

1 **BOUTIN DENTINO GIBSON**  
2 **DI GIUSTO HOPELL INC.**  
3 Chris Gibson, SBN 073353  
4 Maralee MacDonald, SBN 208699  
5 555 Capitol Mall, Suite 1500  
6 Sacramento, CA 95814-4603  
7 (916) 321-4444

8 Attorneys for Receiver  
9 Michael J. Quilling

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

13 SECURITIES AND EXCHANGE COMMISSION,

14 Plaintiff,

15 v.

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

20 Defendants.

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

STIPULATED MOTION FOR ORDER  
AUTHORIZING RECEIVER TO  
EMPLOY NATIONAL VIATICAL,  
INC.; ORDER

21 The parties, at the request of Michael J. Quilling, the Receiver appointed in these  
22 proceedings, ("Receiver"), respectfully submit this Stipulated Motion for Order Authorizing  
23 Receiver to Employ National Viatical, Inc. and Order under L.R. 66-232(g).

24 **BACKGROUND FACTS**

25 1. By Order of August 24, 2007, the Court appointed Michael J. Quilling as  
26 Temporary Receiver for Secure Investment Services, Inc. ("SIS"), American Financial Services,  
27 Inc. ("AFS") and Lyndon Group, Inc. ("LGI"). In that capacity, the Court has authorized and  
28 charged the Receiver to take complete and exclusive control, possession, and custody of all  
receivership assets.

2. The Order Appointing Temporary Receiver authorizes the Receiver to employ  
professionals and specialists as needed to preserve and maintain the Receivership Assets in this  
case:

1 Given the emergency nature of these proceedings, the Receiver is  
2 hereby authorized to employ such employees, accountants, and  
3 attorneys as is necessary and proper for the collection,  
4 preservation, maintenance and operation of the Receivership  
5 Assets and Receivership Records and to open bank accounts or  
6 other depository accounts in the name of the Receiver on behalf of  
7 the receivership estate. As soon as possible after retaining such  
8 professionals, the Receiver shall file written applications to  
9 retroactively approve the employment pursuant to Local Rule 66-  
10 232(g).

11 *Order Appointing Temporary Receiver* [Dkt. No. 27] at ¶ 11.

12 3. The receivership estate's largest single asset is the portfolio of life insurance  
13 policies owned or otherwise managed by SIS, AFS and/or LGI. There are at least 42 separate  
14 policies with a combined value of death benefits exceeding \$56 million. Maintaining this  
15 portfolio and monitoring each insurance policy will require a significant amount of  
16 administrative time and effort. In addition, it requires expertise in both the insurance and viatical  
17 industries. Properly maintaining each policy in the portfolio is of paramount importance in order  
18 to maximize returns to the creditors and investors.

19 4. Accordingly, the Receiver requests authority under L.R. 66-232(g) to employ  
20 National Viatical, Inc. ("NVI") of Woodstock, Georgia, to administer the life insurance portfolio.  
21 NVI has been in the life settlement and viatical industry since 1999. NVI has extensive  
22 experience in monitoring and maintaining portfolios similar to the one in this case. Most  
23 recently the Receiver employed NVI in two other receiverships involving large viatical  
24 companies, each with portfolios of life insurance policies valued at over \$230 million. The  
25 receiver anticipates that NVI will aid in handling all paperwork related to those policies,  
26 analyzing the policies to determine their value, obtaining updated medical reports, tracking  
27 maturities, monitoring premium payment schedules, and all other actions necessary to maintain  
28 the portfolio. The Receiver believes that employing NVI is in the best interest of the  
receivership estate because NVI has the experience and resources to efficiently and effectively  
monitor and maintain the kind of portfolio at issue in this case.

5. NVI has agreed to maintain the portfolio for a cost of \$50.00 per month for each  
policy plus expenses. The Receiver believes that NVI's proposed fees are reasonable and seeks

1 Court approval to pay that amount on a tentative basis pending the final hearing required under  
2 L.R. 66-232.

3 **POINTS AND AUTHORITIES**

4 6. The Order Appointing Temporary Receiver authorizes the Receiver to employ  
5 and pay professionals and experts for the preservation and maintenance of Receivership Assets.  
6 It also gives the Receiver broad authority to do whatever is necessary to properly manage those  
7 assets for the benefit of the investors. On that basis, the Receiver requests authority from this  
8 Court to immediately retain NVI for the purpose of identifying the premium obligations and  
9 preventing any of the insurance policies from lapsing.

10 7. Federal district courts have broad authority to allow a receiver to expend funds for  
11 the benefit of the estate. *See SEC v. Elliott*, 953 F.2d 1560, 1576 (11th Cir. 1992) (“It is  
12 appropriate and obvious that a receiver will make expenditures to maintain trust property”); *see*  
13 *also SEC v. Phoenix Telecom, L.L.C.*, 231 F. Supp. 2d 1223, 1226-1227 (N.D. Ga. 2001)  
14 (authorizing receiver to pay professional fees to financial consulting firm). As described above,  
15 the employment of NVI would benefit the receivership estate by helping the Receiver efficiently  
16 and effectively maintain the life insurance portfolio for the benefit of the investors and creditors.

17 8. The Receiver requests an order authorizing him to employ NVI and to  
18 compensate it consistent with the terms described above.

19 **STIPULATION**

20 WHEREFORE, THE PARTIES STIPULATE to the entry of an order of this Court  
21 authorizing the Receiver to employ NVI and to compensate it consistent with the terms described  
22 above.

23  
24 BOUTIN DENTINO GIBSON DI GIUSTO  
25 HODELL INC.

26 Dated: August 29, 2007

27 By /s/ Maralee MacDonald  
28 Maralee MacDonald  
Attorneys for Receiver

1  
2 SECURITIES EXCHANGE  
3 COMMISSION

4 Dated: August 29, 2007

5 By /s/ John S. Yun (as authorized on August 29, 2007)  
6 Thomas J. Erme  
7 John S. Yun  
8 Attorneys for Plaintiff Securities  
9 Exchange Commission

10 KENNY, SNOWDEN & NORINE

11 Dated: August 29, 2007

12 By /s/ Mark Norcross (as authorized on August 29, 2007)  
13 Mark Norcross  
14 Attorneys for Defendants  
15 Donald Neuhaus and  
16 Kimberly Snowden

17 **ORDER**

18 IT IS SO ORDERED.

19 Dated:

20 \_\_\_\_\_  
21 Honorable Ronald S. W. Lew  
22 UNITED STATES DISTRICT COURT JUDGE  
23  
24  
25  
26  
27  
28