

**BOUTIN GIBSON DI GIUSTO HODELL INC.**

Chris Gibson, SBN 073353  
Maralee MacDonald, SBN 208699  
555 Capitol Mall, Suite 1500  
Sacramento, California 95814-4603  
(916) 321-4444

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

Michael J. Quilling (Tex. Bar No. 16432300) – Admitted Pro Hac Vice  
D. Dee Raibourn, III (Tex. Bar No. 24009495) – Admitted Pro Hac Vice  
Brent J. Rodine (Tex. Bar No. 24048770) – Admitted Pro Hac Vice  
2001 Bryan Street, Suite 1800  
Dallas, Texas 75201  
Telephone: (214) 871-2100  
Facsimile: (214) 871-2111

Attorneys for Michael J. Quilling  
Receiver of Defendants Secure Investment Services, Inc.,  
American Financial Services, Inc., and Lyndon Group, Inc.

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

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

**NOTICE OF MOTION FOR  
AUTHORIZATION TO ABANDON  
THE QUI-W(2) POLICY**

**Date: July 28, 2008**

**Time: 9:00 a.m.**

**Courtroom: 10**

TO THE PARTIES AND ALL COUNSEL OF RECORD:

On July 28, 2008 at 9:00 a.m., or as soon thereafter as the matter may be heard before the  
Honorable Garland E. Burrell, Jr., at the U.S. District Court for the Eastern District of California,

1 501 I Street, Department 10, Sacramento, California, Michael J. Quilling, the Receiver appointed  
2 in these proceedings (“Receiver”), will move this Court for an Order authorizing Receiver to  
3 abandon the receivership estate’s ownership interest in the QUI-W(2) Policy.  
4

5 The motion will be based upon this Notice, Receiver’s Motion for Authorization to  
6 Abandon the QUI-W(2) Policy and Declaration of Michael J. Quilling in support of the motion,  
7 on the papers on file in this matter and the evidence, testimony or argument received by the  
8 Court during the hearing on the motion. A proposed order is submitted contemporaneously with  
9 this motion.

10 Dated: June 11, 2008.

11 Respectfully submitted,

12 **BOUTIN GIBSON DI GIUSTO HODELL INC.**  
13

14  
15 By:           /s/ Maralee MacDonald            
16 Maralee MacDonald

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

19 Michael J. Quilling (Tex. Bar No. 16432300)  
20 D. Dee Raibourn, III (Tex. Bar No. 24009495)  
21 Brent J. Rodine (Tex. Bar No. 24048770)

22 Attorneys for Receiver of Defendants Secure  
23 Investment Services, Inc., American Financial  
24 Services, Inc., and Lyndon Group, Inc.  
25  
26  
27  
28

**CERTIFICATE OF SERVICE**

I hereby certify that on the 11th day of June, 2008, a copy of this motion was served on all interested parties through the Court's electronic filing system. In addition, a copy of this motion was served on the following investors named as owners of the QUI-W(2) Policy by U.S. Certified Mail, Return Receipt Requested:

John Atkinson  
8244 Woodyard Way  
Citrus Heights, CA 95621

Michael L. and Trudy Bury  
14 Sage Brush Court  
Chico, CA 95926

Jill Catania  
7034 Checkerbloom Way  
Citrus Heights, CA 95610

Estate of Carmen Palomo-Boyd  
c/o Monica Derner  
P. O. Box 364  
Canby, CA 96015

Steven R. Enochian  
and Barbara J. Enochian  
5455 Blackhawk Drive  
Danville, CA 94506-6004

Carol Lee Erwin  
(now Carol Banda)  
14680 Aurelia Way  
San Leandro, CA 94578

Lonnie Julius  
2046 Westwood Avenue  
Redding, CA 96001

Dave Kirksey  
3515 Jasmine Crest  
Encinitas, CA 92024

Michael L. Pagan  
7725 Tobia Way  
Fair Oaks, CA 95628

Ruth Collier  
P.O. Box 992684  
Redding, CA 96099

Larry W Thomas  
9280 Barbula Hill Road  
New Castle, CA 95658

Jack A. Wade  
23430 Deerfield Drive  
Los Gatos, CA 95033

/s/ Michael J. Quilling

Michael J. Quilling

**BOUTIN GIBSON DI GIUSTO HODELL INC.**

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Attorneys for Michael J. Quilling  
Receiver of Defendants Secure Investment Services, Inc.,  
American Financial Services, Inc., and Lyndon Group, Inc.

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

**Case No. 2:07-cv-01724 GEB CMK**

**MOTION FOR AUTHORIZATION  
TO ABANDON THE QUI-W(2)  
POLICY**

**Hearing Date: July 28, 2008**

**Time: 9:00 a.m.**

**Judge: Hon. Garland E. Burrell, Jr.**

TO THE HONORABLE GARLAND E. BURRELL, JR., UNITED STATES DISTRICT JUDGE:

Michael J. Quilling, the Receiver appointed in these proceedings (“Receiver”), files this Motion for Authorization to Abandon the QUI-W(2) Policy and in support would show the following:

1           1.     By Orders dated August 24, 2007 and October 30, 2007, the Receiver was  
2 appointed by this Court and charged with having, *inter alia*, “complete and exclusive control,  
3 possession and custody of all receivership assets.”

4           2.     In that the Receiver was not appointed as to Donald Neuhaus, individually and  
5 because some of the insurance policies involving investors were held wholly or partially in his  
6 individual name, the Receiver negotiated, and received Court approval of [Dkt. No. 72] a  
7 Compromise and Settlement Agreement with Donald Neuhaus. One aspect of the Agreement  
8 was that he would transfer all policy interests held in his individual name to the receivership.  
9

10          3.     One of the assets over which the Receiver assumed control by virtue of the  
11 foregoing Orders was life insurance policy number BU1063056 in the face amount of  
12 \$500,000.00 issued by Mutual of Omaha insuring the life of QUI-W(2) (“Policy”).<sup>1</sup>  
13

14          4.     Books and records available to the Receiver indicate that prior to the appointment  
15 of the Receiver, Donald Neuhaus caused himself and 12 other individuals and entities to be  
16 registered as partial owners of the Policy on the records of Mutual of Omaha. The ownership  
17 interest percentage of each was calculated based on the amount invested by each investor. Each  
18 investor was also registered as a partial beneficiary of the death benefits available under the  
19 Policy. A schedule of the ownership interests held by each investor is set forth in Exhibit 1  
20 attached hereto. As reflected, Donald Neuhaus retained an ownership interest of only 3.89655%,  
21 which translates into the right to receive \$19,482.75 upon the death of the insured.  
22

23          5.     The annual premium with respect to the Policy which is paid on a quarterly basis  
24 for 2008 is \$15,880.00. Despite only owning 3.89655% of the Policy, since his appointment  
25 through April 30, 2008, the Receiver has paid 100% of the premium required when due for a  
26

27 <sup>1</sup> In order to protect the identity of the insured from those who may be interested in their early death, the  
28 Receiver will use an identifier comprised of the first three letters of the last name and the first letter of the first  
name. John Smith = SMI-J. If the policy covers two individuals, John and Sally Smith, the identifier is SMI-  
J&S. If there are multiple policies on the insured a number designation follows – SMI-J&S(1).

1 total of \$17,468.00 during the period. Although the premium for 2009 and subsequent years is  
2 not known, generally premiums increase each year on average between 4 and 5 percent  
3 depending on the age of the insured and the company.

4           6. With multiple owners and beneficiaries, the Policy has no value on the market,  
5 cannot be sold and, in its current state, the Policy is worthless to the receivership. If, however,  
6 all partial ownership interests were transferred to the receivership then, if necessary, the Policy  
7 could be sold and the funds contributed to the pool of funds to be shared by all investors [see  
8 Dkt. No. 56 – Order Pooling Assets]. Accordingly, on March 14, 2008 the Receiver began  
9 sending a letter to each partial owner of the Policy requesting that they transfer their ownership  
10 interest to the receivership in exchange for a claim against the receivership. A sample of the  
11 letter is attached as Exhibit 2. As of June 6, 2008, a total of 7 different investors holding an  
12 aggregate of 67.4898% of the Policy ownership have signed and returned forms transferring their  
13 interest to the receivership. Those investors are listed on the schedule attached hereto as Exhibit  
14 3 as are the investors who have not returned their forms. Combined with the percentage already  
15 held by the receivership, the Receiver now controls 71.38635% of the Policy.

16           7. In an effort to encourage the remaining investors to transfer their interest, the  
17 Receiver began calling some of the owners to see if he could answer any questions they might  
18 have. When contacted, several of the owners were hostile and flatly refused to consider the  
19 matter and vowed to never cooperate with the Receiver. Accordingly, it has become abundantly  
20 clear to the Receiver that continued efforts to obtain complete ownership of the Policy is an  
21 exercise in futility and does not justify further expenditure of effort and fees by the receivership.

22           8. Thus, a couple of options exist as to how to proceed with the Policy to-wit: (1)  
23 leave things as they are; (2) have the Receiver bill each investor for their share of the premiums  
24 as they become due; or (3) have the receivership abandon its interest in the Policy and leave the  
25 remaining owners to fend for themselves. Each option is discussed below.  
26  
27  
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1           9.     Option 1. Leaving things as they are does not make sense, financial or otherwise,  
2 for the receivership. The receivership has and will have to continue to borrow funds under its  
3 line of credit to pay 100% of the premium when the receivership only owns 3.89655% of the  
4 Policy. In addition, the receivership will continue paying \$50.00 per month to National Viatical,  
5 Inc. to monitor the Policy, the health of the insured and process premiums in addition to fees and  
6 expenses relating to legal counsel. Moreover, since the Policy cannot be sold, there is no exit  
7 strategy other than to await the death of the insured and that could take years even though the  
8 insured is 75 years of age. The out of pocket cost to the receivership is about to exceed the  
9 amount it will ever receive in death benefits.  
10

11           10.    Option 2. The Receiver has also considered the possibility of continuing to  
12 conduct the business of the Policy and cover future premium requirements by requesting that the  
13 Court order that individual investors pay their respective percentage of the premium when due.  
14 Several investors have told the Receiver that they do not have the financial ability to pay their  
15 share of the premium. But even if they could, such an alternative will be extremely burdensome  
16 to the receivership in terms of legal fees and will not bring any benefit to the receivership unless  
17 the insured was to die before the conclusion of the receivership because there is no ability to sell  
18 the Policy instead of continuing to hold it. Again, the receivership has already paid almost as  
19 much in premium as it will ever recover in death benefits.  
20

21           11.    Option 3. The only alternative which makes financial sense for the receivership is  
22 for the Receiver to abandon the estate's 3.89655% ownership interest and to allow the other  
23 partial owners to formulate their own devices by which to obtain funds to timely pay the  
24 premium. Unfortunately, the likely reality of such a scenario is that the Policy will lapse very  
25 quickly due to nonpayment of premium because many of the investors have indicated to the  
26 Receiver that they simply do not have the financial ability to continue paying premiums for  
27 even a short period of time much less throughout the continued lifetime of the insured. It is  
28

1 indeed unfortunate that the refusal of a few investors will likely bring about a complete loss of  
2 the investment of all of them, but there is simply no way around the current stalemate which  
3 exists.

4  
5 12. The Receiver requests the Court schedule an evidentiary hearing to allow a  
6 complete record to be developed which justifies the action requested by the Receiver and to  
7 allow interested investors who hold ownership interests in the Policy to present their positions to  
8 the Court. If, at the conclusion of the hearing, the Court decides that the Receiver should be  
9 allowed to abandon the receivership estate's interest in the Policy, the Receiver will provide to  
10 each such owner a list of contact information for each known investor holding an interest in the  
11 Policy so that they can try to organize to save the Policy from lapsing. The Receiver will also  
12 serve a copy of this motion upon each investor who holds an ownership interest in the Policy and  
13 notify them of any hearing date.

14  
15 WHEREFORE, PREMISES CONSIDERED, the Receiver requests that the Court  
16 schedule an evidentiary hearing to consider the Receiver's request to abandon the receivership  
17 estate's ownership interest in the QUI-W(2) Policy and for such other and further relief, general  
18 or special, at law or in equity, to which the Receiver may show himself justly entitled.

19 Dated: June 11, 2008.

Respectfully submitted,

20  
21  
22 /s/ Michael J. Quilling

MICHAEL J. QUILLING (Tex. Bar No. 16432300)  
23 D. DEE RAIBOURN, III (Tex. Bar No. 24009495)  
24 BRENT J. RODINE (Tex. Bar No. 24048770)

25 Attorneys for Receiver  
26 QUILLING, SELANDER, CUMMISKEY &  
27 LOWNDS, P.C.  
28

MARALEE MacDONALD  
BOUTIN GIBSON DI GIUSTO HODELL INC.  
Attorneys for Receiver

**CERTIFICATE OF SERVICE**

I hereby certify that on the 11th day of June, 2008, a copy of this motion was served on all interested parties through the Court's electronic filing system. In addition, a copy of this motion was served on the following investors named as owners of the QUI-W(2) Policy by U.S. Certified Mail, Return Receipt Requested:

John Atkinson 8244 Woodyard Way Citrus Heights, CA 95621	Michael L. and Trudy Bury 14 Sage Brush Court Chico, CA 95926	Jill Catania 7034 Checkerbloom Way Citrus Heights, CA 95610
Estate of Carmen Palomo-Boyd c/o Monica Derner P. O. Box 364 Canby, CA 96015	Steven R. Enochian and Barbara J. Enochian 5455 Blackhawk Drive Danville, CA 94506-6004	Carol Lee Erwin (now Carol Banda) 14680 Aurelia Way San Leandro, CA 94578
Lonnie Julius 2046 Westwood Avenue Redding, CA 96001	Dave Kirksey 3515 Jasmine Crest Encinitas, CA 92024	Michael L. Pagan 7725 Tobia Way Fair Oaks, CA 95628
Ruth Collier P.O. Box 992684 Redding, CA 96099	Larry W Thomas 9280 Barbula Hill Road New Castle, CA 95658	Jack A. Wade 23430 Deerfield Drive Los Gatos, CA 95033

/s/ Michael J. Quilling  
Michael J. Quilling

# Exhibit “1”

## QUI-W(2)

Investor	Ownership Interest	Amount Invested
John Atkinson	8.7500000%	\$ 25,000.00
Michael L. and Trudy Bury	1.7500000%	\$ 5,000.00
Jill Catania	3.0976000%	\$ 8,130.54
Ruth Collier	3.5000000%	\$ 10,000.00
Steven R. and Barbara J. Enochian	2.9169000%	\$ 8,334.00
Carol Lee Erwin (now Carol Banda)	7.1000000%	\$ 25,000.00
Lonnie Julius	14.0000000%	\$ 40,000.00
Dave Kirksey	3.8965500%	\$ -
Michael L. Pagan	29.4729000%	\$ 84,208.29
The Estate of Palomo-Boyd	3.5000000%	\$ 10,000.00
Michael J. Quilling, Receiver	3.8965500%	\$ -
Larry W. Thomas	7.0000000%	\$ 20,000.00
Jack A. Wade	11.1195000%	\$ 37,065.00
<b>TOTAL</b>	<b>100.0000000%</b>	<b>\$ 272,737.83</b>

# Exhibit “2”



Michael J. Quilling  
BOARD CERTIFIED  
BUSINESS BANKRUPTCY LAW  
AND CIVIL TRIAL LAW  
TEXAS BOARD OF LEGAL SPECIALIZATION

Telephone: 214.871.2100  
Facsimile: 214.871.2111

March 14, 2008

*VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED*

Re: Case No. 2:07-CV-01724-LEW-CMK; Securities and Exchange Commission v. Secure Investments Services, Inc., American Financial Services, Inc., Lyndon Group, Inc., Donald F. Neuhaus, and Kimberly A. Snowden; U. S. District Court, Eastern District of California

Re: Insured Name:  
Policy No.: BU1063056

Dear

As you are probably aware, I am the Receiver appointed by the United States District Court for the Eastern District of California with respect to the above-referenced case. In connection with performing my duties I have taken possession of the books and records of the companies and have been administering the insurance policies (*i.e.*, paying the premiums and monitoring for the death of an insured). One of those policies is Policy No. BU1063056 issued by Mutual of Omaha covering the life of

I am writing to you because the books and records I have reviewed indicate that you have an ownership interest equal to % of the death benefit associated with the policy. Since my appointment, I have been paying 100% of the premiums which are due with respect to the policy. The annual premium at this time is approximately \$17,468.00. When I was appointed, there was very little money available to pay premiums. In order to do so I have had to borrow the money from the bank. Although I have arranged to borrow a total of \$3 million if necessary, I cannot keep doing so forever so I am exploring other possibilities, including a sale of all or some of the policies.

In order for me to formulate a plan to get as much money back to investors as quickly as possible, I need your assistance. In particular, I ask that you sign the enclosed document where indicated and return it to me in the enclosed envelope. If you sign the document, you will be transferring your % ownership interest to me in my capacity as Receiver. If I can find a buyer for the policy the fact that you have transferred the interest to me will make the sale process much

March 14, 2008

Page 2

easier and faster. By transferring your interest to me you are giving up your ownership interest in the policy but you will have a claim for the amount you invested against the receivership estate. If you choose not to assign your interest, I will have no option but to request that you begin paying your share of the annual premium which right now is approximately \$                      This amount will increase in the future and may have to be paid for many years depending on when the insured dies.

If you have any questions at all, please call me and I will be happy to discuss the matter with you. In the alternative, please feel free to contact Steve Harr, the Examiner appointed in these proceedings. As Examiner, his role is to communicate with investors regarding how their interests are impacted by what I do as Receiver. Mr. Harr's phone number is (214) 855-7500, and he can be contacted at [www.examinersis.com](http://www.examinersis.com).

Very truly yours,



Michael J. Quilling

MJQ/ja  
Enclosures

cc: Tom Eme, Securities & Exchange Commission  
Steve Harr, Examiner  
Catrina Tipton, National Viatical, Inc.  
Maralee MacDonald, Esq.

# Exhibit “3”

## QUI-W(2)

### Signed Transfer Forms Returned to Receiver

Investor	Ownership Interest
John Atkinson	8.7500000%
Michael L. and Trudy Bury	1.7500000%
Steven R. and Barbara J. Enochian	2.9169000%
Carol Lee Erwin (now Carol Banda)	7.1000000%
Lonnie Julius	14.0000000%
Michael L. Pagan	29.4729000%
The Estate of Palomo-Boyd	3.5000000%
<b>SUB-TOTAL</b>	<b>67.4898000%</b>
Michael J. Quilling, Receiver	3.8965500%
<b>TOTAL</b>	<b>71.3863500%</b>

## QUI-W(2)

### Transfer Forms Not Returned to Receiver

<b>Investor</b>	<b>Ownership Interest</b>
Jill Catania	3.0976000%
Ruth Collier	3.5000000%
Dave Kirksey	3.8965500%
Larry W. Thomas	7.0000000%
Jack A. Wade	11.1195000%
<b>TOTAL</b>	<b>28.6136500%</b>

1 **BOUTIN GIBSON DI GIUSTO HODELL INC.**

2 Chris Gibson, SBN 073353  
3 Maralee MacDonald, SBN 208699  
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7 **QUILLING, SELANDER, CUMMISKEY & LOWNDS, P.C.**

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9 D. Dee Raibourn, III (Tex. Bar No. 24009495) – Admitted Pro Hac Vice  
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15 Attorneys for Michael J. Quilling  
16 Receiver of Defendants Secure Investment Services, Inc.,  
17 American Financial Services, Inc., and Lyndon Group, Inc.

18 UNITED STATES DISTRICT COURT  
19 EASTERN DISTRICT OF CALIFORNIA  
20 SACRAMENTO DIVISION

21 SECURITIES AND EXCHANGE COMMISSION,

22 Plaintiff,  
23 v.

24 SECURE INVESTMENT SERVICES, INC.,  
25 AMERICAN FINANCIAL SERVICES, INC.,  
26 LYNDON GROUP, INC., DONALD F. NEUHAUS,  
27 and KIMBERLY A. SNOWDEN,

28 Defendants.

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

DECLARATION OF RECEIVER  
MICHAEL J. QUILLING IN SUPPORT  
OF MOTION FOR AUTHORIZATION  
TO ABANDON THE QUI-W(2)  
POLICY

**Hearing Date: July 28, 2008**  
**Time: 9:00 a.m.**  
**Judge: Hon. Garland E. Burrell, Jr.**

Michael J. Quilling, the Receiver appointed in these proceedings, respectfully submits the following Declaration in support of the Motion for Authorization to Abandon the QUI-W(2) Policy, and declares:

1           1.       I am an attorney at law and a shareholder of Quilling, Selander, Cummiskey, &  
2 Lownds, P.C. I am the Court appointed receiver and admitted *pro hac vice* in this matter. I  
3 make this declaration based on my own personal knowledge and could competently testify  
4 regarding the facts below if called to do so.

5           2.       One of the assets over which I assumed control as Receiver is life insurance  
6 policy number BU1063056 in the face amount of \$500,000.00 issued by Mutual of Omaha  
7 insuring the life of QUI-W(2) ("Policy"). In order to protect the identity of the insured from  
8 those who may be interested in their early death, I use an identifier comprised of the first three  
9 letters of the last name and the first letter of the first name of the insured.  
10

11           3.       Books and records available to me indicate that prior to the appointment of the  
12 Receiver, Donald Neuhaus caused himself and 12 other individuals and entities to be registered  
13 as partial owners of the Policy on the records of Mutual of Omaha. The ownership interest  
14 percentage of each was calculated based on the amount invested by each investor. Each investor  
15 was also registered as a partial beneficiary of the death benefits available under the Policy. A  
16 schedule of the ownership interests held by each investor is set forth in Exhibit 1 attached to the  
17 Motion for Authorization to Abandon the QUI-W(2) Policy. Exhibit 1 is true and correct to the  
18 best of my knowledge. As reflected, Donald Neuhaus retained an ownership interest of only  
19 3.89655%, which translates into the right to receive \$19,482.75 upon the death of the insured.  
20 Transfer of this partial beneficial interest has been transferred into the name of the receiver.  
21

22           4.       The annual premium with respect to the Policy which is paid on a quarterly basis  
23 for 2008 is \$15,880.00. Despite only owning 3.89655% of the Policy, from August 24, 2007  
24 through April 30, 2008, the receivership has paid 100% of the premium required when due for a  
25 total of \$17,468.00 during the period. Although the premium for 2009 and subsequent years is  
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1 not known, generally premiums increase each year on average between 4 and 5 percent  
2 depending on the age of the insured and the company.

3 5. With multiple owners and beneficiaries, the Policy has no value on the market,  
4 cannot be sold and, in its current state, the Policy is worthless to the receivership. If, however,  
5 all partial ownership interests were transferred to the receivership then, if necessary, the Policy  
6 could be sold and the funds contributed to the pool of funds to be shared by all investors.  
7

8 6. On March 14, 2008, I began sending a letter to each partial owner of the Policy  
9 requesting that they transfer their ownership interest to the receivership in exchange for a claim  
10 against the receivership. A true and correct copy of sample of the letter is attached as Exhibit 2  
11 to the Motion for Authorization to Abandon the QUI-W(2) Policy. As of June 6, 2008, a total of  
12 7 different investors holding an aggregate of 67.4898% of the Policy ownership have signed and  
13 returned forms transferring their interest to the receivership. Those investors are listed on the  
14 schedule attached to the Motion for Authorization to Abandon the QUI-W(2) Policy as Exhibit 3,  
15 as are the investors who have not returned their forms. Exhibit 3 is true and correct to the best of  
16 my knowledge. Combined with the percentage already held by the receivership, as Receiver, I  
17 now control 71.38635% of the Policy.  
18

19 7. In an effort to encourage the remaining investors to transfer their interest, I, along  
20 with other attorneys in my office at my direction, began calling some of the owners to see if I  
21 could answer any questions they might have. When contacted by me, several of the owners were  
22 hostile and flatly refused to consider the matter and vowed to never cooperate with me or the  
23 receivership. Based on these refusals, I believe that continued efforts to obtain complete  
24 ownership of the Policy is an exercise in futility and does not justify further expenditure of effort  
25 and fees by the receivership.  
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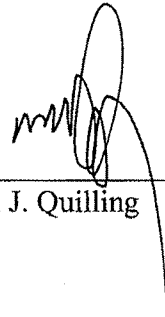
8. If the receivership were to continue to pay premiums on the Policy, the premiums would be funded by the receivership's line of credit.

9. In addition, the receivership would need to continue paying \$50.00 per month to National Viatical, Inc. to monitor the Policy, the health of the insured, and process premiums, in addition to fees and expenses relating to legal counsel. The insured on the Policy is 75 years of age. The out of pocket cost to the receivership is about to exceed the amount it will ever receive in death benefits on the Policy.

10. I have been notified that several investors cannot afford to pay their share of the premiums on the Policy.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own personal knowledge except those matters stated on information and belief, and as to them, I believe them to be true.

Executed on June 11, 2008, at Dallas, Texas.

  
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Michael J. Quilling

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 11th day of June, 2008, a copy of this motion was served on all interested parties through the Court's electronic filing system. In addition, a copy of this motion was served on the following investors named as owners of the QUI-W(2) Policy by U.S. Certified Mail, Return Receipt Requested:

John Atkinson  
8244 Woodyard Way  
Citrus Heights, CA 95621

Michael L. and Trudy Bury  
14 Sage Brush Court  
Chico, CA 95926

Jill Catania  
7034 Checkerbloom Way  
Citrus Heights, CA 95610

Estate of Carmen Palomo-Boyd  
c/o Monica Derner  
P. O. Box 364  
Canby, CA 96015

Steven R. Enochian  
and Barbara J. Enochian  
5455 Blackhawk Drive  
Danville, CA 94506-6004

Carol Lee Erwin  
(now Carol Banda)  
14680 Aurelia Way  
San Leandro, CA 94578

Lonnie Julius  
2046 Westwood Avenue  
Redding, CA 96001

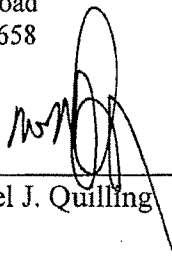
Dave Kirksey  
3515 Jasmine Crest  
Encinitas, CA 92024

Michael L. Pagan  
7725 Tobia Way  
Fair Oaks, CA 95628

Ruth Collier  
P.O. Box 992684  
Redding, CA 96099

Larry W Thomas  
9280 Barbula Hill Road  
New Castle, CA 95658

Jack A. Wade  
23430 Deerfield Drive  
Los Gatos, CA 95033

  
\_\_\_\_\_  
Michael J. Quilling

1 UNITED STATES DISTRICT COURT  
2 EASTERN DISTRICT OF CALIFORNIA  
3 SACRAMENTO DIVISION

4 SECURITIES AND EXCHANGE COMMISSION,

5 Plaintiff,

6 v.

7 SECURE INVESTMENT SERVICES, INC.,  
8 AMERICAN FINANCIAL SERVICES, INC.,  
9 LYNDON GROUP, INC., DONALD F. NEUHAUS,  
and KIMBERLY A. SNOWDEN,

10 Defendants.

Case No. 2:07-cv-001724 GEB CMK

**[PROPOSED] ORDER  
AUTHORIZING ABANDONMENT  
OF THE QUI-W(2) POLICY**

11  
12 The matter having come before the Court on Receiver Michael J. Quilling's Motion for  
13 Authorization to Abandon the QUI-W(2) Policy, the Court, having considered the motion, the  
14 attached exhibits, the pleadings on file and evidence, testimony and argument received by the  
15 Court during the hearing on the motion, and the Court finding good cause therefore,

16 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the Receiver's  
17 motion is GRANTED and the Receiver is authorized to abandon the receivership estate's interest  
18 in the life insurance policy number BU1063056 in the face amount of \$500,000.00 issued by  
19 Mutual of Omaha, referred to in Receiver's motion as the QUI-W(2) Policy.

20 SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

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23 \_\_\_\_\_  
24 UNITED STATES DISTRICT JUDGE  
25 HONORABLE GARLAND E. BURRELL, JR.  
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27  
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**CERTIFICATE OF SERVICE**

I hereby certify that on the 11th day of June, 2008, a copy of this motion was served on all interested parties through the Court's electronic filing system. In addition, a copy of this motion was served on the following investors named as owners of the QUI-W(2) Policy by U.S. Certified Mail, Return Receipt Requested:

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Estate of Carmen Palomo-Boyd c/o Monica Derner P. O. Box 364 Canby, CA 96015	Steven R. Enochian and Barbara J. Enochian 5455 Blackhawk Drive Danville, CA 94506-6004	Carol Lee Erwin (now Carol Banda) 14680 Aurelia Way San Leandro, CA 94578
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Ruth Collier P.O. Box 992684 Redding, CA 96099	Larry W Thomas 9280 Barbula Hill Road New Castle, CA 95658	Jack A. Wade 23430 Deerfield Drive Los Gatos, CA 95033

/s/ Michael J. Quilling  
Michael J. Quilling