

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**J. ROBERT DOBBINS, DOBBINS CAPITAL
CORP., DOBBINS OFFSHORE CAPITAL,
LLC, DOBBINS PARTNERS, L.P., and
DOBBINS OFFSHORE, LTD.,**

Defendants,

Tracey Dobbins,

Relief Defendant.

**Civil Action No.
3:04-CV-0605-D**

**SECURITIES AND EXCHANGE COMMISSION'S MOTION FOR AN ORDER
APPROVING THE FINAL ACCOUNTING, DISCHARGING THE DISTRIBUTION
AGENT, AND RELATED RELIEF**

The SEC respectfully requests that the Court enter an Order approving the final accounting attached to the Memorandum as Exhibit A; directing the SEC to remit all funds remaining in the Distribution Fund to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 [15 U.S. Code § 78u-6(g)(3)]; directing any funds returned to the Distribution Fund in the future transferred to the SEC for remission to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 [15 U.S. Code § 78u-6(g)(3)]; and discharging the Distribution Agent.

WHEREFORE, for all the reasons set forth in the Memorandum and exhibit thereto, the SEC respectfully requests that this Court enter the proposed Order and grant such other relief as it deems just and proper.

Dated: August 29, 2019

Respectfully submitted,

s/ Catherine E. Pappas
Catherine E. Pappas
PA Bar No. 56544
Securities and Exchange Commission
One Penn Center
1617 JFK Blvd., Ste. 520
Philadelphia, Pa. 19103
Tel: (215) 597-0657
Fax: (215) 597-2740
Email: pappasc@sec.gov

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Relief Defendant.

**Civil Action No.
3:04-CV-0605-D**

**PLAINTIFF’S MEMORANDUM IN SUPPORT OF ITS MOTION FOR AN ORDER
APPROVING THE FINAL ACCOUNTING, DISCHARGING THE DISTRIBUTION AGENT,
AND RELATED RELIEF, WITH ATTACHED FINAL ACCOUNTING**

Plaintiff Securities and Exchange Commission (“SEC”) respectfully submits this memorandum in support of its Motion for an Order Approving the Final Accounting, Discharging the Distribution Agent, and Related Relief (the “Motion”). This relief, if granted, will close the distribution in this matter.

I. BACKGROUND

A. The SEC Action

On March 23, 2004, the SEC filed its Complaint in this action against J. Robert Dobbins (“Dobbins”), Dobbins Capital Corp., Dobbins Offshore Capital, LLC, Dobbins Partners, L.P.,

and Dobbins Offshore, Ltd. (collectively, the “Defendants”), alleging that, from January 2000 through March 2004, Dobbins engaged in a scheme to defraud investors in two unregistered hedge funds: Dobbins Partners, L.P. and Dobbins Offshore, Ltd. (collectively, the “Dobbins Hedge Funds”). According to the Complaint, Dobbins, who managed the Dobbins Hedge Funds through two investment advisers, Dobbins Capital Corp. and Dobbins Offshore Capital, LLC (collectively, the “Investment Advisers”), raised over \$50 million from more than 50 investors through false statements arbitrarily overvaluing Dobbins Hedge Funds’ holdings, thereby inflating the Dobbins Hedge Funds’ performance. Using the inflated valuations, Dobbins caused the funds to pay management and incentive fees of over \$5.3 million to Dobbins and the Investment Advisers. The SEC charged the Defendants with violations of Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

On July 12, 2005, the Court entered a final judgment as to Dobbins (the “Final Judgment”) requiring, in relevant part, Dobbins to pay \$6,000,000 in disgorgement and prejudgment interest, and a civil penalty of \$150,000. (Dkt. No. 124). In the Final Judgment, the Court also appointed the Receiver to marshal, liquidate, distribute, and if appropriate, dissolve certain property (the “Receiver”). Also on July 12, 2005, the Court granted default judgment against Dobbins Partners, L.P., conveying that entity to the Receiver for purposes of liquidation, dissolution, and distribution. (Dkt. No. 123).

B. Prior Distributions and the Termination of the Receivership

By Order dated March 11, 2009, this Court approved the Receiver's distribution plan (the "Receiver's Plan"). (Dkt. No. 205). Over the course of the Receivership, the Receiver distributed approximately \$3.1 million to thirty-seven Aggrieved Parties as follows:

Amount	Date (approx.)
\$ 2,000,000.00	5/11/2009
\$ 800,000.00	8/4/2009
\$ 200,000.00	6/16/2010
\$ 135,000.00 ¹	10/1/2012

On October 10, 2012, the Receiver filed a Final Status Report, concluding that no other salvageable assets exist and that he had completed his duties under the Final Judgment. (Dkt. No. 224). On February 8, 2013, this Court entered an order discharging the Receiver. (Dkt. No. 228).

C. The SEC Distribution

In December 2016, upon learning of additional assets available to satisfy the Final Judgment, the SEC applied to this Court for an Order directing the turnover of the additional funds to the SEC pending the SEC's determination as to the feasibility of further distribution to the Aggrieved Parties. (Dkt. No. 230). On January 6, 2017, the Court granted the SEC's application and entered an Order directing that all future funds collected be sent to the SEC, to be held until further Order of this Court (the "January 6 Order"). (Dkt. No. 231). Pursuant to the

¹ Based on the Receiver's September 2009 correspondence to Aggrieved Parties accompanying the final distribution, it appears that he could not locate two of the Aggrieved Parties—AMAS Hedge Fund, Ltd. and Iscandar International, S.A.-- and only distributed to thirty-five Aggrieved Parties.

January 6 Order, the SEC collected approximately \$144,000, which it held at the U.S. Treasury in an interest bearing account (the “Distribution Fund”).

By Order dated January 9, 2018, this Court appointed the undersigned as Distribution Agent and approved the SEC’s proposed distribution plan (the “Plan”). (Dkt. No. 238). At the time, the Distribution Fund held just under \$150,000, comprised of collections and accrued interest. After offset of a reserve for administrative expenses, \$142,731.71 remained available for distribution (the “Net Distribution Fund”).

Pursuant to the Plan, beginning in February 2018, the Distribution Agent disbursed \$142,731.71 to twenty-nine Located Aggrieved Parties.² The Distribution Agent monitored the status of all payments issued, resulting in the distribution of all \$142,731.71 to the intended recipients.

II. THE DISTRIBUTION IS COMPLETE AND THE DISTRIBUTION FUND IS ELIGIBLE FOR TERMINATION

As further described on the Final Accounting, the Distribution Fund began with \$148,932.16 and earned \$833.77 in interest, for a final balance of \$149,765.93. *See* Exhibit A, p.

1. The Distribution Agent oversaw the distribution of \$142,731.71 to 29 Located Aggrieved Parties and the payment of \$5,578.59 in administrative fees and costs, and taxes. The Distribution Fund currently resides in an account at the U.S. Treasury and holds \$1,455.63.

Upon completion of the distribution, the Plan provides that the Distribution Agent shall file a final accounting with the Court and seek an Order directing the SEC to remit any residual to the U.S. Treasury, and discharging the Distribution Agent. (Dkt. No. 236.1, p. 8, ¶ 7). Insofar as the distribution is now complete, the SEC respectfully requests that the Court approve the final accounting included as Exhibit A to this memorandum; direct the SEC to transfer the

² Capitalized terms not otherwise defined herein are defined in the Plan.

remainder to the general fund of the U.S. Treasury subject to Section 21F(g)(3) of the Exchange Act;³ direct any funds returned to the Distribution Fund in the future to the SEC for remittance to the general fund of the U.S. Treasury subject to Section 21F(g)(3) of the Exchange Act; and discharge the Distribution Agent.

III. CONCLUSION

For the reasons set forth above, the SEC respectfully requests that the Court grant the requested relief.

Dated: August 29, 2019

Respectfully submitted,

s/ Catherine E. Pappas
Catherine E. Pappas
PA Bar No. 56544
Securities and Exchange Commission
One Penn Center
1617 JFK Blvd., Ste. 520
Philadelphia, Pa. 19103
Tel: (215) 597-0657
Fax: (215) 597-2740
Email: pappasc@sec.gov

Attachment: Exhibit A (final accounting)

³ Section 21F(g)(3) of the Exchange Act, 15 U.S.C. § 78u-6(g)(3), provides, in relevant part, that any monetary sanction of \$200 million or less collected by the SEC in any judicial action brought by the SEC under the securities laws that is not added to a disgorgement fund or fair fund or otherwise distributed to victims, plus investment income, shall be deposited or credited into the SEC Investor Protection Fund.

Exhibit A (Final Accounting)

Section Line

		CONSOLIDATED FINAL ACCOUNTING REPORT on the CASH BASIS for	
A	1	DISTRIBUTION FUND	SEC V DOBBINS FUND
	2	SEC Action Number	SEC-D-02563-B
	3	Case Number	3:04-cv-00605-D
		Period Covered in this Report:	
	4	From 6/15/2017	
	5	To 8/7/2019	
B		Increases in Fund Balance	
	1	Contributions/Deposits	\$ 148,932.16
	2	Investment/Interest Income	833.77
	3	Other - describe	-
		Subtotal Funds Received	<u>\$ 149,765.93</u>
C		Decreases in Fund Balance	
	1	Gross Distributions to Claimants/Investors	
		Less Returned & Cancelled Checks	
			<u>(142,731.71)</u>
		Distributions to Claimants/Investors, Net	(142,731.71)
		Payments to Other than Claimants/Investors:	
	2	Plan Administration Fees and Costs	-
	3	Tax Administrator Fees and Expenses	(5,576.41)
	4	Investment/Bank Fees	(2.18)
		Income Tax Payments, Net of Refunds	
	5	Federal	-
	6	District of Columbia/State	-
	7	Other - describe	-
		Subtotal Disbursements	<u>(5,578.59)</u>
D		Ending Balance	<u><u>\$ 1,455.63</u></u>

Section Line **SUMMARY OF DETAIL by ACCOUNTS by ACCOUNT MANAGERS for
CONSOLIDATED FINAL ACCOUNTING REPORT on the CASH BASIS for**
A 1 DISTRIBUTION FUND SEC V DOBBINS FUND
2 SEC Action Number SEC-D-02563-B
3 Case Number 3:04-cv-00605-D
Period Covered in this Report:
4 From 6/15/2017
5 To 8/7/2019

		<u>OFM</u>	<u>Total</u>
B	Increases in Fund Balance		
1	Contributions/Deposits	148,932.16	148,932.16
2	Investment/Interest Income	833.77	833.77
3	Other - describe	-	-
	Subtotal Funds Received	<u>149,765.93</u>	<u>149,765.93</u>
C	Decreases in Fund Balance		
1	Distributions to Claimants/Investors, Net	(142,731.71)	(142,731.71)
	Payments to Other than Claimants/Investors:		
2	Plan Administration Fees and Costs	-	-
3	Tax Administrator Fees and Expenses	(5,576.41)	(5,576.41)
4	Investment/Bank Fees	(2.18)	(2.18)
	Income Tax Payments, Net of Refunds		
5	Federal	-	-
6	District of Columbia/State	-	-
7	Other - describe	-	-
	Subtotal Disbursements	<u>(148,310.30)</u>	<u>(148,310.30)</u>
Trf	Transfers		
1	To Plan Administrator	-	-
2	From Plan Administrator	-	-
3	To Tax Administrator	-	-
4	From Tax Administrator	-	-
5	Between Accounts Held by Account Manager	-	-
6	To OFM	-	-
7	From OFM	-	-
	Subtotal Transfers	<u>-</u>	<u>-</u>
D	Ending Balance	<u><u>1,455.63</u></u>	<u><u>1,455.63</u></u>
E	Fund Information: Tranches from Inception See OFM's exhibit for detail information.		

Section Line OFFICE OF FINANCIAL MANAGEMENT DETAIL by ACCOUNT fo
 CONSOLIDATED FINAL ACCOUNTING REPORT on the CASH BASIS fo
A 1 DISTRIBUTION FUND SEC V DOBBINS FUND
 2 SEC Action Number SEC-D-02563-B
 3 AP File No. / Case Number 3:04-cv-00605-D
 Period Covered in this Report:
 4 From 6/15/2017
 5 To 8/7/2019

U.S. District Court For The Northern
 District of Texas

SEC v J. Robert Dobbins	SEC v J. Robert Dobbins
Office of Financial Mannagement "OFM"	Bureau Fiscal Services "BFS"
SEC-D-02563-B	50x65630177

		DESCRIPTION	DATE	AMOUNT	AMOUNT	TOTAL
B	1	<u>CONTRIBUTIONS/DEPOSITS</u>				
		Settlement	6/15/2017	143,254.81		143,254.81
		Settlement	12/29/2017	5,677.35		5,677.35
		Withdrawal	1/18/2018	(5,677.35)		(5,677.35)
		Re-deposit	1/24/2018	216.42		216.42
		Re-deposit	1/24/2018	5,460.93		5,460.93
		Total to Line B 1		148,932.16	-	148,932.16
B	2	<u>INVESTMENT/INTEREST EARNINGS</u>				
		Total Earnings Posted to Account Annual Total	2017		774.19	774.19
		Total Earnings Posted to Account Annual Total	2018		59.58	59.58
		Total to Line B 2		-	833.77	833.77
B	3	<u>OTHER INCREASES IN FUND BALANCE</u>				
		Total to Line B 3		-	-	-
C	1	<u>DISBURSEMENTS TO INVESTORS</u>				
		Disbursements to Investors, Net Paid by Year	2018	(131,166.37)		(131,166.37)
		Disbursements to Investors, Net Paid by Year	2019	(11,565.34)		(11,565.34)
		Total to Line C 1		(142,731.71)	-	(142,731.71)
C	2	<u>PLAN ADMINISTRATION FEES and COSTS</u>				
		Total to Line C 2		-	-	-

Section Line OFFICE OF FINANCIAL MANAGEMENT DETAIL by ACCOUNT fo
A 1 **DISTRIBUTION FUND** **SEC V DOBBINS FUND**
 2 **SEC Action Number** **SEC-D-02563-B**
 3 **AP File No. / Case Number** **3:04-cv-00605-D**
Period Covered in this Report:
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U.S. District Court For The Northern District of Texas	
SEC v J. Robert Dobbins	SEC v J. Robert Dobbins
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SEC-D-02563-B	50x65630177

DESCRIPTION	DATE	AMOUNT	AMOUNT	TOTAL
C 3 <u>TAX ADMINISTRATOR FEES & BONDS</u>				
Bonds:				
Total Bond Fees Paid		-	-	-
Tax Administrator Fees:				
Tax Administrator Fees	7/17/2018	(2,395.21)		(2,395.21)
Tax Administrator Fees	3/19/2019	(1,975.20)		(1,975.20)
Tax Administrator Fees	5/2/2019	(1,206.00)		(1,206.00)
Total Tax Administrator Fees Paid		(5,576.41)	-	(5,576.41)
Total to Line C 3		(5,576.41)	-	(5,576.41)
C 4 <u>INVESTMENT EXPENSES including</u> <u>BUREAU OF PUBLIC DEBT (BPD) FEES or</u> <u>COURT REGISTRY INVESTMENT SYSTEM (CRIS) FEES</u>				
Total BFS Fees Paid from Account Annual Total	2017	(2.02)		(2.02)
Total BFS Fees Paid from Account Annual Total	2018	(0.16)		(0.16)
Total to Line C 4		(2.18)	-	(2.18)
C 5 <u>FEDERAL TAX (PAYMENTS) / REFUNDS</u>				
Total to Line C 5		-	-	-
C 6 <u>DISTRICT OF COLUMBIA (DC) & STATE TAX PAYMENTS</u>				
Total to Line C 6		-	-	-
C 7 <u>OTHER DECREASES IN FUND BALANCE</u>				
Total to Line C 7		-	-	-

Section Line **OFFICE OF FINANCIAL MANAGEMENT DETAIL by ACCOUNT fo**
CONSOLIDATED FINAL ACCOUNTING REPORT on the CASH BASIS fo
A 1 **DISTRIBUTION FUND** **SEC V DOBBINS FUND**
 2 **SEC Action Number** **SEC-D-02563-B**
 3 **AP File No. / Case Number** **3:04-cv-00605-D**
Period Covered in this Report:
 4 **From** **6/15/2017**
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U.S. District Court For The Northern District of Texas	
SEC v J. Robert Dobbins	SEC v J. Robert Dobbins
Office of Financial Mannagement "OFM"	Bureau Fiscal Services "BFS"
SEC-D-02563-B	50x65630177

DESCRIPTION	DATE	AMOUNT	AMOUNT	TOTAL	
TRF					
<u>TRANSFERS BETWEEN ACCOUNTS</u>					
1	To Plan Administrator:			-	
	Total Transfers to Plan Administrator	-	-	-	
2	From Plan Administrator:			-	
	Total Transfers from Plan Administrator	-	-	-	
3	To Tax Administrator:			-	
	Total Transfers to Tax Administrator	-	-	-	
4	From Tax Administrator:			-	
	Total Transfers from Tax Administrator	-	-	-	
5	Between Accounts Held by this Account Manager:				
	Transfer to BFS Account	6/21/2017	(143,025.60)	143,025.60	-
	Transfer to OFM Account	1/10/2018	143,859.37	(143,859.37)	-
	Total Transfers Between Accounts Herein		833.77	(833.77)	-
	Total Transfers, Net		833.77	(833.77)	-

Section Line OFFICE OF FINANCIAL MANAGEMENT DETAIL by ACCOUNT fo
 CONSOLIDATED FINAL ACCOUNTING REPORT on the CASH BASIS fo
 A 1 DISTRIBUTION FUND SEC V DOBBINS FUND
 2 SEC Action Number SEC-D-02563-B
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SEC-D-02563-B	50x65630177

DESCRIPTION	DATE	AMOUNT	AMOUNT	TOTAL
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SUM SUMMARY and RECONCILIATION to ENDING ACCOUNT BALANCES

Total Increases	Section B	148,932.16	833.77	149,765.93
Less: Total Decreases	Section C	(148,310.30)	-	(148,310.30)
Total Transfers Between Accounts	TRF	833.77	(833.77)	-
Ending Balance		1,455.63	0.00	1,455.63

E Fund Information: Tranches from Inception

<u>Distributions</u>				
# Issued	Date	Gross Payments	Returned/Cancelled	Net Distributed
14	3/2/2018	(80,050.66)		(80,050.66)
10	3/12/2018	(55,004.50)	11,565.34	(43,439.16)
3	4/20/2018	(3,996.67)		(3,996.67)
1	5/21/2018	(525.70)		(525.70)
1	7/18/2018	(3,154.18)		(3,154.18)
1 reissue	2/28/2019	(11,565.34)		(11,565.34)
	Total	(154,297.05)	11,565.34	(142,731.71)

H Prepared by:

1	Office of Financial Management, Enforcement Treasury Operations Branch (entity name)	
2	Lewis, Warren <small>Digitally signed by Lewis, Warren Date: 2019.08.08 11:06:51 -04'00'</small> (signature)	Warren A. Lewis (printed name)
3	Acting Chief, Enforcement Treasury Operations Branch (title)	August 8, 2019 (date)