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11 Attorneys for Receiver
THOMAS A. SEAMAN

12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **WESTERN DIVISION**

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 v.

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

26 Defendants.

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

**DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF MOTION
TO APPROVE RECEIVER'S
AMENDED DISTRIBUTION PLAN**

Date: June 6, 2022

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, and Quail Ranch Golf Course, LLC (collectively,
7 "Receivership Entities").

8 2. This declaration is made in support of my Motion to Approve Receiver's
9 Amended Distribution Plan (the "Motion"). The Amended Distribution Plan of
10 Receiver Thomas A. Seaman (the "Amended Plan"), is attached hereto as **Exhibit A**
11 and incorporated herein by this reference. I have personal knowledge of the facts set
12 forth herein and, if called as a witness, could and would testify to such facts under
13 oath.

14 3. On January 29, 2018, I filed the Motion for Order: (1) Setting Claims
15 Bar Date; (2) Approving Claims Forms; (3) Approving Claims Process; and
16 (4) Approving Engagement of Third Party Claims Analysts ("Claims Process
17 Motion"). [Doc. No. 299.] On March 7, 2018, the Court entered an order approving
18 the claims process ("Claims Process Order") and an order setting a claims bar date of
19 June 29, 2018. [Doc. Nos. 307, 308.]

20 4. On December 19, 2019, I filed the Receiver's Forensic Accounting
21 Report ("Receiver's Accounting".) The Receiver's Accounting demonstrated that the
22 Receivership Entities were operating a series of fraudulent enterprises through which
23 they raised \$197 million from investors. [Doc. 406.] The Receiver's Accounting also
24 demonstrated that all assets taken into possession by the Receiver had been acquired
25 exclusively with investor funds. The nature of the fraud and the resulting damage to
26 the victims is further reflected in the Joint Statement Re: Agreed Amount of
27 Restitution filed in the companion criminal proceeding, United States of America v.

28

1 Steven Chen, United States District Court, Central District of California, Case No. 20-
2 89-JFW. [Doc. 62.]

3 5. On February 18, 2021, the Court granted Receiver Thomas A. Seaman's
4 Motion to Approve (1) Receiver's Recommendations as to Allowed Claims;
5 (2) Receiver's Recommendations as to Disputed Claims; (3) Authorization to Limit
6 Scope of Receivership to Identified Receivership Entities; and (4) Distribution Plan
7 ("Claim and Distribution Plan Order"). [Doc. No. 455.] Following entry of the Claim
8 and Distribution Plan Order, I filed over 25 tax returns for pre-receivership time
9 periods and the qualified settlement fund tax returns for the post-receivership periods
10 (collectively, the "Tax Returns"). A list of the Tax Returns at issue is attached hereto
11 as **Exhibit B** and incorporated herein by this reference.

12 6. The tax issues facing the Receivership Entities were significant and, as
13 previously reported, have impaired my ability to make prompt distributions under the
14 Distribution Plan. My recovery of over \$62 million, combined with Mr. Chen's
15 fraudulent raising of over \$197 million during the pre-receivership years gave rise to
16 the possibility of tax liabilities. However, as reflected in the Tax Returns, I ultimately
17 determined that the Receivership Entities did not owe income taxes in light of, among
18 other things, the fact that Mr. Chen used the Receivership Entities to fraudulently
19 raise funds solely for his own (and his family's) benefit, and therefore the
20 Receivership Entities themselves did not benefit from the fraudulent activities. After
21 filing the Tax Returns, the IRS filed a claim for \$29,193.96 based solely upon a claim
22 for penalties and a small amount of interest but no income tax.¹

23 7. As noted previously, I filed 20 pre-receivership tax returns for the
24 Receivership Entities (i.e. for the pre-receivership periods.) For income tax purposes,
25 the receivership is treated as a qualified settlement fund ("QSF"). Accordingly, I filed
26

27 ¹ The IRS has gone so far as to assign this claim to a collection agency
28 notwithstanding the fact that the Receiver has been in continuous contact with IRS
agents for the past year.

1 QSF tax returns for the 2015 – 2020 tax years and also will be preparing QSF tax
2 returns for the 2021 and 2022 tax years (and any later years if necessary).

3 8. In general, the Tax Returns reflected net taxable losses or, in some cases,
4 net taxable income in one tax year was offset by net operating loss carrybacks or
5 carryforwards from other tax years. As such, there was little to no income tax liability
6 from those returns, (the Receiver paid the tax associated with the limited legitimate
7 activities reported on the returns)².

8 9. I cannot assume and the IRS has refused to confirm, that the IRS has
9 accepted the Tax Returns and will not seek to audit or otherwise amend its claim in
10 the future. I have tried to address this problem by seeking a so-called "Prompt
11 Determination" or "Prompt Assessment" of the Tax Returns. I have also tried to
12 directly engage the IRS and obtain their cooperation to, at least, agree that any future
13 claims would be subordinate to the Allowed Claims of Investor Claimants.

14 10. My attempts to engage and cooperate with the IRS are consistent with
15 The Department of Justice's Directive 137; which is entitled: "Tax Claims Against
16 Embezzlers, Swindlers, etc. v. Recovery By Investors, Dupes and Victims, etc." It is
17 my understanding that Directive 137 addresses the priority of payments or
18 distributions out of an equity receivership and calls for investors to be paid in advance
19 of taxes where, as here, the investor losses can be traced to the fraudulent scheme.
20 Directive 137 goes on to call for the IRS to respect the finding by the District Court
21 that the Receiver holds the recovered proceeds in constructive trust for the victims.

22 11. To date, the IRS appears to be ignoring Directive 137 and has failed and
23 refused and continues to fail and refuse to cooperate with me with regard to

24 ² The pre-receiver return for Amkey Global did show taxable income and income
25 taxes owing of \$128,968, which the Receiver paid. Later, the Receiver learned
26 from a computer generated IRS notice that the Receivership Entities had made an
27 estimated payment of \$115,200 prior to the appointment of a receiver, and net of
28 late filing penalties, the receivership estate is therefore entitled to a refund of
\$104,220. The IRS notice further stated that the IRS would not pay the refund due
to the statute of limitations, notwithstanding that the returns were only filed a year
ago and the taxes only recently paid.

1 distributions to the victims. The IRS has not agreed to subordinate its claims,
2 expedite their review of the Tax Returns or simply agree to not pursue any further
3 claims based upon the Tax Returns. Instead, the IRS sent their claim for a penalty to
4 a collection agency within a month of notifying the Receiver of the claim.

5 12. In an effort to expedite the IRS' review of the Tax Returns, I requested
6 the assistance of the local Congressperson, Judy Chu, (as many of the investors are in
7 her congressional district), and will continue to diligently attempt to secure
8 agreements with the IRS. However, I am seeking the relief requested in my Motion
9 because I have no means to control the timing of any resolution of the existing or
10 future claims by the IRS.

11 13. As noted above, the proposed Amended Plan, **Exhibit "A"**, provides for
12 \$16,500,000 [the Tax Reserve] to be set aside to pay for Administrative Expenses
13 including, but not limited to, Receiver's fees, professionals' fees, and expected
14 operating reserves plus a tax reserve to address any prospective IRS tax claim arising
15 out of or related to the Tax Returns. This amount reflects a conservative good faith
16 estimate of taxes due if the IRS disagreed with and proved that the Receiver's Tax
17 Returns were not accurate and that the tax basis for the assets taken into the
18 receivership was zero.

19 14. The balance of the funds, \$45,800,000 will be promptly distributed to
20 holders of Allowed Claims and represents 53.9% of investor claims. Once I am able
21 to gain the cooperation of the IRS to either acknowledge that the Tax Returns are
22 accepted and not subject to further review or audit or the IRS agrees to subordinate its

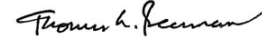
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1 claims, then the Tax Reserves will be distributed to pay for Administrative Expenses
2 and the Allowed Claims of Claimants.

3 I declare under penalty of perjury under the laws of the United States that the
4 foregoing is true and correct.

5 Executed this 21st day of April, 2022, at Orange County, California.

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THOMAS A. SEAMAN

Exhibit A - Clean Copy

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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
COMMISSION,

17 Plaintiff,

18 v.

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

25 Defendants.
26

Case No. 2:15-cv-07425 RGK PLA

**AMENDED DISTRIBUTION PLAN OF
RECEIVER THOMAS A. SEAMAN**

1 **AMENDED DISTRIBUTION PLAN**

2 This Amended Distribution Plan shall govern the administration and
3 distribution by Thomas A. Seaman, the federal equity receiver (the "Receiver"), of
4 funds collected in connection with the above-captioned Securities and Exchange
5 Commission ("Commission") enforcement action. The Receiver has monetized
6 essentially all assets of the Receivership Entities and concluded the claims
7 allowance process.¹ The Receiver filed all pre- and post-receivership tax returns
8 due to date.

9 After setting aside amounts to pay the Administrative Expenses of the
10 Receivership Estate and a reserve for contingent or unknown federal tax liabilities,
11 all available funds shall be distributed to Investor Claimants with Allowed Claims in
12 accordance with the methods detailed below. Of note herein is that the original
13 Distribution Plan is amended to reflect that any future claim by the IRS shall be
14 subordinated to the payment of Allowed Claims of Investor Claimants in accordance
15 with Department of Justice Directive 137 and the Order of this Court. The below
16 described Tax Reserve shall be distributed to the Claimants with Allowed Claims
17 promptly following the final resolution of the open tax returns that have been filed
18 with the IRS.

19 **I. DEFINITIONS.**

20 Unless the context otherwise requires, the below terms have the following
21 meanings when used in their capitalized forms herein. Such meanings are equally
22 applicable to both the singular and plural forms of the terms.

23 "**Administrative Expenses**" means payments arising from services
24 performed and activities undertaken after the Receivership Date in connection with
25 the administration and operation of the Receivership Estate, including but not
26 limited to services rendered by the Receiver and for the Receiver by his attorneys,
27

28 ¹ The Receiver is attempting to recover approximately \$2 million in assets primarily from the State
of California Unclaimed Property office.

1 accountants or other professionals; goods and services provided by third party
2 vendors; as well as other ordinary costs of operation. Administrative Expenses are
3 paid on a rolling basis and are not subject to manner or timing of distributions under
4 the Distribution Plan. For avoidance of doubt, Administrative Expenses shall be
5 paid in full prior to the payment of the Allowed Claims of Claimants and Tax
6 Claimants.

7 **"Allowed Claim"** means any Investor Claimant, Non-Investor Claimant or
8 Tax Claimant claim for payment against the Receivership Entities allowed by the
9 Court pursuant to an order entered in the above-captioned Receivership Case. An
10 Allowed Claim shall not include claims for interest, late fees, contract or other
11 consequential damages, contingent or unliquidated damages, claims submitted by
12 Defendants or claims by Leaders or Insiders. The allowed amount of each Claim
13 was established upon the entry of the Court's order approving the Motion.

14 **"Bar Date"** means a date established by Court Order by which Claimants
15 were required to submit their Proof of Claim to the Receiver.

16 **"Cash"** means all cash and cash equivalents of the Receivership Entities held
17 by the Receiver.

18 **"Claim"** means any claim for payment against the Receivership Entity
19 whether or not such right is reduced to judgment, liquidated, unliquidated,
20 contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or
21 unsecured.

22 **"Claim Amount"** means the net loss suffered by an Investor Claimant as
23 calculated on a MIMO basis or the amount claimed by a Non-Investor Claimant or
24 Tax Claimant.

25 **"Claimant"** or potential Claimant means a holder of a Claim, which may or
26 may not be allowed.

27 **"Court"** means the United States District Court for the Central District of
28 California.

1 **"Days"** means calendar days, unless otherwise specified herein.

2 **"Dispute"** means a written objection submitted to the Receiver by a Claimant
3 regarding the amount the Receiver has identified as the Claimant's Claim Amount.

4 **"Estate"** or **"Receivership Estate"** means the collection or aggregate of all
5 assets, including but not limited to Cash, claims, causes of action, or rights of
6 recovery held by the Receiver on behalf of the Receivership Entity.

7 **"Insider"** means Defendant Steven Chen or a Person who is: a relative of
8 Defendant Steven Chen including but not limited to children, siblings, wives and
9 girl-friends; Leaders, salespeople, and officers, directors or management involved in
10 the Receivership Entities.

11 **"Investor Claimant"** means a holder of a Claim that arises from one or more
12 investments with or in the Receivership Entity by an individual investor. The
13 MIMO calculations reflecting the Allowed Claim Amounts of Investor Claimants
14 are set forth on Exhibits A and B to the Receiver's declaration in support of the
15 Motion.

16 **"Leader(s)"** means those Persons who acted as or worked for the
17 Receivership Entities as salespeople, distributors or aggravators of investment funds
18 that were received from Investor Claimants.

19 **"MIMO"** means the money-in/money-out method used by the Receiver to
20 calculate the compensable losses. For avoidance of doubt, MIMO reflects the net
21 loss, if any, for each prospective Investor Claimant as determined by calculating the
22 net amount of each investor's aggregate actual out of pocket payments made to the
23 Receivership Entity ("Money-In"), less the aggregate amount of payments made
24 back to that investor from the Receivership Entity ("Money-Out").

25 **"Motion"** means the Receiver's Motion to Approve: (1) Receiver's
26 Recommendations As To Allowed Claims; (2) Receiver's Recommendations As To
27 Disputed Claims; (3) Authorization to Limit Scope of Receivership to Identified
28 Receivership Entities; and (4) Distribution Plan. Doc 444.

1 **"Motion to Amend Plan"** means the Motion to Approve Receiver's Amended
2 Distribution Plan.

3 **"Non-Investor Claimant"** means a Claimant who provided valuable goods or
4 services to the Receivership Entities prior to the Receivership Date, including
5 employees and those who may qualify as Insiders or Leaders. The list of Non-
6 Investor Claimants was attached as Exhibit C to the Receiver's declaration in
7 support of the Motion.

8 **"Person"** means natural individuals as well as legal entities including, but not
9 limited to, corporations, partnerships, limited liability companies, trusts and
10 governmental entities.

11 **"Pro Rata Share"** means a proportionate share such that the ratio of the
12 consideration distributed on account of an Allowed Claim to the amount of such
13 Allowed Claim is the same as the ratio of the consideration distributed on account of
14 all Allowed Claims to the amount of all Allowed Claims.

15 **"Proof of Claim Form"** means either the electronic claim form or hard copy
16 claim form which was established via the claims portal made available to Claimants
17 in which the Receiver provided each Claimant with notice of the Bar Date and
18 provided detailed instructions to Claimants with regard to the completion of the
19 claim form and the means to submit their Claim to the Receiver.

20 **"Receiver"** means Thomas A. Seaman, by and through The Thomas Seaman
21 Company, the federal equity receiver for the Receivership Entities.

22 **"Receivership Case"** means that lawsuit pending in the Court, known as SEC
23 v. Steve Chen, USFIA, Inc., et al., Case No. 2:15-cv-07425 RGK PLA, the
24 Honorable R. Gary Klausner, presiding.

25 **"Receivership Date"** means September 28, 2015.

26 **"Receivership Entities"** or **"Receivership Entity"** means separately or
27 collectively, the following entities:

28 Aborell Advisors I LLC (formerly Apollo Advisors I LLC)

- 1 Aborell Mgmt I LLC (formerly Apollo Mgmt I LLC)
- 2 Aborell REIT II LLC (formerly Apollo REIT II LLC)
- 3 Ahome Real Estate LLC
- 4 Alliance Financial Group, Inc.
- 5 Alliance NGN, Inc.
- 6 Amauction, Inc.
- 7 Amkey Global Corporation
- 8 Amkey, Inc.
- 9 Hills Garden Hotel, LLC
- 10 USFIA, Inc.

11 **"Tax Claimant"** means a holder of a Claim that arising from unpaid local,
12 state, or federal taxes due and payable prior to the Receivership Date or in
13 connection with the qualified settlement fund tax returns filed during the course of
14 the Receivership Case.

15 **"Tax Reserve"** means the sum of \$16,500,000, reserved and set aside to pay
16 future federal tax obligations, if any, and outstanding Administrative Expenses. As
17 reflected herein, the Tax Reserve shall be held by the Receiver only so long as
18 necessary to address the future obligations to the IRS arising out of tax returns that
19 have been filed on behalf of the Receivership Entities. For avoidance of doubt, the
20 Receiver does not believe that any further taxes are due to the IRS but the IRS has
21 failed to acknowledge this fact nor otherwise agree to subordinate any, as yet
22 unknown, future obligation. As such, this Tax Reserve is solely in place to address
23 the circumstance where the District Court determines that its Order approving the
24 subordination of the IRS' claims as set forth in this Amended Plan is not enforceable
25 and the IRS otherwise refuses to cooperate with the Receiver to subordinate their
26 claims to the payment in full of Administration Expenses and the Allowed Claims of
27 Claimants.

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1 **II. TREATMENT OF CLAIMS.**

2 **A. Claims Of Investor Claimants.**

3 As reflected in the Motion, the Receiver has evaluated the Claims submitted
4 by Investor Claimants and determined the amount of each claim of the Investor
5 Claimants using the MIMO analysis to calculate the net loss suffered by each
6 investor in the Receivership Entities. Equitable principles require that all Investor
7 Claimants with Allowed Claims be treated equally, for distribution purposes.
8 Distributions to Investor Claimants with Allowed Claims will be determined based
9 on each investor's Allowed Claim Amount, using a pro rata methodology. As such,
10 the Receiver shall only make Cash payments to Investor Claimants with Allowed
11 Claims for their share of the below described available Receivership Funds, after his
12 application of the Pro Rata methodology.

13 **B. Non-Investor Claimants.**

14 As also reflected in the Motion, the Receiver evaluated claims submitted by
15 Non-Investor Claimants to assess whether the Claimants provided valuable goods or
16 services to the Receivership Estate prior to the Receivership Date. The Claims
17 submitted by Leaders and Insiders were disallowed and will not be paid. The
18 Allowed Claims of other Non-Investor Claimants with Allowed Claims will be
19 pooled along with the Allowed Investor Claims and the Allowed Claims will be paid
20 on a pro rata basis.

21 **C. Employee and Identified Post-Receivership Investors.**

22 Consistent with the Motion, the Receiver has recommended for allowance
23 certain claims of employees of the Receivership Entities for work performed prior to
24 the Receivership Date. See Exhibit C to the Receiver's declaration in support of the
25 Motion. The Receiver has also recommended for allowance the four Investor
26 Claims submitted by Investors where the funds were received after the Receivership
27 Date. As to the Allowed Claims of these identified employees and post-

28

1 Receivership Date investors, the Receiver will pay the Claimants 100% of their
2 Allowed Claims.

3 **D. Tax Claimant Claims.**

4 The Receiver has completed a diligent review of the Receivership Entities'
5 records in an effort to identify Tax Claimant Claims, which have been calculated at
6 their face value. With regard to the Tax Claimant Claims received from State and
7 Local tax agencies, the claims shall be allowed per the Receiver's recommendations
8 and order of the Court. Distributions to holders of state and local Allowed Tax
9 Claimant Claims shall be subordinated to the payment of Administrative Expenses,
10 Federal tax obligations and full payment of the Investor and Non-Investor Allowed
11 Claims. If there are funds remaining in the Estate after the foregoing payments, then
12 Allowed Tax Claimant Claims of state and local agencies will be paid on a pro rata
13 basis along with all Allowed Claims.

14 The Receiver has filed federal tax returns related to the Receivership Entities
15 and the qualified settlement fund. While no federal income taxes were owed for the
16 pre or post receivership tax periods, the Internal Revenue Service (“IRS”) asserted a
17 claim of \$29,193,96 for penalties and a small amount of interest (but no income
18 taxes.) The Receiver has no knowledge of any other federal tax obligations or any
19 basis for the IRS to amend its claim or otherwise audit the tax returns filed by the
20 Receiver.

21 Any future claims by the IRS for taxes owed by the Receivership Entities, the
22 Receiver, or any of them, shall be subordinate to the Allowed Claims of Investor
23 Claimants and Administrative Expenses in accordance with the policy set forth in
24 Department of Justice Tax Division Directive 137 (“Directive 137”). For avoidance
25 of doubt, if the IRS conducts an audit of the tax returns or otherwise seeks payment
26 for taxes related to the Receivership Entities or the qualified settlement fund, then
27 claims of the IRS shall not be paid until such time as the Allowed Claims of all
28 Investor Claimants and Administrative Expenses have been paid in full. The

1 Receiver, having no knowledge of any existing or prospective IRS claims, shall
2 have no personal liability to the IRS as to any claims for taxes, penalties or
3 otherwise.

4 If and only if, the IRS objects to the subordination of its claim(s) or refuses to
5 cooperate with the Receiver as called for in Directive 137, then the Receiver shall
6 hold the Tax Reserve until the earlier of: the IRS agreeing to subordinate its claims
7 or to not otherwise pursue an audit or any amendments of the tax returns filed by the
8 Receiver, or the running of the statute of limitations (the “Reserve Period”).

9 **III. DISTRIBUTIONS.**

10 **A. Establishment Of A Reserve For Taxes and Administrative**
11 **Expenses.**

12 As noted above, as a result of the IRS’ refusal to cooperate with the Receiver,
13 the amount of Federal taxes that may be due in the future and the priority of any
14 such tax claims cannot be determined. Further, the Receiver recognizes that there is
15 uncertainty as the authority of the District Court to unilaterally subordinate a claim
16 of the IRS. As such, absent an agreement with the IRS, the Receiver will hold and
17 maintain the Tax Reserve for the Reserve Period.

18 The Receiver will make two distributions to the Claimants with Allowed
19 Claims. First, the Receiver will promptly distribute \$45,800,000, reflecting a 53%
20 recovery by Investor Claimants with Allowed claims. Second, upon the earlier of an
21 agreement with the IRS to either not audit or further review the tax returns or to
22 subordinate their claims or the end of the Reserve Period, the Receiver will
23 distribute the Tax Reserve to those with Allowed Claims after payment of
24 Administrative Expenses.

25 Following the second distribution, Receivership funds not remitted to
26 Claimants or Tax Claimants with Allowed Claims in connection with this
27 Distribution Plan (at such time as the Receiver's engagement is terminated) and
28

1 payment of Administrative Expenses, will be remitted to the Commission for
2 turnover to the United States Treasury.

3 The Receiver is authorized to make and implement immaterial changes to the
4 Distribution Plan, including extensions to procedural deadlines set forth herein. If a
5 change is deemed to be material by the Receiver, then he will petition the Court for
6 approval to amend the Distribution Plan prior to implementation of the change.

7 **B. Distribution Payments.**

8 Except as described herein, Claimants with Allowed Claims will be entitled to
9 receive distribution payments.

10 Any future claims by the IRS shall be subordinate to the payment in full of
11 the Investor Claimants. Alternatively, if the IRS claims are not subordinated as
12 discussed above, then the Receiver will use the Tax Reserve to pay any future tax
13 liabilities.

14 With regard to the payment of all other Claims, the Receiver will base the
15 distributions on his MIMO analysis and will make the payments to the Claimants
16 with Allowed Claims for their share of the funds on-hand, after applying a pro rata
17 methodology, as soon as practicable after the Court has entered the order
18 authorizing the distribution.

19 The Receiver shall make all distributions in Cash in the form of either a
20 check, electronic transfer using Paypal (when Claimants submitted their claims, they
21 were asked to choose between a check or electronic transfer via Paypal as their form
22 of payment for distributions) or other method deemed reasonable by the Receiver.
23 Unless the Claimant otherwise requests, distributions shall be directed to the name
24 and address in the Receiver's records. The tax treatment of the distributions and
25 payment of such taxes, if any, shall be the responsibility of each Claimant and
26 Claimants should consult their tax advisors for advice regarding the tax treatment of
27 the distributions they receive.
28

1 **C. Uncashed Distributions.**

2 Checks will bear a stale date of one hundred and twenty (120) days from the
3 date of issuance or Receiver may otherwise notify Claimants that the checks will be
4 void after 120 days. Checks that are not negotiated within the 120 day check-
5 cashing period will be voided. At such time as the Receiver deems appropriate, the
6 issuing financial institution will be instructed to stop payment on those checks.

7 The Receiver shall conduct a reasonable investigation into distribution checks
8 that remain uncashed for the purpose of identifying viable addresses for holders of
9 Allowed Claims. If a viable address can be identified, the payment shall be reissued
10 as soon as practicable. If a viable address cannot be identified, the Claimant's Claim
11 will be automatically and permanently extinguished. Any funds remaining in
12 Receivership accounts 180 days after all distribution checks have been issued shall
13 be retained and applied to future distributions on all remaining Allowed, non-
14 subordinated Claims, if any, to pay future Administrative Expenses, or as otherwise
15 ordered by the Court.

16 **IV. RETENTION OF JURISDICTION.**

17 The Court shall have and retain exclusive jurisdiction over matters arising out
18 of, or related to the Receivership and the Distribution Plan including but not limited
19 to, the following:

- 20 1. To consider any modifications deemed material by the Receiver to the
21 Distribution Plan, to cure any defect or omission, or reconcile any inconsistency in
22 the Distribution Plan, address Federal tax issues, or any order of the Court;
- 23 2. To protect or adjudicate rights to the assets of the Receivership Estate;
- 24 3. To protect the Receiver from adverse claims against the Receiver
25 arising out of or related to his work as the Receiver, (either before or after he is
26 discharged), any claims arising out of the distribution process, tax issues and/or any
27 efforts interfere with the Receiver's administration of the Estate or the Distribution
28 Plan;

1 4. To issue such orders in aid of execution of the Distribution Plan as may
2 be necessary and appropriate; and

3 5. To hear and determine all litigation, causes of action, and all
4 controversies, suits, and disputes that may arise in connection with any unresolved
5 Disputes and the interpretation, implementation, or enforcement of the Distribution
6 Plan.

7 6. To hear and determine any disputes with regard to the Tax Claims and
8 the Tax Reserve.

9
10 Dated: April 20, 2022

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
DAVID R. ZARO
TIM C. HSU

13 By: /s/ David R. Zaro
14 DAVID R. ZARO
15 Attorneys for Receiver
16 Thomas A. Seaman
17
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Exhibit A - Redline Copy

1 DAVID R. ZARO (BAR NO. 124334)
TIM C. HSU (BAR NO. 279208)
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6 EDWARD G. FATES (BAR NO. 227809)
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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
COMMISSION,

17 Plaintiff,

18 v.

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

25 Defendants.
26

Case No. 2:15-cv-07425 RGK PLA

**AMENDED DISTRIBUTION PLAN OF
RECEIVER THOMAS A. SEAMAN**

1 **AMENDED DISTRIBUTION PLAN**

2 This Amended Distribution Plan shall govern the administration and
3 distribution by Thomas A. Seaman, the federal equity receiver (the "Receiver"), of
4 funds collected in connection with the above-captioned Securities and Exchange
5 Commission ("Commission") enforcement action. ~~As detailed below, the~~
6 ~~Receiver~~The Receiver has monetized essentially all assets of the Receivership
7 Entities and concluded the claims allowance process.¹ The Receiver filed all pre-
8 and post-receivership tax returns due to date.~~and processed and paid the sole claim~~
9 ~~filed by the IRS.~~ proposes that, a

10 After setting aside amounts ~~necessary for taxes and~~ to pay the
11 ~~a~~Administrative eExpenses of the Receivership Estate and a reserve for contingent
12 or unknown federal tax liabilities, all available funds shall be distributed to Investor
13 Claimants with Allowed Claims ~~determined~~ in accordance with the ~~principles and~~
14 methods detailed below. Of note herein is that the original Distribution Plan is
15 amended to reflect that any future claim by the IRS shall be subordinated to the
16 payment of Allowed Claims of Investor Claimants in accordance with Department
17 of Justice Directive 137 and the Order of this Court. The below described Tax
18 Reserve shall be distributed to the Claimants with Allowed Claims promptly
19 following the final resolution of the open tax returns that have been filed with the
20 IRS.

21 **I. DEFINITIONS.**

22 Unless the context otherwise requires, the below terms have the following
23 meanings when used in their capitalized forms herein. Such meanings are equally
24 applicable to both the singular and plural forms of the terms.

25 "Administrative Expenses" means payments arising from services
26 performed and activities undertaken after the Receivership Date in connection with
27

28 ¹ The Receiver is attempting to recover approximately \$2 million in assets primarily from the State of California Unclaimed Property office.

1 the administration and operation of the Receivership Estate, including but not
2 limited to services rendered by the Receiver and for the Receiver by his attorneys,
3 accountants or other professionals; goods and services provided by third party
4 vendors; as well as other ordinary costs of operation. ~~Pursuant to the terms of the~~
5 ~~Receiver's engagement,~~ Administrative Expenses are paid on a rolling basis and are
6 not subject to manner or timing of distributions under the Distribution Plan. For
7 avoidance of doubt, Administrative Expenses shall be paid in full prior to the
8 payment of the Allowed Claims of Claimants and Tax Claimants.

9 "Allowed Claim" means any Investor Claimant, Non-Investor Claimant or
10 Tax Claimant claim for payment against the Receivership Entities allowed by the
11 Court pursuant to an order entered in the above-captioned Receivership Case. An
12 Allowed Claim shall not include claims for interest, late fees, contract or other
13 consequential damages, contingent or unliquidated damages, claims submitted by
14 Defendants or claims by Leaders or Insiders. The allowed amount of each Claim
15 ~~will be~~was established upon the entry of the Court's order approving the Motion.

16 "Bar Date" means a date established by Court Order by which Claimants
17 were required to submit their Proof of Claim to the Receiver.

18 "Cash" means all cash and cash equivalents of the Receivership Entities held
19 by the Receiver.

20 "Claim" means any claim for payment against the Receivership Entity
21 whether or not such right is reduced to judgment, liquidated, unliquidated,
22 contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or
23 unsecured.

24 "Claim Amount" means the net loss suffered by an Investor Claimant as
25 calculated on a MIMO basis or the amount claimed by a Non-Investor Claimant or
26 Tax Claimant.

27 "Claimant" or potential Claimant means a holder of a Claim, which may or
28 may not be allowed.

1 **"Court"** means the United States District Court for the Central District of
2 California.

3 **"Days"** means calendar days, unless otherwise specified herein.

4 **"Dispute"** means a written objection submitted to the Receiver by a Claimant
5 regarding the amount the Receiver has identified as the Claimant's Claim Amount.

6 **"Estate"** or **"Receivership Estate"** means the collection or aggregate of all
7 assets, including but not limited to Cash, claims, causes of action, or rights of
8 recovery held by the Receiver on behalf of the Receivership Entity.

9 **"Insider"** means Defendant Steven Chen or a Person who is: a relative of
10 Defendant Steven Chen including but not limited to children, siblings, wives and
11 girl-friends; Leaders, salespeople, and officers, directors or management involved in
12 the Receivership Entities.

13 **"Investor Claimant"** means a holder of a Claim that arises from one or more
14 investments with or in the Receivership Entity by an individual investor. The
15 MIMO calculations reflecting the Allowed Claim Amounts of Investor Claimants
16 are set forth on Exhibits A and B to the Receiver's declaration in support of the
17 Motion.

18 **"Leader(s)"** means those Persons who acted as or worked for the
19 Receivership Entities as salespeople, distributors or aggravators of investment funds
20 that were received from Investor Claimants.

21 **"MIMO"** means the money-in/money-out method used by the Receiver to
22 calculate the compensable losses. For avoidance of doubt, MIMO reflects the net
23 loss, if any, for each prospective Investor Claimant as determined by calculating the
24 net amount of each investor's aggregate actual out of pocket payments made to the
25 Receivership Entity ("Money-In"), less the aggregate amount of payments made
26 back to that investor from the Receivership Entity ("Money-Out").

27 **"Motion"** means the Receiver's Motion to Approve: (1) Receiver's
28 Recommendations As To Allowed Claims; (2) Receiver's Recommendations As To

1 Disputed Claims; (3) Authorization to Limit Scope of Receivership to Identified
2 Receivership Entities; and (4) Distribution Plan. [Doc 444](#).

3 ["Motion to Amend Plan" means the Motion to Approve Receiver's Amended](#)
4 [Distribution Plan](#).

5 **"Non-Investor Claimant"** means a Claimant who provided valuable goods or
6 services to the Receivership Entities prior to the Receivership Date, including
7 employees and those who may qualify as Insiders or Leaders. The list of Non-
8 Investor Claimants ~~is~~[was](#) attached as [Exhibit C](#) to the Receiver's declaration in
9 support of the Motion.

10 **"Person"** means natural individuals as well as legal entities including, but not
11 limited to, corporations, partnerships, limited liability companies, trusts and
12 governmental entities.

13 **"Pro Rata Share"** means a proportionate share such that the ratio of the
14 consideration distributed on account of an Allowed Claim to the amount of such
15 Allowed Claim is the same as the ratio of the consideration distributed on account of
16 all Allowed Claims to the amount of all Allowed Claims.

17 **"Proof of Claim Form"** means either the electronic claim form or hard copy
18 claim form which was established via the claims portal made available to Claimants
19 in which the Receiver provided each Claimant with notice of the Bar Date and
20 provided detailed instructions to Claimants with regard to the completion of the
21 claim form and the means to submit their Claim to the Receiver.

22 **"Receiver"** means Thomas A. Seaman, by and through The Thomas Seaman
23 Company, the federal equity receiver for the Receivership Entities.

24 **"Receivership Case"** means that lawsuit pending in the Court, known as [SEC](#)
25 [v. Steve Chen, USFIA, Inc., et al.](#), Case No. 2:15-cv-07425 RGK PLA, the
26 Honorable R. Gary Klausner, presiding.

27 **"Receivership Date"** means September 28, 2015.
28

1 **"Receivership Entities" or "Receivership Entity"** means separately or
2 collectively, the following entities:

- 3 Aborell Advisors I LLC (formerly Apollo Advisors I LLC)
- 4 Aborell Mgmt I LLC (formerly Apollo Mgmt I LLC)
- 5 Aborell REIT II LLC (formerly Apollo REIT II LLC)
- 6 Ahome Real Estate LLC
- 7 Alliance Financial Group, Inc.
- 8 Alliance NGN, Inc.
- 9 Amauction, Inc.
- 10 Amkey Global Corporation
- 11 Amkey, Inc.
- 12 Hills Garden Hotel, LLC
- 13 USFIA, Inc.

14 **"Tax Claimant"** means a holder of a Claim that arising from unpaid local,
15 state, or federal taxes due and payable prior to the Receivership Date or in
16 connection with the qualified settlement fund tax returns filed during the course of
17 the Receivership Case.

18 "Tax Reserve" means the sum of \$16,500,000, reserved and set aside to pay
19 future federal tax obligations, if any, and outstanding Administrative Expenses. As
20 reflected herein, the Tax Reserve shall be held by the Receiver only so long as
21 necessary to address the future obligations to the IRS arising out of tax returns that
22 have been filed on behalf of the Receivership Entities. For avoidance of doubt, the
23 Receiver does not believe that any further taxes are due to the IRS but the IRS has
24 failed to acknowledge this fact nor otherwise agree to subordinate any, as yet
25 unknown, future obligation. As such, this Tax Reserve is solely in place to address
26 the circumstance where the District Court determines that its Order approving the
27 subordination of the IRS' claims as set forth in this Amended Plan is not enforceable
28 and the IRS otherwise refuses to cooperate with the Receiver to subordinate their

1 [claims to the payment in full of Administration Expenses and the Allowed Claims of](#)
2 [Claimants.](#)

3 **II. TREATMENT OF CLAIMS.**

4 **A. Claims Of Investor Claimants.**

5 As reflected in the Motion, the Receiver has evaluated the Claims submitted
6 by Investor Claimants and determined the amount of each claim of the Investor
7 Claimants using the MIMO analysis to calculate the net loss suffered by each
8 investor in the Receivership Entities. Equitable principles require that all Investor
9 Claimants with Allowed Claims be treated equally, for distribution purposes.
10 Distributions to Investor Claimants with Allowed Claims will be determined based
11 on each investor's Allowed Claim Amount, using a pro rata methodology. As such,
12 the Receiver shall only make Cash payments to Investor Claimants with Allowed
13 Claims for their share of the below described available Receivership Funds, after his
14 application of the Pro Rata methodology.

15 **B. Non-Investor Claimants.**

16 As also reflected in the Motion, the Receiver evaluated claims submitted by
17 Non-Investor Claimants to assess whether the Claimants provided valuable goods or
18 services to the Receivership Estate prior to the Receivership Date. The Claims
19 submitted by Leaders and Insiders were disallowed and will not be paid. The
20 Allowed Claims of other Non-Investor Claimants with Allowed Claims will be
21 pooled along with the Allowed Investor Claims and the Allowed Claims will be paid
22 on a pro rata basis.

23 **C. Employee and Identified Post-Receivership Investors.**

24 Consistent with the Motion, the Receiver has recommended for allowance
25 certain claims of employees of the Receivership Entities for work performed prior to
26 the Receivership Date. See Exhibit C to the Receiver's declaration in support of the
27 Motion. The Receiver has also recommended for allowance the four Investor
28 Claims submitted by Investors where the funds were received after the Receivership

1 Date. As to the Allowed Claims of these identified employees and post-
2 Receivership Date investors, the Receiver will pay the Claimants 100% of their
3 Allowed Claims.

4 **D. Tax Claimant Claims.**

5 The Receiver has completed a diligent review of the Receivership Entities'
6 records in an effort to identify Tax Claimant Claims, which have been calculated at
7 their face value. With regard to the Tax Claimant Claims received from State and
8 Local tax agencies, the claims shall be allowed per the Receiver's recommendations
9 and order of the Court. Distributions to holders of state and local Allowed Tax
10 Claimant Claims shall be subordinated to the payment of Administrative Expenses,
11 Federal tax obligations and full payment of the Investor and Non-Investor Allowed
12 Claims. If there are funds remaining in the Estate after the foregoing payments, then
13 Allowed Tax Claimant Claims of state and local agencies will be paid on a pro rata
14 basis along with all Allowed Claims.

15 ~~As of the date of this Distribution Plan, there has not been a determination of~~
16 ~~the amount of State and Federal taxes that are owed, if any. However, it appears~~
17 ~~based on the income tax returns that the Receiver intends to file that~~The Receiver
18 has filed federal tax returns related to the Receivership Entities and the qualified
19 settlement fund. While no federal income taxes ~~will were be~~ owed for the pre or post
20 receivership tax periods, ~~However, it is not certain that~~ the Internal Revenue
21 Service ("IRS") asserted a claim of \$29,193,96 for penalties and a small amount of
22 interest (but no income taxes.) ~~will agree with the Receiver that no taxes are owed~~
23 ~~and that the tax returns are proper. In the event that the IRS does not agree with the~~
24 ~~tax returns as filed by the Receiver and deems taxes to be owing, the Receiver will~~
25 ~~seek the IRS' cooperation to resolve tax issues and to subordinate the IRS tax claims~~
26 ~~if any,~~The Receiver has no knowledge of any other federal tax obligations or any
27 basis for the IRS to amend its claim or otherwise audit the tax returns filed by the
28 Receiver.

1 Any future claims by the IRS for taxes owed by the Receivership Entities, the
2 Receiver, or any of them, shall be subordinate to the Allowed eClaims of
3 ~~investors~~ Investor Claimants and Administrative Expenses in accordance with the
4 policy set forth in Department of Justice Tax Division Directive 137 (“Directive
5 137”). For avoidance of doubt, if the IRS conducts an audit of the tax returns or
6 otherwise seeks payment for taxes related to the Receivership Entities or the
7 qualified settlement fund, then claims of the IRS shall not be paid until such time as
8 ~~the To the extent that it is ultimately determined that there are federal tax obligations~~
9 ~~owed to the IRS, these claims shall be paid in full prior to the payment of~~ Allowed
10 Claims of ~~other~~ all Investor Claimants and Administrative Expenses have been paid
11 in full. Claimants. No distributions can be made until the claims of the IRS are
12 ~~determined.~~ The Receiver, having no knowledge of any existing or prospective IRS
13 claims, shall have no personal liability to the IRS as to any claims for taxes,
14 penalties or otherwise.

15 If and only if, the IRS objects to the subordination of its claim(s) or refuses to
16 cooperate with the Receiver as called for in Directive 137, then the Receiver shall
17 hold the Tax Reserve until the earlier of: the IRS agreeing to subordinate its claims
18 or to not otherwise pursue an audit or any amendments of the tax returns filed by the
19 Receiver, or the running of the statute of limitations (the “Reserve Period”).

20 **III. DISTRIBUTIONS.**

21 **A. Establishment Of A Reserve For Taxes and Administrative** 22 **Expenses.**

23 As noted above, as a result of the IRS’ refusal to cooperate with the Receiver,
24 the amount of Federal taxes that may be due in the future and the priority of any
25 such tax claims ~~has not yet been~~ cannot be determined. Further, the Receiver
26 recognizes that there is uncertainty as the authority of the District Court to
27 unilaterally subordinate a claim of the IRS. As such, absent an ~~Accordingly, once-~~
28

1 ~~the tax issues have been resolved, either by~~ agreement with the IRS, the Receiver
2 will hold and maintain the Tax Reserve for the Reserve Period.

3 ~~or via Court order, the Receiver will file a motion for authority to make a~~
4 ~~distribution to Claimants with Allowed Claims pursuant to the terms of this~~
5 ~~Distribution Plan. The Receiver envisions making only one distribution. The~~
6 Receiver will make two distributions to the Claimants with Allowed Claims. First,
7 the Receiver will promptly distribute \$45,800,000, reflecting a 53% recovery by
8 Investor Claimants with Allowed claims. In the event sufficient additional funds
9 ~~should become available for distribution, or there are large amounts of un-negotiated~~
10 ~~distribution payments the Receiver may make a subsequent distribution, however~~
11 ~~that is unlikely given the large number of claimants and expense of administering a~~
12 ~~second distribution. Second, upon the earlier of an agreement with the IRS to either~~
13 not audit or further review the tax returns or to subordinate their claims or the end of
14 the Reserve Period, the Receiver will distribute the Tax Reserve to those with
15 Allowed Claims after payment of Administrative Expenses. The timing of such
16 ~~future distributions,~~

17 Following the second distribution, Receivership funds not remitted to if any,
18 ~~shall be left to the reasonable judgment of the Receiver. Any Receivership Funds~~
19 ~~not remitted to~~ Claimants or Tax Claimants with Allowed Claims in connection with
20 this Distribution Plan (at such time as the Receiver's engagement is terminated) and
21 payment of Administrative Expenses, will be remitted to the Commission for
22 turnover to the United States Treasury.

23 The Receiver is authorized to make and implement immaterial changes to the
24 Distribution Plan, including extensions to procedural deadlines set forth herein. If a
25 change is deemed to be material by the Receiver, then he will petition the Court for
26 approval to amend the Distribution Plan prior to implementation of the change.

27
28

1 **B. Distribution Payments.**

2 ~~As noted above, once the outstanding tax issues have been resolved, either by~~
3 ~~agreement with the IRS or via Court order, the Receiver will file a motion for~~
4 ~~authority to make a distribution to Claimants with Allowed Claims pursuant to the~~
5 ~~terms of this Distribution Plan. Except as described herein, Only those Claimants~~
6 with Allowed Claims will be entitled to receive distribution payments.

7 Any future claims by the IRS shall be subordinate to the payment in full of
8 the Investor Claimants. Alternatively, if the IRS claims are not subordinated as
9 discussed above, then the Receiver will use the Tax Reserve to pay any future tax
10 liabilities.

11 With regard to the payment of all other Claims, ~~t~~The Receiver will base the
12 distributions on his MIMO analysis and will make the payments to the Claimants
13 with Allowed Claims for their share of the funds on-hand, after applying a pro rata
14 methodology, as soon as practicable after the Court has entered the order
15 authorizing the distribution.

16 The Receiver shall make all distributions in Cash in the form of either a
17 check, electronic transfer using Paypal (when Claimants submitted their claims, they
18 were asked to choose between a check or electronic transfer via Paypal as their form
19 of payment for distributions) or other method deemed reasonable by the Receiver.
20 Unless the Claimant otherwise requests, distributions shall be directed to the name
21 and address in the Receiver's records. The tax treatment of the distributions and
22 payment of such taxes, if any, shall be the responsibility of each Claimant and
23 Claimants should consult their tax advisors for advice regarding the tax treatment of
24 the distributions they receive.

25 **C. Uncashed Distributions.**

26 Checks will bear a stale date of one hundred and twenty (120) days from the
27 date of issuance or Receiver may otherwise notify Claimants that the checks will be
28 void after 120 days. Checks that are not negotiated within the 120 day check-

1 cashing period will be voided. At such time as the Receiver deems appropriate, the
2 issuing financial institution will be instructed to stop payment on those checks.

3 The Receiver shall conduct a reasonable investigation into distribution checks
4 that remain uncashed for the purpose of identifying viable addresses for holders of
5 Allowed Claims. If a viable address can be identified, the payment shall be reissued
6 as soon as practicable. If a viable address cannot be identified, the Claimant's Claim
7 will be automatically and permanently extinguished. Any funds remaining in
8 Receivership accounts 180 days after all distribution checks have been issued shall
9 be retained and applied to future distributions on all remaining Allowed, non-
10 subordinated Claims, if any, to pay future Administrative Expenses, or as otherwise
11 ordered by the Court.

12 **IV. RETENTION OF JURISDICTION.**

13 The Court shall have and retain exclusive jurisdiction over matters arising out
14 of, or related to the Receivership and the Distribution Plan including but not limited
15 to, the following:

16 1. To consider any modifications deemed material by the Receiver to the
17 Distribution Plan, to cure any defect or omission, or reconcile any inconsistency in
18 the Distribution Plan, address Federal tax issues, or any order of the Court;

19 2. To protect or adjudicate rights to the assets of the Receivership Estate;

20 3. To protect the Receiver from adverse claims against the Receiver
21 arising out of or related to his work as the Receiver, (either before or after he is
22 discharged), any claims arising out of the distribution process, tax issues and/or any
23 efforts interfere with the Receiver's administration of the Estate or the Distribution
24 Plan;

25 4. To issue such orders in aid of execution of the Distribution Plan as may
26 be necessary and appropriate; and

27 5. To hear and determine all litigation, causes of action, and all
28 controversies, suits, and disputes that may arise in connection with any unresolved

1 Disputes and the interpretation, implementation, or enforcement of the Distribution
2 Plan.

3 6. To hear and determine any disputes with regard to the Tax Claims and
4 the Tax Reserve.

5
6 Dated: ~~December 7, 2020~~ April 20, 2022 ALLEN MATKINS LECK GAMBLE
7 MALLORY & NATSIS LLP
8 DAVID R. ZARO
9 TIM C. HSU

10 By: /s/ David R. Zaro
11 DAVID R. ZARO
12 Attorneys for Receiver
13 Thomas A. Seaman
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EXHIBIT BUSFIA Pre-Receivership Federal Income Tax Returns

Entity	TIN
Alliance NGN, Inc.	14-1876638
Amkey, Inc.	56-2370579
Amauction, Inc.	45-4538251
USFIA Inc.	45-2698451
Ahome Real Estate LLC	27-2792726
Aborell Advisors I LLC	45-2495832
Aborell MGMT I LLC	45-2912330
Aborell REIT II LLC	45-2475474
Amkey Global Corporation	47-1930058
Alliance Financial Group	27-2473432

USFIA Qualified Settlement Fund Federal Income Tax Returns

Entity	TIN
USFIA Inc. in Receivership	47-5201610

Tax Years

2014 and 2015
2014 and 2015
2014 and 2015
2014 and 2015
2014 and 2015
2015
2015
2015
2015
2015

Tax Years

2015 through 2020

PROOF OF SERVICE

Securities and Exchange Commission v. Steven Chen, USFIA, Inc., et al.,
USDC, Central District of California – Case No. 2:15-cv-07425-RGK-PLA

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 865 S. Figueroa Street, Suite 2800, Los Angeles, California 90017-2543.

On **April 22, 2022**, I caused to be served on all the parties to this action addressed as stated on the attached service list or as indicated below, the document entitled: **DECLARATION OF THOMAS A. SEAMAN IN SUPPORT OF MOTION TO APPROVE RECEIVER’S AMENDED DISTRIBUTION PLAN**

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with the firm's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

OVERNIGHT DELIVERY: I deposited in a box or other facility regularly maintained by express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelope(s) or package(s) designed by the express service carrier, addressed as indicated on the attached service list, with fees for overnight delivery paid or provided for.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on **April 22, 2021** at Los Angeles, California.



Martha Diaz

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SERVICE LIST

Securities and Exchange Commission v. Steven Chen, USFIA, Inc., et al.,
USDC, Central District of California – Case No. 2:15-cv-07425-RGK-PLA

Internal Revenue Service
c/o Tracy. L. Wilkison
Acting United States Attorney
Scott M. Garringer
Asst United States Attorney
Chief, Criminal Division
Richard E. Robinson
Assistant United States Attorney
Major Frauds Section
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Los Angeles, CA 90012
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Via Certified Mail – Return Receipt

Internal Revenue Service
c/o Leonard Brown
Bankruptcy Specialist
300 N. Los Angeles St MS 5022
Los Angeles, CA 90012
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Via Fax

Leonard Brown
Bankruptcy Specialist
Internal Revenue Service
Insolvency Group 7
300 N. Los Angeles Street, 5022
Los Angeles, CA 90012

Via Certified Mail – Return Receipt

Ms. Evelyn Lopez
Internal Revenue Service
Centralized Insolvency Operations
PO Box 7346
Philadelphia, PA 19101-7346

Via U.S. First Class Mail

IRS Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0049

Via U.S. First Class Mail

IRS Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0038

Via U.S. First Class Mail

IRS Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0036

Via U.S. First Class Mail

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Karl A. Racine
U.S. Attorney General
400 6th Street NW
Washington, DC 20001
202.727.3400 P | 202.347.8922 F
Email: oaq@dc.gov

Via Certified Mail – Return Receipt