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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 KIL-D POLICY**

**Date: June 30, 2008**

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

**Ctrm: 10**

\_\_\_\_\_  
Defendant, Kimberly A. Snowden, files this opposition to the receiver's Motion for Authorization to Abandon the KIL-D 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 American Financial Services, Inc.'s 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 KIL-D policy. Along with receiving custody of the policies, Mr. Quilling has  
8 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 KIL-D policy, or elects not to, and therefore the policy is at risk of lapsing, causing detriment and loss  
13 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 64.458 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 the more than fifty percent  
18 interest in the policy.

19 5. The face value of the policy is \$925,000. The moving papers do not contain a  
20 statement of the present value of the policy and/or an accounting to show that the out of pocket costs  
21 to the receiver are about to exceed the amount that could be received in death benefits. It is possible  
22 that the prudent course of action would be to borrow funds to pay the premiums and repay the monies  
23 borrowed once the insured dies and the policy funds are distributed. Without the complete picture, the  
24 Court is unable to determine which of the proposed options, or any alternative options, would be in the  
25 best interests of the investors.

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

28 7. If the KIL-D policy were abandoned, it would result in an unfair prejudice and  
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

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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.

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



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JONZ NORINE  
LINDA R. SCHAAP  
Attorneys for Defendant  
Kimberly Snowden

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