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UNITED STATES DISTRICT COURT
FOR THE 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-LEW-CMK

**OPPOSITION TO MOTION FOR
AUTHORIZATION TO ABANDON
THE SHO-I (1) POLICY**

Date: June 30, 2008

Time: 9:00 a.m.

Ctrl: 10

Defendant, Kimberly A. Snowden, files this opposition to the receiver's Motion for Authorization to Abandon the SHO-I (1) policy as follows:

1. Defendant, Kimberly A. Snowden, was the office manager of American Financial Services, Inc., and opposes this motion on her own behalf and to protect the interests of its clients and investors.

2. By Orders dated August 24, 2007 and October 30, 2007 the Court appointed Michael J. Quilling as the receiver for Secure Investment Services, Inc., American Financial Services, Inc., and Lyndon Group, Inc. In its Order, the Court found, *inter alia*, that a receiver was necessary to prevent

1 waste and dissipation of the assets to the detriment of investors. In essence, the receiver was
2 authorized to carry on and conduct the business operations of the receivership entities, including
3 American Financial Services, Inc., and to employ any employees and accountants as is/was necessary
4 and proper for the collection, preservation, maintenance and operation of the assets of the receivership
5 entities, including the subject life insurance policy.

6 3. As part of his receivership, Mr. Quilling was given custody of the subject life insurance
7 policies, including the SHO-I (1) policy. Along with receiving custody of the policies, Mr. Quilling
8 has the obligation to pay, and to continue to pay and/or otherwise keep current, the insurance policy
9 premiums. This obligation carries the same nature and purpose as the obligation that American
10 Financial Services, Inc. had prior to the receiver's appointment. It has become apparent by the instant
11 motion that Mr. Quilling either can no longer perform his obligation of preserving and maintaining the
12 SHO-I (1) policy, or elects not to, and therefore the policy is at risk of lapsing, causing detriment and
13 loss to the investors of the policy.

14 4. The receiver has made a moderate attempt to resolve his dilemma by achieving a
15 transfer of interest from some of the investors, to the aggregate amount of 42.9 percent of the policy,
16 in an attempt to receive a complete transfer of interest to make the policy more saleable. However,
17 there has been no showing that the receiver has made any attempts to sell any interest in the policy.

18 5. The face value of the policy is \$1,500,000. The moving papers do not contain a
19 statement of the present value of the policy and/or an accounting to show that the out of pocket costs
20 to the receiver are about to exceed the amount that could be received in death benefits. It is possible
21 that the prudent course of action would be to borrow funds to pay the premiums and repay the monies
22 borrowed once the insured dies and the policy funds are distributed. Without the complete picture, the
23 Court is unable to determine which of the proposed options, or any alternative options, would be in the
24 best interests of the investors.

25 6. The receiver's moving papers fail to include any further or updated certificate
26 regarding the insured's life expectancy.

27 7. If the SHO-I (1) policy were abandoned, it would result in an unfair prejudice and
28 financial hardship to the investors. The investors' best interests surely are not protected by the
proposal to abandon the policy. Something else should happen to preserve and maintain the policy in
order to prevent waste and dissipation of the assets to the detriment of investors, which was the
Court's intention when the receiver was appointed.


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8. Defendant, Kimberly A. Snowden submits this opposition in an attempt to preserve and protect the best interest of the clients (investors) of American Financial Services, Inc.

9. Defendant Kimberly A. Snowden has no objection to the moving party's request for an extended hearing on this matter.

Dated: June 18, 2008

KENNY, SNOWDEN & NORINE



JONZ NORINE
LINDA R. SCHAAP
Attorneys for Defendant
Kimberly Snowden

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