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10 Attorneys for Receiver  
11 THOMAS A. SEAMAN

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 FOR THE COUNTY OF LOS ANGELES

14  
15 SECURITIES AND EXCHANGE  
COMMISSION,

16 Plaintiff,

17 v.

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

24 Defendants.  
25

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

**MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
RECEIVER'S MOTION TO  
APPROVE RECEIVER'S AMENDED  
DISTRIBUTION PLAN RE: SECOND  
DISTRIBUTION**

Date: July 10, 2023  
Time: 9:00 a.m.  
Ctrm: 850  
Judge Hon. R. Gary Klausner

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

7 As reported to the Court in Receiver's Response, Report and  
8 Recommendations for Concluding the Receivership [Doc. No. 503] ("Receiver's  
9 Report"), the closing of the case has primarily been impeded due to extraordinary  
10 issues arising in the distribution of proceeds to the approximately 84% of the  
11 investors who are located outside of the United States. The Receiver estimates that  
12 he will have an estimated \$5.0 million available for a second distribution at the  
13 conclusion of the first distribution (the "First Distribution") which was made under  
14 the original Distribution Plan of Receiver Thomas A. Seaman ("Original Plan").  
15 [Doc. No. 455.] The Receiver has determined that it is in the best interests of the  
16 victim claimants to make a second distribution (the "Second Distribution") to those  
17 investors with Allowed Claims as described herein.

18 The Receiver proposes to make a Second Distribution per the Amended Plan  
19 of Receiver Thomas A. Seaman, (the "Amended Plan") and close the receivership  
20 over the next 6 months as follows:

- 21 • Complete the First Distribution on or before June 30, 2023;
- 22 • Commence a Second Distribution no later than July 31, 2023,<sup>1</sup> with a  
23 relatively short deadline (45 days) for investors to receive and cash

24  
25  
26 <sup>1</sup> Due to banking regulations, the Receiver can only send out a limited amount of  
27 wire transfers and PayPal transfers per day. Therefore, the Receiver will begin  
28 sending out wire transfers and PayPal transfers by July 31, 2023 and will  
complete the process no later than August 31, 2023, such that all investors  
receiving these transfers will have no less than 45 days to receive them before the  
second distribution is concluded on October 15, 2023.

1 their Second Distribution checks, or complete wire transfer and Paypal  
2 transactions;

- 3 • Conclude the Second Distribution on October 15, 2023;
- 4 • No later than November 15, 2023, the Receiver shall file motions  
5 seeking approval of a final accounting, final fee applications, the  
6 discharge of the receiver and the closing of the receivership  
7 (collectively, the "Closing Motions").

8 By this Motion, the Receiver seeks approval of the Amended Plan and to  
9 make the Second Distribution as follows:

- 10 • The Allowed Claims of Claimants who could not be located or whose  
11 payments were made by the Receiver but are not negotiated or  
12 otherwise do not clear the Receiver's bank or Paypal account by  
13 June 30, 2023, will be extinguished. For avoidance of doubt, such  
14 Claimant's Allowed Claims will be void and they will not participate in  
15 the Second Distribution.
- 16 • After setting aside funds to pay for current and future administrative  
17 expenses, the Receiver will distribute the remaining proceeds to the  
18 Claimants with Allowed Claims on a pro-rata basis commencing no  
19 later than July 31, 2023.
- 20 • Claimants who receive a Second Distribution will have a maximum of  
21 45 days to negotiate the payment (and for the payment to clear  
22 Receiver's accounts). The Receiver shall take steps to stop payment as  
23 to all distribution checks and payments as of October 15, 2023.
- 24 • The remaining terms of the Original Plan shall remain in full force and  
25 effect.

26 See Declaration of Thomas A. Seaman in Support of Motion to Approve Amended  
27 Distribution Plan, ¶¶ 5-6, Exhibit A.

28

1 **I. STATUS**

2 After months of extraordinary efforts to locate investors and assist in their  
3 negotiation of the First Distribution payment, the Receiver still holds an estimated  
4 \$5,598,336.32 in undistributed distribution proceeds. At this time, the Receiver can  
5 either make a Second Distribution to those investors with Allowed Claims to whom  
6 payment of the First Distribution was successful, or turn these funds over to the  
7 Securities and Exchange Commission for payment to the United States Treasury.

8 The Receiver believes it is important to distribute as much money as possible  
9 to the victims of this financial fraud. With the knowledge gained from the First  
10 Distribution and placing strict time limits on negotiating payments, the Receiver can  
11 conclude a Second Distribution in less than 75 days, including allowing 45 days for  
12 payments to clear. Accordingly, the Receiver recommends making a second and  
13 final distribution to Claimants with Allowed Claims in accordance with the  
14 Amended Plan, attached as Exhibit A to the Seaman Declaration.

15 **II. RECEIVER’S PROPOSED AMENDED PLAN**

16 In accordance with Section III. C. of the Original Distribution Plan, those  
17 Claimants with Allowed Claims who have not been located, shall have their claims  
18 extinguished and shall not participate in any future distributions. [Doc. 444, Exh. E,  
19 Page 374.] The Receiver seeks to amend the Original Distribution Plan, to state that  
20 all those Claimants with Allowed Claims that could not be located or who have  
21 failed to negotiate their First Distribution made under the Original Plan as of  
22 June 30, 2023, shall no longer have an Allowed Claim (i.e. their previously Allowed  
23 Claim is extinguished) and will not be eligible to participate in the Second  
24 Distribution.

25 No later than July 31, 2023, the Receiver will commence making the Second  
26 Distribution to those remaining Claimants with Allowed Claims, (i.e. those  
27 Claimants with Allowed Claims whose addresses are known and whose payments  
28 cleared the Receiver's account as of June 30, 2023). The Second Distribution shall

1 be made on a pro rata basis to those Claimants with Allowed Claims. The recipients  
2 of the Second Distribution shall have 45 days to negotiate their checks or have their  
3 wires or PayPal payments clear the Receiver’s bank or other accounts. Those  
4 distributions that have not cleared the Receiver’s accounts (bank, PayPal or  
5 otherwise) on or before October 15, 2023, shall be void and the Receiver will take  
6 steps to stop payment as deems appropriate.

7 The Receiver estimates that the cost to complete the Second Distribution will  
8 be in the range of \$140,000 to \$170,000. The work will be done primarily by a  
9 Mandarin-speaking staff member and senior financial analyst staff member of the  
10 Receiver’s office at significantly lower hourly rates than the Receiver. The  
11 Receiver expects his future fee applications to be as follows:

12	Quarter 4, 2022	\$110,799
13	Quarter 1 2023	\$103,213
14	Quarter 2 2023	\$110,000
15	Quarter 3 2023	\$125,000
16	Quarter 4 2023	\$60,000

17 The Receiver does not anticipate incurring significant attorneys’ fees with regard to  
18 the Second Distribution. It is anticipated that the attorneys’ fees will be limited to  
19 drafting the instant Motion and the Amended Plan, and supporting the Receiver if  
20 legal issues arise in connection with the Second Distribution, if any. Thereafter,  
21 Counsel will assist with drafting the Closing Motions. Following the Court’s  
22 approval of the Closing Motions and payment of approved taxes and administrative  
23 expenses of the receivership estate, the balance of funds held by the Receiver after  
24 concluding the Second Distribution, shall be turned over to the Securities and  
25 Exchange Commission for payment to the United States Treasury.

26 The Receiver and his counsel have met and conferred with counsel for the  
27 Securities and Exchange Commission (the “SEC”). The SEC supports the proposed  
28 plan and the Receiver’s good faith efforts to see that receivership funds are

1 distributed to investor victims (as opposed to having a larger percentage of the  
2 receivership funds go to the United States Treasury), and believes that the estimated  
3 costs of completing the Second Distribution are reasonable under the circumstances.

4 **III. CONCLUSION**

5 Based upon his investigation and findings, the Receiver also requests the  
6 Court approve the Amended Plan.

7  
8  
9 Dated: June 5, 2023

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

10  
11 By:           /s/ David R. Zaro          

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13 Attorneys for Receiver  
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