

IN THE CIRCUIT COURT OF THE 11<sup>TH</sup>  
JUDICIAL CIRCUIT IN AND FOR  
MIAMI-DADE COUNTY, FLORIDA

CIVIL DIVISION

CASE NO.: 13-18620 CA 13

CHIRAG AMIN,

Plaintiff,

vs.

GIGNESH MOVALIA and  
OM GLOBAL INVESTMENT FUND LLC,

Defendants.

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**NOTICE OF FILING EIGHTH  
REPORT OF CORPORATE MONITOR**

James D. Sallah, not individually but solely in his capacity as the court-appointed Corporate Monitor (the "Corporate Monitor") for Defendant OM Global Investment Fund LLC and OM Global LP, hereby files his Eighth Report of Corporate Monitor.

Dated: January 29, 2015.

Respectfully submitted,

**PAYTON & ASSOCIATES, LLC**  
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And

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via electronic mail on this 29<sup>th</sup> day of January, 2015, upon Chirag Amin, Gignesh Movalia, and Gary Klein, Esq., The Klein Law Group, 7832 Red Mahogany Road, Boynton Beach, Florida 33437.

s:/ Patrick J. Rengstl, Esq.  
Patrick J. Rengstl

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**EIGHTH REPORT OF CORPORATE MONITOR JAMES D. SALLAH**

Pursuant to Paragraph Nos. 45 and 46 of Section XVII of the Agreed Order Granting Plaintiff's Unopposed Motion for Appointment of Corporate Monitor dated May 29, 2013 and the Agreed Order Granting the Corporate Monitor's Emergency Motion to Expand Corporate Monitorship over OM Global LP dated August 17, 2013, James D. Sallah, not individually but solely in his capacity as the Court-appointed corporate monitor (the "Corporate Monitor") for OM Global Investment Fund LLC and OM Global LP (collectively, "OM Global"), submits the following Eighth Report. The purpose of this Report is to advise the Court and other interested parties as to the actions that I have taken since my Seventh Report dated October 31, 2014.

**I. Second Distribution**

As stated previously, I completed my first distribution to allowed claimants last year. The rate of return for the first distribution for allowed claimants of OM Global Investment Fund LLC was approximately 14%, and the rate of return for allowed claimants of OM Global LP was approximately 35%.

I am currently taking the necessary steps to make a second distribution. For example, I am currently working on, among other things, related to the second distribution: (1) finalizing my Motion for Second Distribution, including updated claimant matrices of “allowed claims,” “disallowed claims,” and “late claims”<sup>1</sup>; (2) opening a second distribution account; and (3) finalizing the investor letters which need to accompany my Motion for Second Distribution.

The total amount of the second distribution will likely be \$1 million. I intend to file my Motion for Second Distribution in February 2015. Once the Court grants the Motion, I will begin the process of issuing and mailing to investors with “allowed claims” second distribution checks with an explanatory cover letter. That process will likely take a couple of weeks from the time that the Court grants my Motion for Second Distribution. As always, I will communicate any updates to investors on the OM Global website ([www.om-monitor.com](http://www.om-monitor.com)).

## **II. Lawsuits**

As stated previously, one of my duties as Corporate Monitor is to file claims against individuals who profited from the OM Global hedge fund or received improper transfers from the fund, so more funds are available to help repay investors who were not as fortunate as those who received transfers. In fact, Movalia returned nearly \$7 million in redemptions to many very fortunate investors. These very fortunate investors should not have received the amount of return they received because, as of the month of the redemptions, the commingled fund had suffered severe losses. Many of the returns ranged from 80%-100% of the principal investment, and at least one return was actually more than the principal investment.

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<sup>1</sup> As stated previously, I have received a few “late claims.” The Court previously authorized me to determine late claims on a case-by-case basis. I will be providing my recommendation as to each late claim when I file my Motion for Second Distribution.

The investors who received redemptions were very fortunate because they received most or all of their investment back, whereas the majority of investors did not receive any redemption at all. Therefore, it is only fair that certain investors who received redemptions return a portion of their redemption so that less fortunate investors who previously received nothing may be able to receive a larger return from me. Therefore, I initially filed six lawsuits against investors who received redemptions of approximately \$100,000, at a minimum.<sup>2</sup>

As stated in my last Report (the Seventh Report), I have settled many of the initial investor lawsuits. For the next several months, this proceeding will be primarily focused on litigating and/or settling the remaining lawsuits, analyzing potential new lawsuits against targets, and filing potential new lawsuits. All recoveries will increase the amount of future distributions. The previously-filed lawsuits are described below.

***A. James D. Sallah, Corporate Monitor v. Ajay Mehta, Case No. 2013-034295***

The basis for this investor lawsuit was discussed in my Seventh Report. I settled this matter for \$62,500, have received the settlement funds, and therefore have dismissed the case. Because Ajay Mehta received a pure profit from OM Global (*i.e.*, an amount beyond his principal investment amount), I moved for approval of the settlement agreement before the Court, which the Court approved.

***B. James D. Sallah, Corporate Monitor v. Fahrenheit Venture Fund LLC, Case No. 2014-12000***

As stated in my Seventh Report, I settled this matter, have received the settlement funds and therefore have dismissed the case. Because the case involved reimbursement of an amount less than Fahrenheit Venture Fund LLC's principal investment amount, I did not need to file a

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<sup>2</sup> To maximize recoveries for investors, I am currently evaluating new demands and lawsuits against investors who received redemptions less than \$100,000.

formal motion for approval of the settlement agreement. I will report the settlement amount in a future report after the other cases are resolved. The basis for this investor lawsuit was discussed in my Seventh Report.

***C. James D. Sallah, Corporate Monitor v. Paresh Patel, Case No. 2014-12946***

Likewise, I settled this matter, have received the settlement funds and therefore have dismissed the case. Because the case involved reimbursement of an amount less than Paresh Patel's principal investment amount, I did not need to file a formal motion for approval of the settlement agreement. I will report the settlement amount in a future report after the other cases are resolved. Again, the basis for this investor lawsuit was discussed in my Seventh Report.

***D. James D. Sallah, Corporate Monitor v. Jagdish Gandhi, Case No. 2014-12965***

Similarly, I settled this matter, have received the settlement funds and therefore have dismissed the case. Because the case involved reimbursement of an amount less than Jagdish Gandhi's principal investment amount, I did not need to file a formal motion for approval of the settlement agreement. I will report the settlement amount in a future report after the other cases are resolved. The basis for this investor lawsuit was discussed in my Seventh Report.

***E. James D. Sallah, Corporate Monitor v. Ankur Patel, Case No. 2014-12970***

I settled this matter, have received the settlement funds and therefore have dismissed the case. Because the case involved reimbursement of an amount less than Ankur Patel's principal investment amount, I did not need to file a formal motion for approval of the settlement agreement. I will report the settlement amount in a future report after the other cases are resolved. The basis for this investor lawsuit was discussed in my Seventh Report.

***F. James D. Sallah, Corporate Monitor v. Umad Ahmad, Case No. 2014-12975***

I sued investor Umad Ahmad ("Ahmad") in Miami-Dade Circuit Court for fraudulent transfer, conversion, and unjust enrichment. Ahmad invested \$135,000 in OM Global and received

a redemption of \$132,300. Ahmad knew or should have known that Movalia was running a Ponzi scheme or, at a minimum, had doubts about the ways in which Movalia was conducting the fund. For example, Ahmad knew or should have known his redemption was improper. Ahmad's redemption price was \$30.87 per FB share. However, he received his redemption on March 21, 2013. The high for FB that day was \$26.11 (which is obviously less than the \$30.87 he received). Therefore, Ahmad knew or should have known his redemption was improper.

The Honorable Jorge Cueto was assigned the case. However, I moved to transfer the case to the Judge presiding over the Monitor Action, to which Ahmad agreed. I also provided several extensions to respond to the complaint, so the parties could discuss a potential resolution. However, the parties were unsuccessful with preliminary settlement talks.

Ahmad has moved to dismiss the case on the bases that jurisdiction exists in Texas (not Florida) and on the merits of the three claims for fraudulent transfer, unjust enrichment and conversion. I will be responding, and a hearing will be scheduled.

***G. James D. Sallah, Corporate Monitor v. Chhatrala Group LLC and Columbia Downtown LLC, Case No. 2013-032157***

As stated previously, I had been negotiating a settlement with loan payors Chhatrala Group LLC and related entity Columbia Downtown LLC (collectively, "Chhatrala"). The settlement discussions arose from a \$930,000 outstanding loan. I previously served a final demand letter on Chhatrala. However, Chhatrala ignored my demand, so I filed a lawsuit against it in Miami-Dade Circuit Court. Chhatrala failed to respond to the complaint by the deadline, so I moved for a default and final default judgment. On December 18, 2013, the Court issued a Default and Final Default Judgment against Chhatrala for \$992,087.90.

As of February 2014, Chhatrala had agreed in principle to all material terms of a settlement, and I provided a settlement agreement for signature. I patiently waited for a counter-signature.

However, Chhatrala ultimately never signed the settlement agreement. Therefore, I retained California counsel to take the necessary actions to collect the Judgment against Chhatrala (which is based in California). My California counsel domesticated the Florida Judgment in California, after which Chhatrala had 30 days to respond.

In response, Chhatrala retained its own California counsel and moved to vacate the Judgment in California State Court on the basis that service of process was defective by the process server in the Florida action. I, through California counsel, responded that service was, indeed, proper. The parties signed a stipulation that the California ruling would be binding on the service issue in Florida. A hearing occurred on September 12, 2014 in California. However, the California Court granted Chhatrala's Motion to Vacate, after which, and pursuant to the stipulation, I submitted an Order for the Florida Court to vacate the Default and Final Default Judgment against Chhatrala. The Court issued the Order, and the Florida action re-started.

I recently obtained service of process on Chhatrala. In response, Chhatrala recently moved to dismiss the case on the bases of lack of personal jurisdiction, forum non conveniens, failure to join an indispensable party, and lack of authority to sign the promissory note. I will be responding, and a hearing will be scheduled.

***H. James D. Sallah, Corporate Monitor v. Hemal Dubal, Case No. 2014-22899-CA-01***

On or about September 4, 2014, I sued Hemal Dubal ("Dubal") for breach of her promissory note for monies borrowed from OM Global Investment Fund LLC. Specifically, Dubal signed at least one promissory note or "loan" with OM Global Investment Fund LLC, and, at present, one such "loan" is outstanding. The monies that Dubal received from OM Global Investment Fund LLC were derived from investor funds and must be returned to OM Global Investment Fund LLC's investors. The outstanding promissory note is dated May 1, 2012, with a loan amount of \$331,474.88 from OM Global Investment Fund LLC to Dubal (the "Note"). To



date, Dubal has paid only \$57,677.34 in outstanding interest payments, leaving an outstanding balance at the date of filing of approximately \$316,835.77, inclusive of interest. The Note requires that Dubal make sixty (60) monthly payments of \$6,408.34. Dubal made several payments on the Note, but has not made a payment since February 28, 2013.

Dubal filed her Motion to Dismiss for Improper Venue, or Alternatively, Motion to Transfer Action for Convenience. I agreed to have the lawsuit transferred to Hillsborough County. Discovery will now commence.

### **III. Preservation of Assets**

#### ***A. Open Accounts and Positions***

As stated in prior Reports, all trading had ceased before my appointment. Therefore, there were no open trading positions to liquidate.

#### ***B. Bank and Brokerage Accounts***

As of this Report, there is over \$1.4 million remaining in the OM Global Investment Fund LLC account. I will continue to attempt to increase this amount with my continued litigation efforts against the above targets and other potential targets I am evaluating suing in the future.

Regarding the OM Global LP account, there is now a zero balance after making the corrected first distribution of \$60,875.80. There may be additional deposits into that account based on ongoing litigation efforts against at least one target previously discussed in prior Reports (*i.e.*, ZetrOz).

#### ***C. Unpaid Loans***

As stated in prior Reports, OM Global extended loans to various individuals and companies totaling approximately \$3.2 million. As discussed in prior Reports, I have recovered a portion of those loans in settlements, payoffs, and/or interest payments. As stated above, I am continuing my litigation efforts against Chhatrala and Dubal for the unpaid loans.

***D. Personal Items***

I am continuing to investigate what personal assets may be subject to this proceeding.

**IV. Forensic Accounting and Discovery**

I previously retained Kapila & Company (“Kapila”),<sup>3</sup> which has continued to forensically analyze OM Global’s financial records.

***A. Cash Reconstruction***

Kapila completed a preliminary reconstruction of the cash inflows and outflows using the available banking and investment account records of OM Global and the claim forms filed by the investors (the “Cash Reconstruction”). My attorneys used the Cash Reconstruction when analyzing all of the claim forms to confirm the claim amount for each investor or creditor for purposes of the first distribution and the upcoming second distribution.

***B. Tax Returns***

The last federal income tax return filed by OM Global was for tax year 2010. No tax returns were filed for tax years 2011, 2012, or 2013. Kapila utilized the investor database that includes the personal identification information from the investors and the information regarding the date and amount of the investments made and any redemptions to complete the investors’ final Form K-1’s for the respective years of the hedge fund. K-1’s were mailed to investors with a cover letter. Kapila also completed preparation of the Federal Income Tax Returns for tax years 2011, 2012, and 2013. Kapila will be preparing amended Federal Income Tax Returns for those years and a Federal Income Tax Return for tax year 2014.

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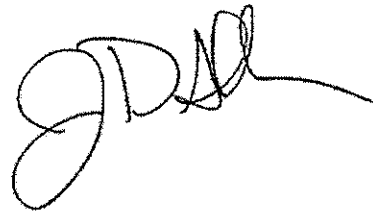
<sup>3</sup> Kapila is now KapilaMukamal.

**V. Communication with Investors and Website**

I continue to update the OM Global website ([www.om-monitor.com](http://www.om-monitor.com)) with key updates and filings.

**VI. Conclusion**

My investigation will be ongoing. I will continue to investigate and litigate claims against third parties. I will continue to prepare for and will make shortly a second distribution to repay investors. Therefore, I will supplement this Eighth Report with my Ninth Report approximately ninety (90) days from today.

A handwritten signature in black ink, appearing to read 'JD Sallah', with a long horizontal line extending to the right.

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James D. Sallah,  
Corporate Monitor

Dated: January 29, 2015