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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

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.

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

ORDER

Court appointed Receiver Michael J. Quilling filed a motion in this action on April 4, 2017, in which he seeks authority to pay unclaimed receivership funds to the United States Treasury. The Receiver explains in the motion that fifty-seven of the investors never cashed or otherwise negotiated checks sent to them, and consistent with the court approved Final Report and Distribution Plan, each mailed distribution check stated on its face that it would be void if not cashed within 90 days. That time period has expired.

The Receiver provides the following explanation for his request in the motion:

The total of the unclaimed funds is \$26,668.22. There are 695 investors who did cash their checks. Their claims total \$25,370,801.18. The cost of postage to mail 695 new checks would total \$319.0 ([\\$0].46 x 695)[,] which would leave a balance of 426,348.52 to distribute against the claims

1 of \$25,370,801.18 for a distribution
2 percentage of 0.00104%[.] Accordingly, most
3 of the distribution checks would be for only
4 a couple of dollars. Moreover, such a
5 procedure would require the case to remain
6 open for several more months.

Receiver's Mot. 2:23-3:2, ECF No. 995.

The Receiver further explains:

7 [T]he only practical way to close out this
8 receivership is for the Court to authorize
9 the receiver to send the residual balance to
10 the [United States Securities and Exchange]
11 Commission, which will then transfer those
12 funds to the United States Treasury. The
13 Receiver therefore requests an order
14 directing the issuance of a check or money
15 order for the residual balance, along with
16 any funds received in the future by the
17 Receiver, made payable to the "Securities and
18 Exchange Commission" and mailed to Enterprise
19 Services Center, Accounts Receivable Branch,
20 6500 South MacArthur Boulevard, Oklahoma
21 City, OK 73169. The check or money order
22 will be accompanied by an appropriate cover
23 letter identifying the receiver, the case
24 name, the civil action number and the court
25 authorizing the transfer.

Id. at 3:13-22 (citation omitted).

26 The Receiver also states he conferred with the
27 Securities and Exchange Commission and that it does not oppose
28 the motion. Id. at 5. This lawsuit was initiated by the
Securities and Exchange Commission and it asked the court to
appoint the Receiver.

"Where distribution to identifiable injured parties is
not feasible or appropriate, the money disgorged by the defendant
is paid to the Treasury." S.E.C. v. Drexel Burnham Lambert, Inc.
(S.D.N.Y. 1997). Since the Receiver has shown that distribution
of the remaining funds to the investors is impracticable, the
motion is GRANTED.

1 The Receiver is authorized to pay the residual balance
2 of funds totaling \$28,668.22, as well as any funds received in
3 the future by the Receiver in connection with the receivership
4 estate, to the Securities and Exchange Commission for remission
5 to the United States Treasury.

6 The check or money order shall be made payable to the
7 "Securities and Exchange Commission" and mailed to Enterprise
8 Services Center, Accounts Receivable Branch, 6500 South MacArthur
9 Boulevard, Oklahoma City, OK 73169.

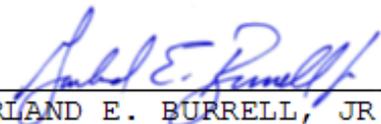
10 The check or money order shall be accompanied by an
11 appropriate cover letter identifying the receiver, the case name,
12 the civil action number and the court authorizing the transfer.
13 The Securities and Exchange Commission shall send the funds
14 received pursuant to this Order to the United States Treasury.

15 In light of this order, the scheduled May 15, 2017
16 hearing on the motion is vacated.

17 IT IS SO ORDERED.

18 Dated: May 8, 2017

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GARIAND E. BURRELL, JR.
Senior United States District Judge