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5 Special Master

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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

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UNITED STATES OF AMERICA,

Case No. CR 09-0998-SI

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Plaintiff,

**SPECIAL MASTER’S SUPPLEMENTAL
REPORT AND PROPOSED
DISTRIBUTION**

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v.

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ROBERTO HECKSCHER,

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Defendant.

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1 Special Master Martin H. Dodd submits this Supplemental Report and Proposed
2 Distribution of Defendant Roberto Heckscher's assets.

3 **I.**

4 **SUPPLEMENTAL REPORT AND MODIFIED DISTRIBUTION METHODOLOGY**

5 On July 22, 2011, the Special Master filed his Report and Proposed Distribution
6 Methodology. Following a hearing, this Court approved the proposed methodology. Among
7 other things, in the Report, the Special Master described a term life insurance policy which
8 Mr. Heckscher had purchased, and which named about a dozen of his victims as beneficiaries.
9 The Special Master proposed that he contact the beneficiaries and offer them the opportunity to
10 participate in his proposed distribution if they assigned whatever rights they had under the policy
11 to the Government for the benefit of all investors. Alternatively, the beneficiaries could forego
12 participation in the distribution and retain whatever rights they had in the policy. The Special
13 Master contacted the beneficiaries. Certain of them chose to participate in the distribution;
14 certain others chose not to participate.

15 Thereafter, the Special Master learned additional information about the insurance policy.
16 In or around May 2010, Heckscher transferred ownership of the policy to Mark Wachter, a
17 victim who has expressed no interest in participating in the Special Master's distribution. Mr.
18 Wachter has paid the full premiums on the policy (more than \$16,000 per annum currently) and
19 has not changed the beneficiaries. Because Mr. Wachter is now the record owner of the policy,
20 he has the right to change the beneficiaries and/or reduce the face amount of the policy to reduce
21 the premiums. Mr. Wachter is understandably unwilling to continue to bear the full cost of the
22 premiums and has expressed the view that, if others do not contribute to the cost, he will reduce
23 the face amount of the policy to cover only his investment loss, and thereby reduce his
24 premiums, and at the same time eliminate the other beneficiaries on the policy.

25 Mr. Wachter and the Special Master stipulated for an order entered by this Court on
26 December 20, 2011 which maintains the status quo regarding the life insurance policy through at
27 least February 15, 2012. The Special Master intends to propose a plan to permit beneficiaries
28 generally to contribute to the cost of the premiums in return for the right to receive benefits

1 under the policy. That plan is currently being developed in conjunction with Mr. Wachter and
 2 counsel for the parties and should be submitted shortly. In the interim, however, the Special
 3 Master has reconsidered his approach to the named beneficiaries. Because it is now possible that
 4 the named beneficiaries will be removed from the policy, the Special Master believes that all
 5 otherwise eligible beneficiaries¹ who submitted claim information to him should be permitted to
 6 participate in the proposed distribution even if they opted out under the original proposed
 7 methodology. The possibility of future benefits under the policy seems sufficiently remote under
 8 the circumstances that the Special Master no longer believes that it is equitable to exclude
 9 otherwise eligible beneficiaries from participation in the distribution. The Proposed Distribution
 10 submitted herewith includes all such beneficiaries as recipients of a distribution.

11 II.

12 PROPOSED DISTRIBUTION

13 The Special Master has available just under \$465,000 to distribute. Consistent with the
 14 proposed distribution authorized by this Court, the Special Master divided the investors into
 15 seven classes based on the information they presented and their respective matrix scores. The
 16 number of investors in each class and the amounts available for distribution for each class are set
 17 forth in Table 1 below.

18 **TABLE 1**

19 Class	20 Matrix Scores in Class	21 No. of Investors in Class	22 Percentage of Distributable Dollars by Class	23 Amount of Distributable Dollars by Class
24 1	25 0	26 20	27 7%	28 32,511
2	1-4	24	8%	37,144
3	5-9	17	9%	41,824
4	10-14	38	14%	65,062
5	15-19	22	17%	79,047

¹ Only beneficiaries who submitted information to the Special Master for the purpose of participating are considered potentially eligible.

Class	Matrix Scores in Class	No. of Investors in Class	Percentage of Distributable Dollars by Class	Amount of Distributable Dollars by Class
6	20-25	21	20%	92,505
7	26-30	17	25%	116,217
Total			100%	\$ 464,310²

The Special Master then followed the approved methodology to calculate the amounts to be distributed to each investor. In summary that methodology involved distributing 75% of the funds available to each class in an effort to equalize the percentage of recovery across investors to the extent possible, after taking into consideration repayments made by Heckscher, and then distributing the remaining 25% pro rata based on each investor's loss. The results of those calculations and the amounts to be distributed are set forth in bold on the attached spreadsheet. To protect financial privacy, the investor names have been redacted. Each investor has received information indicating their number on the spreadsheet and the proposed distribution amount. The spreadsheet and a copy of this Supplemental Report have been posted on the Special Master's website. A complete spreadsheet with investor names included either has been or shortly will be filed under seal with the Court.

The Receiver will work with the U. S. Attorney's office to effectuate the actual distribution after the period for challenge to the proposed distribution has elapsed.

Dated: January 6, 2012

Respectfully submitted,

By: /s/ Martin H. Dodd
 Martin H. Dodd
 Special Master

² Because of rounding, the total amount actually to be distributed varies somewhat from the total. Depending upon the amounts remaining, following the initial distribution, the Special Master may make another, very small distribution to close out the account.