

Reply to Enforcement's Response to Respondent's "Motion to Terminate Proceedings Due to Enforcement Destruction of Evidence" re: In the Matter of Mark Feathers 3-15755

Respondent filed a motion to terminate proceedings on 8-6-20.

Respondent is *pro se*. He has no law school experience, nor legal licensing.


Perhaps Respondent erred when he read that Enforcement had filed in civil court a nonopposition to destroy, in totality, the books and records of Respondent's companies seized at SEC's bequest in the precedent civil action, for the time period upon which these administrative proceedings are based. Respondent may have failed to distinguish the degree of separation between Enforcement and their recommended receiver in the precedent civil action.

Respondent meant no bad faith in that way, or sensationalism to be inadvertently caused, if he erred in the title to his motion. However, Respondent did, very clearly, point out in his motion, which was only one page long, in the middle of that single page the words a paragraph which started with the sentence "Now...the Receiver is asking for permission to destroy the books and records of Respondent's companies"

The point of Respondent's motion is that Enforcement, despite the ability to do so, is not promoting the preservation of evidentiary materials which (1) are yet needed by Respondent in U.S. Tax Court, and (2) which may help the Receiver, as a prospective witness at the trial for these proceedings, aid Respondent in supporting Respondent's assertion that his *Steadman Factors* might be assisted with these records. As Enforcement knows, but has not informed this court, in his civil pleadings the Receiver has stated on the record that the financial records (quickbooks, audited financial statements, etc.) of Respondent's companies were reliable and well kept. In his reply to Enforcement's motion for summary disposition, Respondent will present evidence to support this, along with a request for judicial notice of same.

Why would Enforcement desire to see the books and records of Respondent's companies destroyed? Logic bolsters Respondent's prior contention to this court that Enforcement desires to take from Respondent his constitutional due process, rights to defend himself in these proceedings, and the evidentiary means for same. And, on that basis, Respondent asks the court to terminate these proceedings, and to make a referral to SEC's OIG to look at the totality of Enforcement's actions over the past eight+ years in all courts in which it has litigated against Respondent.

Respectfully,



Mark Feathers, *pro se*, Respondent 8-14-20

Exhibits Attached – Receiver's SEC appointments made after falsely advertising himself in Receivership magazines circulated with SEC as a licensed CPA. In Respondent's precedent civil action to these proceedings, and in "Securities and Exchange Commission vs. Medical Capital Holdings, Inc.", where SEC also asked for appointment based upon their false CPA licensing description, the Receiver benefitted from gross billings in excess of \$25,000,000.



Other

Securities and Exchange Commission vs. PDC Capital, et al

Currently serving as Receiver for scheme involving investors in the USCIS EB-5 immigrant investor program that collectively invested \$75,000,000 with the expectation of obtaining permanent residency in the United States. Defendants mis-appropriated EB-5 investors' funds. Management and disposition of senior living real estate projects. Monetized distressed and over-encumbered assets. Conducted forensic accounting. Third party litigation, including fraudulent transfers and malpractice litigation. Claims procedure in process.

Matter website: www.pdcreceiver.com (<http://www.pdcreceiver.com>)

Securities and Exchange Commission vs. USFIA, Inc.

Currently serve as Receiver for a Defendant engaged in a fraud based on a purported cryptocurrency based on the value of amber, a material of little to no intrinsic value. Conducted forensic accounting. Defendants raised over \$200,000,000. Gross recoveries to date are approximately \$70,000,000 arising from real estate accumulated by the Defendant with investor funds and recovery of fraudulent transfers. Final Judgment obtained against defendants. Significant recovery for victims anticipated.

Matter website: www.usfiareceiver.com (<http://www.usfiareceiver.com>)

Securities and Exchange Commission vs. Total Wealth Management, et al

Receiver for a registered investment adviser involving fraud and breach of fiduciary duty.

Matter website: www.totalwealthreceiver.com (<http://www.totalwealthreceiver.com>)

Securities and Exchange Commission vs. Small Business Capital, et al

Receiver for a lender licensed by the Small Business Administration ("SBA") to make and service SBA guaranteed loans. The Receiver managed and serviced a loan portfolio of SBA 7-A and 504 loans, and non-SBA loans. The Receiver conducted a forensic accounting. The underlying litigation was contested by the defendant, who is currently incarcerated. The Receiver monetized all problem

loans, sold the SBA 504 program loans for a 110% of par, and sold 7-A loans for 90% of par. Receiver distributed \$35 million to investor/victims, or 86% of their losses.

Matter website: www.sbcapitalreceiver.com (<http://www.sbcapitalreceiver.com>)

Securities and Exchange Commission vs. Medical Capital Holdings, Inc.

Federal Equity Receiver in a securities fraud enforcement action against a lender purportedly investing in medical accounts receivable and other lending activities. In excess of \$1.7 billion was raised from note holder/victims who had unpaid principal in excess of \$1 billion. The case was the largest receivership in the Ninth Circuit initiated in 2009. The Receiver recovered over \$200,000,000 and together with actions for damages supported by the Receiver, over \$400,000,000 was returned to investors. The case involved a multiplicity of duties including asset sales, debt collection, debt restructuring, operating businesses, forensic accounting, supporting criminal prosecutions, prosecuting actions for recovery of ill-gotten gains, prosecuting actions for breach of fiduciary duty, prosecuting actions for legal malpractice, among others. The Receiver conducted a forensic accounting which analyzed over \$20 billion in transactions involving 258 bank accounts over a 69-month period and concluded the company operated a Ponzi-like scheme.

Matter website: www.medicalcapitalreceivership.com (<http://www.medicalcapitalreceivership.com>)

Securities and Exchange Commission/Commodity Futures Trading Commission vs. Safevest

Federal Equity Receiver in securities fraud enforcement action involving a Ponzi-scheme purportedly using futures trading.

Securities and Exchange Commission vs. Carolina Development

Offering fraud case for a purported real estate development company. Significant misrepresentation of assets. Uncooperative defendants. Volatile investor base. Liquidated land holdings in excess of \$40 million. Several substantial interesting legal issues. Over thirty disgorgement actions filed. Filed suit against four separate attorneys for malpractice or other breaches of fiduciary duty. SEC won Motion for Summary Judgment and obtained judgment for \$29 million against defendant largely on the basis of Receiver's investigation and forensic accounting. Assisted with development of Plan of Distribution and expect to distribute approximately \$10 million to investor victims. Supported governmental agencies in criminal actions, defendants indicted and incarcerated.

Matter website: www.carolinareceivership.com (<http://www.carolinareceivership.com>)

Securities and Exchange Commission vs. Nathanson et al

\$80 million securities fraud case with 2,600 investor victims. Ponzi scheme combined with a legitimate golf club manufacturer. Performed forensic accounting identifying recipients of ill-gotten gains; highly complex accounting, 20 bank accounts at 6 banks for 15 corporate entities, extensive use of kiting, etc. Successful prosecution of professionals. Auction. Seized real property and personal property assets. Criminal referral, defendant indicted and incarcerated.

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