UNITED STATES OF AMERICA

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

IN THE MATTER OF:	:	ADMINISTRATIVE PROCEEDING
MARK FEATHERS	:	FILE NO.: 3-15755
	:	**RESPONDENT'S REPLY TO SEC DIVISION OF ENFORCEMENT**
RESPONDENT.	:	**OPPOSITION TO RESPONDENT'S PETITION FOR REVIEW**

In its reply to this Respondent's petition for review, the Enforcement Division proffers to the Commissioners and to the Secretary that this Respondent has alleged certain matters. There are no allegations here. The Enforcement Division has already admitted in its civil court pleadings to financial and other irregularities outlined herein (see also Exhibit A). With their review of only two citations of SEC's Enforcement Division civil court pleadings, the Commissioners and the Secretary will not be left with any doubt that these irregularities have come about by way of improper conduct of a Enforcement Division employee or employees.

These two citations are ciphered out of the thousands of pages of court submissions of the Enforcement Division's pleadings in the civil lawsuit underlying the basis to their OIAP. Enforcement's OIAP asks for severe sanctions against this Respondent, when it is the Enforcement Division who should be sanctioned severely. From the lawsuit pleadings of *SEC v. Small Business Capital Corp., et al,* SEC's Enforcement Division states:

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> The Commission does not dispute that in calculating member returns in the Complaint, it added together the line items "distributions" and "re-invested distributions" to arrive at the total distributions alleged in the Compliant.

Further into that same pleading SEC's Enforcement Division states the following:

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> The Commission's staff reasonably believed that the total amount of distributions was reached by adding these two items.

This second citation is worth reading twice, and perhaps even reciting out loud to one's self for effect, while also giving consideration to the first statement. For, it is not a private party, or a public entity, that has stated these latter implausible, improbable, and highly alarming words. These words have come from the SEC, a federal agency which is charged by Congress and the public with reviewing and analyzing the financial statements, and their integrity, of tens of thousands of businesses throughout the United States. The Commissioners and the Secretary may cast aside all of SEC Enforcement Division's self-serving writings in this OIAP, and need only give thought to the highly improper methodology used, and admitted to, by SEC's examiner outlined in the first statement, and to the implausible explanation offered in the latter statement. When they do, this Respondent holds belief that they will agree that this OIAP is but only the fruit of a poisoned tree, or the fruit of a poisoned branch of that tree.

Respectfully

Dated: 9-12-14

Mark Feathers, in pro per, Respondent

EXHIBIT A

SUPPORTING NOTES AND FACTS TO RESPONDENT'S REPLY TO SEC DIVISION OF ENFORCMENT OPPOSITION TO RESPONDENT MARK FEATHERS PETITION FOR REVIEW

Fact No. 1: Distributions from an investment fund reduce capital.

Fact No. 2: Investments into an investment fund increase capital.

Fact No. 3: Fund distributions and fund investments are very elemental (foundational, or core) debit and credit accounting issues on financial statements. They are starting, and ending, points of fund reconciliations of net worth for the auditors and examiners of a regulatory agency such as SEC.

Fact No. 4: Licensed CPAs in the United States are aware of facts 1, 2, and 3. An enforcement division CPA who provided financial illustrations in the lawsuit *SEC v. Small Business Capital Corp., et al*, who added these items together in a highly improper and unsupportable way, and in succession, for three reviewed years and for an interim quarter of a 4th year.

Fact No. 5: SEC labeled their recommended equity receiver as a CPA in their sealed pleadings requesting his appointment. He is not a CPA, or even an accountant, only an unlicensed analyst.

Fact No. 6: SEC similarly falsely labeled the receiver a CPA in the lawsuit *SEC v. Medical Capital Holdings, LLC.*

Fact No. 7: There appears to be no evidence the receiver or his counsel ever informed the court in either of these lawsuits of their own volition that the receiver is not a CPA.

Fact No. 8: The receiver advertised himself as a CPA, though he is not a CPA, months before his first SEC receivership appointment in a publication widely distributed in the area of SEC'S Western Regional Office, and which is the Office that initiated the underlying lawsuit to this OIAP.

THOMAS A. SEAMAN, CPA,
RECEIVER

Thomas Seaman Company
Tel: 949.222.0551
tom@thomasseaman.com

Is pleased to announce his appointment as Receiver for

Regions Medical Center, a partnership dispute receivership

Superior Court
County of Orange

From Receivership News published Fall 2003

Fact No. 9: The receiver has held repeated SEC receivership appointments over the past decade. Federal court filings indicate he has made more than $10,000,000 in fees during this period. During this same period, his counsel appears to have been involved in a score or more of SEC lawsuits, related primarily to SEC's Western Regional Office, with revenues to the receiver's counsel of some double those of the receiver. A partial sampling of the receiver's federal agency receivership appointments over the past few years from his website:

> SEC vs. Nathanson
> SEC vs. Carolina
> SEC vs. Safevest
> SEC vs. Medical Capital
> FTC vs. American Tax Relief
> SEC vs. Small Business Capital Corp.

Fact No. 10: The Commissioners and the Secretary may not be aware that SEC has failed to heed recommendations by the U.S. General Accounting Office (now the General Accountability Office) to Congress:

United States General Accounting Office

GAO Report to Congressional Requesters

July 2002

SEC ENFORCEMENT

The guidelines state that the committee should avoid selecting the same person repeatedly for appointments as a receiver, so as to avoid the appearance of favoritism.

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Fact No. 11: The overwhelming majority of federal equity receivers in the United States are attorneys or CPAs, not unlicensed analysts such this receiver. This is recognized by GAO:

In addition, SEC may request that the court appoint a receiver, generally a private sector lawyer,

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It goes unanswered why SEC's Western Regional Enforcement Division has so often chosen an unlicensed analyst to be appointed as receiver, especially when he is known to have falsely advertised himself as a CPA before his first SEC receivership appointment. GAO's recommendations to Congress and to SEC about receiver selection states:

> As court-appointed fiduciaries, receivers are subject to the same standards of trust and confidence as other fiduciaries, and need to be selected as impartially as possible.

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Several hundred letters and sworn statements have been submitted to the Court by investors of these small investment funds, and, or, as exhibits to this Respondent's court pleadings, stating belief in fraud or gross misconduct of SEC CPAs and the receiver in the underlying civil lawsuit to this OIAP. There appears to be neither trust nor confidence of fund investors with SEC CPAs or with the receiver.

Fact No. 12: SEC's Enforcement Division, in their reply to the Petition, admits the Order for Summary Judgment in favor of SEC was not based upon the central element of SEC's lawsuit complaint about so-called misleading financial representations of SB Capital to fund investors. The Complaint itself was replete with grossly misleading financial illustrations from SEC's CPAs, which SEC admits. It is this *pro se* Respondent's impression that established law requires all central elements be addressed in a motion for summary judgment (as opposed to partial summary judgment), and a failure in addressing all central elements requires that a lawsuit must proceed to a jury trial. In its reply to this Respondent's petition, SEC states "...the Division did not rely on the disputed allegations in its motion for summary judgment". The 9th Circuit will address this issue further, as it is outlined in this Respondent's appeal pleadings which are now before the 9th Circuit.

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(13): There are twenty two, or more, paragraphs in the complaint which incorporate directly or by reference the use of this formula. Plaintiff does not deny that they used this formula in their calculations, and for the periods 2010, 2011, and 2012. These paragraphs cannot be used by this court, which Plaintiff must acknowledge, because they incorporate the use of a formula which Plaintiff admits it used, and in which it does not deny that it can only lead to a faulty outcome: 2, 52, 53, 54, 55, 56, 57, 58, 59, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81.

A defendant represented by counsel would likely have benefitted from a properly pleaded motion to require SEC file an amended complaint, and, or, a properly pleaded motion for dismissal of the lawsuit, based upon the sheer volume of admitted (by SEC) of grossly misleading and inaccurate financial illustrations SEC had throughout its Complaint. The trial court, recognized by SEC now in its opposition brief to this petition, erred by not acknowledging that SEC failed to meet requisite legal sufficiency.

Fact No. 13: This Respondent was denied opportunity for public hearings and any level of discovery during this OIAP.

Fact No. 14: SEC stated in its Opposition to this Respondent's petition that SB Capital had no ability to repay its loan obligation to fund investors. This is contradicted on an evidentiary basis from the books and records of SB Capital which show a history of payments. SEC Enforcement based its unsupportable comments only on the reports of the unlicensed analyst who has falsely advertised himself as a CPA, and who SEC also falsely represented in two SEC lawsuits as a CPA. Additionally, in thousands of pages of evidentiary documents and exhibits in the underlying lawsuit, SEC has never produced a single item to show that SB Capital ever disbelieved that it would meet its financial obligations. During the civil lawsuit proceedings there has never been on any occasion a third party outside CPA review of the financial statements of SB Capital and the defendant investment funds. This can only be considered highly unusual in a securities lawsuit in which tens of millions of dollars of private assets were seized into receivership.

Fact No. 15: SEC oft states in its writings for this OIAP that SB Capital violated a "no loans to manager" policy. Fund offering documents and other exhibits included with this Respondent's request for summary judgment, along with documents and exhibits included in his opposition to SEC's request for summary judgment, clearly show otherwise; see Court Dockets 461, 502, 511, 572, 582, 582-1.

Fax to: Hon. Secretary

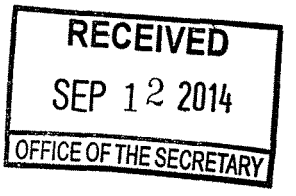
Office of the Secretary

SEC

(202) 772-9324

From: Mark Feathers

Respondent, OIAP 3-15755



September 12, 2014

RE: REPLY TO SEC DIVISION OF ENFORCEMENT TO RESPONDENT'S PETITION FOR REVIEW

Please see attached. Cover page is 1st of 6 total pages.