

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

SECURITIES AND EXCHANGE COMMISSION, §

Plaintiff, §

vs. §

Civil Action No.: 3:06-CV-2136-P

ABC VIATICALS, INC., §
C. KEITH LAMONDA, §
and JESSE W. LAMONDA, JR., §

MATTER PREVIOUSLY
REFERRED TO MAGISTRATE
IRMA RAMIREZ UNDER 28 U.S.C.
§ 636(B)

Defendants §

and §

LAMONDA MANAGEMENT FAMILY §
LIMITED PARTNERSHIP, §
STRUCTURED LIFE SETTLEMENTS, INC., §
BLUE WATER TRUST, §
and DESTINY TRUST §

Relief Defendants. §

RECEIVER'S RESPONSE TO EMERGENCY MOTION TO STAY

TO THE HONORABLE JORGE A. SOLIS, UNITED STATES DISTRICT JUDGE:

COMES NOW, Michael J. Quilling ("Receiver"), the Receiver appointed in these proceedings and files this his Response to the Emergency Motion to Stay filed by the Gonzalez Group of investors, and in support of such would show unto the Court as follows.

1. As noted in the Motion, the sale of the portfolio is scheduled to occur on October 30, 2008. Once that occurs, the Receiver is in agreement that the Motion for Reconsideration will effectively be moot.

2. Pursuant to the ruling of Judge Ramirez granting the Receiver's Motion to Sell Portfolio, the Receiver executed a Purchase and Sale Agreement with Settlement Group, Inc., the

high bidder. A copy of the Agreement is attached to Judge Ramirez' Order. The Agreement constitutes a valid and binding contract and the Receiver is currently duty bound to honor the contract and close the sale.

4. The Receiver is sympathetic to the plight of the investors and made it very clear at the time of the hearing that the Receiver was extremely reluctant to sell the portfolio but, given the current financial circumstances, there was little or no choice and the sale was in the best interest of the investors.

5. Unfortunately, nothing has changed since that time. From a practical standpoint, really only two things can occur that would change the Receiver's current position with respect to the sale: (1) insured(s) could die which would render the current economics of the sale unwise; or (2) the submission of a higher offer by a purchaser with the ability to actually close the sale at the higher price. Again, neither of these things has occurred.

6. It has now been four weeks since the time of the hearing and the pronouncement by the Gonzalez Investor's expert, Scott Gibson, that he believed a higher price could be achieved. Despite the passage of more time than they requested, the Gonzalez' Investors have only "identified a party with interest in possibly submitting a bid for substantially more than the \$33.5 million dollar purchase price." If such a purchaser actually exists, then why hasn't a letter of intent (at the very least) been presented to the Receiver?

7. Mr. Gibson also testified and counsel for the Gonzalez Investors argued that the sale was a fire sale and essentially the portfolio was being given away at a grossly discounted value. If indeed that is the case, several questions arise. If the current price is such a bargain, why haven't potential buyers surfaced to say that they would definitely pay more for the asset? If a potential buyer thinks that the purchase of the portfolio is such a good deal, why hasn't that

potential buyer paid Mr. Gibson \$50,000 to have the work done for them so they can make the steal of the century? If this portfolio is worth \$60+ million, why aren't there more people clamoring to buy it at such a low price? Why isn't a potential purchaser who is supposedly willing to pay more than \$33.5 million dollars (plus in excess of \$2.6 million dollars in premium obligations) willing to pay Mr. Gibson for his services in performing the new analysis and roll that into the cost of the sale? If Mr. Gibson is so convinced that the asset is being sold at too low a price and that there a number of ready buyers who will pay more, why doesn't he perform his services and find a new buyer and negotiate a finder's fee? If all the potential buyers were truly at the trade convention in Las Vegas at the time of the hearing, now that those festivities are over, why haven't they come clamoring to the Receiver offering to pay more for such a good deal?

8. The simple facts remains that it is the Receiver's belief that no such buyers are actually out there and that most of the sophisticated buyers in the market have already had a chance to look at this portfolio and perform the very same analysis which Mr. Gibson proposes to perform. The Buyers at the auction were sophisticated with very deep pockets and if they thought there was such a good deal to be had, they surely would not have let a few hundred thousand dollars, or even a couple of million dollars stand in the way of obtaining such a valuable asset at a fraction of what it was worth. Instead, the market has spoken and the price has been established. Until and unless the Gonzalez Investors submit something definitive to the Receiver and to the Court one is left to engage in pure speculation based on a hope and a promise which may or may not ever materialize.

9. The cost of premiums for the policies for the month of November is in excess of \$1 million dollars and while it is true that there is currently a mechanism in place for those premiums to be reimbursed, what happens if the current buyer walks the deal out of frustration?

The answer is that the receivership estate is at least \$3.6 million dollars deeper in the hole for premiums and, if no new buyer arises, the Receiver will be forced to crawl back to others who have expressed interest and plead with them to buy the portfolio as quickly as possible in order to avoid financial ruin to the receivership estate. The Receiver's best business judgment is that is not a gamble he is willing to take.

10. Accordingly, based on current known facts, and not possibilities, the Receiver submits that the current sale which he is obligated to perform under a valid contract, is the smart thing to do.

WHEREFORE, premises considered, the Receiver requests that upon final consideration of the Motion that the Court deny the stay and allow the sale to close as scheduled, and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

**QUILLING, SELANDER, CUMMISKEY
& LOWNDS, P.C.**

2001 Bryan Street, Suite 1800
Dallas, Texas 75201
(214) 871-2100 (Telephone)
(214) 871-2111 (Facsimile)

By: /s/ Michael J. Quilling
Michael J. Quilling
State Bar No. 16432300
Brent Rodine
State Bar No. 24048770

ATTORNEYS FOR RECEIVER

CERTIFICATE OF SERVICE

A copy of this pleading was served on all interested parties through the Court's electronic filing system.

/s/ Michael J. Quilling