

BOUTIN GIBSON DI GIUSTO HODELL INC.

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

Michael J. Quilling (Tex. Bar No. 16432300) – Admitted Pro Hac Vice
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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

**NOTICE OF RECEIVER’S SECOND
MOTION FOR ORDER TO ADJUST
“A” CLAIMS**

Date: August 16, 2010
Time: 9:00 a.m.
Department: 10

TO: THE PARTIES AND ALL COUNSEL OF RECORD:

On August 16, 2010 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, 501 I Street, Sacramento, California, Michael J. Quilling, the Receiver appointed in these proceedings (“Receiver”), will move this the Court to issue an order adjusting 22 investor “A” Claims totaling \$436,990.00, pursuant to this Court’s October 29, 2007 Order Granting Stipulated Motion to Establish Claim Procedure and to Approve Claim Form [Doc. No. 73].

1 The motion will be based upon Receiver’s Motion and points and authorities submitted
2 contemporaneously, the papers on file in this matter, and any testimony or argument received by
3 the Court during the hearing on the motion. A proposed order is also submitted
4 contemporaneously with this motion.

5 Respectfully submitted,

6 BOUTIN GIBSON DI GIUSTO HODELL INC.

8 Dated: July 14, 2010.

7
9 By /s/ Maralee MacDonald
10 Maralee MacDonald
11 Attorneys for Receiver of Defendants
12 Secure Investment Services, Inc.,
13 American Financial Services, Inc., and
14 Lyndon Group, Inc.

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22 **CERTIFICATE OF SERVICE**

23 I hereby certify that on the 14 day of July, 2010, a copy of this Notice was served on all
24 interested parties through the Court’s electronic filing system. In addition, a copy of this Notice
25 was served on the following other persons by First Class U.S. Mail:

26 Bazzle John Wilson
27 1291 Nunneley Road
28 Paradise, CA 95969

Ernest Jeremias
5022 17th Avenue, Apt. 1
Brooklyn, NY 11204

29
30 /s/ Maralee MacDonald
31 Maralee MacDonald

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33
34
35
36
37
38 **CERTIFICATE OF SERVICE**

39 I hereby certify that on the 14th day of July, 2010, a copy of this motion was served on
40 all interested parties through the Court’s electronic filing system. In addition, a copy of this
41 motion was served on the following investors whose Claim is the subject of the foregoing
42 Receiver’s Motion by U.S. Certified Mail, Return Receipt Requested:

43 Barney E Register
44 1638 Nicolaus Ave
45 Nicolaus, CA 95659

Barry & Judi Wineroth
8 Laguna Point Road
Chico, CA 95928

Bazzle Johnnie Wilson, Jr
1291 Nunneley Road
Paradise, CA 95969

1 Debra A. Cannon
769 East 9th Street
Chico, CA 95928

Frank E. Hutchinson
251 Estates Drive
Chico, CA 95928

Gary Luedtke
615 Marquette Ave
South Milwaukee, WI 53172

2 James P Paswater
3 2205 Coroval Drive
4 Sacramento, CA 95833

Elke Katsuren Family Trust
c/o Simone Devenny, Esq.
4695 MacArthur Court, Ste 110
Newport Beach, CA 92660

Jeanne D Galliher (Baldwin)
4007 229th Place S.W.
Mountlake Terrace, WA 98043

5 John & Judy Long
6 510 North River Street
7 Sequin, TX 78155

Margaret Danielak
6530 Hawthorne Street
Garden City, MI 48135

Patricia Leitgeb
17741 Ficuss Court
Ft. Myers, FL 33917

7 Wilburn & Florence Huff
8 2712 West Washington Ave
9 Midland, TX 79701

Lorraine D Machuta
13941 Chestnut Circle
Magalia, CA 95954

10
11 /s/ Michael J. Quilling
12 Michael J. Quilling

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Defendants.

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RECEIVER’S SECOND MOTION FOR
ORDER TO ADJUST “A” CLAIMS

Date: August 16, 2010
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TO: THE PARTIES AND ALL COUNSEL OF RECORD:

COMES NOW, Michael J. Quilling, in his capacity as Receiver (“Receiver”), and files his Second Motion for Order to Adjust “A” Claims. In support, the Receiver would respectfully show unto the Court as follows:

1. On October 29, 2007, the Court entered an Order [Doc. No. 73] establishing the claim procedures for this case. Among other things, the Court directed the Receiver to send claim forms to all persons or entities believed to be an investor with a potential claim against any

1 of the corporate defendants. Pursuant to paragraph 8 of the Order, the Receiver requests that the
2 Court adjust each of the following claims for the reasons set forth below:

3 **Death Benefit Claim**

4 2. When Secure Investment Services, Inc. (“SIS”) solicited investors, it represented
5 that upon death of a given insured, the investor would receive a certain fixed amount. Upon
6 receipt of the claim form from the Receiver, a number of investors submitted a claim for the
7 entire amount they were told they were to receive upon death of the insured as opposed to the
8 amount of their actual investment. As set forth on Exhibit 1, there are 7 claims submitted for the
9 entire amount of the death benefit which the Receiver has been unable to resolve by contact with
10 the investor. Accordingly, the Receiver requests that the Court adjust the amount of the allowed
11 claim to reflect only that amount which was actually invested by a given investor as opposed to
12 the anticipated amount to be received on death of the insured.

13 **Amended Claims**

14 3. Claim SIA-00419 for Debra Cannon was included in the Receiver’s Motion for
15 Order to Adjust “A” Claims [Doc. No. 726-2] and was incorrectly listed on Exhibit 1 with an
16 allowed claim of \$8,750.00. This claim amount includes death benefit and should have been
17 reduced to \$5,000.00 to represent the actual cash invested in the policy. Accordingly, the
18 Receiver requests that the Court adjust the amount of the allowed claim to \$5,000.00.

19 4. Claims SIA-00704 and SIA-00705 for Lorraine D Machuta were included in the
20 Receiver’s Motion for Oder to Adjust “A” Claims [Doc. No. 726-2] and each was incorrectly
21 listed on Exhibit 1 with an allowed claim of \$40,000.00. These amounts include death benefit
22 and should have been reduced to \$20,000.00 to represent the actual cash invested in their
23 policies. Accordingly, the Receiver request that the Court Adjust the amount of the allowed
24 claim to \$20,000.00 for both claims SIA-00704 and SIA-00705.

25 **Miscellaneous**

26 5. Investors Wilburn and Florence Huff filed claim number SIA-00329 for the
27 amount invested of \$30,000.00 with a net claim of \$52,875.00. They also listed returns of
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1 \$4,125.00 but did not subtract them from the claim. The Receiver objects to any claim including
2 death benefit and that does not account for monies received. Accordingly, the Receiver requests
3 that the Court adjust the amount of the allowed claim to \$25,875.00.

4 6. Investors Wilburn and Florence Huff filed claim number SIA-00330 for the
5 amount invested of \$30,000.00 with a net claim of 45,000.00. The investors provided no
6 financial back up to this claim. The Secure Investment Services, Inc (SIS) records show multiple
7 deposits of funds that match all of their other claims along with a deposit that would appear to be
8 split between two investments. It further appears that one of those deposits would account for
9 this claim as referenced by SIS records to be for \$12,000.00. It is believed by the Receiver that
10 this claim was incorrectly filed for \$30,000.00 and should represent the unaccounted for claim of
11 \$12,000.00 as shown by SIS records and verified by bank record deposit. The Receiver was
12 unable to resolve the issue by contact with the investors. Accordingly, the Receiver requests that
13 the Court adjust the amount of the allowed claim to \$12,000.00

14 7. Investors Wilburn and Florence Huff filed claim number SIA-00331 for the
15 amount invested of \$30,000.00 with a net claim of \$42,500.00. They also listed returns of
16 \$12,500.00 but did not subtract them from the claim. The Receiver objects to any claim
17 including death benefit and that does not account for monies received. Accordingly, the Receiver
18 requests that the Court adjust the amount of the allowed claim to \$17,500.00.

19 **Disallow**

20 8. The Elke Katsuren Family Trust filed claim SIA-00279 for \$200,000.00.
21 Pursuant to the Stipulation and Order for Receiver to Return Funds to Katsuren Family Trust
22 [Doc. No. 343], our office issued a full refund of this claim. Accordingly, the Receiver requests
23 the Court to disallow this claim.

24 9. Investors Barry and Judi Wineroth DBA Showcase Financial Services Profit
25 Sharing Plan filed claim number SIA-00313 in the amount of \$75,000.00. Pursuant to the Notice
26 of Receiver's Motion to Compel Payment of Premium Share from Showcase Financial Services,
27 Inc. Profit Sharing Plan [DAM-A] [Doc. No. 604] the investors agreed to pay their premium
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1 share of the Arthur & Catherine D'Amico policy. The investors paid their portion of the
2 premium and the motion was withdrawn with the Receiver's Notice of Withdrawal of Motion to
3 Compel Payment of Premium Share from Showcase Financial Services, Inc. Profit Sharing Plan
4 [DAM-A] [Doc. No. 637]. The investors have subsequently retained their interest in the policy,
5 and in fact, have been paid their share of death benefits under the policy. Accordingly, the
6 Receiver requests the Court to disallow this claim.

7 10. Investor Debra A Cannon filed claim number SIA-00416 in the amount of zero
8 (\$0) dollars. The investor has not responded to a written request to withdraw the claim from the
9 estate. Accordingly, the Receiver requests the Court to disallow the claim.

10 11. Investor Barney E Register filed claim number SIA-00458 in the amount of
11 \$11,950.93. He has agreed to pay his portion of the premium payments in the SHO-I(1) policy
12 and retained his interest in the policy, however he has not responded to requests to withdraw his
13 claim. Accordingly, the Receiver requests the Court to disallow this claim.

14 12. Investor James P Paswater filed claim number SIA-00465 in the amount of
15 \$10,000.00 in the FOW-S(2) policy. Upon maturity of that policy Mr. Paswater was paid in full
16 on his investment. He has not responded to requests to withdraw his claim. Accordingly, the
17 Receiver requests the Court to disallow this claim.

18 13. Investors Gary and Yvonne Luedtke filed claim number SIA-00502 in the amount
19 of \$18,500.00 in the FOW-S(2) policy. Upon maturity of that policy Mr. & Mrs. Luedtke were
20 paid in full on their investment. They have not responded to requests to withdraw this claim.
21 Accordingly, the Receiver requests the Court to disallow this claim.

22 14. Investor Margaret Danielak filed claim number SIA-00618 in the amount of
23 \$30,000.00. A review of her documents showed that she invested into a company called Mutual
24 Benefits. Mutual Benefits has no affiliation with Secure Investment Services, Inc or CitiFirst
25 Trust, therefore she has no claim against this estate. Ms. Danielak has not responded to requests
26 to withdraw her claim. Accordingly, the Receiver requests the Court to disallow this claim.

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/s/ Maralee MacDonald
Maralee MacDonald

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4007 229th Place S.W.
Mountlake Terrace, WA
98043

John & Judy Long
510 North River Street
Sequin, TX 78155

Margaret Danielak
6530 Hawthorne Street
Garden City, MI 48135

Patricia Leitgeb
17741 Ficuss Court
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Midland, TX 79701

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