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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
16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.
19

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

26 Defendants.
27
28

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

**DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF MOTION
TO APPROVE RECEIVER'S
DESTRUCTION OF DOCUMENTS
AND RECORDS**

Date: March 27, 2023

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 Destruction of Documents and Records (the "Motion"). I have personal knowledge of
10 the facts set forth herein and, if called as a witness, could and would testify to such
11 facts under oath.

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

18 4. On December 19, 2019, I filed the Receiver's Forensic Accounting
19 Report ("Receiver's Accounting".) The Receiver's Accounting demonstrated that the
20 Receivership Entities were operating a series of fraudulent enterprises through which
21 they raised \$197 million from investors. [Doc. 406.]

22 5. On February 18, 2021, the Court granted Receiver Thomas A. Seaman's
23 Motion to Approve (1) Receiver's Recommendations as to Allowed Claims;
24 (2) Receiver's Recommendations as to Disputed Claims; (3) Authorization to Limit
25 Scope of Receivership to Identified Receivership Entities; and (4) Distribution Plan
26 ("Claim and Distribution Plan Order"). [Doc. No. 455.] After finally resolving the
27 disputes with the IRS, I filed a motion to approve the Amended Distribution Plan
28 establishing that the Receivership Proceeds are held by the Receiver in a constructive

1 trust and therefore can be distributed to the Investor Claimants instead of being held
2 for the benefit of the IRS. [See Doc. No. 483, Doc. No. 484.]

3 6. The Court approved a distribution of over \$64,000,000. After allowing
4 for \$100,000 for payroll claims and \$70,000 for 11th hour investors at 100% of their
5 claims, I determined that the amount available on a pro rata basis to investor-victims
6 was approximately \$63,830,000. The distribution is in process and I have disbursed
7 over \$51,373,108. Unfortunately, a significant volume of checks have not been
8 negotiated by the investor claimants. In addition, many wire transfers have been
9 declined by the receiving bank as a result of anti-money laundering laws in many of
10 the 50 countries in which investor-claimants are located. I have also faced several
11 untoward attempts to cheat the distribution fund, including stolen checks being
12 remotely deposited by non-claimants and fraudulent ACH (Automated Clearing
13 House) withdrawals by non-claimants. Other fraudulent attempts to divert funds
14 include claims filed on behalf legitimate victims by others who then attempt to divert
15 the funds to themselves. These duplicitous efforts have slowed the distribution and
16 required us to diligently monitor disbursement activity.

17 7. There are currently approximately \$3,700,000 of outstanding
18 distributions that are unresolved. I am also holding approximately \$3,400,000 in
19 funds originally transmitted to investors/claimants with Allowed Claims where the
20 approved Claimant with an Allowed Claim could not be located or where the
21 distribution could not be processed because the proper recipient (e.g. the Court
22 approved Claimant with an Allowed Claim), cannot be verified or the payment cannot
23 be otherwise delivered.

24 8. I have met and conferred with the SEC to ensure that they are in
25 agreement with the destruction of the documents and records. The SEC agrees with
26 my recommendation to destroy the documents and records. Similarly, I consulted
27 with the Office of the United States Attorney (“AUSA”). The AUSA indicated that
28 there is a pending criminal matter against a person that did business with the

1 Defendant and who received funds from the Receivership Entities. I understand that I
2 may be requested to testify to these payments if the matter proceeds to trial which is
3 currently set for April 2023.

4 9. I have been renting a satellite office to house the original USFIA Inc.
5 back office servers and the hard copy paper records for the Receivership Entities. It
6 costs approximately \$2,600 per month for rent, insurance, and utilities. The landlord
7 for the satellite office has terminated the lease effective March 31, 2023.

8 10. Aside from concluding the distribution of Receivership Proceeds,
9 described above, the remaining receivership tasks include destruction of records, the
10 final accounting and fee applications and discharge of the Receiver. I have
11 determined that I no longer needs the Receivership Entities' hard copy documents or
12 the electronic records. As such, I request the Court exercise its discretion to authorize
13 me to destroy remaining files and delete all digital records.

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

16 Executed this 27 day of February 2023, at Orange County, California.

Thomas A. Seaman

THOMAS A. SEAMAN

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