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12 UNITED STATES DISTRICT COURT
13 EASTERN DISTRICT OF CALIFORNIA
14 SACRAMENTO DIVISION

15 SECURITIES AND EXCHANGE COMMISSION,

16 Plaintiff,

17 v.

18 SECURE INVESTMENT SERVICES, INC.,
19 AMERICAN FINANCIAL SERVICES, INC.,
20 LYNDON GROUP, INC., DONALD F. NEUHAUS,
21 and KIMBERLY A. SNOWDEN,

22 Defendants.

Case No.

STATEMENT RE IRREPARABLE
INJURY UNDER LOCAL RULE 65-
231(C) IN SUPPORT OF
APPLICATION FOR TEMPORARY
RESTRAINING ORDER AND ORDER
TO SHOW CAUSE REGARDING
PRELIMINARY INJUNCTION

23 1. Plaintiff, Securities and Exchange Commission (“Commission”), seeks a
24 temporary restraining order in this matter. Local Rule 65-231(c) states that a hearing on a request
25 for a temporary restraining order normally will not be set unless “an affidavit in support of the
26 existence of an irreparable injury” is provided to the Court and opposing parties or their counsel.

27 2. Because the Commission is bringing this action pursuant to its statutory
28 mandate to safeguard the public interest and to enforce the federal securities laws, irreparable
injury may be presumed. See United States v. Odessa Union Warehouse Co-Op, 833 F.2d 172,

1 174-75 (9th Cir. 1987) (holding irreparable injury presumed in federal agency action for
2 injunctive relief); Navel Orange Admin. Comm. v. Exeter Orange Co., Inc., 722 F.2d 449, 453
3 (9th Cir. 1983) (same).

4 3. Although irreparable injury is presumed here, the Local Rule 65-231(c)
5 requirement is met by the declarations of Milo H. Segner, Jr., Gerry H. Goldsholle, and Ronald C.
6 Baer, made under penalty of perjury and filed contemporaneously with this statement. In this case,
7 the Commission alleges that Defendants sold fractionalized interests in life insurance policies to
8 investors with material misrepresentations and omissions about, among other things, cash
9 reserves to pay future policy premiums. As of June 30, 2007, the Defendants were insolvent and
10 lacked sufficient funds to meet future premium obligations. (Segner Decl. Par. 24.) If premiums
11 are not paid, life insurance policies owned by investors will lapse into non-coverage, in which case
12 investors will lose their investments. (Segner Decl. Par. 8; Goldsholle Decl. Par. 14.) In recent
13 weeks, Defendants used \$250,000 from investors in one policy to pay claims of investors in a
14 different policy. (Baer Decl. Par. 5-11.)

15
16 Dated: August 23, 2007

Respectfully submitted,

17
18 /S/ Thomas J. Eme
THOMAS J. EME

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