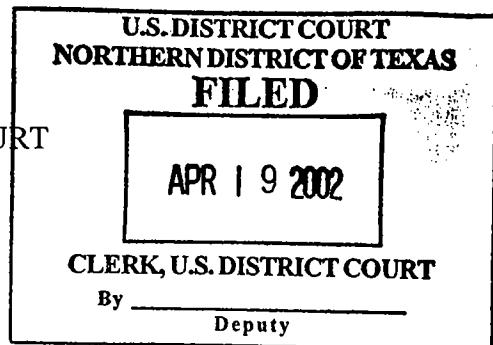


ORIGINAL

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



**SECURITIES AND EXCHANGE
COMMISSION**

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Plaintiff,

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VS.

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NO. 3-98-CV-2689-M

FUNDING RESOURCE GROUP
a/k/a FRG TRUST, ET AL.

38

Defendants.

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FINDINGS AND RECOMMENDATION OF THE UNITED STATES MAGISTRATE JUDGE

Michael J. Quilling, as Receiver for the Funding Resource Group Estate, has filed an interim report and proposed interim distribution plan. This matter has been referred to United States Magistrate Judge Jeff Kaplan for recommendation pursuant to 28 U.S.C. § 636(b) and a standing order of reference dated June 16, 2000.

1

This is a civil action brought by the SEC against 16 defendants and 13 equity relief defendants arising out of the sale of non-existent “prime bank” securities. The SEC alleges that defendants raised more than \$14 million from unwitting investors by making false representations about the use and safety of investor proceeds and the expected rate of return on their investments.

¹This conduct, if proved, constitutes a violation of the federal securities laws.

¹ The SEC alleges violations of Sections 5(a), (c) & 17(a) of the Securities Act of 1933, 15 U.S.C. §§ 77e(a), (c) & 77q(a), Section 10(b) of the Securities and Exchange Act of 1934, 15 U.S.C. § 78j(b), and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5. (Plf. Third Am. Compl. ¶ 3).

Funding Resource Group a/k/a FRG Trust (“FRG”) and its managing partner, Steven C. Roberts, are named defendants in this case. On November 13, 1998, Michael J. Quilling was appointed as Receiver for FRG and Roberts. The order of appointment provides, in relevant part:

The Temporary Receiver shall take custody, possession and control of any and all assets, monies, securities and properties, real and personal, tangible and intangible, of whatever kinds and description, and wherever situated, belonging to FRG . . . [and] Roberts (hereinafter referred to as “Receivership Assets”), as well as any documents relating to the Receivership Assets.

ORDER APP. TEMP. RECEIVER, 11/13/98 at 2-3. To date, the Receiver has taken possession of and administered \$2,029,984.98 in cash and other assets belonging to the Funding Resource Group Estate.² The costs of administration total \$581,595.21.³ The Receiver has requested a reserve of \$3,807.12 to cover future expenses until the time for final distribution. This leaves \$1,210,000.00 available for interim distribution to 470 investors on a *pro rata* basis. The Court previously approved claims totaling \$9,842,672.74, which means that each investor would receive approximately 12.29% of their claim.

The Receiver was ordered to post a copy of his interim report and proposed interim distribution plan on his website with instructions to all interested parties that any objections must be filed by April 9, 2002. No other objections have been received. A hearing was held on April 19, 2002. The Receiver notified all interested parties of the hearing date by posting notice on his

² Several existing assets and potential claims remain unliquidated. These include: (1) a \$675,000.00 judgment obtained against Paul Pursehouse, Quentin Sheehan, and Casavic Capital Management Group, of which \$96,000.00 has been collected; and (2) a \$400,000.00 judgment obtained against Airey Holdings, Inc. The Receiver also anticipates recovering \$990.58 in withholding tax after Funding Resoruce Group files its 2001 tax return. Finally, the Receiver believes that the Estate may have a potential claim against Arrow Resources to recover an unknown amount of investor proceeds.

³ These costs include \$224,522.38 in attorney's fees and expenses requested by the Receiver, and assumes that the Hammersmith Trust Estate repays \$238,389.77 to the Funding Resource Group Estate when this case is ready for final distribution. *See ORDER, 4/13/01* (authorizing repayment by Hammersmith Trust Estate).

website. No one appeared at the hearing to present any objections. The Securities and Exchange Commission, through its regional counsel, has consented to the relief sought.

II.

In his interim report and proposed interim distribution plan, the Receiver seeks authorization to: (1) pay \$224,522.38 in attorney's fees and related expenses; (2) reserve \$3,807.12 to cover future expenses; and (3) make an interim distribution of the remaining assets to investors on a *pro rata* basis. The Court will address each request in turn.

A.

The Receiver seeks \$224,522.38 for legal services performed and costs incurred on behalf of the Funding Resource Group Estate from December 1, 2000 through February 28, 2002.⁴ Although no investors have objected to this fee request, the Court must nevertheless carefully examine the application to determine whether the time spent, services performed, expenses incurred, and hourly rates charged by the Receiver are justified under the factors set forth in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).

To date, the Receiver has been paid approximately \$2.1 million for services performed and expenses incurred on behalf of the Howe Financial Trust, Hammersmith Trust, Funding Resource Group, and Cord/Winterhawk Estates. Of this sum, \$333,358.54 has been allocated to the Funding Resource Group Estate. Although the Receiver has always maintained separate accounts for each estate, this procedure was not formalized until March 12, 2001 when the Court required him to designate four separate receivership estates for purposes of handling claims and making distributions to defrauded investors. *See ORDER*, 3/12/01. In reconciling his records, the Receiver

⁴ This sum includes \$3,035.92 in fees and expenses incurred in investigating and prosecuting a fraudulent transfer claim against the Hillcrest Baptist Church. This claim was eventually settled for \$30,000.00.

determined that \$806,296.82 had been advanced by other estates to pay fees and expenses properly attributable to the Hammersmith Trust Estate.⁵ The Receiver then promptly moved to allocate fees between the various receivership estates. By order dated April 13, 2001, the Court authorized the Receiver to cause the Hammersmith Trust Estate to repay advances made by the other estates, including \$238,389.77 to the Funding Resource Group Estate. *See ORDER, 4/13/01.* These payments will be made “at such time as such funds are needed to make interim and final distributions to investors as may hereafter be approved by the Court.” *Id.*

As a result of the Receiver's diligent efforts, over \$2 million in cash and other assets have been recovered on behalf of defrauded investors of the Funding Resource Group Estate. The fees and expenses incurred by the Estate are \$557,880.92, or less than 28% of the total recovery. This is manifestly reasonable, especially in light of the difficulties encountered by the Receiver in tracing investor proceeds and liquidating concealed assets. Moreover, the Court finds that the time spent, services performed, expenses incurred, and hourly rates charged by the Receiver are justified under the factors set forth in *Johnson*. Accordingly, the Receiver should be authorized to pay the law firm of Quilling, Selander, Cummiskey & Lownds, P.C. the sum of \$224,522.38 in attorney's fees and expenses.

B.

The Receiver has asked for a reserve of \$3,807.12 to cover anticipated future expenses, including bank charges, a possible bond premium, and legal fees incurred in a case against Paul

⁵ This sum represents: (1) 317,857.87 advanced by the Cord/Winterhawk Estate; (2) \$238,389.77 advanced by the Funding Resource Group Estate; and (3) \$250,049.18 advanced by the Howe Financial Trust Estate.

Pursehouse.⁶ The Court finds that this sum should be reserved from funds available for interim distribution.

C.

The Court previously approved 470 claims totaling \$9,842,672.74. There is currently \$1,210.000.00 available for distribution on a *pro rata* basis. *See SEC v. Forex Asset Management Co.*, 242 F.3d 325, 331 (5th Cir. 2001) (approving *pro rata* distribution to investors). Therefore, each claimant should be paid in accordance with the schedule attached hereto as Exhibit "A". The Receiver should issue interim distribution checks to each claimant in the amounts set forth in the schedule. The checks shall be void if not cashed within 45 days from the date of issuance. The Receiver should be authorized to send a cover letter to each claimant in the form attached as Exhibit "B" to this report.

RECOMMENDATION

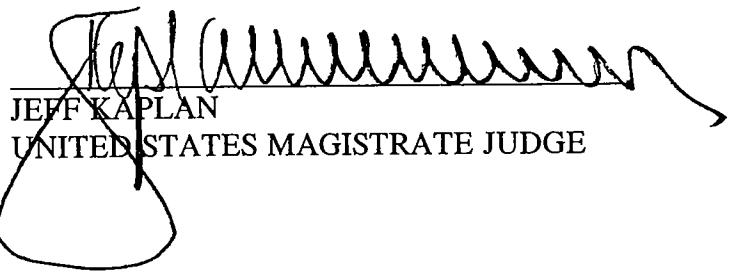
The Court should approve the Receiver's interim report and proposed interim distribution plan in accordance with the above recommendation.

The Receiver is ordered to post a copy of this report and recommendation on his website, www.secreceiver.com. Any claimant or interested party may file written objections to this recommendation by May 3, 2002. The failure to file written objections shall bar the aggrieved party from appealing the factual findings and legal conclusions of the magistrate judge that are accepted or adopted by the district court, except upon grounds of plain error or manifest injustice.

See Douglass v. United Services Automobile Ass'n, 79 F.3d 1415, 1417 (5th Cir. 1996).

⁶ By separate order this date, the Court has approved the Receiver's application for \$1,511.50 in attorney's fees and \$8.26 in expenses in *Quilling v. Pursehouse*, No. 3-99-CV-1295-M. The Court also authorized the Receiver to pay his local counsel, Robert Lynn, \$1,395.00 in fees and \$61.68 in expenses for legal services performed and costs incurred in that case.

DATED: April 19, 2002.


JEFF KAPLAN
UNITED STATES MAGISTRATE JUDGE

Funding Resources Investor Claims and Interim Distribution

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
1	Acker	David & Lisa	\$ 9,400.00	\$ 1,155.58
2	Adams	James T.	\$ 8,200.00	\$ 1,008.06
3	Adams	Vicki Gwen	\$ 10,000.00	\$ 1,229.34
4	Adams, Jr.	Curtis	\$ 10,000.00	\$ 1,229.34
5	Aikins	Joseph	\$ 15,000.00	\$ 1,844.01
6	Allbright	Mark H.	\$ 5,580.00	\$ 685.97
7	Andrews	Sandra	\$ 10,000.00	\$ 1,229.34
8	Archer	Ernest A	\$ 18,200.00	\$ 2,237.40
9	Arney	Jim	\$ 10,000.00	\$ 1,229.34
10	Arnold	Billy M.	\$ 9,400.00	\$ 1,155.58
11	Arnold	Michael	\$ 12,000.00	\$ 1,475.21
12	Arnold	Terry	\$ 18,800.00	\$ 2,311.16
13	Artz	David	\$ 9,200.00	\$ 1,130.99
14	Attea	Alyce (Deceased)	\$ 5,000.00	\$ 614.67
15	Bader	John	\$ 10,000.00	\$ 1,229.34
16	Bader	John	\$ 4,980.00	\$ 612.21
17	Baker	Alvia G	\$ 9,400.00	\$ 1,155.58
18	Banta	Stan	\$ 22,332.00	\$ 2,745.36
19	Banta	Vickee	\$ 6,975.00	\$ 857.47
20	Barber	Edward M.	\$ 9,400.00	\$ 1,155.58
21	Barber	R. Burton	\$ 28,200.00	\$ 3,466.74
22	Barber	Ray Wayne	\$ 4,400.00	\$ 540.91
23	Barrera, Jr	Leonard A	\$ 7,600.00	\$ 934.30
24	Barrett	Brad	\$ 18,400.00	\$ 2,261.99
25	Bartos	Dennis & Diana	\$ 14,100.00	\$ 1,733.37
26	Bartsch	John(Deceased) & Florence	\$ 10,000.00	\$ 1,229.34
27	Bell	Charles J	\$ 10,000.00	\$ 1,229.34
28	Bell	Robert	\$ 10,000.00	\$ 1,229.34
29	Bellows	Ed	\$ 34,000.00	\$ 4,179.76
30	Bennett	Gary	\$ 32,000.00	\$ 3,933.89
31	Bennett	Gary	\$ 253,000.00	\$ 31,102.33
32	Best	Liens	\$ 10,000.00	\$ 1,229.34
33	Bezner Jr	Frank	\$ 50,000.00	\$ 6,146.70
34	Bingham	Robert	\$ 7,900.00	\$ 971.18
35	Bingham	Robert W.	\$ 8,700.00	\$ 1,069.53
36	Bishop	Judy & Dan	\$ 9,020.00	\$ 1,108.87
37	Blackwell	Kenny	\$ 11,165.00	\$ 1,372.56
38	Blades	Ann	\$ 27,000.00	\$ 3,319.22
39	Bolling	JoAnn	\$ 25,000.00	\$ 3,073.35
40	Bolton	Dean	\$ 9,400.00	\$ 1,155.58
41	Booker	W.E. (Bill)	\$ 26,400.00	\$ 3,245.46
42	Boren	Tom	\$ 253,700.00	\$ 31,188.38
43	Bowers & Buckalew	Elaine & Claudia	\$ 8,000.00	\$ 983.47
44	Bradford	Jerry	\$ 10,000.00	\$ 1,229.34
45	Bradshaw	Carl	\$ 5,000.00	\$ 614.67
46	Bramson	J Keith	\$ 25,800.00	\$ 3,171.70
47	Bratcher	Jeanie	\$ 10,000.00	\$ 1,229.34
48	Bridwell	Ken	\$ 9,400.00	\$ 1,155.58
49	Bromlow	Terry	\$ 21,000.00	\$ 2,581.62
50	Brorman	A.H. 'Tony'	\$ 42,000.00	\$ 5,163.23
51	Brorman	Mark	\$ 46,000.00	\$ 5,654.97

EXHIBIT A

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
52	Brown	Aud W.	\$ 4,000.00	\$ 491.74
53	Brown	Billy G.	\$ 8,800.00	\$ 1,081.82
54	Brown	Billy L.	\$ 9,400.00	\$ 1,155.58
55	Brown	Billy L.	\$ 10,000.00	\$ 1,229.34
56	Brown	David B.	\$ 8,200.00	\$ 1,008.06
57	Brown	James H	\$ 11,750.00	\$ 1,444.48
58	Brown	James T	\$ 11,750.00	\$ 1,444.48
59	Brown	James Tegart	\$ 9,400.00	\$ 1,155.58
60	Brown	Jimmy E.	\$ 10,000.00	\$ 1,229.34
61	Brown	John M	\$ 9,400.00	\$ 1,155.58
62	Brown	Kenneth H.	\$ 10,000.00	\$ 1,229.34
63	Brown	Kenneth H.	\$ 30,000.00	\$ 3,688.02
64	Brown	Kirk	\$ 23,500.00	\$ 2,888.95
65	Brown	Lana	\$ 4,000.00	\$ 491.74
66	Brown	Paul	\$ 111,200.00	\$ 13,670.27
67	Brown	Randy Lee	\$ 7,600.00	\$ 934.30
68	Brown	Roger Lee	\$ 5,580.00	\$ 685.97
69	Brown	Tracy Gail	\$ 8,200.00	\$ 1,008.06
70	Brown	Wesley	\$ 9,400.00	\$ 1,155.58
71	Buch	Annie A	\$ 9,600.00	\$ 1,180.17
72	Buckalew	Jack	\$ 91,940.92	\$ 11,302.67
73	Buckalew	Polly	\$ 8,800.00	\$ 1,081.82
74	Burston	Donald L	\$ 10,000.00	\$ 1,229.34
75	Burton	Claudine	\$ 13,400.00	\$ 1,647.32
76	Byers	David A	\$ 18,480.00	\$ 2,271.82
77	Byers	Famous	\$ 102,320.59	\$ 12,578.69
78	Callon	Gerald V.	\$ 8,200.00	\$ 1,008.06
79	Cameron	Desmond	\$ 4,000.00	\$ 491.74
80	Campbell	Andy & Kerri	\$ 6,300.00	\$ 774.48
81	Cansler	Allen	\$ 23,500.00	\$ 2,888.95
82	Carnie	Anthony E	\$ 2,000.00	\$ 245.87
83	Carpenter	Gerald	\$ 14,300.00	\$ 1,757.96
84	Carpenter	Ralph(Deceased)	\$ 9,500.00	\$ 1,167.87
85	Carpenter	Shawn	\$ 9,400.00	\$ 1,155.58
86	Carroll	Paul C.	\$ 9,400.00	\$ 1,155.58
87	Carter	Bob	\$ 11,400.00	\$ 1,401.45
88	Cathright, Jr	Edward	\$ 10,000.00	\$ 1,229.34
89	Chapman	Nancy	\$ 8,800.00	\$ 1,081.82
90	Chau	Lance H	\$ 10,000.00	\$ 1,229.34
91	Chenoweth	Alfred H. & Patsy	\$ 5,580.00	\$ 685.97
92	Chocholousek	Stacey	\$ 8,200.00	\$ 1,008.06
93	Clarke	James T	\$ 45,200.00	\$ 5,556.62
94	Coats	Maurice	\$ 65,000.00	\$ 7,990.72
95	Cobb	Jere	\$ 9,000.00	\$ 1,106.41
96	Coker	Terry	\$ 10,000.00	\$ 1,229.34
97	Coker	Tom & Mary	\$ 95,000.00	\$ 11,678.74
98	Coleman	James	\$ 5,580.00	\$ 685.97
99	Colquett	Breck	\$ 9,400.00	\$ 1,155.58
100	Cooksey	Lamar	\$ 7,600.00	\$ 934.30
101	Cotton	Joyce Y	\$ 7,000.00	\$ 860.54
102	Cotton	Michael F	\$ 26,960.00	\$ 3,314.30
103	Cotton	Michael Frank	\$ 12,840.00	\$ 1,578.47
104	Cox	Burnis	\$ 10,000.00	\$ 1,229.34

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
105	Craig	Brent & Teresa	\$ 5,580.00	\$ 685.97
106	Crook	James K.	\$ 8,800.00	\$ 1,081.82
107	Crosswaite	Brad	\$ 8,800.00	\$ 1,081.82
108	Crutchfield	Vester	\$ 145,600.00	\$ 17,899.20
109	Cudworth	Beryl & Marjorie E.	\$ 5,580.00	\$ 685.97
110	Cudworth	Marjorie & Beryl	\$ 9,600.00	\$ 1,180.17
111	Cumerford	Tracey	\$ 8,512.00	\$ 1,046.42
112	Cummins	Douglas A	\$ 8,600.00	\$ 1,057.23
113	Dallas	Steve	\$ 9,400.00	\$ 1,155.58
114	Dalton	Larry	\$ 8,000.00	\$ 983.47
115	Daniel	Ronnie	\$ 10,460.00	\$ 1,285.89
116	Daves	Alan & Sandy	\$ 130,400.00	\$ 16,030.61
117	Davidson	Robert A	\$ 1,000.00	\$ 122.93
118	Dawson	Donald S	\$ 50,000.00	\$ 6,146.70
119	Degol	Larry	\$ 22,000.00	\$ 2,704.55
120	DeLuna	Louis & Carol	\$ 40,000.00	\$ 4,917.36
121	Denson	Bernice	\$ 13,200.00	\$ 1,622.73
122	Denson (VandenHeuvel)	Bernice	\$ 9,400.00	\$ 1,155.58
123	Derebery	Anna	\$ 265,000.00	\$ 32,577.54
124	Desmond	Vicki	\$ 7,000.00	\$ 860.54
125	Dickson	James E.	\$ 7,900.00	\$ 971.18
126	Dixon	Betty S.	\$ 8,800.00	\$ 1,081.82
127	Dixon	Betty S.	\$ 10,000.00	\$ 1,229.34
128	Dixon	C.R.	\$ 9,400.00	\$ 1,155.58
129	Dixon	C.R.	\$ 14,000.00	\$ 1,721.08
130	Dixon	C.R.	\$ 18,800.00	\$ 2,311.16
131	Dodds	Dianna	\$ 39,200.00	\$ 4,819.02
132	Donovan	Philip	\$ 7,000.00	\$ 860.54
133	Duncan (Cornett)	Jeanette	\$ 8,800.00	\$ 1,081.82
134	Durhke	Celia	\$ 77,000.00	\$ 9,465.93
135	Dyer	Marvin	\$ 16,800.00	\$ 2,065.29
136	Dyer	Tammy	\$ 5,100.00	\$ 626.96
137	Dyer	Tammy	\$ 9,400.00	\$ 1,155.58
138	Ebert	Lee Jay H. & Vivian	\$ 11,165.00	\$ 1,372.56
139	Edwards	Jody	\$ 20,500.00	\$ 2,520.15
140	Elias	Margaret R	\$ 10,000.00	\$ 1,229.34
141	Ellis	Rodney	\$ 39,500.00	\$ 4,855.90
142	Ellison	Evelyn	\$ 9,400.00	\$ 1,155.58
143	Erbert	Bernie	\$ 10,000.00	\$ 1,229.34
144	Everett	Opal P	\$ 16,292.83	\$ 2,002.94
145	Fakos	Constantin	\$ 10,000.00	\$ 1,229.34
146	Foote (deceased)	Mary	\$ 16,800.00	\$ 2,065.29
147	Ford	Frank	\$ 8,800.00	\$ 1,081.82
148	Ford	James C	\$ 35,200.00	\$ 4,327.28
149	Ford	James C	\$ 50,000.00	\$ 6,146.70
150	Ford	James Q	\$ 8,800.00	\$ 1,081.82
151	Ford	Jo Ann (Deceased)	\$ 26,400.00	\$ 3,245.46
152	Ford	Robin	\$ 8,800.00	\$ 1,081.82
153	Ford	Rodney	\$ 8,800.00	\$ 1,081.82
154	Fowler	Melva	\$ 8,800.00	\$ 1,081.82
155	France	Terry W.	\$ 10,000.00	\$ 1,229.34
156	Franke	Joel	\$ 28,700.00	\$ 3,528.21
157	Franks	Darrell J.	\$ 5,580.00	\$ 685.97

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
158	Fritcher, Trustee	Joe E.	\$ 9,400.00	\$ 1,155.58
159	Gaertner	Glenda	\$ 16,400.00	\$ 2,016.12
160	Galbraith	Arnold P	\$ 36,000.00	\$ 4,425.63
161	Gibbs	Dave (William)	\$ 40,000.00	\$ 4,917.36
162	Gifford	Kenny	\$ 10,000.00	\$ 1,229.34
163	Gifford	Mary I.	\$ 8,400.00	\$ 1,032.65
164	Gifford, Jr.	Russell Allen	\$ 8,800.00	\$ 1,081.82
165	Gifford, Jr.	Russell Allen	\$ 10,000.00	\$ 1,229.34
166	Gifford, Sr.	Russell A.	\$ 10,000.00	\$ 1,229.34
167	Gifford, Sr.	Russell A.	\$ 16,800.00	\$ 2,065.29
168	Gifford, Sr.	Russell A.	\$ 18,400.00	\$ 2,261.99
169	Gifford, Sr.	Russell A.	\$ 27,600.00	\$ 3,392.98
170	Gifford, Sr.	Russell A.	\$ 70,000.00	\$ 8,605.39
171	Giles	Anthony	\$ 10,032.00	\$ 1,233.27
172	Grantham	Don	\$ 10,000.00	\$ 1,229.34
173	Grantham	Don	\$ 27,915.00	\$ 3,431.71
174	Grantham	Randy C	\$ 10,000.00	\$ 1,229.34
175	Grebe	Clay	\$ 5,580.00	\$ 685.97
176	Green	Violet (Deceased)	\$ 17,280.00	\$ 2,124.30
177	Greene	David	\$ 20,000.00	\$ 2,458.68
178	Greensage	Roy	\$ 18,000.00	\$ 2,212.81
179	Griffin	James	\$ 16,400.00	\$ 2,016.12
180	Grimes	Montie	\$ 10,000.00	\$ 1,229.34
181	Gross	Michael	\$ 10,000.00	\$ 1,229.34
182	Guest	Allan J	\$ 10,000.00	\$ 1,229.34
183	Guest	Gwyneth Eyre	\$ 1,000.00	\$ 122.93
184	Hahn, Jr	Robert L	\$ 8,200.00	\$ 1,008.06
185	Hahn, SR	Robert L	\$ 8,200.00	\$ 1,008.06
186	Hairgrove	Billy	\$ 8,200.00	\$ 1,008.06
187	Hardcastle	Jeff	\$ 10,000.00	\$ 1,229.34
188	Harder	Joseph Kyle	\$ 7,600.00	\$ 934.30
189	Harder	Larry	\$ 400.00	\$ 49.17
190	Harder	Larry J.	\$ 14,000.00	\$ 1,721.08
191	Harder	Larry Kevin	\$ 8,400.00	\$ 1,032.65
192	Hardwick	Charles W(deceased)	\$ 44,000.00	\$ 5,409.10
193	Hardy	Mark	\$ 47,000.00	\$ 5,777.90
194	Harrigan	Frank	\$ 29,000.00	\$ 3,565.09
195	Harrigan	Shawn	\$ 10,000.00	\$ 1,229.34
196	Harris	Simon J.	\$ 5,580.00	\$ 685.97
197	Harris, Jr.	Alvin H.	\$ 10,000.00	\$ 1,229.34
198	Harrison	Acie	\$ 18,800.00	\$ 2,311.16
199	Harrison	Robert	\$ 25,000.00	\$ 3,073.35
200	Harvey	George D.	\$ 8,500.00	\$ 1,044.94
201	Harvey	George D.	\$ 20,000.00	\$ 2,458.68
202	Heinold	Justin	\$ 5,580.00	\$ 685.97
203	Henderson	Travis	\$ 11,750.00	\$ 1,444.48
204	Herrmann	Edwin P.	\$ 18,800.00	\$ 2,311.16
205	Hicks	Dera(Deceased)	\$ 6,800.00	\$ 835.95
206	Hicks	Glenda Gail	\$ 8,200.00	\$ 1,008.06
207	Hicks	Mary E.	\$ 8,300.00	\$ 1,020.35
208	Hicks	Travis	\$ 8,200.00	\$ 1,008.06
209	Hicks	Travis B.	\$ 8,800.00	\$ 1,081.82
210	Hightower	Delbert F.	\$ 8,200.00	\$ 1,008.06

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
211	Hillebrand	Lorraine	\$ 25,000.00	\$ 3,073.35
212	Hillebrand	Timothy	\$ 25,000.00	\$ 3,073.35
213	Hlavac	Marjorie	\$ 44,000.00	\$ 5,409.10
214	Hlavac	Michael	\$ 10,000.00	\$ 1,229.34
215	Hlavac	Willie	\$ 12,000.00	\$ 1,475.21
216	Holden	Janeta G.	\$ 27,915.00	\$ 3,431.71
217	Holland	Ben D	\$ 6,400.00	\$ 786.78
218	Holland	Karman Koon	\$ 8,800.00	\$ 1,081.82
219	Hosmer	Mike	\$ 38,400.00	\$ 4,720.67
220	Houston	Samuel C	\$ 9,400.00	\$ 1,155.58
221	Howell	Carolyn	\$ 2,000.00	\$ 245.87
222	Hubbard	Alan	\$ 50,000.00	\$ 6,146.70
223	Hubbard	Judy	\$ 9,500.00	\$ 1,167.87
224	Hubby	John	\$ 18,000.00	\$ 2,212.81
225	Hutton	Kyle W	\$ 7,000.00	\$ 860.54
226	Hutton	William	\$ 16,000.00	\$ 1,966.95
227	Ihrig	John	\$ 5,000.00	\$ 614.67
228	Ihrig	Robert	\$ 10,000.00	\$ 1,229.34
229	Ingle	Neal	\$ 40,000.00	\$ 4,917.36
230	Isaac	Corny	\$ 10,000.00	\$ 1,229.34
231	Isaac	Laverne	\$ 10,000.00	\$ 1,229.34
232	Ives, LLC	Victor	\$ 5,480.00	\$ 673.68
233	Jackson	Ron	\$ 12,000.00	\$ 1,475.21
234	Jackson	Thomas	\$ 90,000.00	\$ 11,064.07
235	Jacobs	Pearl M.	\$ 9,400.00	\$ 1,155.58
236	Jaeger	Murray	\$ 190,000.00	\$ 23,357.48
237	Jankowiak	Brandon	\$ 12,300.00	\$ 1,512.09
238	Jankowiak	Henry L	\$ 24,600.00	\$ 3,024.18
239	Jenkins	Betty	\$ 20,000.00	\$ 2,458.68
240	Johnson	Robert(Bob)	\$ 9,400.00	\$ 1,155.58
241	Johnston	Judy	\$ 8,000.00	\$ 983.47
242	Jones	Dickie	\$ 2,889.12	\$ 355.17
243	Jones	Jake	\$ 8,800.00	\$ 1,081.82
244	Jones	Lauretha K	\$ 7,600.00	\$ 934.30
245	Jones	Michael	\$ 10,000.00	\$ 1,229.34
246	Kadir	Isuf	\$ 10,000.00	\$ 1,229.34
247	Kanekoa	David	\$ 9,400.00	\$ 1,155.58
248	Kanekoa	Frank	\$ 62,276.00	\$ 7,655.84
249	Kanekoa	Leilani	\$ 30,000.00	\$ 3,688.02
250	Keener	Ivian Glenn	\$ 33,300.50	\$ 4,093.77
251	Keith	Frances M	\$ 5,000.00	\$ 614.67
252	Kerr	Blair	\$ 15,000.00	\$ 1,844.01
253	Kestler	Tom W	\$ 76,000.00	\$ 9,342.99
254	Kind	Terry	\$ 4,000.00	\$ 491.74
255	Kirkpatrick	Alan L.	\$ 8,800.00	\$ 1,081.82
256	Knight	Jerry	\$ 6,000.00	\$ 737.60
257	Knight	Todd	\$ 10,000.00	\$ 1,229.34
258	Knight	Troy	\$ 8,000.00	\$ 983.47
259	Koeniguer	Joel A.	\$ 5,585.00	\$ 686.59
260	Kolb	Robert	\$ 9,400.00	\$ 1,155.58
261	Kolb	Robert L.	\$ 8,200.00	\$ 1,008.06
262	Koon	Kris	\$ 2,800.00	\$ 344.22
263	Korth	Russell W	\$ 8,320.00	\$ 1,022.81

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
264	Krutzka	Yvonne M.	\$ 9,400.00	\$ 1,155.58
265	Kube	Wilbert & Ethelyn	\$ 6,000.00	\$ 737.60
266	Lacey	Joseph	\$ 19,000.00	\$ 2,335.75
267	Laffoon / Nester	Charles Kye / Jan	\$ 126,400.00	\$ 15,538.87
268	Lancaster	Cindy B	\$ 10,000.00	\$ 1,229.34
269	Langstroth	Kit T	\$ 41,000.00	\$ 5,040.30
270	Leatherwood	Thomas L	\$ 8,800.00	\$ 1,081.82
271	Leatherwood	Thomas L.	\$ 10,000.00	\$ 1,229.34
272	Lehenbauer	Mildred	\$ 5,580.00	\$ 685.97
273	Lelo	Albert	\$ 10,302.00	\$ 1,266.47
274	Lewis	Charles (Mick)	\$ 7,600.00	\$ 934.30
275	Lien	Rick	\$ 100,000.00	\$ 12,293.41
276	Lindley	Billy Dan	\$ 8,800.00	\$ 1,081.82
277	Little	Lavelle or E.A.	\$ 8,935.00	\$ 1,098.42
278	Little	Michael R.	\$ 15,000.00	\$ 1,844.01
279	Loewen	Erich E	\$ 17,625.00	\$ 2,166.71
280	Long	Anthony	\$ 20,500.00	\$ 2,520.15
281	Long	Tim	\$ 7,968.91	\$ 979.65
282	Long	Tim	\$ 16,000.00	\$ 1,966.95
283	Love	Sherwood	\$ 22,000.00	\$ 2,704.55
284	MacNamee (Texas Sheet Metal)	Paul	\$ 4,170.00	\$ 512.64
285	Maddux	Sarah K.	\$ 9,400.00	\$ 1,155.58
286	Mann	Bertha M. or Tony C.	\$ 22,330.00	\$ 2,745.12
287	Marek	Annastina	\$ 12,300.00	\$ 1,512.09
288	Mark	Janice & Neville	\$ 2,000.00	\$ 245.87
289	Martin	Vanessa	\$ 8,200.00	\$ 1,008.06
290	Mashburn	Brian	\$ 3,000.00	\$ 368.80
291	Mathews	Edna Earle	\$ 8,800.00	\$ 1,081.82
292	McCauley	Damon F.	\$ 10,000.00	\$ 1,229.34
293	McClurg	Barbara & Weldon	\$ 39,450.00	\$ 4,849.75
294	McCormick	Ida LaJuan	\$ 7,300.00	\$ 897.42
295	McCormick	Ida LaJuan	\$ 15,000.00	\$ 1,844.01
296	McCune	Mary Kathryn	\$ 5,585.00	\$ 686.59
297	McDonald	Clarence & Bonnie	\$ 15,200.00	\$ 1,868.60
298	McLean	Lance A	\$ 2,000.00	\$ 245.87
299	McLlland	Billy M.	\$ 8,800.00	\$ 1,081.82
300	McMenemy	Matt	\$ 47,000.00	\$ 5,777.90
301	Meadows	Randy Dale	\$ 8,200.00	\$ 1,008.06
302	Meekins	Cecil	\$ 8,200.00	\$ 1,008.06
303	Merritt	Hilton	\$ 83,000.00	\$ 10,203.53
304	Messenger	Roger L	\$ 9,400.00	\$ 1,155.58
305	Messenger	Roger L	\$ 25,000.00	\$ 3,073.35
306	Middleton	Charlotte	\$ 5,585.00	\$ 686.59
307	Middleton	Darrell (Franklin) & Betty	\$ 20,000.00	\$ 2,458.68
308	Miller	D.M. "Mike"	\$ 9,000.00	\$ 1,106.41
309	Miller	Harrison L.(Deceased)	\$ 8,400.00	\$ 1,032.65
310	Miller	Pat	\$ 7,725.00	\$ 949.67
311	Miller	Patrick Fritz	\$ 7,725.00	\$ 949.67
312	Mills	Novelle or Robert L.(Deceased)	\$ 5,585.00	\$ 686.59
313	Minor	Brenda	\$ 8,200.00	\$ 1,008.06
314	Minor	William	\$ 9,400.00	\$ 1,155.58
315	Minor	William	\$ 14,100.00	\$ 1,733.37
316	Mondin	Kenneth & Gloria	\$ 5,830.00	\$ 716.71

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
317	Moore	Robert L.	\$ 8,800.00	\$ 1,081.82
318	Moore	Robert L.	\$ 9,400.00	\$ 1,155.58
319	Morris	Steven	\$ 156,000.00	\$ 19,177.72
320	Mrvos	Nenad	\$ 900.00	\$ 110.64
321	Mullens	Nicky	\$ 10,000.00	\$ 1,229.34
322	Murski	Andrew & Albina(Deceased)	\$ 15,200.00	\$ 1,868.60
323	Myers	Donnie	\$ 31,100.00	\$ 3,823.25
324	Nelson	Barbara & Donald	\$ 8,500.00	\$ 1,044.94
325	Newlin	Pat	\$ 14,400.00	\$ 1,770.25
326	Nichols	Kingsley & Jaqueline	\$ 3,000.00	\$ 368.80
327	Ohara	Daryl	\$ 11,524.00	\$ 1,416.69
328	Ohara	Merlene	\$ 2,000.00	\$ 245.87
329	Oltmans	Janell(Deceased)	\$ 9,600.00	\$ 1,180.17
330	Osborn	Arleta	\$ 30,000.00	\$ 3,688.02
331	Osborn	Harvey N	\$ 10,000.00	\$ 1,229.34
332	Paletta	Frank J. & Rose Mary	\$ 5,580.00	\$ 685.97
333	Parr	Lonnie	\$ 63,781.73	\$ 7,840.95
334	Pearson-Swann	Julie Ann	\$ 9,400.00	\$ 1,155.58
335	Peil	Ralph	\$ 108,000.00	\$ 13,276.88
336	Pena	Lucy	\$ 8,800.00	\$ 1,081.82
337	Pentz	Catharina (Tina)	\$ 10,000.00	\$ 1,229.34
338	Peterson	Louise	\$ 10,000.00	\$ 1,229.34
339	Pettegrew	Joel Hamilton	\$ 8,375.00	\$ 1,029.57
340	Phillips	BreAnn J.	\$ 10,000.00	\$ 1,229.34
341	Polk	Gordon	\$ 5,580.00	\$ 685.97
342	Ponfick	Allison C. & Joan	\$ 5,580.00	\$ 685.97
343	Porter	Audrey	\$ 8,800.00	\$ 1,081.82
344	Preston	Ross & JoAnna	\$ 4,000.00	\$ 491.74
345	Priakos	Bill	\$ 235,000.00	\$ 28,889.51
346	Pruett	Vernita	\$ 14,400.00	\$ 1,770.25
347	Pruitt	Albert & Mary E.	\$ 96,035.00	\$ 11,805.98
348	Pryor	Don	\$ 10,000.00	\$ 1,229.34
349	Pryor	Don	\$ 26,320.00	\$ 3,235.63
350	Punswick	Ed	\$ 10,000.00	\$ 1,229.34
351	Quillin Jr	Frank	\$ 9,200.00	\$ 1,130.99
352	Raines	Dennis & Martha	\$ 10,000.00	\$ 1,229.34
353	Ravanan	Edna(deceased) or Goody N. Ruhl	\$ 5,580.00	\$ 685.97
354	Reed	Patsy R	\$ 12,594.80	\$ 1,548.33
355	Regier	Bernhard R.	\$ 9,400.00	\$ 1,155.58
356	Reichwein	Robert	\$ 22,000.00	\$ 2,704.55
357	Reynolds	Cyndy	\$ 23,000.00	\$ 2,827.48
358	Ridenour	Donald H	\$ 9,700.00	\$ 1,192.46
359	Roach	Earnest D	\$ 7,400.00	\$ 909.71
360	Robbins	Duane & Janice	\$ 8,800.00	\$ 1,081.82
361	Roberts	Mark David	\$ 3,000.00	\$ 368.80
362	Roos	Carolyn	\$ 68,000.00	\$ 8,359.52
363	Rose	Cynthia	\$ 8,200.00	\$ 1,008.06
364	Rossi	Lillian G.	\$ 5,830.00	\$ 716.71
365	Ruhl	Dorothy & Wilburn(deceased)	\$ 11,165.00	\$ 1,372.56
366	Ruhl	Lloyd T./Goody N.	\$ 5,580.00	\$ 685.97
367	Ruhl, Sr	Lloyd	\$ 9,600.00	\$ 1,180.17
368	Salehezadeh	Jeff	\$ 34,000.00	\$ 4,179.76
369	Sanford	Stanley	\$ 4,000.00	\$ 491.74

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
370	Sanford	Steven & Mary Ann	\$ 5,000.00	\$ 614.67
371	Santanni	Jill L.	\$ 8,200.00	\$ 1,008.06
372	Savage	Arthur	\$ 40,000.00	\$ 4,917.36
373	Schroeder	Esther L.	\$ 10,000.00	\$ 1,229.34
374	Schroeder	George	\$ 37,200.00	\$ 4,573.15
375	Schroeder	George E.	\$ 8,200.00	\$ 1,008.06
376	Schwenke	Patrick	\$ 9,000.00	\$ 1,106.41
377	Sensat	Shirley	\$ 34,440.00	\$ 4,233.85
378	Shelton	James W.	\$ 17,600.00	\$ 2,163.64
379	Shelton	James W.	\$ 250,000.00	\$ 30,733.52
380	Sherrod	Jesse E.	\$ 11,165.00	\$ 1,372.56
381	Sims (McKenzie)	Jennifer	\$ 3,000.00	\$ 368.80
382	Slaughter	Arlene	\$ 8,200.00	\$ 1,008.06
383	Soliz	Debra L.	\$ 10,000.00	\$ 1,229.34
384	Spratt	April Dawn	\$ 4,000.00	\$ 491.74
385	Stafford	Donald R	\$ 109,800.00	\$ 13,498.16
386	Stagg	Allan	\$ 2,700.00	\$ 331.92
387	Stanphill	Herb	\$ 9,400.00	\$ 1,155.58
388	Stehlin	David	\$ 235,295.00	\$ 28,925.78
389	Steinbis	Martin	\$ 285,000.00	\$ 35,036.22
390	Stepchinski	Brian	\$ 8,800.00	\$ 1,081.82
391	Stephens	Nancy	\$ 8,800.00	\$ 1,081.82
392	Stephens	Sparky	\$ 9,100.00	\$ 1,118.70
393	Stewart	Wayne	\$ 3,500.00	\$ 430.27
394	Stoner	Dale D	\$ 8,800.00	\$ 1,081.82
395	Stoops	Brian	\$ 5,720.00	\$ 703.18
396	Stoops	Brian	\$ 10,560.00	\$ 1,298.18
397	Storrs	Hattie O	\$ 28,800.00	\$ 3,540.50
398	Stout	V.L.	\$ 5,830.00	\$ 716.71
399	Stuart	Harold	\$ 8,400.00	\$ 1,032.65
400	Suffron	Raymond	\$ 20,000.00	\$ 2,458.68
401	Swartzendruber	Naomi J.	\$ 8,200.00	\$ 1,008.06
402	Swartzendruber	Richard	\$ 4,000.00	\$ 491.74
403	Swift	Ted Lindsey & Christine Rossi	\$ 27,915.00	\$ 3,431.71
404	Swift (Nicholson)	Kelly Maie	\$ 13,422.00	\$ 1,650.02
405	Synar	David W.	\$ 10,000.00	\$ 1,229.34
406	Tahere	Malcolm	\$ 10,000.00	\$ 1,229.34
407	Tanner	Betty Ruth	\$ 5,200.00	\$ 639.26
408	Tanner	Joseph W	\$ 5,200.00	\$ 639.26
409	Taylor	Mike	\$ 92,020.00	\$ 11,312.40
410	Teafatiller	Bruce	\$ 9,400.00	\$ 1,155.58
411	Thames	Chris	\$ 15,000.00	\$ 1,844.01
412	Thomas	James H.	\$ 8,800.00	\$ 1,081.82
413	Thomas	James H.	\$ 10,000.00	\$ 1,229.34
414	Thomas	James H.	\$ 100,000.00	\$ 12,293.41
415	Thompson	Carlton E.	\$ 8,800.00	\$ 1,081.82
416	Thompson	Carlton E.	\$ 10,000.00	\$ 1,229.34
417	Thompson	Mary Louise	\$ 9,400.00	\$ 1,155.58
418	Toussaint	Stanley D	\$ 8,200.00	\$ 1,008.06
419	Truman	Terry	\$ 3,150.00	\$ 387.24
420	Trzan	Hubert	\$ 3,000.00	\$ 368.80
421	Tucker	Ted	\$ 9,400.00	\$ 1,155.58
422	Tucker	Ted	\$ 10,000.00	\$ 1,229.34

	Last Name	First Name	Allowed Claims	Interim Distribution Amount
423	Tweedell	John	\$ 5,200.00	\$ 639.26
424	Tweedell	John E	\$ 32,800.00	\$ 4,032.24
425	Tyndell	Cindy	\$ 10,000.00	\$ 1,229.34
426	Umali	Roman T	\$ 9,000.00	\$ 1,106.41
427	Umali Jr	Roman T	\$ 119,766.34	\$ 14,723.37
428	Vanderploeg	Fred A.	\$ 8,800.00	\$ 1,081.82
429	Vaughan	Sherman	\$ 3,820.00	\$ 469.61
430	Vaughan	Sherman	\$ 11,165.00	\$ 1,372.56
431	Verret Jr	Louis A	\$ 14,560.00	\$ 1,789.92
432	Vincent	Linda	\$ 16,400.00	\$ 2,016.12
433	Waggoner	Thomas	\$ 23,500.00	\$ 2,888.95
434	Walker	Oliver D	\$ 8,200.00	\$ 1,008.06
435	Ward	Margaret	\$ 5,580.00	\$ 685.97
436	Wareham	Andrew	\$ 20,000.00	\$ 2,458.68
437	Welch	William D.	\$ 12,300.00	\$ 1,512.09
438	Wernette	Fred A.	\$ 9,400.00	\$ 1,155.58
439	White	Billy D.	\$ 11,000.00	\$ 1,352.28
440	White	Lottie Hazel	\$ 2,000.00	\$ 245.87
441	White,Jr	Homer G	\$ 8,200.00	\$ 1,008.06
442	Whiting (CTS Investments)	Jay	\$ 5,580.00	\$ 685.97
443	Wiatrek	Clara & Ben(Deceased)	\$ 5,580.00	\$ 685.97
444	Wickliffe	B. Wren/Amanda	\$ 5,580.00	\$ 685.97
445	Wickliffe	Benny W./Maudie	\$ 11,165.00	\$ 1,372.56
446	Wickliffe	Bruce W./Maudie	\$ 5,580.00	\$ 685.97
447	Wickliffe	Herman V.	\$ 5,580.00	\$ 685.97
448	Williams	Norris	\$ 9,000.00	\$ 1,106.41
449	Williamson	Margie	\$ 5,000.00	\$ 614.67
450	Williamson	Miles	\$ 1,900.00	\$ 233.57
451	Willis	Jim	\$ 9,400.00	\$ 1,155.58
452	Willis	Joan	\$ 5,580.00	\$ 685.97
453	Willis	Joan	\$ 16,750.00	\$ 2,059.15
454	Willis	Robert	\$ 11,165.00	\$ 1,372.56
455	Willis	Robert T.	\$ 5,580.00	\$ 685.97
456	Wilson	Billie C	\$ 6,180.00	\$ 759.73
457	Wilson	Billie C & Kari	\$ 9,200.00	\$ 1,130.99
458	Wilson	Billie C.	\$ 5,830.00	\$ 716.71
459	Wilson	Darrel E.	\$ 9,400.00	\$ 1,155.58
460	Wilson	Dean	\$ 5,580.00	\$ 685.97
461	Wilson	Howard	\$ 8,800.00	\$ 1,081.82
462	Winford	Kim	\$ 16,400.00	\$ 2,016.12
463	Wisdom	Larry W.	\$ 8,800.00	\$ 1,081.82
464	Worley	Robert B	\$ 2,000.00	\$ 245.87
465	Wulf	James E.	\$ 9,400.00	\$ 1,155.58
466	Wynn	Jerry	\$ 8,200.00	\$ 1,008.06
467	Yates	Darin	\$ 11,165.00	\$ 1,372.56
468	Zori	Alfred Ray	\$ 5,830.00	\$ 716.71
469	Zouzalik	Darrell	\$ 9,200.00	\$ 1,130.99
470	Zouzalik	Mark	\$ 12,932.00	\$ 1,589.78
		Total	\$ 9,842,672.74	\$ 1,210,000.00
		Distribution Amount	\$ 1,210,000.00	
		Distribution %	12.2934095%	

QUILLING, SELANDER, CUMMISKEY & LOWNDS
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TEXAS BOARD OF LEGAL SPECIALIZATION

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April _____, 2002

Re: Civil Action No. 3-98CV2689-M; *Securities and Exchange Commission vs. Funding Resource Group, et al*; in the United States District Court for the Northern District of Texas, Dallas Division (Funding Resource Group Receivership Estate)

Enclosed herewith please find a check made payable to you from me in my capacity as the Receiver appointed in the above-referenced case. The check enclosed represents a PARTIAL interim distribution to you with respect to your claim against the receivership estate. As indicated on the face of the check, it will become void if not cashed within 45 days from the date of the check. Please cash it as soon as possible.

If you have any inquiries regarding this matter please contact Steve Tomasky at my office. Do not attempt to contact the Court as the Court will just refer your inquiry to me. For more information you may want to contact my website, www.secreceiver.com. I appreciate your patience and consideration.

Very truly yours,

Michael J. Quilling

MJQ/cdc