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**(Counsel for David J. Greth, Administrator
of the Estate of Donald Matthew Greth)**

**UNITED STATES DISTRICT COURT
for the
DISTRICT OF NEW JERSEY**

_____	:
SECURITIES AND EXCHANGE	:
COMMISSION,	:
	:
Plaintiff,	:
	:
v.	:
	:
THE ESTATE OF DONALD	:
MATTHEW GRETH, David J.	:
Greth, Administrator, et al.	:
	:
Defendants.	:
_____	:

05-CV-5040 (RMB)

**PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR AN ORDER
DIRECTING THE CLERK OF THE COURT
TO TRANSFER FUNDS TO A NON-INTEREST BEARING ACCOUNT**

Plaintiff, the Securities and Exchange Commission (the "Commission"), respectfully submits this Memorandum in support of its Motion for an Order Directing the Clerk of the Court to Transfer Funds to a Non-Interest Bearing Account. This relief, if granted, will enable the Commission to submit a final distribution plan to the Court for approval.

RELEVANT BACKGROUND

On July 10, 2007, the Commission filed a proposed Distribution Plan (the "Plan"), accompanied by a proposed Order to Show Cause, motion, and supporting memorandum (the "July Memorandum"). On July 11, 2007, the Court entered the Order to Show Cause, which, in relevant part, provided certain procedures by which the Commission would notify interested parties of the pending motion and Plan, and by which interested parties could comment or object to the Plan. The Commission has timely completed all notification procedures and the deadline for the submission of comments and objections has passed.

COMMENTS AND OBJECTIONS TO THE PLAN

As of the close of business on August 10, 2007, the Commission had received three "comments" to the Plan, attached as Exhibits 1, 3, and 5.¹

The first commenter questioned why he was not eligible for a distribution under the Plan.² As explained to the commenter in the letter attached as Exhibit 2, although he suffered a net loss, he previously received approximately 90% of his original investment back from the defendant(s).³ Because the pool of assets available for distribution is significantly less than the losses suffered in this matter, only those who have previously received less than 37.54% of their principal investment

¹ Two interested parties submitted "comments" in accordance with the procedures set forth in the Order to Show Cause. *See* Exhibits 1 and 5. The Commission's responses to these comments are attached as Exhibits 2 and 6 (without enclosures). Another interested party submitted a letter which, based on its content, the Commission interpreted as a "comment or objection" under the Order to Show Cause. This letter is attached as Exhibit 3, with the Commission's response (without enclosures) attached as Exhibit 4. Several other investors contacted the Commission informally with inquiries about the Plan and their eligibility for a distribution under the Plan. The Commission has responded to each of these informal inquiries and, if the inquiring party did not appear satisfied with the response, informed them that they should submit a written comment or objection in accordance with the procedures in the Order to Show Cause. The Commission has not received any further communications from those persons.

² *See* Exhibit 1.

³ This conclusion is supported by bank records as well as by the questionnaire(s) previously submitted by the commenter to the Commission.

are eligible to receive a payment under the Plan. Accordingly, he is not eligible for a distribution under the Plan. The Commission has heard nothing further from this commenter.

The second commenter questioned the amount that she would receive under the Plan.⁴ She further questioned the amount and/or propriety of the expenses set forth in the Plan, and the amount of the monetary judgment against defendant Melton. As explained to the commenter in the letter attached as Exhibit 4, her distribution under the Plan reflects her *pro rata* share based on, among other things, records that she submitted to the Commission. As further explained, the one large expense -- that of Estate counsel -- was necessary under the unusual circumstances of this case. Given these circumstances, Estate Counsel worked with the Commission to help preserve assets by performing many of the duties that ordinarily would be performed by a third-party receiver. Estate Counsel further significantly reduced its fees in order to increase the amount for distribution. The remaining expenses were authorized by prior Court Order, and were necessary to the orderly and lawful resolution of the federal district court matter. Finally, as explained to the commenter, the waiver of certain amounts otherwise due from Brenda Melton is contingent on the accuracy of the financial information submitted by Ms. Melton and, accordingly, the commenter should submit any evidence indicating undisclosed income or assets to the Commission. The Commission has heard nothing further from this commenter.

Like the second commenter, the third commenter questioned the amount that she would receive under the Plan.⁵ As explained to the commenter in the letter attached as Exhibit 6, the Commission's records are consistent with those which she provided with her comment, and the

⁴ See Exhibit 3.

⁵ See Exhibit 5. The Commission has redacted the commenter's telephone number from the attachments to her comment letter.

amount set forth on Appendix A to the Plan correctly reflects her distribution under the Plan. The Commission has heard nothing further from this commenter.

THE FUND TRANSFER

The Commission has not received any substantive criticism of the methodology used in the Plan. Rather, as indicated above, the only comments received by the Commission, formally or otherwise, concerned the amount of the distribution allocated to particular investors under the Plan and, in one case, the propriety of the expenses. Accordingly, the Commission continues to believe that the Plan presents the most equitable approach under the imperfect circumstances of this matter, and the Commission intends to submit the Plan as final for Court approval upon completing final calculations.

To that end, the Commission now seeks the transfer of the funds currently held in an interest bearing account to a non-interest bearing account. Upon transfer to a non-interest bearing account, the Commission can determine the total interest accretions and the final tax and CRIS account liabilities, and can include the remainder in the Investor Fund for distribution.⁶ As set forth in both the Plan and the July Memorandum, the Commission anticipates that this may result in a slight increase in the *Pro Rata* Multiplier and a consequent slight increase in distributions. These changes will be reflected in the Final Plan.

⁶ The "Investor Fund" refers to the subset of the amount available for distribution that excludes expenses. *See* Plan, ¶ 22.

Accordingly, the Commission respectfully requests that the Court enter the accompanying Order of Transfer, directing the Clerk of the Court to immediately transfer all funds in the referenced CRIS account to a non-interest bearing account under the Court's control and to send an accounting of all final costs and interest accretions to the undersigned and the Tax Administrator.⁷

Dated: August 10, 2007

Respectfully submitted,

s/Catherine E. Pappas

Catherine E. Pappas

Amy J. Greer

Counsel for Plaintiff,

Securities and Exchange Commission

Philadelphia Regional Office

701 Market Street, Suite 2000

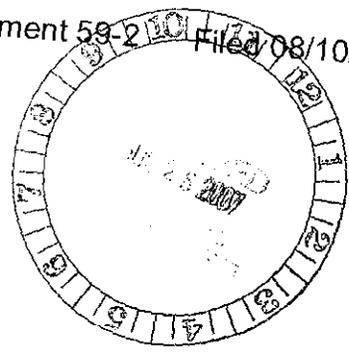
Philadelphia, PA 19106

Telephone: (215) 597-3100

Facsimile: (215) 597-2740

⁷ The proposed Order also directs the Tax Administrator to provide to counsel for the Commission the final tax liability upon receipt of the accounting.

EXHIBIT 1



John C. Barrett
Rt 2 Box 127
Lebanon, Va. 24264

Catherine E. Pappas
Senior Trial Counsel,

I had a loss of \$2600⁰⁰ in the GNF
fund. Yet I don't see my investor number in
the proposed distribution list, my investor
number is 2001.

A rep. called me from General Services
from 215-597-3100 and told me that my
loss was \$2600⁰⁰.

I would like to know why I'm not entitled
to part of this back if other people are
getting part of theirs back.

Sincerely
John C. Barrett
Rt 2 Box 127
Lebanon, Va. 24264

EXHIBIT 2



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
PHILADELPHIA DISTRICT OFFICE
MELLON INDEPENDENCE CENTER
701 MARKET STREET
SUITE 2000
PHILADELPHIA, PENNSYLVANIA 19106-1532

CATHERINE E. PAPPAS
SENIOR TRIAL COUNSEL

July 26, 2007

**Sent via First Class Mail,
Postage Prepaid**

John C. Barrett
Rt. 2 Box 127
Lebanon, Va. 24266

**Re: SEC v. Estate of Donald Matthew Greth, et al.
Civil Action No. 05-CV-5040 (RMB) (D.N.J.)**

Dear Mr. Barrett:

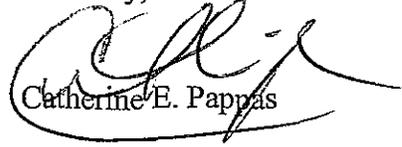
This letter is in response to your letter directed to SEC v. Greth Distribution Plan Comments, c/o the undersigned, received on July 26, 2007.

Specifically, our records reflect that you received over 90% of your principal investment through interest withdrawals or otherwise. As further described in detail in the proposed distribution plan and the accompanying memorandum,¹ and because we have a pool of assets available for distribution that is significantly less than the losses suffered in this matter, only those who have previously received less than 37.54% of their principal investment are eligible to receive a payment under the proposed distribution plan. For the reasons set forth in those documents, and as further demonstrated by the examples set forth on page 11 of the memorandum, we continue to believe this to be the most equitable approach under the imperfect circumstances of this matter.

¹ Another copy of the Plan and a copy of the memorandum are enclosed for your convenience. Both of these documents, as well as other, related documents, are available at our public website at: <http://www.sec.gov/divisions/enforce/claims/donaldgreth.htm>

I hope this responds to your question. If you have additional questions, please feel free to contact me at 215-597-3100.

Sincerely,

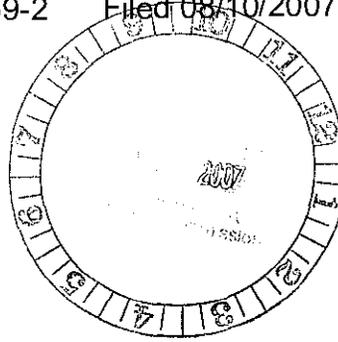


Catherine E. Pappas

Encls. (proposed plan; memorandum of law)

EXHIBIT 3

Ref. Donald Greth and Brenda Melton
Inv. No. 1060
Thelma Melton



Attn: Ms. Pappas,

Received packet of documents etc. in ref. above. My reason for contacting you, how did you come to the amount I am receiving? The amount is much less then what it should be. I had 2 separate accounts, you can not combine them and take from one, if so you would have to make everyone return their profits. Even if this amount was based on that , the amount is still wrong. I wanted this to be over with, but if I must I will go to the media, this has been handled unfairly not just to me there are others not getting the correct amount based on the percentage quoted.

Brenda Melton has been in this for many years (everyone told different no. of years) she made a lot of money and bought a house, took cruises, etc. She breeds dogs and sells them, crafts and sells them, her husband has 2 jobs by choice, pay no mortgage or rent nor utilities , and only pays 19,000.00. My daughter knew nothing and was originally told to pay 60,000.00 and after a 2nd mortgage to pay attorney etc. and filing a financial report it started dropping until it reached 7,000.00. She was an employee not someone that knew nor pled guilty to a charge as Brenda did. She not only paid 7,000.00, she had thousands in this fund.

Also, when Melton was specified in the documents Brenda should have been in front of Melton, on the paid money in accounting sheet my daughter's name is on there, some people will think of her when they read Melton.

I do not understand why private firms, attorney's where paid to do what I thought you and others there were appointed to do. If I receive the amount based on the percentage in the letter I will let this go, but I'm sure you will get other letters, 'cause some did not get the percentage amount (most of these people know each other, they compared). My account with Brenda has no bearing on the other account, and also Brenda sent out the balance sheet with the amount would receive for the month 2 weeks before we got the checks. Sheets sent out before the 10 of the month, checks were not mailed until 22-30th, therefore, I did not, nor other holders with Brenda receive Oct. check, that was not taken into consideration. Lots of mistakes here, you should have talked with more of the people instead of not returning calls way before the lines were closed to us, and I wrote on my sheet sent to you, check was not received that month. I hope this can be resolved, and I need not to take further action. My dead line was August 10th, yours is August 25th for the adjustment to be made on my account by U.S. mail.

Thelma Melton
5041 Country Creek Lane
Broad Run, Va. 2013

7/28/07

EXHIBIT 4



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
PHILADELPHIA DISTRICT OFFICE
MELLON INDEPENDENCE CENTER
701 MARKET STREET
SUITE 2000
PHILADELPHIA, PENNSYLVANIA 19106-1532

CATHERINE E. PAPPAS
SENIOR TRIAL COUNSEL

August 2, 2007

Sent via Federal Express

Thelma Melton
5041 Country Creek Lane
Broad Run, VA 20137-1824

Re: SEC v. Estate of Donald Matthew Greth, et al.
Civil Action No. 05-CV-5040 (RMB) (D.N.J.)

Dear Ms. Melton:

This letter is in response to your letter to me dated July 28, 2007. Although the letter was not addressed to SEC v. Greth Distribution Plan Comments, I am interpreting your letter as a comment or objection that you want forwarded to the Court and made part of the public record. Please inform me immediately, in writing, if my interpretation is incorrect.

The chart below sets forth the calculation by which we determined your distribution amount:

(Line)	Investor 1060	
1	Actual Investment	\$50,200
2	Pro Rata Multiplier	0.3754
3	Pro Rata Share (Line 1 * Line 2)	\$18,845
4	Prior Distribution	\$17,850
5	Line 3 - Line 4	\$995

In sum, our records, which include any documentation that you previously have sent to us, reflect that you invested \$50,200 and that you received \$17,850 through interest withdrawals or otherwise. If you dispute these numbers, please contact Paul Rihn of this office, at 215-597-3100 immediately, and be prepared to submit documentation supporting any dispute.

As further described in detail in the proposed distribution plan and the accompanying memorandum,¹ and because we have a pool of assets available for distribution that is significantly less than the losses suffered in this matter, only those who have previously received less than 37.54% of their principal investment are eligible to receive a payment under the proposed distribution plan. As reflected on the chart, \$18,845 is 37.54% of \$50,200 and, accordingly, you are entitled to an additional \$995 under the plan as proposed (see lines 3-5). For the reasons set forth in the proposed plan and the memorandum, and as further demonstrated by the examples set forth on page 11 of the memorandum, we continue to believe this to be the most equitable approach under the imperfect circumstances of this matter.

With respect to your inquiry concerning expenses, Mr. Greth's death necessitated an Estate proceeding. Rather than both hire a receiver *and* pay Estate counsel out of Greth's assets, the Commission worked with Estate Counsel to complete the tasks normally left to a third-party receiver. As stated in the Order of the Court dated April 17, 2005:

The work of the Estate Counsel and its agents on behalf of the Estate as set forth above, may obviate the need for this Court to further deplete Greth's assets by appointing a receiver or other third party to assist in gathering, evaluating and liquidating Greth's assets.

In general, Estate Counsel established the Estate, served as liaison with Estate creditors, represented the Estate in a state court proceeding seeking return of one of Greth's vehicles, and generally worked with the Commission to resolve the federal district court action against Greth, to obtain fair market value for unliquidated assets, and to liquidate those assets. Ultimately, Estate Counsel significantly reduced its fees in order to increase the amount for distribution.

The remaining expenses, including costs related the storage of unliquidated assets, Estate Administration, taxes and tax fees, and court registry fees, were necessary to the orderly and lawful resolution of the federal district court matter. All are in accordance with prior Court Orders. That said, and as stated in the plan as proposed, some of these expenses are conservative estimates, and may be reduced in the final plan.

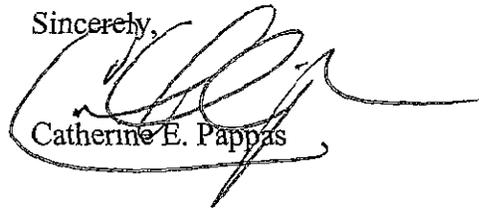
Finally, with respect to the resolution of the referenced action with Brenda Melton,² the resolution is contingent upon the accuracy of the financial information that she provided to Commission. If you have evidence indicating that she has assets or income not reported to the Commission, please feel free to forward the same to the undersigned.

¹ A copy of the memorandum is enclosed for your convenience. This document, as well as other, related documents, continue to be available through a link provided on our public website at: <http://www.sec.gov/divisions/enforce/claims/donaldgreth.htm>

² Please note that, there were no criminal proceedings instituted with respect to this matter and, accordingly, Ms. Melton did not "plead guilty" to any criminal charge.

I hope this responds to your inquiries. If you have additional questions, please feel free to contact me at 215-597-3100.

Sincerely,



Catherine E. Pappas

Encls. (Memorandum of law)

EXHIBIT 5

8-6-07

Investor No. 1042

Catherine E. Pappas
Senior Trial Counsel

Dear Mrs. Pappas,

I received the information of the order to show cause and the proposed distribution plan. Please find enclosed a copy of my investments. My complaint is that I was not given 37.54% of my investment minus what I recouped. I invested \$35,000.00, I recouped 12,700.00 that leaves a loss of \$22,300.00. 37.54% of 22,300.00 = \$8,371.42. Your plan for investor no. 1042 was \$4,237.51. I do hope this can be corrected.

I declare pursuant to 28 U.S.C. § 1746 under penalty of perjury, that the foregoing is true and correct

Mary Catherine Hull



DMG Investments
 947D East Gibbsboro Road
 Lindenwold, NJ 08021
 (571) 236-5549
 Account Representative Victoria Perry

Account Holder: Mary Hull
 Address: 102 Arbor Drive
 Washington, North Carolina 27889
 Phone:
 Safety Check: 3230 3375 603
 Amount: 5000 10,000 20000
 Process Date: 3/25/2005 4/28/2005 8/27/2005

Month	Principle Bal.	% Rate	% Earned	Withdrawal	Addl. Deposit	New Balance
January						
February						
March	5000	18.25%	912.50	0	\$0.00	\$5,912.50
April	\$5,912.50	18.25%	1,079.03	0	\$10,000.00	\$16,991.53
May	16,991.53	18.25%	3,100.95	\$3,100.00	0	\$16,992.48
June	16,992.48	18.25%	3,101.13	\$1,000.00	0	\$19,093.61
July	19,093.61	18.25%	3,484.58	\$1,000.00	0	\$21,578.19
August	21578.19	18.00%	3,884.07	\$3,800.00	\$20,000.00	\$41,662.26
September	41662.26	18.00%	7,499.20	\$3,800.00	\$0.00	\$45,361.46
October	45361.46	18.00%				
November						
December						

Send monthly fee of \$50 to Matthew Greth at the address above.
 Take dividends of \$3800.00 monthly, roll over rest.
 Please contact me if there are any changes.

053000206
 10/25/2005
 6234012382

This is a LEGAL COPY of
 your check. You can use it
 the same way you would
 use the original check.

RETURN REASON-B
 UCF - UNCOLLECTED
 FUNDS HOLD

5002/12/01 0190551209
 6021550810
 0530001631 10/21/2005

DONALD MATTHEW GRETH
 DMG ACCOUNT
 947 D, EAST GIBBSBORO RD.
 LINDENWOLD, NJ 08021

55-2/212

4070

DATE 10/12/05

RETURN REASON - B
 UNCOLLECTED FUNDS HOLD
 TO THE ORDER OF
 MARY HULL

\$ 3800.00
 DOLLARS

WACHOVIA
 Wachovia Bank, N.A.
 wachovia.com

Donald Matthew Greth

MEMO
 1021200025: 1000600430192 4070 0000380000

4:021200025: 1000600430192 4070 0000380000

DMG Investments
 947D East Gibbsboro Road
 Lindenwold, NJ 08021
 (571) 236-5549
 Account Representative Victoria Perry

Account Holder: Mary Hull
 Address: 102 Arbor Drive
 Washington, North Carolina 27889
 Phone:
 Safety Check: 3230 3375 603
 Amount: 5000 10,000 20000
 Process Date: 3/25/2005 4/28/2005 8/27/2005

Month	Principle Bal.	% Rate	% Earned	Withdrawal	Addl. Deposit	New Balance
January						
February						
March	5000	18.25%	912.50	0	\$0.00	\$5,912.50
April	\$5,912.50	18.25%	1,079.03	0	\$10,000.00	\$16,991.53
May	16,991.53	18.25%	3,100.95	\$3,100.00	0	\$16,992.48
June	16,992.48	18.25%	3,101.13	\$1,000.00	0	\$19,093.61
July	19,093.61	18.25%	3,484.58	\$1,000.00	0	\$21,578.19
August	21578.19	18.00%	3,884.07	\$3,800.00	\$20,000.00	\$41,662.26
September	41662.26	18.00%	7,499.20	\$3,800.00	\$0.00	\$45,361.46
October	45361.46	18.00%				
November						
December						

Send monthly fee of \$50 to Matthew Greth at the address above.
 Take dividends of \$3800.00 monthly, roll over rest.
 Please contact me if there are any changes.

EXHIBIT 6



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
PHILADELPHIA DISTRICT OFFICE
MELLON INDEPENDENCE CENTER
701 MARKET STREET
SUITE 2000
PHILADELPHIA, PENNSYLVANIA 19106-1532

CATHERINE E. PAPPAS
SENIOR TRIAL COUNSEL

August 9, 2007

Sent via Federal Express

Mary Catherine Hull
102 Arbor Drive
Washington, NC 27889

Re: SEC v. Estate of Donald Matthew Greth, et al.
Civil Action No. 05-CV-5040 (RMB) (D.N.J.)

Dear Ms. Hull:

This letter is in response to your letter directed to SEC v. Greth Distribution Plan Comments, c/o the undersigned, received on August 9, 2007.

Specifically, our records are consistent with that which you provided, although, because the final disbursement to you for \$3,800 was not honored by the bank, our records reflect that you received only \$8,900, and not \$12,700 as your letter indicates.¹ The chart below sets forth, in summary fashion, the calculation by which we determined your distribution amount:

1	Actual Investment	\$35,000
2	Pro Rata Multiplier (rounded)	0.3754
3	Approximate Pro Rata Share (Line 1 * Line 2)	\$13,139
4	Prior Distribution	\$8,900
5	(Approximate distribution) Line 3 - Line 4	\$4,239

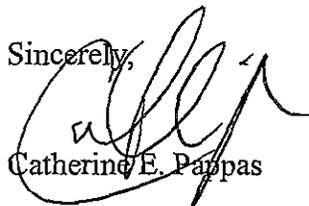
Because this is a summary calculation using a "rounded" *pro-rata* multiplier, as opposed to the official calculation, the amount reflected differs slightly from that on Appendix A, and the precise amount is that reflected in Appendix A (\$4,237.51).

¹ If you continue to believe that you "recouped \$12,700," please contact Paul Rihn of this office, at 215-597-3100 immediately.

As further described in detail in the proposed distribution plan and the accompanying memorandum,² and because we have a pool of assets available for distribution that is significantly less than the losses suffered in this matter, only those who have previously received less than 37.54% of their principal investment are eligible to receive a payment under the proposed distribution plan. As reflected on the chart, \$13,139 is 37.54% of \$35,000, and we offset that amount by the \$8,900 that you already received. For the reasons set forth in the proposed plan and the memorandum, and as further demonstrated by the examples set forth on page 11 of the memorandum, we continue to believe this to be the most equitable approach under the imperfect circumstances of this matter.

I hope this responds to your question. If you have additional questions, please feel free to contact me at 215-597-3100.

Sincerely,



Catherine E. Pappas

Encls. (proposed plan; memorandum of law)

² A copy of the memorandum is enclosed for your convenience. This document, as well as other, related documents, continue to be available through a link provided on our public website at: <http://www.sec.gov/divisions/enforce/claims/donaldgreth.htm>

(Remaining) Counsel of Record:

Catherine E. Pappas, Esquire
Mellon Independence Center
701 Market Street, Suite 2000
Philadelphia, PA 19106
Telephone: (215) 597-3100
Facsimile: (215) 597-2740
**(Counsel for Securities and Exchange
Commission)**

Kristin J. Telsey, Esquire
Earp Cohn P.C.
20 Brace Road, 4th Floor
Cherry Hill, NJ 08034
Telephone: (856) 354-7700
Facsimile: (856) 354-0766
**(Counsel for David J. Greth,
Administrator of the Estate of Donald
Matthew Greth)**

**UNITED STATES DISTRICT COURT
for the
DISTRICT OF NEW JERSEY**

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SECURITIES AND EXCHANGE	:
COMMISSION,	:
	:
Plaintiff,	:
	:
v.	:
	:
THE ESTATE OF DONALD	:
MATTHEW GRETH, David J.	:
Greth, Administrator, et al.	:
	:
Defendants.	:
<hr/>	

**05-CV-5040 (RMB)
Certificate of Service**

I do hereby certify that on this 10th day of August 2007, I caused a true and correct copy of the foregoing documents to be served *via* first class mail, postage prepaid, *as well as by* electronic mail, to:

<p>Kristin J. Telsey, Esquire Earp Cohn P.C. 20 Brace Road, 4th Floor Cherry Hill, NJ 08034 E-mail: kjtelsey@earpcohn.com (Counsel to the Estate)</p>	<p>Frank Brown Clarkson S. Fisher Bldg & U.S. Courthouse 402 East State Street Room 2020 Trenton, NJ 08608 E-mail: Frank_Brown@njd.uscourts.gov (Clerk)</p>	<p>Jude Damasco Damasco & Associates LLP 700 Monte Vista Lane Half Moon Bay, CA 94019 E-mail: jude@damasco.com (Tax Administrator)</p>
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s/ Catherine E. Pappas
Catherine E. Pappas

Attorney for Plaintiff

Securities and Exchange Commission
Mellon Independence Center
Philadelphia Regional Office
701 Market Street, Suite 2000
Philadelphia, PA 19106
Telephone: (215) 597-3100
Facsimile: (215) 597-2740

Dated: August 10, 2007