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5 Receiver

6 UNITED STATES DISTRICT COURT  
7 CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION

9 SECURITIES AND EXCHANGE )  
10 COMMISSION )  
11 Plaintiff, )  
12 vs. )  
13 SUN EMPIRE, LLC, ECAM, LLC a/k/a )  
EMPIRE CAPITAL ASSET )  
14 MANAGEMENT, DELILAH A )  
PROCTOR, SHAUNTEL A. MCCOY, )  
15 SUN INVESTMENT SAVINGS AND )  
LOAN, SUN GROUP, BICH QUYEN )  
16 NGUYEN, and JOHNNY E. JOHNSON, )  
17 Defendants. )  
18 SUN COMMERCE AND INVESTMENT, )  
INFINITY INVESTMENT CLUB, LLC, )  
19 SUNLAND INVESTMENT CLUB, LLC, )  
RECOMMENDED SERVICES, INC. and )  
20 TYCOON CLUB INTERNATIONAL, )  
LLC, )  
21 Relief Defendants. )  
22 )  
23 )

Case No.: SACV09-399 DOC (RNBx)  
ASSIGNED JUDGE:  
HON. DAVID O. CARTER

**RENEWED NOTICE OF MOTION  
AND MOTION FOR ORDER  
APPROVING AND AWARDED  
FORENSIC ACCOUNTING FEES  
AND EXPENSES; MEMORANDUM  
OF POINTS AND AUTHORITIES  
AND DECLARATION OF RICHARD  
WEISSMAN AND DOMINIC  
LOBUGLIO IN SUPPORT THEREOF**

[FILED CONCURRENTLY WITH  
NOTICE OF MOTION AND MOTION  
FOR ORDER APPROVING  
RECEIVER'S FOURTH REPORT AND  
THIRD ACCOUNT; ]

DATE: December 17, 2012  
TIME: 8:30 a.m.  
COURTROOM: 9 D

24 **TO: THE HONORABLE DAVID O. CARTER, JUDGE, UNITED STATES DISTRICT**  
25 **COURT, INTERESTED PARTIES AND COUNSEL OF RECORD:**

26 **NOTICE IS HEREBY GIVEN** that on December 17, 2012, at 8:30 a.m., in  
27 Courtroom 9-D, of the above-entitled Court, located at 411 West Fourth Street, Santa Ana,  
28

1 California, 92701, the Receiver herein, Richard Weissman (“Receiver”), will move the Court  
2 for an Order Approving and Awarding Interim Forensic Accounting Fees and Expenses.

3 This Motion is made on the grounds:

4 1. Shortly after the Receiver was appointed, the Receiver retained the  
5 services of LoBuglio & Sigman (“L&S”) to act as Receiver’s forensic accountants, in this  
6 matter.

7 2. As Receiver’s forensic accountants, L&S provided services for the  
8 benefit of the receivership, including the review of all bank records subpoenaed by the SEC  
9 from financial institutions maintaining accounts in the names of the Receivership Entities,  
10 PICs and related entities; prepared a database to document all transfers, deposits and  
11 withdrawals from said accounts; analyzed said records for the purpose of tracing and  
12 accounting for all transfers, deposits and withdrawals of funds into and out of accounts  
13 holding funds from the victims of investors in the Defendants’ fraudulent investment  
14 schemes; provided the SEC and the Receiver with forensic analyses and reports as required to  
15 account for the victims’ funds; and provide expert assistance and testimony in support of the  
16 SEC’s Motions for Summary Judgment and Motion for Order of Disgorgement against  
17 Defendants and Judgment Debtors Bich Quyen Nguyen (“Nguyen”), Johnnie Johnson  
18 (“Johnson”) and Delilah Proctor (“Proctor”) (collectively the “Defendants”), and in response  
19 to the Court’s request for additional information and analyses in connection with additional  
20 hearings on the SEC’s Motions for Summary Judgment.

21 3. On June 30, 2011, the Receiver filed a Notice of Motion and Motion for  
22 Orders: (1) Approving the Receiver’s Interim Fees and Expenses and (2) Approving and  
23 Awarding Forensic Accounting Fees and Expenses (“June 30, 2011 Fee Motion”). As is  
24 pertinent to this Motion, the June 30, 2011 Fee Motion sought an order authorizing and  
25 approving L&S’s fees, which were in the sum of \$138,033.48 (erroneously indicated as  
26 \$111,509.41) and authorizing the Receiver to pay L&S’s approved fees and expenses.  
27 (Documents Numbers (“Doc. No”) 344-345.)

28 4. The June 30, 2011 Fee Motion was heard on August 1, 2011 at which


1 time the Court continued the hearing to August 11, 2011. Following the August 11, 2011  
2 hearing, the Court issued its Minute Order on August 17, 2011 (Doc. No. 357), in which the  
3 Court took the June 30, 2011 Fee Motion and the Receiver's Third Report and Second  
4 Account under submission. There has not been any ruling on the June 30, 2011 Fee Motion  
5 since it was taken under submission.

6           5.       At the request of L&S, the Receiver hereby renews that portion of the  
7 June 30, 2011 Motion, which requested an Order approving L&S's unpaid interim fees and  
8 expenses. L&S is proposing a 16% adjustment to the original fee request of \$138,033.48,  
9 resulting in an adjusted fee request of \$115,948.16, for the Third Report billing period.

10           This Motion is based on this Notice of Motion and Motion; the Memorandum of Points  
11 and Authorities filed herewith, the attached declaration of Dominic LoBuglio and the Exhibits  
12 filed herewith; upon the Preliminary Injunctions and Orders Appointing Receiver issued by  
13 the Court on, respectively, April 30, 2009 (Doc. No. 52) and May 26, 2009 (Doc. No. 82); the  
14 Third Report and Second Account (Doc. Nos. 344 and 345), the June 30, 2011 Fee Motion  
15 (Doc. No.343), the Court's Second Amended Minutes of the hearing on August 11, 2011  
16 (Doc. No. 368), and upon such additional orders, pleadings and oral and documentary  
17 evidence as may be considered in connection with the hearing and determination of this  
18 Motion.

19  
20 DATED: November 15, 2012

Respectfully submitted,

21  
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23 By: 

24 Richard Weissman  
25 Receiver for Sun Empire, LLC, Sun  
26 Commerce and Investment, Sun Group, Sun  
27 Investment Savings and Loan, ECAM, LLC,  
28 et al.

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. INTRODUCTION.

3 This action was brought by the Securities and Exchange Commission ("SEC") to enjoin  
4 and restrain Defendants Bich Quyen Nguyen ("Nguyen"), Johnny E. Johnson ("Johnson") and  
5 Delilah A. Proctor's ("Proctor") (collectively, "Defendants") violations of Section 15(a) of the  
6 Exchange Act, 15 U.S.C. § 78o(a) and fraud, and to seek civil penalties and restitution for the  
7 victims of Defendants' fraudulent investment schemes.

8 The Receiver was appointed as permanent receiver under orders issued by the Court on  
9 April 30, 2009 and May 26, 2009, respectively ("Receivership Orders"), and was ordered to  
10 take possession and control of the assets of certain entities, including, without limitation, Sun  
11 Empire, ECAM, LLC, Empire Capital Asset Management, Sun Investment Savings and Loan,  
12 Sun Commerce and Investment, Infinity Investment Club, LLC, Sunland Investment Club,  
13 LLC, Recommended Services, LLC, Tycoon International Investment Club, LLC, and their  
14 subsidiaries and affiliates ("Receivership Entities"). (See, Preliminary Injunctions issued on  
15 April 30, 2009 and May 26, 2009, Document Numbers ("Doc. Nos.") 52 and 82, respectively.)

16 In accordance with the Preliminary Injunctions issued herein on April 30, 2009 and  
17 May 26, 2009, respectively, the Receiver retained the accountancy firm of LoBuglio &  
18 Sigman ("L&S") to conduct a forensic analysis of the bank records and books of account the  
19 Receiver obtained through a variety of sources, as reported in his First Interim Report ("First  
20 Report") filed on April 28, 2009 and his Second Interim Report and First Account ("Second  
21 Report") filed on or about January 22, 2010.

22 On February 11, 2010 the Receiver filed his Motion for Order for Approving  
23 Receiver's First Interim Report and Second Interim Report and First Account; Approving and  
24 Awarding Interim Receiver's Fees and Expenses; and Approving and Awarding Interim  
25 Forensic Accounting Fees and Expenses. (Doc. No. 167.) By Minute Order issued by the  
26 Court on February 24, 2010, the Court granted the Motion and approved L&S's fees and  
27 expenses in the aggregate sum of \$122,957.60 for its forensic accounting analysis services for  
28 the period of August 2009 through December 31, 2009, which amount was thereafter paid

1 from Receivership funds.

2 On June 30, 2011, the Receiver filed his Notice of Motion and Motion for Order: (1)  
3 Approving and Awarding Interim Receivership Fees and Expenses; and (2) Approving and  
4 Awarding Forensic Accounting Fees and Expenses; Memorandum of Points and Authorities  
5 and Declarations of Richard Weissman and Dominic LoBuglio in Support Thereof ("June 30,  
6 2011 Fee Motion") (Doc. No. 343.) In the June 30, 2011 Fee Motion, the Receiver sought  
7 approval and authority to pay additional fees and expenses charged by L&S, which were in  
8 the sum of \$138,033.41, for forensic services provided by L&S during the reporting period of  
9 January 1, 2010 through March 31, 2011 ("Third Reporting Period"). The June 30, 2011 Fee  
10 Motion was supported by the Declaration of Dominic LoBuglio, describing the services  
11 rendered and forensic accounting fees and expenses incurred during the Third Reporting  
12 Period.

13 At the initial hearing on the June 30, 2011 Fee Motion, the Court continued the hearing  
14 to August 11, 2011. Following the second hearing on the June 30, 2011 Fee Motion on  
15 August 11, 2011, the Court issued a Minute Order on August 17, 2011 (Doc. No. 357), in  
16 which the Court took the Fee Motion and the Receiver's Third Report and Second Account  
17 under submission. There has not been any ruling on the June 30, 2011 Fee Motion since it  
18 was taken under submission.

19 At the request of L&S, the Receiver hereby renews his request for an Order Approving  
20 L&S's fees, in the adjusted amount of \$115,948.16.

21 **II. AN ORDER APPROVING L&S'S FEES AND EXPENSES IS PROPER.**

22 A receiver, the attorney for the receiver, and such other persons appointed by the Court  
23 or employed by the receiver to aid the receivership, shall keep an itemized record of time  
24 spent and services rendered. Fed.R.Civ.Proc. 66, Local Rule 66-8.1, and shall serve and file  
25 with the Court a report showing receipts and expenditures of the Receivership and a report of  
26 the actions and transactions performed by the Receiver. Fed.R.Civ. P. 66, L.R. 66-8.1 and 66-  
27 6.1.

28 This Motion is also supported by the Declaration of Dominic LoBuglio, the Receiver's

1 forensic accountant, describing the forensic accounting services provided by L&S for the  
2 benefit of the Receivership. Based upon Mr. LoBuglio's declaration and the evidence  
3 submitted in support of the June 30, 2011 Fee Motion, the Receiver is requesting an Order  
4 approving and awarding interim adjusted fees and expenses in the sum of \$116,025, in  
5 payment for forensic accounting analysis services provided by L&S for the benefit of the  
6 Receivership during the period of January 1, 2010 through March 31, 2011 ("L&S Reporting  
7 Period"). Mr. LoBuglio's Declaration incorporates a Summary of Billing and Payments during  
8 the L&S Reporting Period, which is filed herewith as Exhibit A, and the detailed time and  
9 Billing Statements for forensic accounting services, which are filed herewith as Exhibit B,  
10 accounting for services rendered by L&S during the L&S Reporting Period.


11 The Receiver submits the fees and expenses petitioned for approval and award to L&S  
12 are fair and reasonable, and they have been of substantial benefit to the estate. Counsel for the  
13 SEC previously reviewed L&S's billing statements and did not object thereto.

14 **III. CONCLUSION.**

15 For all the foregoing reasons, this Court is respectfully requested to approve this  
16 Motion and approve and award fees and expenses incurred by L&S, in the adjusted amount of  
17 \$115,948.16 and authorize the payment thereof.

18  
19 DATED: November 15, 2012

Respectfully submitted,

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21 By:   
22 Richard Weissman  
Receiver

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**DECLARATION OF RICHARD WEISSMAN**

I, Richard Weissman, declare:

1. I am the duly appointed and acting receiver over Sun Group, Sun Investment Savings and Loan, Sun Commerce and Investment (collectively, "SISL"), Sun Empire LLC, ECAM, LLC, and their affiliates and subsidiaries, including, without limitation, D'Quadrant Strategies, LLC, Empire Capital Holdings, LLC, Empire Club, Inc., Tycoon Club International, LLC, Infinity Investment Club, LLC, and Sun Celebrity, LLC ("Celebrity") (collectively, the "Receivership Entities"). I was appointed under the Temporary Restraining Orders and Ex Parte Orders Appointing Receiver issued, respectively, on April 2, 2009 and May 13, 2009, and the Preliminary Injunctions and Orders Appointing Receiver dated, respectively, April 30, 2009 and May 26, 2009 (Doc. Nos. 52 and 82) (collectively, "Receivership Orders"). In my capacity as receiver, I have obtained personal and first-hand knowledge of the facts stated below, except as to those facts of which I am informed by others, and as to those facts I believe them to be true and correct.

2. This declaration is submitted in support of my application for an Order: (a) approving and awarding the fees and expenses incurred by my forensic accountants, LoBuglio & Sigman ("L&S"), during the period of January 1, 2010 through March 31, 2011 (the "L&S Reporting Period").

3. Under Section V (G) of the Preliminary Injunction issued herein on April 30, 2009 (Doc. No. 52) and Section VIII (G) of the Preliminary Injunction issued herein on May 26, 2009 (Doc. No. 82), respectively, I retained the accountancy firm of LoBuglio & Sigman ("L&S") to act as the forensic accountants for the Receivership and instructed them to conduct a forensic analysis of the bank records and books of account the Receiver obtained through a variety of sources, as reported in his First Interim Report ("First Report") filed on April 28, 2009 and his Second Interim Report and First Account ("Second Report") filed on or about January 22, 2010.

4. On February 11, 2010, I filed a Motion for Order for Approving Receiver's First Interim Report and Second Interim Report and First Account; Approving and Awarding

1 Interim Receiver's Fees and Expenses; and Approving and Awarding Interim Forensic  
2 Accounting Fees and Expenses ("Motion on Second Report and Fee Request") (Doc. No.  
3 167), in which I reported on the events and actions taken by the Receiver in the reporting  
4 period of April 28, 2009 through December 31, 2009, and requested an Order approving and  
5 awarding my fees and expenses and the fees and expenses incurred by L&S in providing  
6 forensic accounting services for the Receivership. As is pertinent to this Motion, the Motion  
7 on Second Report and Fee Request (Doc. No. 167) sought approval and an award of fees and  
8 expenses incurred by L&S in the aggregate amount of \$122,957.60. By Minute Order issued  
9 by the Court on February 24, 2010 (Doc. No. 174), the Court granted the Motion on Second  
10 Report and Fee Request and approved L&S's fees and expenses in the aggregate sum of  
11 \$122,957.60 for its forensic accounting analysis services for the period of August 2009  
12 through December 31, 2009. That amount was thereafter disbursed to L&S.

13         5. On June 30, 2011, I filed a Notice of Motion and Motion for Order: (1)  
14 Approving and Awarding Interim Receivership Fees and Expenses; and (2) Approving and  
15 Awarding Forensic Accounting Fees and Expenses; Memorandum of Points and Authorities  
16 and Declarations of Richard Weissman and Dominic LoBuglio in Support Thereof ("June 30,  
17 2011 Fee Motion") (Doc. No. 343.) As is pertinent to this Motion, the June 30, 2011 Fee  
18 Motion sought an order approving and awarding additional fees and expenses incurred by  
19 L&S during the reporting period of January 1, 2010 through March 31, 2011, which were in  
20 the sum of \$138,033.48. L&S proposes a 22% adjustment to its fee request resulting in a  
21 balance of \$115,948.16. (The June 30, 2011 Fee Motion erroneously reported the balance due  
22 as \$111,509.41.) Net amounts payable on account of said fees will be \$90,948.16 following a  
23 reported interim payment of \$25,000.

24         6. At the initial hearing on the June 30, 2011 Fee Motion, the Court continued the  
25 hearing to August 11, 2011. Following the second hearing on the June 30, 2011 Fee Motion  
26 on August 11, 2011, the Court issued a Second Amended Minute Order on August 17, 2011  
27 (Doc. No. 357), in which the Court took the June 30, 2011 Fee Motion and the Third Report  
28 under submission. There has not been any ruling on the June 30, 2011 Fee Motion since it




1 was taken under submission.

2 7. At the request of L&S, I am renewing that portion of June 30, 2011 Fee Motion  
3 that pertains to the fees and expenses incurred by L&S. I have requested and L&S has agreed  
4 to an adjustment of 16% to its second interim fee request of \$138,033.41, reducing its fees  
5 \$22,085.25, resulting in a revised fee request of \$115,948.16 in full satisfaction of its  
6 outstanding fees. L&S has not rendered any services to the estate or for the benefit of the SEC  
7 since June 30, 2011.

8  
9 I declare under penalty of perjury under the laws of the United States of America that  
10 the foregoing is true and correct.

11 Executed on November 15, 2012, at Los Angeles, California.

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14 Richard Weissman

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**DECLARATION OF DOMINIC LOBUGLIO**

I, Dominic Lo Buglio, declare:

1. I am a partner in LoBuglio & Sigman (“LoBuglio”), accountants for Richard Weissman, Receiver (“Receiver”) appointed by the United States District Court, Central District of California, Southern Division, in Case No. SACV09-399 DOC (RNBx) entitled *Securities and Exchange Commission vs. Sun Empire, LLC, ECAM, LLC, a.k.a. Empire Capital Asset Management, Delilah Proctor, Shauntel McCoy, Sun Investment Savings and Loan, Sun Group, Bich Quyen Nguyen, and Johnnie Johnson* (hereinafter referred to as the “Receivership Estate” or the “Receivership Entities”). In my capacity as a partner for LoBuglio, I have obtained personal and first-hand knowledge of the facts stated below, except as to those facts of which I am informed by others, and as to those facts I believe them to be true and correct.

2. I have reviewed the detailed monthly billing statements for services rendered by LoBuglio to the Receivership during the period of January 1, 2010 through June 30, 2011 (“L&S Reporting Period”) and represent that the services rendered were performed for the benefit of this Receivership, and that the services rendered, fees charged and costs incurred were appropriate in this case.

3. A summary of monthly accrued fees and payments, after approval and payment of interim Accountant’s fees and expenses following the Court Order approving the Second Report, is attached to this Motion as Exhibit A hereto, and reflects the forensic accounting fees and expenses incurred during the Reporting Period, in the aggregate sum of \$138,033.41, and adjustment of 16% or \$22,085.25, reducing the aggregate sum to \$115,948.16, for which approval by this Court is requested. The total billing as adjusted (\$115, 948.16) is further reduced to \$90,948.16 after a \$25,000.00 interim payment. The Monthly Billing Statements for the L&S Reporting Period, which are attached hereto collectively as Exhibit B, describe in detail the services rendered and fees incurred during the L&S Reporting Period. The following provides a narrative description of services provided by LoBuglio during the Reporting Period.

1           4.     At the Receiver's directions, LoBuglio performed a review, analysis and  
2 accounting reconstruction of the Receivership's available books and records which are  
3 comprised substantially of bank records obtained directly for banks pursuant to subpoenas by  
4 the Securities and Exchange Commission ("SEC"), to determine the following:

5           A.     The existence and status of an accounting system by the Respective  
6 Defendants and Receivership Entities;

7           B.     The existence and condition of investor records and a system to track  
8 investor transactions.

9           C.     The existence and condition of investment acquisition records.

10          D.     The existence and condition of bank records.

11          E.     The extent to which investor returns are derived from investments.

12          5.     A brief description of the procedures that LoBuglio has performed to date  
13 follows:

14          A.     Review documents, including Receiver's narrative, complaint,  
15 declarations, depositions, communications and SEC accounting analyses.

16          B.     Inventory and control production of bank records (records have been  
17 produced in a number of phases from two sources – the SEC and the Receiver), and  
18 inventories have been reconciled with both sources.

19          C.     Obtain general understanding of scheme including flowcharting the  
20 structure of the numerous entities.

21          D.     Refine the data base designed for reconstruction of the bank transactions  
22 and determine methodology for same.

23          E.     Input bank transactions for all entities and accounts involved in the  
24 scheme for which records have been produced and reconcile to bank account statements  
25 (Input is comprised of at least 16 separate data bases with deposit transactions totaling about  
26 \$106 million and disbursement transactions totaling about \$106 million. Volume is very high  
27 due to the tremendous amount of funds transferred between the entities and due to the large  
28 volume of sweep account transfers by one entity with their bank.

1 F. Determine the methodology for categorization of bank transactions and  
2 perform preliminary categorization.

3 G. Design procedures and methodology for combining all data bases into  
4 one data base. Combine and reconcile all data bases.

5 H. Design and preparation of data base tables and reports (for each data base  
6 and for the combined data base) for analysis of money source and use of funds and cash flow  
7 based on transactions input to date.

8 I. Assist the Receiver with various inquiries, primarily with regard to  
9 searching data bases to trace funds and prepare related reports.

10 J. Assist the SEC with various inquiries, primarily with regard to searching  
11 data bases to trace funds and prepare related reports.

12 K. Meetings and consultations with the Receiver.

13 L. Consultations with the SEC.

14 M. Meetings and consultations with the FBI.

15 N. Assist the Receiver with identification of potential assets.

16 O. Preliminary considerations of potential issues involving accounting  
17 evaluations, including consolidation of the various entities, establishing the elements of a  
18 Ponzi scheme, use of constructive trust to maximize return to investors and establishing  
19 procedures and methodology for investor claims

20 6. An enumeration of services provided for the SEC follows:

21 A. Analysis of transactions and preparation of reports for selected payees.

22 B. Compilation of support documentation for player Nguyen.

23 C. Compilation of support documentation for player McCoy.

24 D. Assistance with preparation for Ray White deposition.

25 E. Assistance with preparation for Joseph and Antonette Ramirez  
26 depositions.

27 F. Assistance with preparation for Proctor deposition.

28 G. Extensive work for motion for disgorgement (discussions and

- 1 consultations; preparation of preliminary reports; revisions to reports;  
2 draft declarations and exhibits; investigate transfers from players;  
3 revisions to declarations and exhibits).
- 4 H. Assist with trial preparation for motion for disgorgement including  
5 analysis of offshore transactions and preparation of reports, and  
6 preparation of reports regarding money disbursed to investors and to  
7 PICs (SCI and Empire Club).
- 8 G. An enumeration of services provided for the FBI follows:
- 9 A. Prepare comments for initial meeting.  
10 B. Initial meeting.  
11 C. Compile hard copy documentation and prepare and submit electronic file.  
12 D. Assist with inquiries re selected deposits in SISL entities; create separate  
13 data base files and sorts to facilitate tracing. This work was also  
14 submitted to the SEC.  
15 E. Assist with tracing issues related to Sun Commerce & Investments  
16 (\$1.007 mil. for Sun Quest; \$1.600 mil. for Infinity; \$4.200 mil. for  
17 Wells Fargo Investments; and \$5.200 mil. for Gold Sun). Creation and  
18 analysis of multiple database files; preparation of database reports,  
19 timelines and tables. Finalize reports and draft a detailed written  
20 narrative report of findings. This work was also submitted to the SEC.  
21 F. Second meeting.  
22 G. Meeting follow-up work including preparation of Sun Commerce &  
23 Investment source and use report for Sep. - Nov. 2008.  
24 H. Third meeting (Sun Commerce & Investment and Nguyen transactions).
- 25 H. An enumeration of services provided to the Receiver follows:
- 26 A. Preparation of a preliminary source and use of funds schedule.  
27 B. Prepare database comments and analysis of various database categories.  
28 C. Prepare detailed status report as of 01/08/10 including source and use of

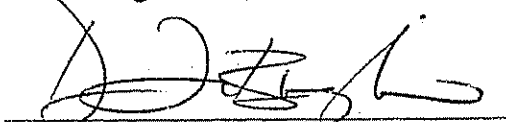
- 1 funds analysis and database recap (including summary of significant
- 2 transactions for each of the 16 data bases).
- 3 D. Extensive work regarding Sun Celebrity investor groups (review of
- 4 documents; discussions and consultations with receiver; combination of
- 5 Sun Celebrity databases ; analysis of Sun Celebrity databases;
- 6 preparation of preliminary reports (by name; timeline; table; ledgers; by
- 7 day by category by name); meeting to review reports; revisions to reports
- 8 and preparation of final reports; detailed comments for reporting to
- 9 court). Objectives of this work was to determine sources and uses of
- 10 fund by Sun Celebrity, determine the connection between Sun Celebrity
- 11 and SISL (Nguyen and Johnson), identify the investment funds
- 12 established by Sun Celebrity, and trace funds into and out of Sun
- 13 Celebrity's bank account since the initial deposit from the last group of
- 14 investors ("March Investor Group") and determine the extent of co-
- 15 mingling and the composition of the ending account balance.
- 16 E. Assistance with report to the Court.
- 17 F. Preparation of bank transaction reports for Tycoon, Infinity, and Sunland
- 18 PICs.
- 19 G. Prepare a report of unidentified transactions greater than \$20,000 (both
- 20 cash receipts and cash disbursements).
- 21 H. Preparation of report of all database transactions by category by
- 22 payor/payee.
- 23 9. An enumeration of findings by LoBuglio as a result of the services provided are
- 24 as follows:
- 25 A. The size of the scheme is in the range of \$26-31 million.
- 26 B. Data base recaps were provided for the following groups: entities
- 27 controlled by Proctor and McCoy, entities controlled by Nguyen and
- 28 Johnson, Relief Defendants, and all remaining entities.

- 1 C. The scheme contains elements of a Ponzi Scheme including no evidence  
2 of profits/earnings.
- 3 D. Though the scheme is comprised of a number of groups, a consolidated  
4 source and use of funds provides how the substantial majority of net  
5 investor funds were substantially disbursed to the various players.
- 6 E. Sun Celebrity is an integral component of this scheme, established six  
7 investment funds, and co-mingled funds so that the March Investor  
8 Group funds could not be considered a separate fund.
- 9 F. Due to co-mingling of funds and transfers of funds back and forth  
10 extensively between the three Sun Commerce and Investment bank  
11 accounts, a specific determination of use of funds for certain large  
12 investment sources and of source of funds for certain large funds  
13 transfers was not possible. Instead, a consolidated source and use of  
14 funds for the three bank accounts was prepared and submitted to the SEC  
15 and FBI.

16 10. LoBuglio's analysis has been severely hindered because the Receiver and  
17 LoBuglio did not locate any accounting system, computerized or manual, or any records  
18 normally produced by such a system, except for one Receivership Entity. The Receiver and  
19 LoBuglio also did not locate any system, computerized or manual, to track investments made,  
20 except for one Receivership Entity. This process was further complicated because funds were  
21 commingled between the numerous related entities.

22  
23 I declare under penalty of perjury under the laws of the United States of America and  
24 the State of California that the foregoing is true and correct.

25 Executed on November 5, 2012 at Los Angeles, California.

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Dominic LoBuglio