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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

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SECURITIES AND EXCHANGE COMMISSION, )  
 Plaintiff, )  
 vs. )  
 MAMIE TANG, DEBORAH MELLO and )  
 VICTORIA S. GONG, )  
 Defendants, )  
 and )  
 RICHARD TANG, AMY TANG, EMILY TANG, )  
 THE TANG CHILDREN'S TRUST AND BROAD )  
 STREET SECURITIES )  
 Relief Defendants. )

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Civil Action No.  
C-98-3739-WHA

~~PROPOSED~~ ORDER  
GRANTING  
MISCELLANEOUS  
APPLICATION FOR  
ORDER TO CLARIFY  
TAX STATUS OF FUNDS  
HELD IN COURT'S  
REGISTRY FOR THIS  
CASE

Date: NA  
Time:  
Judge: William Alsup  
Courtroom: 9

1                    **ORDER CLARIFYING TAX STATUS OF FUNDS IN COURT'S REGISTRY**

2                    Plaintiff Securities and Exchange Commission ("Commission") has applied to the Court for  
3 an Order clarifying the tax status of the over \$212,000 in disgorgement payments that were made by  
4 defendants Victoria Gong and Deborah Mello and by relief defendants Richard Tang, Amy Tang,  
5 Broad Street Securities and the Tang Children's Trust into the court's registry. On February 22,  
6 2006, this Court entered an order authorizing the distribution of most of those disgorgement  
7 payments to certain Valley Forge Financial Group bondholders, and also appointed Damasco &  
8 Associates, LLP ("Damasco") as the tax administrator for the disgorgement funds (the "Distribution  
9 and Tax Order"). Dkt. No. 221. In the Distribution and Tax Order prepared by the Commission,  
10 the Court stated, on page 5, that the disgorgement payments in the court's registry "*might* constitute  
11 and 'qualified settlement fund' under the Internal Revenue Code and regulations." The word  
12 "might" caused the Clerk of the Court to file 1099 tax forms that did not describe the disgorgement  
13 payments as being in a "qualified settlement fund." So that the Clerk of the Court may file amended  
14 tax reporting forms that describe the disgorgement payments and accrued interest as being in a  
15 "qualified settlement fund," the Commission has now applied for an Order clarifying the tax status  
16 of the disgorgement payments in the court's registry for this case.

17                    Good Cause Appearing, the Court hereby clarifies the Distribution and Tax Order issued in  
18 this case on February 22, 2006 to state that the disgorgement payments and accrued interest in the  
19 court's registry for this case do constitute a "qualified settlement fund" under the Internal Revenue  
20 Code and regulations. The Clerk of the Court is therefore authorized to amend and/or file any  
21 documents or forms that are consistent with the treating the disgorgement payments and accrued  
22 interest in the court's registry as being in a "qualified settlement fund."

23                    SO ORDERED.

24 DATED: October 27, 2010

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27 William H. Alsup, Judge  
28 United States District Court