

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**W FINANCIAL GROUP, LLC,
ADLEY H. ABDULWAHAB a/k/a Adley Wahab,
MICHAEL K. WALLENS, SR., and
MICHAEL K. WALLENS, JR.**

Defendants,

Civil Action No.
3:08-CV-0499-N

**PLAINTIFF'S STATEMENT OF UNDISPUTED FACTS IN SUPPORT OF
MOTION FOR SUMMARY JUDGMENT AGAINST DEFENDANTS
W FINANCIAL GROUP, LLC, ADLEY H. ABDULWAHAB A/K/A
ADLEY WAHAB, MICHAEL K. WALLENS, SR., AND MICHAEL K. WALLENS, JR.**

Plaintiff Securities and Exchange Commission ("SEC") hereby submits this Statement of Undisputed Facts in support of its Motion for Summary Judgment against Defendant W Financial Group, LLC ("WFG"). Adley H. Abdulwahab a/k/a Adley Wahab ("Wahab"), Michael K. Wallens Sr. ("Wallens Sr.") and Michael K. Wallens Jr. ("Wallens Jr.").

INTRODUCTORY FACTS

1. The Defendants in this case perpetrated an investment fraud through which they raised at least \$17.9 million. Attracting investors with false promises of safety and liquidity, the Defendants used a mere fraction of the funds they collected for the purposes disclosed to investors.

[Complaint at ¶ 1 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

2. Selling securities that they called "Secured Debt Obligations" ("SDOs"), the Defendants misled their mostly elderly victims, falsely telling them that their funds would be

conservatively invested and the securities they purchased were safe and insured by several layers of coverage. Defendants also impressed investors by touting W Financial Group, Inc.'s ("WFG") long history of financial responsibility.

[Complaint at ¶ 2 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

3. In fact, Defendants secretly diverted investor funds to purchase majority interest in an electric power company, buy and develop residential real estate, and place in unauthorized investments, such as a life settlement contract. Neither the SDOs nor the unauthorized investments purchased with WFG customer funds provided the safety promised by Defendants. Moreover, WFG, contrary to Defendants' description of the companies was created immediately before Defendants launched their scheme.

[Complaint at ¶ 3 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

4. By engaging in the conduct detailed in this Complaint, Defendants, directly or indirectly, singly or in concert, have engaged in, and unless enjoined will continue to engage in transactions, acts, practices and courses of business that constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and of Rule 10b-5 [17 C.F.R. § 240.10b-5], promulgated thereunder.

[Complaint at ¶ 4 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

JURISDICTION AND VENUE

5. The investments offered and sold by the Defendants are “securities” under Section 2(1) of the Securities Act [15 U.S.C. § 77b] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c].
[Complaint at ¶ 5 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], to preliminarily and permanently enjoin Defendants from future violations of the federal securities laws.
[Complaint at ¶ 6 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

7. This Court has jurisdiction over this action, and venue is proper, pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 27 of the Exchange Act [15 U.S.C. § 78aa].
[Complaint at ¶ 7 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

8. Defendants, directly or indirectly, made use of the means or instruments of transportation and communication, and the means or instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged herein. Certain of the transactions, acts, practices and courses of business alleged herein took place in the Northern District of Texas.
[Complaint at ¶ 8 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

DEFENDANTS

9. **Adley H. Abdulwahab a/k/a Adley Wahab** was the Managing Member of WFG from its inception until January 18, 2007, when he was replaced by Wallens Sr. Wahab remains a member of WFG and is involved in all aspects of the company's operations. Wahab asserted his Fifth Amendment right against self incrimination when subpoenaed for testimony. [App 011-15, 016-017, 021][Oses Dec. at ¶ 5, Exh. 1; Stewart Dec. at ¶¶ 2-5, Exh. 1; Complaint at ¶ 9 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Wahab's RFAs 1-7 (Rule 36(b) admission)].

10. **Michael K. Wallens Sr.** became the Managing Member of WFG on January 18, 2007 and is held out as its president in offering materials. Wallens Sr. is involved in all aspects of the company's operations. Wallens Sr. asserted his Fifth Amendment right against self incrimination when subpoenaed for testimony. [App 011-15, 016-017, 066][Complaint at ¶ 10 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Oses Dec. at ¶ 5, Exh. 1; Stewart Dec. at ¶¶ 2-5, Exh. 2, Wallens Sr. RFAs 1-7 (Rule 36(b) admission)].

11. **Michael Wallens Jr.** is a member of WFG and integrally involved in most major activities. Wallens Jr. asserted his Fifth Amendment right against self incrimination when subpoenaed for testimony. [App 011-15, 016-017, 101][Complaint at ¶ 11 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Oses Dec. at ¶ 5, Exh. 1; Stewart Dec. at ¶¶ 2-5, Exh. 3, Wallens Jr. RFAs 1-6 (Rule 36(b) admission)].

12. **W Financial Group, LLC**, a Texas limited liability company located in Houston, Texas and formed in September 2006, was the issuer of the purported SDOs. Wahab was the

original managing member until he was replaced by Wallens Sr. in January 2007. WFG was in the business of offering the SDOs and is an issuer of these securities.

[App 011-15, 016-017, 021, 066, 101][Complaint at ¶ 12 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Oses Dec. at ¶ 5, Exh. 1; Stewart Dec. at ¶¶ 2-5, Exh. 1-3 (Rule 36(b) admissions)].

OTHER RELATED PARTIES

13. **Auto Ace Enterprises, Inc.** is a Texas corporation located in Houston and controlled by Michael Wallens Jr. Auto Ace operates a used car lot under the assumed name Texas Auto Pros located in Garland, Texas. Auto Ace holds a Motor Dealer Finance License issued by the State of Texas, and is the maker of notes for car loans funded by WFG.

[App 016-017, 021, 067, 102][Complaint at ¶ 14 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exh. 1-3, Wahab and Wallens Sr. RFAs 29-36, Wallens Jr. RFAs 28-35 (Rule 36(b) admissions)].

14. **W Custom Builders, LLC** is purportedly a Texas limited liability, but, in fact, is not registered with the state of Texas and records reflect that the company is a WFG assumed name. W Builders is in the business of acquiring house lots and building spec homes on them. It is controlled by Wallens Sr. and Wahab.

[Complaint at ¶ 15 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment)].

THE FRAUDULENT SCHEME

The WFG SDO Offering in General

15. From at least September 2006 to February 2007, Wahab, Wallens Sr. and Wallens Jr., through WFG, conducted an unregistered fraudulent securities offering, raising \$17.9 million from the sale of SDOs to at least 182 investors located primarily in Texas, with a

pocket of customers in Wisconsin. Most of WFG's customers were elderly or seeking to invest retirement funds. Wahab, Wallens Sr. and Wallens Jr. jointly controlled all aspects of WFG's operations.

[App 011-15, 016-017, 021-139][Complaint at ¶ 15 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3 (Rule 36(b) admissions)].

16. While WFG's principals were directly responsible for offering and selling the securities, WFG also relied on a network of sales agents in Texas and Wisconsin. These sales agents were paid a commission of 5% of the amount invested. Many of the sales agents selected by WFG held themselves out as specializing in providing low-risk investments to the elderly and others seeking a safe haven for retirement funds.

[App 011-15, 016-017, 021-139][Complaint at ¶ 16 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 50-56, Wallens Jr. RFAs 49-55 (Rule 36(b) admissions)].

17. According to offering materials, WFG, through the Auto Ace used car business, generates the notes that secured the SDOs. WFG and its agents presented the SDOs as a higher-yielding, but equally safe, alternative to bank CDs, offering rates of 7% and 7.75% and 9% APR on two, three and four year terms.

[App 011-15, 016-17, 021, 024, 029-48, 066, 069, 074-93, 101, 104, 109-128][Complaint at ¶ 17 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 50-56, Wallens Jr. RFAs 49-55 (Rule 36(b) admissions)].

18. The customers who purchased WFG investments were often lured to the offices of the sales agents by ads in local newspapers touting the availability of relatively high-yielding

FDIC-insured certificates of deposit. When conservative prospective investors responded to the advertisements, they instead were pitched SDOs as an attractive alternative, paying a higher rate of interest and supposedly offering safety comparable to an FDIC-insured CD. [App 011-15, 016-17, 024, 049-53, 069, 094-98, 104, 129-133][Complaint at ¶ 18 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 50-56, Wallens Jr. RFAs 49-55 (Rule 36(b) admissions)].

19. WFG investors elected either to receive monthly interest payments or to compound their earnings by rolling over interest payments into the SDO. Most investors have elected to compound their returns. [App 011-15, 016-017, 019-27, 064-72, 099-108][Complaint at ¶ 19 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 50-56, Wallens Jr. RFAs 49-55 (Rule 36(b) admissions)].

**False and Misleading Statements and Omissions
In the Offer and Sale of W Financial SDOs**

20. W Financial and its sales agents made numerous false and misleading statements about the investment program and failed to disclose material information. The following statements from WFG sales literature, correspondence to investors and potential investors, and the investment contracts themselves are illustrative of the Defendants' representations:

- a. "Your investment is guaranteed not only by W Financial Group, but is also reinsured by two A rated insurance companies";
- b. "Reinsurers consist of Lloyd's of London and The Republic Group..."
- c. "we hold a single interest bond issued by Lloyd's of London which insures all receivables."

- d. “Secondly, W Financial Group holds a Surety Bond through The Republic Group who insures company payables”;
- e. for the insured notes, WFG agrees to keep a fully covered single interest coverage policy on all uninsured receivables at all times by Lloyd’s or an A or better rated company; and
- f. parent Company and management group have been conducting business for over 17 years without one customer complaint or late payment”;
- g. the SDO offers liquidity and income based on the term that is chosen;
- h. WFG will keep investor funds “separate and apart” from its property; and
- i. at all times, any funds advanced by investors shall be held either in cash in the investor’s separate account, government or corporate AAA bonds, qualified receivables or insured notes (the car notes).

[App 011-15, 016-017, 021-133][Complaint at ¶ 20 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-75, Wallens Jr. RFAs 11-79 (Rule 36(b) admissions)].

21. As set forth in detail below, none of these claims are true.

[App 011-15, 016-17, 021-133][Complaint at ¶ 21 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-75, Wallens Jr. RFAs 11-79 (Rule 36(b) admissions)].

Safety and Liquidity of the Investment

22. WFG promotional materials and contracts emphasized repeatedly the complete safety and substantial liquidity of the SDOs. Defendants represented that investors were insulated from risk by several layers of insurance coverage.

[App 011-15, 016-17, 021-25, 029-53, 066-98, 101-133][Complaint at ¶ 22 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-75, Wallens Jr. RFAs 11-79 (Rule 36(b) admissions)].

23. As the name of the security implies, WFG represented that investor accounts will be protected by collateral. The Agreement stated that W-Financial will “provide mutually agreeable collateral to secure this note within one month of the date of execution of this Note.” [App 011-15, 016-017, 025, 040, 070, 085, 105, 120][Complaint at ¶ 23 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 71-75, Wallens Jr. RFAs 75-79 (Rule 36(b) admissions)].

24. To add credibility to their claims about insurance coverage, Defendants provided investors and potential investors with copies of certificates from Lloyds and Republic that purportedly demonstrated that W-Financial had the insurance policies touted to investors. This insurance coverage, Defendants claimed, made the SDOs the “perfect investment vehicle for someone in a conservative financial position.”

[App 011-15, 016-17, 021-25, 029-48, 066-70, 074-93, 101-105, 109-128][Complaint at ¶ 24 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 17-18, 50-70, Wallens Jr. RFAs 16-17, 49-69 (Rule 36(b) admissions)].

25. WFG also purported to assure the safety of investor funds through its conservative investment policy. Defendants promised that the “funds advanced by investors shall be held either in cash in the investor’s separate account, government or corporate AAA bonds, qualified receivables or insured notes.”

[App 011-15, 016-017, 025, 040, 070, 085, 105, 120][Complaint at ¶ 25 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 50-55, 71-75, Wallens Jr. RFAs 49-54, 70-74 (Rule 36(b) admissions)].

26. Defendants' contentions that investor accounts were virtually risk-free were also false and misleading. The SDOs had neither the liquidity nor the safety represented to investors. In reality, investors could only request return of up to 25% of their invested principal during the term of the SDO. Moreover, WFG did not carry any insurance that guaranteed the principle or interest promised to the purchasers of WFG notes.

[App 011-15, 016-17, 021-25, 029-53, 066-70, 074-98, 101-106, 109-133][Complaint at ¶ 26 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-75, Wallens Jr. RFAs 11-79 (Rule 36(b) admissions)].

27. The Lloyd's policies in effect during the offering period did not insure the investors return or even the cash flow from financial notes generated when Defendants sold automobiles. The Lloyd's policies insured only against losses from damage to the automobiles themselves. Moreover, the Lloyd's coverage was limited to an annual aggregate maximum of \$100,000, a fraction of the face value of SDOs sold to W Financial investors.

[App 011-15, 016-017, 021-025, 029-53, 066-70, 074-98, 101-106, 109-133][Complaint at ¶ 27 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-75, Wallens Jr. RFAs 11-79 (Rule 36(b) admissions)].

28. Similarly, the Republic surety bond did not insure WFG receivables or provide coverage that guaranteed investor returns or protected investors against loss of principal or interest. Moreover, the total amount of the coverage provided by Republic was \$25,000, again a fraction of the funds owed to investors.

[App 011-15, 016-017, 021-025, 029-53, 066-70, 074-98, 101-106, 109-133][Complaint at ¶ 28 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart

Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-75, Wallens Jr. RFAs 11-79 (Rule 36(b) admissions)].

29. In addition, WFG has not even collateralized most of its debt to investors. No assets, including automobile loan receivables, were ever legally assigned to secure the SDOs purchased by WFG investors.

[App 011-15, 016-017, 021, 040, 066, 085, 101,120][Complaint at ¶ 29 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 71-75, Wallens Jr. 70-74 (Rule 36(b) admissions)].

30. Furthermore, Defendants' claim that WFG had been in business for over 17 years was a blatant falsehood. WFG, in fact, was formed on September 5, 2006, apparently for the sole purpose of offering and selling the SDOs.

[App 011-15, 016-17, 025, 031, 070, 076, 105, 111][Complaint at ¶ 30 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Defendants' RFAs 1 and 2 (Rule 36(b) admissions)].

31. Finally, WFG consistently deviated from its promise to place funds in specified low-risk investments. As set forth more fully below, Defendants used millions of dollars collected from clients to purchase unauthorized and speculative investments.

[App 001-007, 011-15, 016-17, 021-23, 066-68, 101-103][Complaint at ¶ 31 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Rector Dec. at ¶¶ 1-8, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-49, Wallens Jr. RFAs 11-48 (Rule 36(b) admissions)].

Misuse of Investor Funds

32. WFG did not use investor funds as represented to investors. Contrary to their representations to investors, Defendants did not maintain separate accounts on behalf of each of WFG investor. WFG commingled investor funds in accounts controlled by Defendants. [App 001-007, 011-15, 016-17, 021-23, 066-68, 101-103][Complaint at ¶ 32 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Rector Dec. at ¶¶ 1-8, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-49, Wallens Jr. RFAs 11-48 (Rule 36(b) admissions)].

33. Defendants, moreover, placed only a fraction of funds in the investment vehicles disclosed to investors. Defendants spent \$1.7 million of W Financial investor funds to purchase a 75% interest in a licensed retail energy service provider and an additional \$4.6 million to purchase electricity and operate the company. Defendants also used investor funds to purchase several home lots for \$2.78 million and, through W Custom Builders, spent at least \$800,000 more building homes on the lots. WFG also invested at least \$350,000 with a “life-settlement” company. Between October 2006 and January 2007, WFG’ paid its principals approximately \$450,000 in compensation. In addition, Defendants used investor funds to provide a \$300,000 loan to Wahab personally and to make a \$2 million loan to a company associated with Wahab; these loans, although eventually repaid with interest, were never disclosed to investors.

[App 001-007, 011-15, 016-017, 021-023, 066-68, 101-103][Complaint at ¶ 33 (Docket #1)(deemed admitted pursuant to Paragraph II of Interlocutory Judgment); Rector Dec. at ¶¶ 1-8, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Wahab and Wallens Sr. RFAs 12-49, Wallens Jr. RFAs 11-48 (Rule 36 admissions)].

DISGORGEMENT AND PREJUDGMENT INTEREST

34. During the course of the fraudulent offer and sale of WFG SDOs, Defendants collected \$17,708,200 from investors.

[App 001-007, 016-017, 021, 066, 101][Rector Dec. at ¶¶ 5-8, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Defendants' RFAs 10 and 11 (Rule 36 deemed admissions)].

35. WFG paid refunded principal to investors in the SDOs in the total amount of \$3,080,139.

[App 003-009, 016-017, 021, 066, 101][Rector Dec. at ¶ 7, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Defendants' RFA 11].

36. WFG made purported interest payments to investors in the total amount of \$666,478.

[App 003-009, 016-017, 021, 066, 101][Rector Dec. at ¶ 7, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Defendants' RFA 11].

37. The net proceeds collected by Defendants as a result of the unlawful conduct alleged in the Commission's Complaint equals \$13,797,966.

[App. 003-009, 016-017, 021, 066, 101][Rector Declaration, ¶ 8, Exh. A; Stewart Dec. at ¶¶ 2-5, Exhs. 1-3, Defendants' RFAs 10 and 11].

38. Prejudgment interest on \$13,797,966, calculated for the period between March 1, 2007 through December 31, 2008 using the quarterly rates charged by the IRS for underpayments of federal income tax, equals \$1,846,574.

[App 004-5 and 010][Rector Dec. at ¶ 9, Exh. B.]

FIFTH AMENDMENT ASSERTIONS

39. Wahab, Wallens Sr. and Wallens Jr. have asserted their Fifth Amendment privilege when subpoenaed by the Commission to testify about their participation in the offer and sale of WFG SDOs.

[App 011-015][Oses Dec. and Exh.1].

FAILURE TO RESPOND TO DISCOVERY

40. On December 9, 2008, the Commission served Wahab, Wallens Sr. and Wallens Jr. with Requests for Admissions pursuant to Fed.R.Civ.P. Rule 36.

[App 016-133][Stewart Dec. at ¶¶ 2 and 3, Exhs. 1-3]

41. Defendants were obligated to respond to the RFAs no later than January 12, 2009.

[App 016-017][Stewart Dec. at ¶ 4; Fed.R.Civ.P. Rules 6 and 36].

42. Each of the Defendants failed to provide responses to the RFAs on or before January 12, 2008.

[App 016-017][Stewart Dec. at ¶¶ 4 and 5].

Dated and signed on the 16th day of January 2009.

s/ Jeffrey B. Norris

JEFFREY B. NORRIS

SENIOR TRIAL COUNSEL

Washington, D.C. Bar No. 424258

U.S. SECURITIES & EXCHANGE

COMMISSION

801 Cherry St., 19th Floor

Fort Worth, Texas 76102

Office: (817) 978-6452

Fax: (817) 978-4927

Norrisj@sec.gov

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of January 2009, I electronically filed the foregoing Plaintiff's Statement of Undisputed Facts In Support of Motion for Summary Judgment with the Clerk of the Court for the Northern District of Texas, Dallas Division, by using the CM/ECF system which will send a notice of electronic filing to the following CM/ECF participants.

Jeffrey B. Norris, *Counsel for Securities and Exchange Commission*
Vernon Jones, Receiver
John Teakell, *Counsel for Defendants*
Stephen Komie, *Counsel for Defendants*
John S. Brannon, *Counsel for Receiver*
Mitchell E. Ayer, *Counsel for Receiver*
Randy West Williams, *Counsel for Receiver*

s/ Jeffrey B. Norris
Jeffrey B. Norris