BROWN FOX

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December 29, 2025

Re: *Securities and Exchange Commission v. W. Neil "Doc" Gallagher, W. Neil Gallagher, Ph.D. Agency, Inc.; and Gallagher Financial Group, Inc.* ("Gallagher"), Cause No. 3:19-CV-0575-C; pending in the United States District Court for the Northern District of Texas, Dallas Division ("Receivership Court")

Dear Investor(s),

I write to provide you with a receivership update and to request certain information from some of you regarding the fourth (and final) distribution payment related to the Gallagher receivership.

Fourth (and Final) Distribution Payment Related to the Gallagher Receivership

Because of the State's forfeiture proceedings and the Receiver's successful litigation against Debbie Carter (please see below for details), the Gallagher receivership received an additional influx of funds. The total recorded amount now available to be distributed to investors is at least $2,365,666.15 (or 10% of the total approved claims of $23,656,661.50). The bulk of these funds is comprised of $236,646.62 from the Comanche County Forfeiture Proceeding and Tarrant County Forfeiture Proceeding, and the $2,013,550.65 released from the Receivership Court's registry on December 26, 2025.

With these funds now in hand, I plan to make one final distribution payment in the near future. My best estimate as of today is that this distribution payment will represent approximately 10% of each investor's approved claim amount. This amount, coupled with the 28% of each investor's approved claims already distributed, will bring total payouts to investors of 38% cumulatively. As mentioned in prior letters and status reports, while a 38% recovery returned to investors exceeds the 1-2% potential recovery estimated at the beginning of the Receivership in March 2019, I know that this amount continues to pale in comparison to the losses of your actual investments. **I plan to make this final distribution on or before January 30, 2025.**

Please contact my office through the email address or phone number provided below ASAP, but no later than January 8, 2025, <u>only</u> if either or both of the following apply to you: (1) your mailing address has changed; or (2) if you have received this letter on behalf of a claimant who is now deceased, and for whom the check cannot be addressed in the same manner as before. If the latter applies to you, my office will likely need letters testamentary and/or other satisfactory probate documents before re-issuing any checks.

Please email GallagherFinancial.receivership@brownfoxlaw.com or call 469.893.9960 with this updated contact or check-recipient information, if either or both apply to you, by January 8, 2025.

Important Updates Regarding Debbie Carter

Please see below for more information on how the Gallagher receivership acquired the above-described assets in connection with Debbie Carter.

Criminal Conviction, Sentencing, and Imprisonment. As disclosed in my 23rd Quarterly Report [Dkt. 339], in July 2024, a Tarrant County jury convicted Carter of money laundering and the Court sentenced Carter to life in prison. As disclosed in my 26th Quarterly Report [Dkt. 355], although Carter had appealed her criminal sentence, the Fort Worth Court of Appeals affirmed the jury's verdict and the trial court's judgment in July 2025. Carter filed a petition for discretionary review with the Texas Court of Criminal Appeals, which denied the Petition in September 2025. The Court of Appeals' mandate issued in October 2025. In other words, Carter's criminal conviction and life sentence are now final and non-appealable.

Comanche County Forfeiture Proceeding. As disclosed in my 24th Quarterly Report [Dkt. 345], in December 2024, the Comanche County District Court held trial on the Comanche County District Attorney's Office application for forfeiture of gold and silver bars seized during the March 2021 execution of a search warrant on a property possessed by Carter in Comanche County, Texas. At the conclusion of the trial, the Comanche County District Court awarded the seized gold and silver to the Receiver. In December 2024, the Receiver notified the Receivership Court of his intent to liquidate the gold and silver. The Receiver sold the gold and silver to Dillon Gage, one of the largest precious metal traders in the United States, which paid the Receiver a total of $222,444.72 for the metals. The Comanche County Forfeiture Proceeding has been resolved and is now closed.

Tarrant County Forfeiture Proceeding. As disclosed in my 26th Quarterly Report, the Receiver received $14,201.90 in funds from the Tarrant County District Court in relation to a second, smaller forfeiture proceeding commenced by the Tarrant County District Attorneys' office during the second quarter of this year. Carter had withdrawn her claim to those funds. The Tarrant County Forfeiture Proceeding has been resolved and is now closed.

Contempt Proceeding. You may recall that in September 2021, I filed in the Receivership Court a *Motion for "Show Cause" Hearing to Hold Non-Party Debra Carter in Civil Contempt and for Sanctions, or in the Alternative, Motion to Set Aside Settlement Agreement and Mutual Release, Motion for Disgorgement, and Brief in Support* ("Show Cause Motion") [Dkt. 240]. I filed the Show Cause Motion because I had learned that Carter held more than $1 million in equity in certain owner-financed property interests purchased, at least in large part, with Gallagher funds, Carter refused to turn over documents and information regarding those properties and her assets, and Carter had previously failed to transfer certain properties to me as provided in a settlement agreement. As a result of the Show Cause Motion, Carter sold the two identified properties and the parties agreed to interplead the proceeds of those sales into the Receivership Court's registry. Carter's interpleaded funds totaled $1,834,255.47, plus all accrued interest ("Registry Funds"). Because of the TSA Case Final Judgment (more information below), on November 18, 2025 [Dkt.

360], the Receivership Court dismissed as moot without prejudice the Show-Cause Motion and ordered that the Clerk of Court release on December 19, 2025 the Registry Funds, including all accrued interest, to me on behalf of the Gallagher receivership. The Court's order releasing the Registry Funds to me is now final and non-appealable, and I received the Registry Funds from the Court today.

TSA Case Final Judgment. As disclosed in my 26th Quarterly Report, in October 2025, the U.S. District Court for the Northern District of Texas entered summary judgment in the amount of $11,535,127.25 against Debbie Carter in a separate lawsuit that I, on behalf of the Investors who assigned their claims to me, filed in 2022 against Carter for aiding and abetting under the Texas Securities Act, among other claims ("TSA Case").[1] Although the TSA Case final judgment was entered in that amount, I do not believe that Carter has assets totaling that amount. However, the Court's entry of the TSA Case Final Judgment was a basis for the Receivership Court to release the Registry Funds described above to me. The TSA Case Final Judgment is final and non-appealable.

Future of the Gallagher Receivership

After the fourth (and final) distribution is made to the Investors on or before January 31, 2025, my final acts under the Receivership Court's order appointing me as the Receiver are to take all appropriate steps to wind up and close the Gallagher receivership. I will have more information on these final actions when I send you a letter next month announcing that the final distribution is on the way to you. In the meantime, please continue to monitor the Receivership website (https://gallagherfg.com) and reach out to me with any questions.

Sincerely,

Cort Thomas, Receiver

[1] The TSA Case is *Cort Thomas, as Assignee v. Debbie Carter*; Civil Action No. 3:22-cv-00423-S; in the United States District Court for the Northern District of Texas, Dallas Division.