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8 **UNITED STATES DISTRICT COURT**
 9 **EASTERN DISTRICT OF CALIFORNIA**
 10 **SACRAMENTO**

11 SECURITIES AND EXCHANGE
 COMMISSION,

12 *Plaintiff*

13 v.

14 ANTHONY VASSALLO, et al,

15 *Defendants.*

Case No. CV 09-000665 JAM-DAD

16 **AMENDED [~~PROPOSED~~ ^{JAM}] ORDER
 APPROVING RECEIVER'S
 EQUITABLE DISTRIBUTION PLAN**

Date: June 3, 2015
 Time: 9:30 a.m.
 Courtroom: 6, 14th Floor
 Judge: Hon. John A. Mendez

17 Receiver Stephen E. Anderson's ("Receiver") Motion for Approval of his Equitable
 18 Distribution Plan ("Motion") came on regularly for hearing on ~~May 20,~~ ^{June 3,} 2015, at 9:30 a.m. in
 19 Courtroom 6 of the above-entitled Court, located at 501 I Street, Sacramento, California 95814,
 20 with counsel appearing on behalf of Receiver;

21 Having reviewed the papers, having considered the argument of counsel, and FOR
 22 GOOD CAUSE SHOWN, the Court hereby finds and orders as follows:

23 Adequate and proper notice of this hearing was provided to Equity Investment
 24 Management & Trading ("EIMT") investors, creditors and other interested parties.

25 EIMT obtained the funds invested by its investors by fraud by promising substantial
 26 returns on investment when it had no legitimate profit-generating business and was instead
 27 operating a Ponzi-scheme through which funds received from subsequent investors were used to
 28 pay early investors.

1 Receiver conducted a detailed investigation and accounting concerning EIMT's finances
2 and engaged in substantial efforts to recover EIMT assets.

3 Receiver sent surveys to all EIMT investors for which he had current addresses and also
4 posted the survey to the receivership website. Investors were warned that they could be excluded
5 from participating in a proposed distribution plan if they did not return completed surveys in a
6 timely manner. Leave to file a late-submitted survey was routinely granted. Receiver also
7 mailed out additional copies of the survey upon request or upon notification of a change in an
8 investor's address.

9 There were 515 investments into EIMT from 400 individuals and/or entities. The total
10 amount invested by investors was \$111,547,588.17, but not all of this money made its way to
11 EIMT. Only \$89,108,758.41 of the \$111,547,588.17 was transferred to EIMT by the fund
12 managers. Of that \$89,108,758.41, \$59,485,870.78 was returned to the fund managers for
13 distribution to investors for a deficit of \$29,622,887.63. Investor losses are actually greater since
14 many people received back more than they invested and/or more than their adjusted basis in
15 EIMT.

16 Receiver has collected \$3,371,148.07 including interest and dividend income net of
17 outstanding obligations since the inception of the Receivership. Paid receivership fees and
18 expenses to date (including fees approved through August 31, 2014) are \$1,783,031.33. As of
19 March 31, 2015, there was \$1,281,166.27 on deposit in the receivership's accounts after payment
20 of previously approved receivership expenses and fees and other costs of the receivership. The
21 receivership will incur additional expenses in wrapping up the receivership estate.

22 Of the \$1,281,166.27 in funds on deposit, \$1,150,000 shall be distributed to the EIMT
23 investors, with \$131,166.27 reserved for payment of the receivership's final costs and expenses,
24 such costs and expenses to be approved by the Court.

25 Not all of EIMT's investors qualify to participate in the distribution plan. Investors had
26 to have returned their completed investor survey to Receiver. Individual investors with multiple
27 EIMT investments were treated in a collective manner for purposes of distribution. Investors
28 who received money back from EIMT in excess of the amount they contributed are excluded

1 from participating.

2 An equitable distribution plan required that Receiver analyze the percentage of funds
3 invested by each investor that can be attributed to the actual investment made in EIMT,
4 performed on a fund basis. Receiver applied this analysis to each of the funds and each investor
5 in each fund, therefore creating an adjusted EIMT basis for each of the investors.

6 Subsequent to the filing of Receiver's Motion, Receiver was contacted by certain EIMT
7 investors concerning his equitable distribution plan. Receiver promptly and thoroughly
8 responded to all investor inquiries and revised his distribution calculations where appropriate.

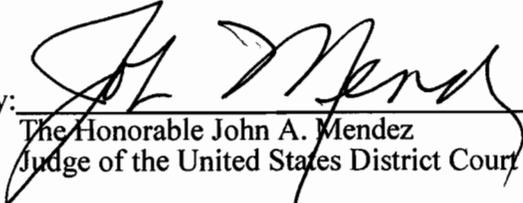
9 Receiver shall distribute \$1,150,000 ^{JAM} ~~million~~ to those 111 investors who submitted an
10 investor survey and were not otherwise disqualified from participating in the plan. Investors to
11 receive a distribution are those who received less than 4.81% of their adjusted basis as
12 withdrawals from EIMT; the amount to be distributed will be the amount necessary to achieve a
13 return of 4.81% of the investor's adjusted basis as set forth in Exhibit C to the Reply Declaration
14 of Stephen E. Anderson filed in support of the Motion. Those investors already receiving more
15 than a 4.81% return of principal will not receive a distribution.

16 The methodology followed by Receiver in creating the distribution plan as set forth in his
17 motion papers is fair and equitable to EIMT investors and is in the best interest of the
18 receivership estate. Therefore, Receiver's distribution plan is hereby approved.

19 Receiver is hereby directed to disburse the \$1,150,000 in funds in conformity with the
20 approved distribution plan using the method described in his moving papers.

21 **IT IS SO ORDERED.**

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23 Dated: June 3, 2015

24 By: 
The Honorable John A. Mendez
Judge of the United States District Court

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