

1 ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP  
2 DAVID R. ZARO (BAR NO. 124334)  
TIM C. HSU (BAR NO. 279208)  
3 865 South Figueroa Street, Suite 2800  
Los Angeles, California 90017-2543  
4 Phone: (213) 622-5555  
Fax: (213) 620-8816  
5 E-Mail: dzaro@allenmatkins.com  
thsu@allenmatkins.com

6 ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP  
7 EDWARD G. FATES (BAR NO. 227809)  
8 One America Plaza  
600 West Broadway, 27th Floor  
9 San Diego, California 92101-0903  
Phone: (619) 233-1155  
10 Fax: (619) 233-1158  
E-Mail: tfates@allenmatkins.com

11 Attorneys for Receiver  
12 THOMAS A. SEAMAN

13 UNITED STATES DISTRICT COURT  
14 CENTRAL DISTRICT OF CALIFORNIA  
15 WESTERN DIVISION

16 SECURITIES AND EXCHANGE  
17 COMMISSION,

18 Plaintiff,

19 v.

20 STEVE CHEN, USFIA, INC.,  
21 ALLIANCE FINANCIAL GROUP,  
INC., AMAUCTION, INC., ABORELL  
22 MGMT I, LLC, ABORELL ADVISORS  
I, LLC, ABORELL REIT II, LLC,  
23 AHOME REAL ESTATE, LLC,  
ALLIANCE NGN, INC., APOLLO  
24 REIT I, INC., APOLLO REIT II, LLC,  
AMKEY, INC., US CHINA  
25 CONSULTATION ASSOCIATION, and  
QUAIL RANCH GOLF COURSE, LLC,

26 Defendants.  
27

Case No. 2:15-CV-07425-RGK-

**DECLARATION OF THOMAS A.  
SEAMAN IN SUPPORT OF MOTION  
FOR ORDER TO FURTHER  
EXTEND CLAIMS SUBMISSION  
DEADLINE**

Date: October 29, 2018  
Time: 9:00 a.m.  
Ctrm: 850  
Judge: Hon. R. Gary Klausner

1 I, Thomas A. Seaman, declare:

2 1. I am the permanent receiver for Defendants USFIA, Inc., Alliance  
3 Financial Group, Inc., Amauction, Inc., Aborell Mgmt I, LLC, Aborell  
4 Advisors I, LLC, Aborell REIT II, LLC, Ahome Real Estate, LLC, Alliance  
5 NGN, Inc., Apollo REIT I, Inc., Apollo REIT II, LLC, Amkey, Inc., US China  
6 Consultation Association, Quail Ranch Golf Course, LLC, and their subsidiaries and  
7 affiliates (collectively, "Receivership Entities").

8 2. This declaration is made in support of my motion for order to extend the  
9 last day for investors and creditors to file their claims until January 4, 2019, and the  
10 Receiver's date for reviewing claims until February 18, 2019. I have personal  
11 knowledge of the facts set forth herein and, if called as a witness, could and would  
12 testify to such facts under oath.

13 3. I previously described the claims process and technical issues which  
14 gave rise to the request to extend the original claims bar date from July 29, 2018 to  
15 October 1, 2018. (See Declaration of Thomas A. Seaman for Order to Extend Claims  
16 Submission Date, ("Seaman Decl.") ¶¶ 3-6. Dkt. 314-1.) At that time, I also proposed  
17 efforts to generate many more claims from the investors. Seaman Decl. ¶ 9. I believe  
18 the proposed strategy to reach investor claimants described in my prior declaration are  
19 effective and necessary.

20 4. In formulating procedures for the processing of claims, my goal is to find  
21 an efficient and cost effective means to verify and validate investor and creditor  
22 claims. This process has been anything but typical and has presented numerous  
23 challenges. Among other things, access to the claims portal was initially blocked in  
24 China, some investors were told to withdraw proofs of claims, many email addresses  
25 for investors have turned out to be inaccurate; and it appears that many investors gave  
26 their money to a third party (so-called "Leaders") who pooled the money with other  
27 investor money before transmitting the investment proceeds to the Receivership  
28 Entities.

1           5. Pursuant to the process set forth in the Claims Motion, investors and  
2 other creditors were to have at least 60 days to submit claims to me. The claims  
3 process information, the proof of claims form, and the Claims Portal (as defined  
4 below), was presented to investors and creditors in both English and Mandarin.  
5 Following entry of the Claims Order, the Receiver and Epiq activated the electronic  
6 claims submission portal ("Claims Portal"), and electronically transmitted notices and  
7 information regarding the claims process to all known investor and non-investor  
8 claimants.

9           6. As a result of overseas technical issues, the Claims Portal only became  
10 operable on June 28, 2018, just 1 day before the original claims Bar Date. On  
11 August 23, 2018, the Court granted my motion to extend the bar date to October 1,  
12 2018. Thereafter, I promptly engaged Epiq to bring the international call center on-  
13 line. On September 17, 2018, the call center went live. Technical issues caused a 1-  
14 day delay with regard to the lines for Spain, France and Japan. In just the past 10  
15 days we have received over 250 calls from claimants regarding a variety of claims  
16 issues.

17           7. We have also sent out email blasts to potential investor claimants with  
18 information concerning the bar date, the claims process and the call center. These  
19 blasts went out on September 5, September 18 and September 21.

20           8. I have arranged for a personal outreach meeting with claimants to  
21 address claims issues. The meeting will take place on October 16, 2018 at 2:00 p.m.  
22 at the Embassy Suites Hotel in Arcadia, California, close to the USFIA headquarters.  
23 Based upon our interaction with investors since the outset of the case, I believe that  
24 we will attract potential and existing claimants to the meeting who will then pass  
25 along information to others domestic and overseas investors.

26           9. To date, approximately 3,800 claims have been submitted by investor  
27 claimants. This number reflects a significant improvement over the initial claims  
28 period, however, it is still substantially lower than anticipated based on the number of

1 unique email addresses, the number of emails that were actually opened after the  
2 Receiver's initial email blast, and estimates derived from an analysis of the bank and  
3 other records of the Receivership Entities. Based upon my analysis of the foregoing  
4 information, I anticipated receiving 15,000 to 30,000 claims.<sup>1</sup>

5 10. I am holding approximately \$50 million in cash and expect to recover  
6 additional amounts, from the sale of the remaining real property assets and collection  
7 efforts. I anticipate providing a very meaningful recovery to investors with allowed  
8 claims. Accordingly, after consulting with Epiq, and counsel, I recommend the  
9 following actions as the most efficient and effective means to increase the number of  
10 investor claims submitted:

- 11 • Extend the Claims Bar Date by 95 days to January 4, 2019, to allow  
12 investors more time to submit claims.
- 13 • Allow 45 days after the bar date for me to validate and communicate  
14 with claimants in order to remedy or address issues with regard to  
15 deficient claims.
- 16 • Send email blasts to investors every 10 to 14 days to remind investors to  
17 submit a claim and to address common inquiries and themes in investor  
18 correspondence. The cost of each email blast is approximately \$200 to  
19 \$400, depending on the amount of translation necessary.
- 20 • Continue to operate the international call center with voice mail in  
21 multiple languages for investors to call in and ask questions. Investors  
22 will be guided through the claims process, and therefore will gain  
23 confidence in the claims process. Investors are able to leave messages  
24 and have their calls returned in English, Spanish, French, Mandarin,

25 <sup>1</sup> The reasons for the uncertainty regarding the estimated number of potential  
26 investor claims are many, but I believe that they stem from the lack of a complete  
27 or trustworthy company database, the location of many investors outside the  
28 United States, and the fact that a significant number of investors gave their money  
to other individuals ("Leaders") who pooled the funds with those of other investors  
before investing with the Receivership Entities.

1 Korean, Malaysian, or Vietnamese. The English and Mandarin calls will  
2 go directly to my staff and calls in all other languages will be handled by  
3 Epiq. Epiq's estimated cost for the message center for 95 days is  
4 approximately \$20,000-\$30,000, depending on the volume of calls.

- 5 • Attend the scheduled investor meeting on October 4, 2018 to inform  
6 investors of the claims process and to assist investors that are having  
7 difficulties or have questions about the claims process.

8 11. I estimate that the total expenses associated with these efforts will be  
9 approximately \$30,000-\$35,000. I expect that Epiq's total fees for Phase I of the  
10 claims process will come in under the budgeted cap for Phase I. The costs of the  
11 additional outreach efforts described herein, however, were not included in the  
12 Phase I budget.

13 Executed this 27<sup>th</sup> day of September, 2018, at Irvine, California.

14  
15  
16 

17 THOMAS A. SEAMAN  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28