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10 UNITED STATES DISTRICT COURT
11 EASTERN DISTRICT OF CALIFORNIA
12 SACRAMENTO DIVISION

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14 SECURITIES AND EXCHANGE COMMISSION,
15 Plaintiff,
16 v.
17 SECURE INVESTMENT SERVICES, INC.,
18 AMERICAN FINANCIAL SERVICES, INC.,
19 LYNDON GROUP, INC., DONALD F. NEUHAUS,
and KIMBERLY A. SNOWDEN,
20 Defendants.

Case No. 2:07-cv-01724-LEW-CMK

APPLICATION FOR TEMPORARY
RESTRAINING ORDER AND ORDER
TO SHOW CAUSE RE
PRELIMINARY INJUNCTION

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23 Plaintiff Securities and Exchange Commission (the "Commission") applies for a
24 temporary restraining order prohibiting Defendants Secure Investment Services, Inc., American
25 Financial Services, Inc., and Lyndon Group, Inc. (collectively "the corporate defendants"), and
26 Defendants Donald F. Neuhaus and Kimberly A. Snowden, from committing violations of
27 antifraud and registration provisions of the federal securities laws, freezing assets of the
28 Defendants, prohibiting Defendants from destroying documents, requiring Defendants to provide

1 an accounting, and authorizing immediate discovery, and also an order appointing Michael J.
2 Quilling, Esq., as receiver over the corporate defendants, all as set forth in more detail in the
3 proposed orders lodged by the Commission. In addition, the Commission applies for an Order to
4 Show Cause Re Preliminary Injunction.

5 The Commission makes this application pursuant to Local Rules 65-231 and 66-232 and
6 Federal Rule of Civil Procedure 65(b). The Commission is authorized to make this application
7 and the Court is authorized to grant a temporary injunction or restraining order and other
8 equitable relief, without bond, pursuant to 15 U.S.C. §§ 77t(b) and 78u(d). Pursuant to Local
9 Rule 65-231, the Commission has filed a declaration by one of its attorneys, Lloyd A. Farnham,
10 detailing that the Commission provided Defendants with notice of its intention to seek a
11 temporary restraining order and other relief and the date and time of the requested hearing on the
12 matter.

13 This application is supported by the Commission's memorandum of points and
14 authorities, the declarations of Thomas J. Eme, Milo H. Segner, Jr., Michael G. Moore, Gerry H.
15 Goldsholle, Michael J. Quilling, and Ronald C. Baer, and all materials attached to the
16 declarations, and such other oral or written evidence as may be presented at hearing. As detailed
17 in its papers, the Commission requests the immediate assistance of the Court in protecting
18 investor assets. Defendants have offered and sold at least \$25 million in fractionalized interests
19 in life insurance policies, so-called "bonded life settlement" investments. Defendants sell the
20 investments with material misrepresentations and omissions about the uses of investor funds,
21 cash reserves, life expectancy estimates and bonds that supposedly back the investments, and
22 their own regulatory history, and without registering the offering with the Commission.

23 At present, Defendants are obligated to pay as much as \$3.1 million in future insurance
24 premiums to keep policies from lapsing and investors from losing everything. Yet Defendants
25 have spent the money they should have reserved to pay the premiums and cannot pay them
26 without fraudulently raising money from new victims. Also, Defendants have recently
27 misappropriated funds from one group of investors to make good on their obligations to a
28 different group of investors.

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These facts demonstrate that Defendants have engaged in violations of the federal securities laws and that there exists an immediate and irreparable risk of injury to investors and to the public unless relief is granted.

Dated: August 23, 2007

Respectfully submitted,

/s/ Thomas J. Eme
THOMAS J. EME

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