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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

STIPULATION AND ORDER
AUTHORIZING RECEIVER TO INCREASE
BANK FINANCING FACILITY

The parties, at the request of Michael J. Quilling, the Receiver appointed in these proceedings (“Receiver”), submit this Stipulation and Order to Authorize Receiver to Increase Bank Financing Facility and in support of such would show the following:

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RECITALS

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3 1. By order of October 30, 2007, the Court appointed Michael J. Quilling as
4 Receiver for Secure Investment Services, Inc. and other related entities (“SIS”) and authorized
5 him to take complete and exclusive control, possession, and custody of all receivership assets.

6 2. The receivership estate’s largest single asset is the portfolio of 44 life insurance
7 policies with a combined death benefit exceeding \$49 million. Those policies currently carry
8 premium obligations of roughly \$1.6 million a year. Failure to pay those premiums will cause
9 some of the life insurance policies to lapse.

10 3. The Receiver intends to continue paying premiums on the life insurance policies
11 since those policies and their death benefits are the most promising source of recovery to pay
12 over 600 investors and creditors with potential claims in this case.

13 4. In order to pay premiums, the Receiver approached Sovereign Bank in Dallas,
14 Texas, to discuss establishing a \$3 million line of credit secured by some of the receivership
15 estate’s insurance policies. The Receiver chose Sovereign Bank because it has experience in
16 making loans secured by a portfolio of insurance policies. After negotiation, Sovereign Bank
17 agreed to establish a \$3 million line of credit.

18 5. On August 29, 2007, the Receiver filed a Stipulated Motion to Obtain Interim
19 Bank Financing (Dkt. No. 38). The Court entered its Order (Dkt. No. 57) authorizing the
20 Receiver to borrow \$200,000 from Sovereign Bank. On February 21, 2008, the Receiver filed an
21 Unopposed Motion to Approve Bank Financing (Dkt. No. 116), which proposed an increase in
22 the available line of credit to \$3 million. That increase was intended to ensure that premium
23 obligations could be met through the 2008 calendar year. The Court entered its Order (Dkt. No.
24 131) authorizing that increase on March 14, 2008.

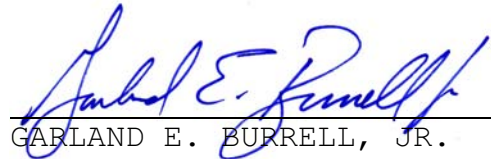
25 4. To date, the Receiver has borrowed \$2,115,352.99 against that \$3 million line of
26 credit. He will need to borrow another \$1.7 million to make all premium payments for 2009 and
27 prevent insurance policies from lapsing. Since the Receiver is close to exhausting his current
28 line of credit, he recently negotiated an increase in the financing facility to a total of \$4 million.

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ORDER

IT IS SO ORDERED.

Dated: February 26, 2009



GARLAND E. BURRELL, JR.
United States District Judge

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of February, 2009, a copy of this stipulation and order 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 by First Class U.S. Mail:

Bazzle John Wilson
1291 Nunneley Road
Paradise, CA 95969

/s/ Maralee MacDonald
Maralee MacDonald