

EXHIBIT A

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
v.)	
)	
BURTON DOUGLAS MORRISS,)	
ACARTHA GROUP, LLC,)	
MIC VII, LLC,)	Case No. 4:12-CV-00080-CEJ
ACARTHA TECHNOLOGY PARTNERS, LP, and)	
GRYPHON INVESTMENTS III, LLC,)	
)	
Defendants, and)	
)	
MORRISS HOLDINGS, LLC,)	
)	
Relief Defendant.)	
)	

TWENTIETH INTERIM STATUS REPORT OF RECEIVER

Claire M. Schenk (the “Receiver”), the receiver for defendants Acartha Group, LLC (“Acartha Group”), Acartha Technology Partners, LP (“ATP”), MIC VII, LLC (“MIC VII”), and Gryphon Investments III, LLC (“Gryphon Investments”) (collectively, the “Receivership Entities”), submits this **Twentieth Interim Status Report** to update the Court on the activities of the Receiver occurring since August 2, 2016:

A. Analysis of Affirmative Legal Claims and Related Proceedings

Pursuant to paragraph 2 of the Order Appointing Receiver (ECF No. 16; “Receivership Order”), the Receiver is directed to investigate the manner in which the affairs of the Receivership Entities were conducted and to institute such actions and legal proceedings for the benefit and on behalf of the Receivership Entities, as the Receiver deems necessary against those individuals and entities that the Receiver may claim have directly or indirectly misappropriated or transferred monies. As authorized by paragraph 6 of the Receivership Order, the Receiver may

defend, compromise, or settle legal actions in which the Receivership Entities are parties, with authorization of the Court. In keeping with the directives of the Court, the Receiver resolved the following litigation during this reporting period.

As described in previous reports, the Receiver, on behalf of Gryphon III, filed suit against John Wehrle, Gryphon Investments II LLC (“Gryphon II”), and Cirqit.Com, Inc. (“Cirqit”) (collectively referred to as the “Wehrle defendants”) alleging that funds raised from eleven Gryphon III investors were fraudulently and improperly comingled with the funds of Gryphon II and transferred to the Wehrle defendants and others (“Wehrle Litigation”) (*see* ECF No. 416). In an effort to avoid the time, expense, and risk associated with the Wehrle Litigation, the Receiver engaged in successful settlement negotiations culminating in the execution of a settlement agreement by all parties to the Wehrle Litigation (the “Settlement Agreement”). The Settlement Agreement was effectuated during this reporting period. As a result, on September 20, 2016, the Receiver’s suit was dismissed following entry of a Consent Judgment against Wehrle in the amount of \$875,000. (*See* 4:15-cv-00464-RWS, ECF No. 95 and No. 96).

These filings followed in the wake of the August 31, 2016, Receivership Court approval of the Receiver’s Motion for Approval of an Amendment to the Settlement Agreement (which has been described in previous reports) between the Receiver and the Wehrle defendants. (*See* ECF No. 488). The Settlement Agreement was amended because the redemption of the Receiver’s interests in Cirqit did not occur due to events outside the control of the parties. The Amendment, which was approved by the Court, enables the Receiver to pursue additional options regarding the Cirqit interests, including a potential assignment of the Cirqit stock as part of a plan of distribution or redemption of the Receiver’s interest in Cirqit which would allow the

Receiver to directly hold the equity interests in LogicSource. The redemption, as described in the Settlement Agreement, remains an option as well.

Following the Court's approval of the Amendment to the Settlement Agreement, and the execution of the Amendment by all parties, on or about September 14, 2016, the Wehrle Defendants made the cash payment of \$125,000 required under the Settlement Agreement. As noted above, the Consent Judgment, in the amount of \$875,000 was entered against Wehrle and the litigation was dismissed on September 20, 2016. The remaining elements of the Settlement Agreement were effectuated in earlier reporting periods. As noted in earlier reports, John Wehrle submitted a sworn financial statement to the Receiver, along with supporting documentation. Also, 3,075,174 shares of the Series D preferred stock of Cirqit were retitled in the name of Gryphon III.

B. Claims and Distribution Process

1. Librato Distributions

As reported in the *Sixteenth* and *Seventeenth Interim Status Reports*, on October 14, 2015, the Receiver filed a motion with the Court seeking authority for the distribution of the Librato funds reported in the *Fourteenth Interim Status Report* (see ECF Nos. 413, 414, 416). The Receiver's motion pertained to three of the special purposes vehicles ("SPVs"), which are not part of the Receivership estate but are managed by a Receivership Entity, Acartha Group. As a result of the sale described in the Receiver's motion, gross proceeds were received as follows:

Evergrid Acquisition, LLC	\$16,270.84
Evergrid/MIC VII, LLC	\$87,404.75
Librato Acquisition II, LLC	\$752,306.99
ATP	\$164,662.33
MIC VII	\$438,998.08

The Court granted the Receiver's motion for authority to distribute the proceeds held by the three SPVs on November 9, 2015 (ECF No. 423), and the Receiver distributed \$708,240 to the members of Librato Acquisition II and \$60,361 to the members of Evergrid/MIC VII. Funds were not distributed to the members of Evergrid Acquisition since the available proceeds did not exceed the reserve for expenses. The bulk of these distributions occurred on December 15, 2015. Funds held by ATP and MIC VII will be disbursed following the approval of a plan of distribution by the Court.

As noted and anticipated in earlier receivership reports, SRS Acquiom ("SRS") recently made a subsequent and final disbursement of the remaining funds held in escrow. These funds were deposited into the accounts listed below on or about August 4, 2016:

Evergrid Acquisition, LLC	\$1,984.75
Evergrid/MIC VII, LLC	\$10,661.78
Librato Acquisition II, LLC	\$91,767.71
ATP	\$20,085.80
MIC VII	\$53,549.75

Following receipt of these funds, the Receiver directed disbursements pursuant to the authority granted in the Court's Order (*see* ECF No. 423). As documented in the September bank statements, on or about September 7, 2016, there were 19 wires to the members of Evergrid/MIC VII for a total distribution of \$10,814.28 and 49 wires to the members of Librato Acquisition II for a total distribution of \$92,124.80. Since there were several "bounce backs" due to changes in account information, the Receiver will complete a review and reconciliation of these distributions following receipt of the October bank statements. Funds were not distributed to the members of Evergrid Acquisition since the available proceeds did not exceed the reserve for expenses. Funds held by ATP and MIC VII will be disbursed following the approval of a plan of distribution by the Court. On October 18, 2016, SRS provided the Receiver with a Post-Closing

Statement for the Period ending September 30, 2016. This statement reflected a zero balance for each of the Receivership and Receivership-managed entities.

2. Claim Objections, Distributions, and Wind Up

Objections. The Receiver has described the status of the objections in this matter in preceding reports (*see* ECF No. 456). As one recent development, claimant number 20, Hany Teylouni, was directed by the Court to provide information supporting his claim that he earned deferred compensation at the rate of \$9,166.67 per pay period between September 15, 2008 and April 15, 2010. The Court allowed him until September 1, 2016 to provide this information (ECF No. 472). On August 29, 2016, Mr. Teylouni filed a Declaration (ECF No. 486) providing documentation pertaining to this claim of deferred compensation. There have been no other developments pertinent to objections during this reporting period. The claims process has been described in detail in preceding reports and will not be repeated herein (*see Receiver's Ninth, Tenth, Eleventh, and Twelfth Interim Status Reports*, ECF Nos. 315-1, 328-1, 338-1, and 358-1).

Distributions and Wind Up. As noted in prior reports, the Receiver has been engaged in the process of reviewing and analyzing the authority and facts relevant to a proposed plan of distribution to the Court so that funds may be paid to allowed claimants of the Receivership Entities. The Receiver intends to seek approval of her recommendations for all allowed claims through the proposed distribution plan. In preparation for submission of the proposed distribution plan, the Receiver met with her accounting and legal advisors on August 22, 2016 and again on October 10, 2016, to consider obligations that may impact the availability and allocation of funds for distribution and to work towards development of a plan. The Receiver is organizing and analyzing information relevant to: potential classes of claimants; the source of funds and other valuable interests; expenses incurred and paid during the Receivership as well as those expenses

for professional fees which remain unpaid; unresolved issues involving entries on the books and records, *e.g.*, due-to or -from items between certain SPVs and the Receivership Entities; and other legal and equitable considerations that may be relevant to the plan of distribution. Also, the Receiver continues to consider liquidation opportunities for remaining assets as well as other options (*i.e.*, a liquidating trust or assignment) for certain assets still held by the Receivership estate. These assets include interests in Tervela, Inc. (“Tervela”), Cirqit (which is subject to the Settlement Agreement), and the Morriss Holdings judgment.

C. Liquidation Activity

As previously reported, following the approval of the Court, the Receiver sold the Receivership interests in Clearbrook Global Advisors, LLC (ECF No. 462), resulting in the following payments to two Receivership entities and one SPV, Clearbrook Acquisition, LLC (“Acquisition”):

MIC (718,750 Units)	\$52,941.21
ATP (159,722 Units)	\$11,764.69
Acquisition (479,166 Units)	\$35,294.10

Since receiving the funds, the Receiver worked with her accountants to develop a distribution analysis for the funds held by Acquisition. As a result, on September 1, 2016, the Receiver filed a Motion for Leave to Satisfy Obligations of Acquisition (ECF No. 491). The Receiver’s Motion was supported by a Memorandum which included the Declaration of Tim O’Shaughnessy, the Receivership accountant, Managing Principal of Clifton Larson Allen, and a proposed distribution schedule (ECF No. 492). Since the time of filing, the Receiver has not learned of any objections to this filing.

D. Business Operations

As directed by the Court, the Receiver continues to oversee the remaining unliquidated holdings of the Receivership Entities in several investments (in particular, Tervela and Cirqit). On October 21, 2016, Michelle Murray, on behalf of the Receiver, participated in a call with the Tervela board. The call focused upon a review of Tervela's most recent quarterly report regarding operations and financials. The Receiver will keep the interested investors updated through the extranet site and other means, as appropriate. The last update from management for Cirqit, pertaining to its interest in LogicSource, was provided on June 22, 2016.¹

E. Tax Matters

On or about August 8, 2016, the Receiver and CLA finalized and filed the returns for each of the Receivership entities and SPVs for the 2015 tax year. Returns were filed for Acartha Group; Acartha Group Funding; Acartha Merchant Partners, LLC; ATP; Clearbrook Acquisition; Evergrid Acquisition; Evergrid MIC VII; Gryphon Investments III; Integrien Acquisition, LLC; Librato Acquisition II; Librato Capital II; MIC VII; Tervela Acquisition II; Tervela Acquisition III; and Tervela Acquisition. As previously reported, investor K-1s were provided on July 27, 2016.

For Integrien Acquisition II, LLC and Integrien Capital II, LLC (entities for which distributions and other activity have been completed and final returns filed), payment of Delaware franchise taxes has ceased. Also, as previously reported and at the request of the Receiver, CT Corporation has resigned and the certificate of formation of these inactive entities will be canceled. As final distributions are made from the other SPVs, the Receiver plans to follow a similar course of action.

¹ As explained *infra*, additional information is available to the investors on a secure site and subject to execution of an NDA. The specifics pertaining to the information discussed herein are considered confidential by the Receivership portfolio concerns.

F. Administrative Matters

SFAR. An updated copy of the Standardized Fund Accounting Report (“SFAR”) will be submitted along with the Receiver’s Nineteenth Interim Fee Application for the third quarter of 2016, covering July through September). This report reflects known and current bank balances for the Receivership Entities and the accounts of the SPVs, which are managed by the Receiver. It also reflects expenses and payments during the third quarter of 2016. A final and fully detailed report will be submitted to the Court at the conclusion of the Receivership.

Interim Applications for Fees and Expenses. Payment of fees and expenses to the service professionals providing assistance to the Receiver are current in keeping with the Court’s approval of the last Fee Application. As of the date of the filing of this report, there were no pending Fee Applications, and payments were made to the Receiver and her professionals through June 30, 2016 (with the exception of funds subject to the holdback).

Receivership and Secure Investor Websites. The Receiver continues to update the general website hosted by Thompson Coburn LLP (which is linked to the website for the District Court for the Eastern District of Missouri). Documents are available at: <http://www.thompsoncoburn.com/acartha>. Additionally, the Receiver continues to post documents on the extranet sites created for the investors. Access to the extranet sites is allowed subject to receipt of a nondisclosure agreement (“NDA”) by the investors. Each site is periodically updated with information pertinent to business operations, *e.g.*, slide decks or presentations, and transactional documents involving additional financings or other significant events. During this reporting period, information pertaining to Tervela has been added. The Receiver encourages claimants, investors, and other interested parties to visit the websites that are available to them so that they will have a current understanding of Receivership operations

and to avoid unnecessary expense through repeated individualized communications with the Receiver and her counsel.

Conclusion

The Receiver will continue to update this report on a periodic basis to summarize relevant Receivership activities.

Dated: November 2, 2016

Respectfully submitted,

/s/ Claire M. Schenk
Claire M. Schenk, Receiver