

United States District Court for the District of Minnesota

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R. J. Zayed, Receiver
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v.

Patricia Edenberg Gorman and Dennis Gorman
1807 Birch Lane NE
Longville, MN 54466

Case 0:09-cv03333-MJD-FLN Document 1205 Filed 04/09/15

Dennis Gorman and Patricia Edenberg-Gorman Response to the Summary Proceeding Petition for Return of Receivership Assets

Introduction

We the Gormans (Patricia and Dennis) are without funds for a lawyer and will be responding pro se. We beg the court's indulgence if this is not the correct format.

Patricia and Dennis Gorman (the Gormans) deny the accuracy of the Receiver's dollar request of \$153, 071.20. We the Gormans also take great offense at the term "inner circle of Jason Bo-Beckman and Hollie Beckman." This implies a conspiracy of some sort and that is inflammatory in nature and unfair. The Gormans are victims also and have lost \$101, 580 of retirement funds earned over a lifetime of work. The Receivership has already benefited from the sale of the

Paseo Del Lago home in Texas owned by the Beckmans, which contained furniture, appliances and thousands of dollars of landscape purchases made by the Gormans and reimbursed by Hollie Beckman. We the Gormans are asking the court to deny the Receiver's request of a money judgement of \$153,071.20 and a constructive trust over a home in Texas. This request is double what the Receiver is requesting from other victims and punitive in nature.

Background

1.-2. agree

3. We agree to the number of victims only if it includes Hollie Beckman and her family.

Collectively this group has lost over \$526,000.00 of savings earned over a lifetime. The loss has been catastrophic both financially and emotionally. Food, housing, retirement, health and dental care and education are issues for many of us.

4. Deny, not all victims have received recovered funds.

5. -8. Agree

9. Agree a case has been brought against the Ponzi Felons and it has yet to be tried. The "SEC" also brought a motion dismissing several relief defendants of which Hollie Beckman was one. The order to dismiss with prejudice was signed by Chief Judge Michael Davis on May 4, 2015.

10. There is not enough legal knowledge on the Gorman's part to answer this in light of the dismissal of relief defendants.

11. agree

12. There is not enough legal knowledge on the part of the Gorman's to answer this in light of the dismissal of Hollie Beckman and it does not answer what legal right the Receiver had to confiscate anything of Hollie Beckman that was not received directly or indirect from " Beckman and/or Oxford PCG."

13. -17 Again there is not enough knowledge to answer and what happens when a relief defendant is no longer a relief defendant. Hollie Beckman had assets and so did Jason Bo-Beckman that did not fall under the receiver's control. Third parties have rights also, especially if there are disputes over credits for investments and goods already returned to the receivership.

18. Deny. Hollie Beckman is no longer a relief defendant and loan amount is now different dollar amount than others listed.

19. The Gormans have never received any notice of filing against their property.

20-21. The Gormans do not believe that all assets were related to the Ponzi scheme. We are also aware that Jason Beckman disputes the figures provided by the SEC and Receiver and will be addressing those figures in his civil trial. If the Receiver wanted to decrease litigation cost it would have included the Gormans in the civil suit Receiver v. Allen, 13-cv-1896 (D.Minn.). The parties in that case were referred to lawyers by the judge for help and the receiver has credited all parties with their investment money.

PARTIES

22-23. agree

24. In addition to being related to Hollie Beckman and her parents, Patricia Gorman is the godmother of the Birk's recently departed son, Robert L. Birk (4/12/2015) and the godmother of Hollie Beckman's son, Spencer Suttle. We are not sure why Dianne and Robert's pending action brought by the Receiver is being included. At a hearing before Judge Susan Richaard Nelson on 06/02/2014 regarding their case, Joseph Kaczowski representing the Receiver (with Tara Norgard in attendance) told the judge that none of the people they were suing were anything but victims and in no way suspected of a crime. He also told the Judge of the generous recovery terms the Receiver offers. He cited a case of an elderly lady living on social

security who was paying \$25.00 a month. The Judge dismissed the original motion and a new hearing is set for July. We the Gormans are also an elderly couple living on social security and social security disability and have not been offered the terms that these other victims have.

25. agree

26.-28. agree

29. agree to the area being within 15 miles of the Beckman home. The Gormans still spend winters at the Kennedy home due to Patricia's health. The Kennedy home was never considered a vacation home.

30. Deny. After much hard work and money the Beckmans turned the Paseo del lago home into a luxury property that was way more than a vacation home. Mr. Beckman worked from this home and was renovating it to hold client seminars as well as rent out as a bed and breakfast or as a venue to hold weddings and quinceras. The Beckmans did not purchase a vacation home for the Birks. This was a joint venture by the Birks and Beckmans and was only held in the Beckman name for tax purposes. The Birk home was in an area where the Birk's could meet potential clients for Mr. Beckman. The Birk's were not given the opportunity nor did they understand they had an opportunity to present the court with all the monies they had invested in the property, the Reciever was presented with the Birk's investment and failed to give the court.

Neither the Birk's or the Gorman's were given the opportunity to retrieve the personal property they had on loan to the Paseo del Lago home, before it was sold and the Receiver reaped the benefits.

31. A contract to purchase the Kennedy Street home was signed by the Gormans long before the Beckman and Birk home. Patricia Gorman was informed by her physician, Dr. Troviani that she needed to be in a warm climate for her many health issues. In March 2008, while

recuperating in Texas after the surgery that ended up disabling her, a contract was signed to purchase the Kennedy home. The contract was contingent on the successful sale of the Gormans Elk River home and the initial deposit was made solely with funds of the Gormans. (EXH M)

In July of 2008 this contract was extended because the house market crash had hit Elk River, MN and that property had not been successfully sold. At the end of August 2008, the Beckman's stepped in and offered a loan to the Gorman's knowing full well the Gorman's had no way of paying it back unless they were able to have a successful sale of the Elk River property. *It was very important to Hollie Beckman that her aunt Patricia get some medical relief and the loan came directly from the Beckman account which held untainted money. The Beckman's agreed to allow the Gorman's to rent the Elk River property when it didn't sell. This rent money was needed to make the payment on the Gorman's Longville property. A verbal contract between the Beckman's and Gorman's was agreed on, there was no interest or time limit to sell the Elk River property for repayment of the Beckman loan.*

32. The Gorman's did own the Longville and Elk River properties but not mortgage free. (see attached mortgage EXH.N) Up until June of 2008 the Gorman's also had two incomes.

33. The Gormans do winter in Texas but Dennis Gorman was unable to join his wife Patricia in Texas until 2010 at which time her social security disability was finally accepted. Mr. Gorman continued working until 69 years of age in order to keep health insurance for himself and Patricia. The Gormans winter in Texas for health reasons. (see EHB O Patricia's health history). (see EXB P Patricia's social security disability acceptance) Patricia relied on her sister Dianne Birk and brother-in-law Robert Birk to help her until her husband Dennis could join her in Texas. The winter Texas climate has been instrumental in keeping Patricia out of a wheel chair.

Jurisdiction and Venue

34-37. Again we are not lawyers and do not know if this is correct. We do wonder why we have a

different venue than the others the Reciever is attempting to collect money from.

FACTS

A. The Gormans agree they recieved money from the Beckmans but deny having recieved \$153,071.20 of funds that benefited the Gormans. The Recievership has already benefited from the sale of the Paseo del Lago home which included purchases made by Hollie Beckman for both the house and grounds. The purchases were initially made by Patricia Gorman on behalf of Hollie and for which Hollie reimbursed Patricia. All of those purchases were left with the Paseo del Lago home.

38-55 Deny This again assumes all transfers were for the sole benefit of the Gormans. The Paseo del Lago home was a two acre property that held a 12,000 foot main home as well as a three room poolhouse. While the brunt of the outside expenses were paid by the Birks and reimbursed by Hollie Beckman it was too costly of a project not to get others involved when the Beckmans could not be on site. Thousands of dollars of plants and trees had to be replaced twice because the well water had to much salt. Hollie specifically asked Patricia to purchase and have delivered trees and plants as she trusted Patricias garden knowledge. The gas line had a leak and gas had to be ordered and paid for weekly before it was discovered. The Beckmans car needed engine repair and was paid for by the Gormans and reimbursed by Hollie Beckman. The Receivers own Exhibit A, last paragraph of page 5 and top of page 6 in case 0:11-cv-00574-MJD-FlN Document 112 Filed 06/08/11 points out the enormous costs entailed with the Paseo del Lago property and those were not costs associated with improving or furnishing. The Beckmans received the benefit of both the Birks and Gormans eing willing to shop and handle small repairs. Neither the Gormans or the Birks had the money to meet the Beckman requests without being re-imbursed. We the Gormans also do not understand the legality of releasing a releif defendand without releasing their assets, nor

do we understand how money that is in dispute in a unheard civil case be applicable . Mr. Beckman tells us that he had more than enough untainted money to cover any transfers to the Gormans and he can prove inaccurate accounting.

B. Mrs. Edenberg Gorman did make a claim of \$101,580.00 and at the time that claim was made against Trevor Cook and his entities, Mr. Beckman and his entities were not named, so their was no obligation to report any money received from the Beckman's.

56. agree

57. agree that we did not report loans in 09 when filling out the paperwork for Trevor Cook, but deny that there would be a disclosure of \$153, 071.20 as Receivership assets.

58.-60. agree

61. Deny amount of Receivership assests

62. Why are we finding out about this exclusion now? The very act of excluding the Gormans from recovery funds, ties the Gorman investment to any loans and makes it a credit against any overpayment received by the Gormans. Mr. Brent Elswick a representative of the receiver had many discussion with the Gormans and did not seem to remember the Gormans had invested funds in the Crown Forex program. In June of 17, 2011 (EHB 4) he was sent a letter discussing the loans. At no time did he or any other member of the Receiver's staff inform the Gormans that on August 1, 2011 the court excluded Mrs. Edenberg-Gorman from further distributions.

C. Deny. The Gormans have made every effort to comply and have repeatedly informed the Receiver there was a dispute in the amounts owed.

63-65. The Gormans have complied with turning over what paperwork they could find and have disputed from the first request the amount the Receiver is claiming. (Exb Q) Mr. Brent Elswick(Receiver representative) informed the Gormans they had everything they needed and unless the Gormans heard from him everything was okay. Over a year later we hear from a

different lawyer representing the Receiver. Several of the calls were made to the Gormans right after Patricia was coming home from surgery and she was still under the influence of anesthesia. Mr. Gorman wears a hearing aid and it is very difficult to hear on the phone. The Gormans have offered to settle this case after a credit for their investment and less the dollars reimbursed for Paseo del Lago expenses (of which the Receivership has already benefited.)

D. Agree

66. agree

67. We do not know why the discrepancy, however \$144,000.00 is not \$153,072.20

68-69 There was a promissory note to the Beckmans. Mr. Beckman needed this for The NHL when they were going through his finances. The note was specific as to no interest or due date. Any repayment was always tied to the Elk River property not the Kennedy property. There also was a verbal contract in which it was agreed that repayment would only happen after the market would allow a successful sale of the Elk River property. (Exb M)

E. Agree

70-72. All documentation was left at the Paseo del lago home in the form of receipts. These purchases were made and reimbursed in good faith. Mr. Beckman reviewed all receipts and took those that he needed for taxes (both personal and work) back to Minnesota. There was no need for the Gormans to retain a copy after they were reimbursed by the Beckmans. Hollie Beckman was paying the Beckman bills at that time so all checks were signed by her. The Paseo del Lago property was a two acre, 12,000 square foot unfurnished main house and three room pool house. The Beckmans could not be on site to oversee the renovations and improvements all the time and relied on family to help. They also knew family did not have the funds to foot the bill.

F. Disagree

73.-77. There was no need to discuss Patricia Gormans investment in Crown Forex as the Receiver had accepted it and disbursement payments were being made. The Receivers actions in August 1, 2011 in excluding the Gormans from further reimbursements, without notifying the Gormans, has tied the investment to the Beckman transfers. The Gormans should receive credit just as other victims of this Ponzi scheme who are being sued for recovery of Receiver assets have. The civil complaint filed by the Receivership case 0:13-cv-01896 Document 1 filed on 7/15/2013, R>J> ZAYED v David & Dao Allen et al, clearly allows the defendants credit for investments. The Gormans relied heavily on the promise of high returns on their investment to meet retirement expenses, especially health care and debt payments.

G. Deny

75-80. The court orders do not allow a Receiver to change the terms of a loan anymore than a Bank can change the terms when it purchases loans from another bank. The Receiver has already recovered the assets associated with the Paseo del Largo estate, therefore is not entitled to further recovery, or to claim the Gormans have not returned any of the Receivership assets.

Count I Unjust enrichment

81-86. Deny The Gormans have not been unjustly enriched by the dollar amount of \$153,071.20. The Kennedy Street Home was never collateral for any loan from the Beckmans. The Gormans must live in a warm climate during winter months for medical reasons. Taking away a home that is needed by it's occupants for health is not only unjust but punitive. The Gormans are as much victims as other investors who have had the benefit of Patricia's invesment as well as assets already recovered by the Receiver. The Receiver does have

adequate remedy to recover non-contested funds. The Gormans have offered to settle.

Count II Constructive trust

87-92 There is no justice in taking the Kennedy home titled to the Gormans. This home was purchased and is still being used for health reason by the Gormans and the home was not the collateral used for the purchase (Exb M). There are factual disputes over the amount of dollars and the origin of this claim. Transfers were made by Hollie Beckman in good faith and who had money earned from working since she was 14, from the sale of her home before she married Bo and from her parents sharing a part of her grandparents estate. The Gormans have offered in spite of their limited income, to settle. It is unconscionable and punitive for the Receiver to treat the Gormans different than the other victims they are trying to recover assets from.

Prayer for Relief

A-F. There are so many factual disputes and the Gormans respectfully requests the court to deny all the requests by the Receiver. We are not the living high off Ponzi schem victims as the Receiver portrays. We have limited income and extremely high medical care costs. Our Texas home keeps Patricia out of a wheel chair and it never was collateral for any Beckman loan. Mr. Beckman himself disputes the financial figures provided by the Receiver and has not had the opportunity to prove and defend his case. The Gormans were not enriched by \$153,071.20 of Receivership assets. To automatically take our much needed Texas home would be be unjust and further victimize the Gormans. The Gormans have asked to be treated as the other victims the Receiver is attempting to recover assets from, to be credited as they are for investments, to be credited for the Paseo del lago expenses already recovered by the Receiver and to be allowed on our limited income to make small payments on the difference. The Gormans should not be punished for being family.

Respectfull submitted

Dated 6/5/15

Patricia Edenborg Gorman

Patricia Edenborg-Gorman

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Dennis Gorman

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