disputes, the Bank obtained two separate \$22,000,000 Judgments against World and Bravo (the "Judgments"). The Judgments were based, in part, upon fraud and conspiracy to commit fraud in obtaining the Loans. On July 31, 1995, the Court entered two separate, Orders Granting Turnover Relief and Appointing Receiver ("collectively, the "Orders"). The Orders appointed Drew McManigle as Receiver ("McManigle" or "Receiver") over the assets and operations of World and Bravo. The Orders are attached as Exhibit "A."

5. On August 3, 1995, the Bank filed an Application for Appointment of Receiver over World and Bravo in the British Virgin Islands. The strategic purpose behind this act was to gain worldwide jurisdictional authority. This action would allow the Receiver to unilaterally investigate and recover assets internationally as well as domestically. Subsequently, on August 4, 1995, the High Court of Justice for the British Virgin Islands registered its Order appointing McManigle Receiver of the assets and operations of World and Bravo under BVI law. The BVI appointment Order also acted to displace existing directors of World and Bravo and substitute the Receiver. In essence, in the BVI order provided the Receiver with broad reaching powers in which to conduct the international case. Attached as Exhibit "B" is the BVI Order of appointment. Significantly, the BVI Order allowed Mr. McManigle access to World's original corporate records maintained in the BVI.

6. The Receiver spent one year investigating, developing and corroborating facts, including initiating fraudulent recovery litigation in the Cayman Islands. This action yielded the estate \$610,000 in assets (see footnote 8). Later, in 1996, the Receiver obtained Orders from the Supreme Court of the Turks and Caicos Islands (the "Turks Islands") placing Wetherby Investments, Ltd. ("Wetherby") and Oakwood Investments, Inc. ("Oakwood") into Receivership. Wetherby and Oakwood were corporate entities formed by Alfonso Echegaray, Antonio A. Echegaray's brother, at his direction or the direction of others, to shield the origination, nature and location of assets via offshore trusts. The Receiver had been successful in establishing a quantifiable link between World, Wetherby and Oakwood and the fraudulent transfer of World's settlement proceeds. Again, Drew McManigle was named Receiver, in the Turks Islands over Wetherby and Oakwood's assets. The Turks Islands' Orders contained similar provisions as the BVI Orders and granted broad quasi-judicial and corporate powers.¹ Attached as Exhibit "C" are the Turks Islands Orders of appointment.

7. The Receiver undertook to unravel the circuitous corporate maze Echegaray and his family had constructed and was almost immediately successful in freezing Oakwood bank accounts in Switzerland containing approximately

¹Provisions in both the Turks Island Orders appointing Receiver also gave the Receiver the powers of a director to the exclusion of existing directors. These provisions allowed the Receiver to wield corporate authority which enabled him to quickly pierce offshore secrecy laws, establish the identity of foreign bank accounts and obtain crucial documentation.

\$700,000 in cash and marketable bonds. After lengthy due process, and the coordination of Swiss and Turks Islands recovery litigation, Turks Islands Judgements were entered against Wetherby and Oakwood in favor of World in the amount of \$2.5 million, the amount originally paid in settlement to World. The Judgments also granted to World status as the sole beneficial owner of the share capital of Wetherby and Oakwood. Oakwood and Wetherby therefore became the wholly owned subsidiaries of World under multiple jurisdictions. The Turks Island Judgments are attached as Exhibit "D."

FOURTEENTH REPORT

8. In the fourth quarter of 1997, a global settlement was reached between the Receiver, the Bank, certain U.S. and offshore corporations, Donald S. Leslie, Antonio A. Echegaray's Chapter 7 Trustee, Antonio A. Echegaray and related principals, officers, directors and parties-in-interest (the "Settlement Agreement"). Generally, the Settlement Agreement resolved all disputes and litigation between the parties to the settlement, including Echegaray, Echegaray and Flores family² members and certain insiders. With the exception of the Receiver, the Bank and Donald S. Leslie, the Chapter 7 Trustee of Antonio Echegaray's bankruptcy proceeding and all parties to the Settlement were defendants, prospective defendants or parties associated with either (i) the Bank's Texas collection action or (ii) litigation contemplated or commenced by the Receiver in Texas or in other foreign jurisdictions. Significant points of the Settlement Agreement are: (i) the execution and delivery of a one million dollar, non-dischargeable, promissory note to the Bank by Antonio A. Echegaray; (ii) the potential for recovery of Productora Electrosistemas de Santa Fe, S.A. de C.V. business or its assets³; (iii) the waiver of all claims to monies or equivalents recovered by the Receiver in the U.S., the BVI, the Turks Islands and Switzerland, or in connection with the Receiver's recovery of World's ownership of Mantor Electronics, Inc. and the sale of its assets⁴; and, (vi) provision for the dismissal, with prejudice, of litigation initiated by the Receiver and others. A fully executed copy of the Settlement Agreement is as Exhibit "E".

9. During the period from August 28, 1997, date of the Thirteenth Interim Report, the efforts of the Receiver and his counsel have been focused on resolving several key elements in this case. The first was the negotiation of the Settlement Agreement. The second element was there solution of both the ownership of Lotrec Investments, Inc. and the final disposition of its sole significant asset, a commercial building and real estate located in El Paso, Texas.⁵ Another key element was the determination of the role of Productora Electrosistemas de Santa Fe S.A. de C.V. ("Santa Fe") in the transfer and subsequent use of certain assets. The Receiver asserted these assets of World were fraudulently conveyed to Santa Fe which used them in its audio speaker business in Puebla, Mexico. The potential recovery of those assets, ownership of Santa Fe and or recovery of usurped business opportunities was a significant factor in the Settlement.

10. The Receiver also focused on the effort to recover approximately \$35,000 in disputed funds, ostensibly held in Oakwood's account at the Swiss branch of Banco Santander. Swiss counsel to the Echegaray family had laid claim to the funds under Swiss statute for payment of their fees.⁶ In March, 1998, after significant litigation over this issue, it was

²Flores is the maiden name of Sylvia Echegaray, Antonio A. Echegaray's wife.

³Productora Electrosistemas de Santa Fe is a Mexican corporation controlled by Ernesto Costamalle, Antonio A. Echegaray's nephew, whom the Receiver asserts received assets from World's settlement with on of the Electronics Firms.

⁴The ownership of Mantor Electronics, Inc., a Texas corporation ("Mantor"), had been fraudulently conveyed from World to a Cayman Island corporation prior to the appointment of the Receiver. The Receiver initiated and prevailed in a fraudulent conveyance recovery action in the Cayman Islands at which, the Cayman Court found that World was the rightful owner of Mantor.

⁵Lotrec Investments, Inc. ("Lotrec") was a U.S. affiliate of the Bravo Group controlled by Antonio A. Echegaray and James Maxfield. The transfer of Lotrec's majority stock ownership between Antonio Echegaray and his mother, Maria Luisa was in dispute. The Chapter 7 Trustee of Mr. Echegaray, ultimately became the controlling interest holder.

⁶The Receiver believes these funds will, ultimately be recovered, however due to the timing of fully prosecuting this matter under Swiss statute which conflicts with the winding down of the Receiverships, responsibility for this matter will be transferred to the judgment creditor.

determined that Banco Santander had, improperly and without the Receiver's (or his Swiss counsel's) authority or knowledge, transferred these monies to the Echegaray's attorneys in July, 1997. This significant breach of Banco Santander's fiduciary obligations and the sanctionable actions of the Echegaray's attorneys in initiating unfounded and false claim litigation has formed another avenue of potential recovery. The Receiver's Swiss counsel is currently seeking recovery of the principal from Banco Santander and the potential for recovering the Receiver's legal costs from the Echegaray's Swiss attorneys. A complaint may be filed with the Swiss equivalent of the Bar Association concerning this egregious conduct. A summary of the Swiss proceedings is attached as Exhibit "F."

II. Other significant actions were the payment, in full with interest, of the outstanding Receiver's Certificate (the "Certificate") in the amount of \$81,471.81. The Certificate originally issued by the Receiver to the Bank in January, 1996, was in the amount of \$123,820.28 which the Bank had advanced to the Receiver for payment of professional fees. On July 1, 1996, the Receiver made partial payment on the Certificate in the amount of \$47,334.15. The Receiver also had paid the Bank \$11,957.51 in expenses paid by the Bank, at the Receiver's request, that were not included in the original Certificate. In late 1997, the Receiver also supported approval for gaining the Court's Order authorizing an interim distribution to the Bank. Final elements were settlement of World's only known creditor claim and winding up related miscellaneous administrative details associated with the estate including, the preparation and filing of the final Mantor corporate tax return prepared under the Receiver's aegis. A copy of the Order authorizing Interim Distribution is attached as Exhibit "G."

12. During the pendency of this case, the BVI Court, after notice and hearing, has repeatedly found sufficient cause to extend the appointment of the interim Receiver.

13. The following is a summary of significant events in this case, outlined by year:

- 1995
- * Appointment of Receiver in Texas and BVI.
 - * Investigation of World's ownership and management, including obtaining original offshore corporate records maintained by corporate servicing agent.
 - * Obtained Order Compelling Production of Records and Turnover of Assets of World, Bravo and Mantor Electronics, Inc. ("Mantor").⁷
 - * Investigation and development of facts, from interviews and documents in the U.S. and Mexico, which established a pattern of fraudulent actions by management of the Bravo Group and its U.S. affiliates, including the misapplication of \$2.5 million of World monies and the fraudulent transfer of Mantor's ownership.
 - * Recovery and control of formerly unknown World Bank accounts in the BVI. Determination of existence of financial accounts at Merrill-Lynch in Florida, including questionable acts of former Merrill V.P. in respect to World and affiliate funds transfers.
 - * Deposition of Merrill-Lynch V.P. in Florida which confirmed questionable transactions and international transfers of monies between World, Echegaray family members and U.S. Bravo Group affiliates.
 - * Successful prosecution and trial of fraudulent transfer litigation in the Cayman Islands,

⁷ Mantor was the wholly owned U.S. subsidiary of World. At the outset of the Receivership, an immediate dispute arose when the Receiver asserted control over the assets and management of Mantor. Mantor's existing management and legal counsel alleged that ownership of Mantor had been transferred to a Cayman Islands corporation. Based on facts developed by the Receiver, this was proved to be a fraudulent transfer.

including testifying before the Cayman Island Court, which entered judgment for the Receiver overturning the fraudulent transfer of Mantor to Kingson, Ltd. The Cayman Island Judgment is attached as Exhibit "H."

* Gaining control over the assets of Mantor and negotiation of the sale of its assets.

* BVI Court Order compelling Bank of Nova Scotia to turn over records.

* Receipt and review of German banking records subsequent to prolonged negotiation under the provisions of the Hague Convention.

1996

* Consummation of Mantor Sale pursuant to Court Order with sees proceeds tendered to the Court's Registry. The Agreement and Bill of Sale and Order authorizing sale are attached collectively as Exhibit "I."

* Receipt of Mantor's partial books and Records. Review of open IRS audit and related income tax and creditor issues.

* Issuance of the Receiver's Certificate.

* Confirmation of the written instruction of Antonio A. Echegaray to Commerzbank in Germany authorizing the diversion of World's \$2.5 million settlement proceeds to family members Swiss account.

* Recovery of \$5,427.25 in cash from World's account at Merrill-Lynch in Coral Gables, Florida.

* Completion of the review of Mantor's records, including engagement of special IRS tax counsel and accountants to attempt to recover potential tax refunds.

* Recovery of previously undisclosed IRS refunds in the amounts of \$6,755.01 and \$1,582.40.

* Partial repayment of Receiver's Certificate.

* Unsuccessful settlement discussions held with Antonio A. Echegaray.

* Antonio A. Echegaray files for bankruptcy under Chapter 7 of the United States Bankruptcy Code in El Paso, Texas. Donald S. Leslie, Esq. appointed Chapter 7 Trustee.

* First meeting of Creditors pursuant to 11 U.S.C. §341 held on May 22, 1996, and continued in connection with Bankruptcy Rule 2004 examination of the debtor by the Receiver and the Bank.

* Receiver files his Complaint to Determine Dischargeability of a Debt in Antonio A. Echegaray's Chapter 7 case seeking a \$2.5 million judgment against the debtor for diversion of World's monies.

* Receiver investigates and reviews role of Wetherby Investments, Ltd., a Turks and Caicos Islands corporation in transfer and concealment of World's monies.

* Partial deposition taken of Maria Luisa Echegaray, matriarch of the Echegaray family who testifies her sons, Antonio and Alfonso, handled her financial affairs. Denies owning Swiss accounts or involvement in Bravo Group contradicting Antonio A. Echegaray's sworn testimony.

* James W. Maxfield, an insider, examined pursuant to Bankruptcy Rule 2004, Mr. Maxfield variously served as an advisor to Antonio A. Echegaray, as President of Mentor and Lotrec Investments, Inc. and Intracon.

* The Receiver files his Motion for Authority to Conduct Rule 2004 exam of Alfonso Echegaray and for Issuance of Letters Rogatory to the Courts in Spain.

* Developed additional information on Swiss accounts into which World's monies were transferred including further transfers of funds to Wetherby Investments, Ltd., a Turks and Caicos Islands exempt corporation.

* Engagement of Turks Islands counsel and placement of Wetherby into Receivership. Drew McManigle named Receiver.

* Determination that Wetherby shares transferred fraudulently to Oakwood Investments, Inc., another Turks corporation.

* Receiver places Oakwood into Receivership and is named Receiver.

* Receiver obtains Turks Court Order compelling Wetherby and Oakwood's Turk's legal counsel and corporate Servicing agents to turnover documents.

* Receiver confirms bulk transfers and freezes approximately \$700,000 in Oakwood's accounts in Switzerland.

* Receiver settles IRS audit of Mantor's 1993 tax return and pays the settlement sum of \$21,938.66.

* Receiver negotiates a \$100,000 Agreed Judgment with Sunland Audio Electronics, Inc., a former third party lessee of Mantor's production equipment.

* November, 1996, Turks Islands Court enters Judgment.

* Antonio A. Echegaray, Alfonso Echegaray and Maria Luisa Echegaray file an Application for Interlocutory Injunction in Switzerland alleging the Echegaray's are the beneficial owners of Oakwood's accounts.

* Turks Island Judgment becomes final and nonappealable. Wetherby and Oakwood, pursuant to Turks Orders become wholly owned subsidiaries of World.

* The Swiss Court of First Instance enters its Order rejecting the Echegaray's Application for Injunction and taxes costs of Court and legal fees of the Receiver and the Bank against the Echegaray's. The Swiss Court's order is not appealed.

1997

* To comply with Swiss statutes regarding recognition of foreign Judgments, Receiver develops and files pursuant to previously unused Turk's statute, an application seeking an order stating that prior Turks Court orders are, in all respects, final.

- * The Chapter 7 Trustee of Antonio A. Echegaray obtains a default Judgment against Lotrec.
- * Additional unsuccessful settlement discussions with Antonio Echegaray representing himself and his family members.
- * Antonio and Alfonso Echegaray file a Receivership action in Mexico to regain control of Productora de Santa Fe, S.A. de C.V. and its assets from their nephew, Ernesto Costamalle.
- * Mantor receives a \$18,951.66 refund from the IRS based upon adjusted 1993 tax return.
- * In aid of recovery of Swiss funds, in April, 1997, the Receiver presents his Request for Recognition and Enforcement of Foreign Decisions to the Court of First Instance in Geneva, Switzerland.
- * After protracted negotiations, Receiver recovers \$4,000 in escrowed funds from Echegaray/Wetherby attorneys in Miami, Florida.
- * After complex legal efforts, Receiver obtains control of Oakwood's Swiss bank accounts from Banco Santander in Geneva, Switzerland containing \$700,000 in negotiable bonds.
- * \$81,471.81 is paid to the Bank, paying the Receiver's Certificate in full.
- * Swiss counsel for the Echegarays file a claim with the Swiss Debt Collection Office alleging the Echegaray's were the beneficial owners of the funds in Oakwood's account.
- * Mantor receives its remaining sales proceeds of \$284,086.94, post foreclosure, by SunWorld, N.A. These funds secured Lotrec's mortgage on it's commercial building.
- * On December 2, 1997, an Order is entered authorizing the Receiver to distribute \$400,000 to the Bank. A copy of the Order is attached as Exhibit "J."
- * On December 17, 1997, \$400,000 is paid to the Bank from recoveries made by the Receiver.
- * The Receiver engaged special litigation counsel and initiated an arbitration proceeding against Merrill, Lynch, Pierce, Fenner & Smith to recover sums which the Receiver alleges were mishandled. This matter remains pending.

1998

- * In February 1998, \$204,869.15 is transferred to the Bank's control together with the Corporate books of Mantor. Drew McManigle resigned as an officer and sole director after the timely preparation and filing of Mantor's 1997 corporate tax return.

14. As referenced above, during the course of this case the Receiver has filed and prosecuted numerous lawsuits, discovery actions and applications calculated to aid in the recovery of assets. The list of these actions is voluminous, however, the following is a listing of the domestic litigation undertaken by the Receiver.

a. *Banco Mexicano, S.A., Plaintiff v. World Manufacturing Limited, a British Virgin Islands corporation and Manufacturera Del Bravo, Ltd., a British Virgin Islands corporation, Defendants; Drew McManigle, Court Appointed Receiver for World Manufacturing Limited and Manufacturera Del Bravo, Limited, Third Party Plaintiff v. Maria Luisa Echegaray and Carlos Echegaray ;In the District Court of El Paso County, Texas, 205th Judicial District Court; No. 95-8618.*

Fraudulent transfer action.

b. *Banco Mexicano, S.A., Plaintiff v. World Manufacturing Limited, a British Virgin Islands corporation and Manufacturera Del Bravo, Ltd., a British Virgin Islands corporation, Defendants; Drew McManigle, Court Appointed Receiver for World Manufacturing Limited and Manufacturera Del Bravo, Limited, Third Party Plaintiff v. Maria Luisa Echegaray and Carlos Echegaray; In the District Court of El Paso County, Texas, 205th Judicial District Court; No. 95-8618.*

Fraudulent transfer action.

c. *Banco Mexicano, S.A., Plaintiff v. World Manufacturing Limited, a British Virgin Islands corporation and Manufacturera Del Bravo, Ltd., a British Virgin Islands corporation, Defendants; Drew McManigle, Court Appointed Receiver for World Manufacturing Limited and Manufacturera Del Bravo, Limited, Third Party Plaintiff v. Maria Luisa Echegaray, Carlos Echegaray, Mantor Electronics, Inc., Sun World Savings Bank, FSB and Lotrec Investments, Inc.; In the District Court of El Paso County, Texas, 205th Judicial District Court; No. 95-8618.*

Fraudulent transfer of World's proceeds.

d. *Banco Mexicano, S.A., Plaintiff v. World Manufacturing Limited, a British Virgin Islands corporation and Manufacturera Del Bravo, Ltd., a British Virgin Islands corporation, Defendants; Drew McManigle, Court Appointed Receiver for World Manufacturing Limited and Manufacturera Del Bravo, Limited, Third Party Plaintiff v. Productora De Electrosistemas De Santa Fe, S.A. de C.V.; In the District Court of El Paso County, Texas, 205th Judicial District Court; No. 95-8618.*

Fraudulent transfer of assets.

e. *Antonio Alfonso Echegaray, Debtor, Drew McManigle, Court Appointed Receiver for World Manufacturing Limited, and Mantor Electronics, Inc., Plaintiffs v. Antonio Alfonso Echegaray, Defendant; In the United States Bankruptcy Court for the Western District of Texas, El Paso Division; Case No. 96-30637-LMC (Chapter 7), Adversary No. 96-3033.*

Application for Letters Rogatory upon Alfonso Echegaray in Spain.

f. *INRE: Antonio Alfonso Echegaray, Debtor; In the United States Bankruptcy Court for the Western District of Texas, El Paso Division; Case No. 96-30637-LMC (Chapter 7).*

Motion to Lift Stay against Wetherby assets in Debtor's possession;
Complaint to determine dischargeability of a debt.

g. *World Manufacturing Limited v. Merrill, Lynch, Pierce & Smith, NASD; Case No. 97-05249.*

This arbitration action remains pending.

PROFESSIONALS EMPLOYED BY THE RECEIVER

15. The Receiver to ignore the highly professional, dedicated, and creative legal counsel that so ably represented him worldwide. The following is a listing of these professionals:

Charles A. Beckham, Jr., Esq. and James Brewer, Esq. of Kemp, Smith, Duncan & Hammond, P.C., El Paso, Texas. Charles A. Beckham, Jr. served as chief legal counsel to the Receiver.

Timothy Richards, Esq. and Michael Fay, Esq. of Harney, Westwood & Riegels, Tortola, British Virgin Islands, served as chief BVI counsel;

Neil Timms, Esq. of Maples & Calder, Grand Cayman, Caymans Island, British West Indies served as litigation counsel in the *Mantor v. Kingson* fraudulent transfer trial;

Drs. Gerritt Schole, LL.M. and his associate, Mark Hoenike, Esq. of Fedderson Laule Scherzberg & Ohle Hansen Ewerwahn, Brussels, Belgium served as counsel in obtaining documents and information from German banks and from the Electronics Companies;

Lic. Roberto Calvo Ponton of Calvo y Asociados, S.G., Juarez, Mexico, served as local Mexican counsel;

John P. Melko, Esq. of Verner, Liipfert, Bernhard, McPherson & Hand, Chartered in Houston, Texas, served as special litigation counsel;

Rasco & Reininger, P.A. of Miami, Florida, served as local Florida counsel and assisted in facilitating discovery in that State;

Vincent P. Carson, Esq. and Ed Pritchard, Esq. of Brandys, Carson & Pritchard, P.C., El Paso, Texas, served as Mantor Electronics, Inc.'s corporate and litigation counsel;

Mary Lee Warwick, Esq. And Gary Sanders, Esq. of Krafzur, Gordon, Mott, Sanders & Miranda (n/k/a Krafzur, Gordon, Mott, Davis & Woody, P.C.), El Paso, Texas, served as Mantor's special tax counsel;

Urs Zenhausern, Esq. (Zurich) and Valerie Kirschmann, Esq. (Geneva) of Baker & McKenzie served as the Receiver's chief counsel in all recovery matters and litigation in Switzerland;

Ariel Misick, Esq. and Conrad Griffiths, Esq. of Misick & Stanbrook, Providenciales, Turks and Caicos Islands, British West Indies, served as Receiver's counsel in that offshore jurisdiction;

Dempsey & Co. of Geneva, Switzerland served as independent, Swiss legal counsel to Oakwood Investments, Inc.;

Kelley, Drye & Warren, L.L.P., Miami, Florida, served as World's Florida counsel and aided in the recovery of Wetherby's documents and funds from its former legal counsel; and,

Law Office of Keith P Ellison. W Ellison serves as special litigation in respect to the arbitration proceeding.⁸

16. The Receiver also employed accounting and support personnel who assisted in unraveling and solving the complex issues in this case. As a whole, without the talents of all these professionals, who melded together domestic, international and foreign countries laws into a seamless initiative, the likelihood of success in this case was, at best, unlikely. Each role was important and each served in the highest traditions of their respective practices. My professional and personal appreciation goes to each in measure.

SUMMARY OF RECOVERIES AND PROFESSIONAL FEES

17. From all sources, the Receiver has recovered cash, including the Mantor sales proceeds and tax refunds, recovered

⁸Mr. Ellison accepted the representation upon a contingent fee basis and, therefore, is not listed on Exhibit K which reflects payments to professionals.

Oakwood monies, recovered dormant bank accounts in the BVI and from other related sources, excluding earned interest, the amount \$1,348,359.51. Of these amounts, the Bank has received, to date, total cash distributions of \$345,632.62, which includes interest paid on the Receiver's Certificate. As disclosed above, the Receiver also obtained an Agreed Judgment in the amount of \$100,000 against Sunland Audio Electronics, Inc. ("Sunland"). The Receiver believes a pro-rata distribution to creditors may be forthcoming based upon Sunland's settlement of a claim against Harmon Consumer Electronics. These totals do not include an estimate for any prospective recovery which may be obtained in the Merrill-Lynch arbitration proceeding or subsequent litigation. Total recoveries, from all sources, equal approximately, \$2,448,359.51, excluding any arbitration component.

18. Attached as Exhibit "K" is Statement of Professional Fees and Expenses as of March 31, 1998, which includes a transaction detail for Mantor and World. The Receiver has expended a total of \$ 631,209.95. These disbursements include, not only professional fees and expenses of the Receiver and his legal counsel worldwide, but also include those of accounting professionals, offshore corporate servicing fees, court reporters, Receivers bond fees, transcription and translating fees and related expenses. Pursuant to the Settlement Agreement, the reasonableness and payment of such fees and expenses were agreed to and approved by the parties to the Settlement. As of the date of this Fourteenth Report, the Receiver and all counsel have been paid, substantively in full. By Agreement with the Bank, approximately \$100,000 is being retained by the Receiver to fully windup the affairs of the Receivership. Exhibit "K" also reflects the monthly billing of each professional, for 1997. Prior years monthly billings are reflected in the prior thirteen Interim Reports of the Receiver. Exhibit "K" also reflects the bank accounts and current balances held in accounts controlled by the Receiver as of the date of this report.

Respectfully Submitted,

s/MDM

Drew McManigle, Receiver
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EXHIBITS NOT ATTACHED