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March 5, 2008

Re: *Commodity Futures Trading Commission v. Richmond Global Associates, LLC, Richmond Global Director, LLC, Richmond Global MCA, LLC, Richmond Global Managed Account, LLC, Richmond Global, Ltd., RG Group Holdings, LLC, Vincenzo Danio, Joseph Pappalardo, Ronald Turner, and Miron Vinokur* (United States District Court for the Southern District of New York Docket No. 05-CV-2181)

Dear Sir or Madam:

I am contacting you regarding the above-referenced entities (hereinafter referred to collectively as "Richmond Global" or the "Defendants"). On February 17, 2005, Richmond Global was placed into receivership, its assets were restrained, and John W. Moscow was appointed to act as its Receiver. In his role as Receiver, Mr. Moscow has conducted an investigation in this matter, which he has completed, and is prepared to distribute the restrained assets under a court-approved asset allocation plan (hereinafter referred to as the "Asset Allocation Plan" or "Plan"). The restrained assets have been held in an interest-bearing account since the inception of the receivership, and the present value of these assets is \$115,000.

BACKGROUND

The following is a brief summary of the underlying litigation in the Richmond Global matter: On February 16, 2005, the Commodities Futures Trading Commission (the "CFTC") filed a lawsuit against Richmond Global in the United States District Court for the Southern District of New York.¹ The CFTC alleged that, among other things, Richmond Global fraudulently solicited and obtained funds from customers and used such funds, in part, for their own purposes, thereby violating the Commodities Exchange Act and its associated regulations.

¹ Relevant information pertaining to the Richmond Global matter, including the CFTC's complaint, are available on the CFTC's website, www.cftc.gov. The search term, "Richmond Global," should be used.

In the civil case, the CFTC litigations have been concluded and the individual Richmond Global defendants were ordered to pay restitution in the following amounts to the victims of the fraud: Defendant Danio was ordered to pay \$1,788,580; Defendant Pappalardo was ordered to pay \$1,527,800; Defendant Turner was ordered to pay \$1,527,800; and Defendant Vinokur was ordered to pay \$270,393.²

On the same day that the CFTC filed its civil action against Richmond Global, the FBI arrested the individual Richmond Global defendants. The FBI and the United States Attorneys Office for the Southern District of New York conducted a joint criminal investigation of Defendants Danio, Pappalardo, Turner, Vinokur and others.

In the criminal case, Defendant Danio pled guilty, was sentenced to 30 months imprisonment, and was ordered to pay \$400,000 in restitution. Defendant Pappalardo pled guilty, was sentenced to 24 months imprisonment, and was ordered to pay \$400,000 in restitution. Defendant Turner pled guilty, was sentenced to 30 months imprisonment, and was ordered to pay \$1.4 million in restitution. Defendant Vinokur pled guilty and was sentenced to 366 days imprisonment.³

THE APPROVED ASSET ALLOCATION PLAN

By order dated February 13, 2008, the court preliminarily approved the Asset Allocation Plan. You will have an opportunity to object to the preliminarily-approved Plan (the procedure is detailed below) prior to the Court making its final approval.

DEFINITIONS

The Plan divides Richmond Global clients into three categories: Foreign Exchange Clients, Real Estate Clients and Loan Clients:

- *Foreign Exchange Clients:* Foreign Exchange Clients are former clients who transferred funds to the Defendants, had trading accounts opened in their names, and whose funds were traded by an independent trader hired by the Defendants. All trades were processed through a third-party trading or clearing company selected by the Defendants. During our

² The defendants are jointly and severally liable: they are each liable for any damage they caused, notwithstanding the fact that another defendant may be liable for the same damage. However, only one recovery will be permitted, so the total maximum amount of restitution that can be recovered in the civil and criminal matters (the criminal matter is discussed below) is \$1,788,580.

³ Once the Defendants have completed their prison sentences, they are required to make monthly payments toward the full amount of their restitutionary obligations. The amount that the Defendants must pay each month is based upon their monthly income. There is no guarantee, however, that they will ever be in a position to repay the full amount or even a large percentage of the restitution owed. To the extent restitution payments are received, the Receiver will make subsequent distributions of such amounts in the most cost-effective manner possible.

investigation, more than 250 Foreign Exchange Clients were identified as having invested with the Richmond Global between the end of 2001 and February 15, 2005.

- *Real Estate Clients:* Real Estate Clients invested in Richmond Global's program to purchase real estate. We have identified a total of three Real Estate Clients, and these Clients collectively invested a net total of \$180,693 with Richmond Global.

- *Loan Clients:* Loan Clients are investors who remitted funds to Richmond Global for branch expansion and business operations. Unlike the Foreign Exchange and Real Estate Clients, who were to receive an undetermined return on their investments, the Loan Clients were to receive fixed quarterly interest payments of 15% per year with the loan principal to be fully repaid within two years. We have identified a total of 40 Loan Clients, and these Clients collectively invested more than \$550,000 with Richmond Global.

THE ASSET ALLOCATION PLAN

The amounts to which investors are entitled under the Plan are based upon their net deposits less withdrawals, and does not take into consideration trading "profits" or "losses"; this approach is consistent with relevant precedent in this circuit.

In determining the amount to which investors are entitled under the Plan, we have noted that there were several instances in which investors sought to withdraw money from Richmond Global just prior to Richmond Global being placed into receivership, but were unsuccessful in doing so (e.g., the requested amounts were withdrawn from investors' accounts, but corresponding checks were never issued, or, if corresponding checks were issued, they were never cashed).

Rather than treating these amounts, which we refer to as "Unpaid Withdrawals," as if they had, in fact, been technically withdrawn prior to the inception of the receivership, and rather than providing dollar-for-dollar reimbursement for such Unpaid Withdrawals, we, instead, treated them the same as other amounts remaining in investors' accounts. Hence, investors with Unpaid Withdrawals will be reimbursed for such amounts on a pro-rata basis. This approach is also consistent with relevant precedent in this circuit.

With respect to the types of clients that will be participating in the Plan, Foreign Exchange and Real Estate Clients will participate, but Loan Clients will not. The rationale for excluding Loan Clients from the Plan is that they did not invest in any of Richmond Global's retail products, but, instead, loaned money directly to Richmond Global at a fixed rate of return. Consequently, Loan Clients were more akin to co-venturers than investors.⁴

To summarize, Foreign Exchange and Real Estate Clients will be reimbursed on a pro-rata basis, investors with Unpaid Withdrawals will be reimbursed on a pro-rata basis for their Unpaid Withdrawals, and all of these investors will receive approximately 5.798% of their net

⁴ The court approved this treatment of Loan Clients in a November 21, 2005 Order, ruling that Loan Clients should not be included in the Plan.

investments (i.e., deposits less withdrawals, as per the figures set forth in Richmond Global's books and records).

The following table illustrates how the funds will be allocated:

Available Assets	\$115,000	
Total Available Assets	\$115,000	
Unpaid Withdrawals		\$13,836
Real Estate Clients		\$180,693
Foreign Exchange Clients		\$1,788,844
Total Amounts Owed To Investors		\$1,983,373

OBJECTIONS TO THE ALLOCATION PLAN

Any person, whether represented by counsel or not, who wishes to object to the Plan may do so by submitting his or her objection in writing, explaining the basis for the objection, with the written objection to be sent to both the court and the undersigned Receiver's counsel, Natalie A. Napierala, Esq., at the following addresses, postmarked no later than April 9, 2008:

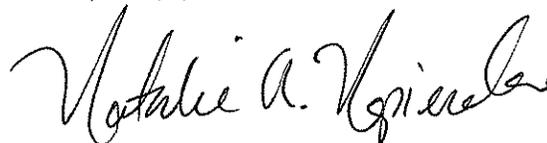
Honorable Shira Scheindlin
United States District Judge
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street, Room 1620
New York, NY 10007-1312

Natalie A. Napierala, Esq.
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Once the court has considered all timely objections, it will either issue a final approval of the Plan as it is set forth herein, or it will approve a modified version of the Plan.

Once final plan approval has been given, the approved plan will be posted on the CFTC's website, and the Receiver will begin distributing assets in accordance with such plan.

Very truly yours,



Natalie A. Napierala,
Counsel to John W. Moscow, Esq.,
Receiver for Richmond Global