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

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
v.	§	**Case No. 3:19-cv-575-K**
W. NEIL "DOC" GALLAGHER, GALLAGHER FINANCIAL GROUP, INC., and W. NEIL GALLAGHER, Ph.D. AGENCY, INC.	§	
	§	
Defendants.	§	

RECEIVER'S UNOPPOSED APPLICATION
FOR FINAL DISTRIBUTION TO INVESTORS

Cortney C. Thomas, as the court-appointed Receiver in the above-referenced case, submits the following Application for Final Distribution to Investors (the "Application") and would respectfully show as follows:

After years of forced delay, the Gallagher Receivership is finally drawing near a close. The Receiver has finally obtained the registry funds related to the Debbie Carter litigation (discussed below and in the Receiver's Quarterly Status Reports), and the Receiver does not anticipate additional, substantial sums coming into the Receivership Estate. In order to wind-up the Receivership, the Receiver will need to distribute the remaining funds in the Receivership bank accounts, allow sufficient time for the all (or at the very least the substantial majority) of investor distributions to be deposited, shred or otherwise dispose of the remaining Receivership Entity records, file final tax returns with the IRS, and file a final report and accounting with the Court. In order to accomplish these tasks most expediently, the Receiver proposes holding back funds for the remaining anticipated expenses of the Receivership (including attorneys' fees and other professional fees), while simultaneously granting him permission to make the final distribution on or before January 30. The Receiver has been aggressive with his future fee estimates in order to ensure a $0 balance at wind-up and to avoid a situation where a fifth, *de minimis* distribution must be made (and deposited) before the Receivership is closed. In short, the Receiver is confident that withholding anticipated fees and expenses and making a final distribution before the end of the month (or as soon as practicable after the Court rules on this Application) will most efficiently and expeditiously draw the Gallagher Receivership closer to its end.

A. <u>History of Distributions</u>

On May 22, 2019, the Court entered its Claims Order [Dkt. 44], which established the claims process in this case. In accordance with the Order, on June 22, 2020, the Court entered its Final Claims Order [Dkt. 176], which sets the approved claim amount for every claim served in the Gallagher Receivership. The Final Claims Order became final and non-appealable on August 21, 2020. No notice of appeal was ever filed on the Final Claims Order.

On July 1, 2020, the Receiver filed his Application for Interim Distribution to Investors [Dkt. 177], seeking to issue initial distribution checks to approved claimants ("Investors") and acquire authorization for future interim distributions. The Court granted that application [Dkt. 178], authorizing the Receiver to make the first and future interim *pro rata* distribution to Investors.

During the Third Quarter of 2020 and First Quarter of 2021, the Receiver issued ***initial interim*** distribution checks which totaled $1,655,966.32.[1] As of filing this Application,

[1] On February 22, 2021, the Court entered an Order [Dkt. 230] granting the Receiver's Unopposed Motion to Amend Final Claims Order to include two additional Investors in the claims process.

$1,655,668.19 of the initial interim distribution checks had been deposited and $298.13 had been issued but not yet deposited by Investors. *See* Dkt. 355 at 8.

During the First Quarter of 2021, the Receiver issued ***second interim*** distribution checks which also totaled $1,655,966.32. As of filing this Application, $1,655,589.69 of the second interim distribution checks had been deposited and $376.63 had been issued but not yet deposited by Investors. *See id.*

During the Fourth Quarter of 2022, the Receiver issued ***third interim*** distribution checks which total $3,311,932.64. As of filing this Application, $3,292,118.78 of the third interim distribution checks had been deposited and $19,813.86 had been issued but not yet deposited by Investors. *See id.*

Collectively, as of the date of this report, interim distribution checks which total $6,623,865.28 have been distributed to the Investors. As of filing this Application, $6,603,376.66 of the interim distribution checks had been deposited and $20,488.62 had been issued but not yet deposited by Investors (the "Undeposited Distributions"). *See id.*

B. <u>The Carter Related Funds</u>

The Receiver is now prepared to make a fourth (and final) distribution to investors. While Debbie Carter's criminal trial unfortunately took several years to complete, the Receiver has now finally obtained the Carter-related registry funds, which are the last (and substantial majority) of funds sought from Ms. Carter (collectively, the "Carter Related Funds"). The Carter Related Funds were secured after and in connection with a host of Debbie Carter-related litigation, including: (1) Carter's criminal conviction by a Tarrant County jury for money laundering in 2024 [*see* Dkt. 355 at 4–5], (2) the Receiver's efforts in forfeiture proceedings in both Comanche County and Tarrant County [*see* Dkt. 345 at 5; Dkt. 355 at 5], (3) the Receiver's 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 [Dkt. 240], and (4) the Final Judgment entered against Carter as a result of the Receiver's separate lawsuit, on behalf of the Investors, against Carter for aiding and abetting under the Texas Securities Act [*see* Dkt. 355 at 6–7]. These various litigations are discussed at length in prior filings.[2]

As of filing this Application, the Receiver does not anticipate collecting any other material sums from other sources. While he has a judgement against Gary Hopkins (as discussed more fully in the Receiver's prior quarterly reports), the Receiver does not currently anticipate obtaining any recovery from Mr. Hopkins. If, at some point after the wind-up of this Receivership, it is discovered that the Hopkins judgment is collectable, then the Receiver or an investor may seek the reopening of the Receivership to secure such funds for the benefit of the investors. However, based upon the Receiver's research, he does not anticipate such an event occurring in the future, and accordingly believes that it is best to make one final *pro rata* distribution to Investors now. The Receiver also believes that the wind-up of the Receivership will be most efficient if the final distribution is made; attempts are then made to ensure deposits of those checks; and then the Receivership is wound-up approximately 90-120 days thereafter in connection with his Final Report, Final Accounting, and Request for Discharge Order (and after entry of final judgment in favor of the Securities and Exchange Commission).

C. The Fourth and Final Distribution.

As of January 15, 2026, the Receivership Estate has total cash on hand in the amount of $2,611,253.53. The only accrued and unpaid administrative expenses are fees and expenses incurred by the Receiver and his professionals for work performed since filing his Unopposed

[2] The details of the related forfeiture proceedings and the Receiver's successful litigation against Carter are detailed in the Receiver's Twenty-Third Quarterly Report [Dkt. 339], the Twenty-Fourth Quarterly Report [Dkt. 345], and the Twenty-Seventh Quarterly Report ("3Q25 Report") [Dkt. 355].

Twenty-Seventh Quarterly Fee Application [Dkt. 358]. The total amount of those accrued and unpaid fees and expenses as of January 15, 2026 is $30,364.88 ("Accrued Fees and Expenses"), which include without limitation professional fees for the Receiver, his counsel, and his accounting firm, W.D. Brown & Associates, PLLC ("W.D. Brown & Associates").[3]

In addition to fees and expenses accrued as of January 15, 2026, additional fees and expenses will be incurred moving forward to accomplish the requested final distributions and final windup of the Receivership. Rather than first completing the majority of windup tasks and then issuing the final distribution and waiting several months for checks to be deposited, the Receiver instead asks for the Court's blessing to complete these final tasks simultaneously. In order to accomplish this task, the Receiver has developed a budget that he believes is as close to accurate as possible at present, but which in fact will come short of the time, fees, and expenses ultimately expended. This will enable the Receiver to finish the Receivership with a $0 balance, to write off the remaining amounts due, and not force the Receiver to write *de minimis* additional checks and then attempt to ensure their deposit.

To ensure that his estimates for post-January 15, 2026 work to be completed are as accurate as possible, the Receiver has prepared the following line-item budget:

Receiver and Counsel

- Continued analysis and communication with investors regarding final distribution checks, deceased investors, etc. (5 hours of Receiver time; 30 hours of counsel time plus postage expenses);[4]
- Preparation of 4Q25 Quarterly Report (4 hours of Receiver time);

[3] From the outset of the Receivership, W.D. Brown & Associates has in turn contracted with Ahuja & Clark (now Ahuja & Consultants) to provide accounting assistance.

[4] Based on the historical rate at which Investors deposited interim disbursement checks, the Receiver estimates it could take as long as two months for all final distribution checks to be deposited. The Receiver will incur time and expense endeavoring to communicate with Investors who do not file their final distribution check within three weeks of mailing.

- Finish preparing motion to dispose of Receivership Entities' records and close storage unit, including counsel's attendance with vendor (1 hour of Receiver time; 10 hours of counsel time);
- Review of 2025 and final tax returns (3 hours of Receiver time);
- Preparation of Final Report and Accounting (8 hours of Receiver time; 30 hours of counsel time);
- Continued payment of Public Storage ($520.00/month for three months); and
- Anticipated cost to shred remaining records of Receivership Entities in storage unit ($1,140.00).

Accountants' Fees post-January 15, 2026

- 4Q25 bookkeeping and SFAR reports, including year-end close and Form 1099's ($1,000);
- 1Q26 bookkeeping and SFAR reports, including year end close and Form 1099's for 2026 (to be completed in January 2027, but bank accounts closed), processing distribution checks, review, and bookkeeping ($5,190);
- Final SFAR ($1,260);
- 2025 Tax Return ($2,500);
- 2026 Tax Return ($3,000);
- 2026 Form 56, Notice to IRS ($2,500);
- Miscellaneous ($2,000).

Collectively, the Receiver anticipates that he will expend at least 21 hours (at the 2019 approved rate of $350 per hour, for a total of $7,350), his counsel will expend 70 hours (at $260 per hour, for a total of $18,200), and he will incur $2,700 in storage and shred expenses between January 16, 2026 and final windup of the Receivership. His accountants anticipate expending $17,450 through final windup of the receivership, which when combined with the Receiver and counsel fees and expenses total $45,700 (the "Future Fees and Expenses").[5] Together with accrued fees through January 15, 2026, the Receiver requests permission to withhold $76,064.88 (the "Withheld Funds").[6]

If the Court approves the Withheld Funds as described, the Receivership Estate will have cash on hand in the amount of $2,535,188.65. Based on the cash on hand, and the fact all outstanding claims against third parties are either settled or have reached final non-appealable judgment and collection, the Receiver proposes a final *pro rata* distribution to Investors in the amount of approximately $2,535,188.65.

This proposed final distribution of approximately $2,535,188.65 represents approximately an 11% return to Investors. At the outset of the Receivership, there was approximately $817,002.08 in Defendants' bank accounts. After setoff for initial cost of administration of the Receivership and an eventual claims process, Investors could have expected a return of 2% or less of their investments. In addition to this final 11% distribution, the Receiver has already made distributions in the total amount of $6,623,865.28 (or 28% of approved claims), which collectively represents a total return to Investors of approximately 39% of their approved claims.

The SEC is unopposed to the relief requested herein.

D. <u>Conclusion</u>

Accordingly, the Receiver respectfully requests that the Court enter an Order authorizing the Receiver to make his final *pro rata* distribution to claimants approved by the Court as requested herein, in the amounts set forth above.

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[5] Again, the Receiver aggressively estimated the total hours of professional work required to windup the Receivership in order to ensure there are no funds left at the end of the Receivership. This will inevitably result in the Receiver writing off a portion of his time, which the Receiver is willing to do.

[6] The Receiver will not distribute Withheld Funds until approved pursuant to either a periodic Fee Application or the Receiver's Final Fee Application.

Dated: January 19, 2026

Respectfully submitted,

RECEIVER CORTNEY C. THOMAS

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CERTIFICATE OF CONFERENCE

I hereby certify that on January 15, 2026, I conferred with counsel for the Securities and Exchange Commission regarding the relief requested herein. Counsel for the Commission indicated that it does not oppose the relief sought herein. A copy of this Application will be provided to Defendant W. Neil Gallagher, who currently is not represented by counsel in this matter, in accordance with the certificate of service below.

/s/ Cortney C. Thomas
Cortney C. Thomas

CERTIFICATE OF SERVICE

Pursuant to Fed. R. Civ. P. 5(d)(1)(B), as amended, no certificate of service is necessary because this Quarterly Fee Application is being filed with the Court's electronic-filing system.