

**UNITED STATES DISTRICT COURT  
DISTRICT OF RHODE ISLAND**

SECURITIES AND EXCHANGE COMMISSION,	)	
	)	
<b>Plaintiff,</b>	)	
	)	
v.	)	<b>Case No. CA 02-154 ML</b>
	)	
DENNIS S. HERULA, <i>et al.</i> ,	)	
	)	
<b>Defendants.</b>	)	
	)	

**SEC’S MOTION FOR AMENDED DISTRIBUTION ORDER  
AND MEMORANDUM IN SUPPORT**

The Securities and Exchange Commission (the “SEC”) respectfully requests that the Court enter an Amended Distribution Order. The Clerk of the Court has asked that the SEC make this motion so that the Clerk of the Court can identify, for administrative purposes, what portions of each distribution reflect principal (*i.e.*, amounts paid into the distribution fund by the defendants) and what portions reflect interest accrued on the principal. In support of its motion the SEC states:

1. On August 4, 2009, acting upon the SEC’s motion, the Court issued an Order to Distribute Funds in this matter.
2. Since then, counsel for the SEC has been contacted by the Clerk of the Court and informed that the proposed distribution of \$1,283,500 to the victims includes \$1,275,081.61 in principal and \$8,418.39 in interest that has accrued.
3. The Clerk of the Court also informed the SEC that for administrative purposes, the Clerk of the Court needs to be able to identify what portions of each distribution reflect principal and what portions reflect interest.

4. Based on its discussions with the Clerk of the Court, who has reviewed this filing, the SEC is proposing that the allocation of the interest be calculated as follows, in the same manner that the original distribution amounts were calculated (*i.e.*, on a pro rata basis, in an amount proportionate to the victims' outstanding losses):

	Otstndng Loss	% of Loss	Distribution	Principle	Interest
Al Bloushi	\$ 7,300,000	65.85%	\$ 845,185	\$ 839,641.24	\$ 5543.76
Fitzhenry:	\$ 3,481,394	31.41%	\$ 403,147	\$ 400,503.13	\$ 2643.87
Monlezun:	<u>\$ 304,149</u>	<u>2.74%</u>	<u>\$ 35,168</u>	<u>\$ 34,937.24</u>	<u>\$ 230.76</u>
	\$11,085,543	100.00%	\$1,283,500	\$1,275,081.61	\$ 8418.39

5. The SEC notes that the distribution fund has already paid the tax on the interest that has accrued and it will continue to do so.

**Conclusion**

Accordingly, for the foregoing reasons, the SEC requests that the Court enter an Amended Distribution Order, which identifies the portions of the distribution that reflect principal and those that reflect interest.. The SEC has submitted with this motion a proposed amended order, which has been reviewed with the Clerk of the Court.

Respectfully submitted,

BY: /s/ Luke Cadigan

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Dated: August 28, 2009

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DISTRICT OF RHODE ISLAND**

SECURITIES AND EXCHANGE COMMISSION,	)	
	)	
<b>Plaintiff,</b>	)	
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v.	)	<b>Case No. CA 02-154 ML</b>
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	)	
<b>Defendants.</b>	)	
	)	

**[PROPOSED] AMENDED ORDER TO DISBURSE FUNDS**

The Court having reviewed the Securities and Exchange Commission’s (“SEC”) Motion to Make an Initial Distribution of Funds to Victims and its Motion to Amend the Order, and having considered any comments filed by the victims in this matter, and for good cause shown,

**IT IS HEREBY ORDERED that:**

1. The Clerk of the Court shall disburse the funds being held in the Court Registry in this matter by issuing checks by overnight mail to the victims in this case in the following amounts:

Rashed Al Bloushi	\$ 845,185
Robert Fitzhenry	\$ 403,147
Malcolm Monlezun	\$ 35,168

3. As set forth in the SEC’s Motion for Amended Distribution Order, the aggregate distribution amount of \$1,283,500 reflects \$1,275,081.61 in principal (*i.e.*, payments made by the defendants into the distribution funds) and an additional \$8,418.39 in interest. As the SEC has

proposed, this principal and interest has been allocated to the victims on a pro rata basis (*i.e.*, in an amount proportionate to their outstanding losses), as follows:

	Distribution	Principal	Interest
Al Bloushi	\$ 845,185	\$ 839,641.24	\$ 5543.76
Fitzhenry:	\$ 403,147	\$ 400,503.13	\$ 2643.87
Monlezun:	<u>\$ 35,168</u>	<u>\$ 34,937.24</u>	<u>\$ 230.76</u>
	\$1,283,500	\$1,275,081.61	\$ 8418.39

SO ORDERED.

Dated: \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE