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8 **Court Appointed Receiver**

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10 **UNITED STATES DISTRICT COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**  
12

13 **SECURITIES AND EXCHANGE**  
14 **COMMISSION**

15 **Plaintiff,**

16 **vs.**

17 **SUN EMPIRE, LLC, ECAM, LLC a/k/a**  
18 **EMPIRE CAPITAL ASSET**  
19 **MANAGEMENT, DELILAH A**  
20 **PROCTOR, SHAUNTEL A. MCCOY,**  
21 **SUN INVESTMENT SAVINGS AND**  
22 **LOAN, SUN GROUP, BICH QUYEN**  
23 **NGUYEN, and JOHNNY E. JOHNSON,**

24 **Defendants.**

25 **SUN COMMERCE AND INVESTMENT,**  
26 **INFINITY INVESTMENT CLUB, LLC,**  
27 **SUNLAND INVESTMENT CLUB, LLC,**  
28 **RECOMMENDED SERVICES, INC. and**  
**TYCOON CLUB INTERNATIONAL,**  
**LLC,**

**Relief Defendants.**

Case No.: SACV09-399 DOC (RNBx)

**ASSIGNED JUDGE:**  
**HON. DAVID O. CARTER**

**RECEIVER'S STATUS BRIEF RE:**  
**PROPOSED CLAIMS PROCEDURE**  
**AND DISTRIBUTION PLAN**

DATE: August 11, 2011  
TIME: 7:30 A.M.  
COURTROOM: 9D

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

31 Richard Weissman, permanent receiver ("Receiver"), submits the following Status  
32 Brief re: the Proposed Claims Procedure and Distribution Plan.  
33

1           **I. BACKGROUND**

2           A hearing was held on August 1, 2011, before the Honorable David O. Carter, United  
3 States District Court Judge, on the Receiver’s Motion for Orders Approving the Receiver’s  
4 Third Report and Second Account (“Third Report”) and the Receiver’s Motion for Orders: (1)  
5 Approving and Awarding Interim Receivership Fees and Expenses and (2) Approving and  
6 Awarding Forensic Accounting Fees and Expenses (“Interim Fee Motion”).

7           At said hearing, the Court heard from some of the investors regarding their concerns  
8 about when they might receive a return of their investments. The Court noted that the Third  
9 Report indicated that some investors were leaders of private investment clubs (“PICS”)  
10 involved in this litigation whom the Court thought might have had a duty to the other  
11 investors to conduct some due diligence about the legitimacy of the investments and may have  
12 a different priority for recovery of their own investments than the investors of their PICS.

13           The Court also expressed its concern about “netting” the recovery of losses of investors  
14 who received any recovery on account of their investment, or interest thereon, and/or any  
15 compensation for soliciting other investors for the numerous fraudulent schemes promoted by  
16 the Judgment Defendants Bich Quyen Nguyen, Johnny E. Johnson and Delilah Proctor  
17 (“Nguyen/Proctor”), as described in the Third Report.

18           The Court had the investors inform it whether they had received money on one or more  
19 of these bases. Through this process, the Court identified at least three (3) different categories  
20 of potential claimants to the approximately \$3.7 million controlled by the Receiver and on  
21 deposit in frozen bank accounts pursuant to Orders from this Court. The Court also indicated  
22 that it favored allocating all of the controlled funds to a single “pot” from which all of the  
23 investors would participate on a proportionate basis, subject to the Court’s further decision on  
24 possible variants of claims classes and their respective rights of priority.

25           The Court desired to proceed expeditiously with a claims program. The Court  
26 calendared August 11, 2011 for review and consideration of a proposed claims procedure  
27 from Plaintiff’s counsel and the Receiver.

1           **II       STATUS REPORT**

2           The Receiver, in consultation with Molly White, Esq., counsel for plaintiff (the  
3 “Commission”), has prepared three documents for the Court’s review and approval in respect  
4 to the development of a claims administration procedure, including (a) a proposed claims  
5 procedure and distribution plan, (b) a letter to the potential investors generally explaining their  
6 right(s) to file a claim for the losses they have suffered as a result of the conduct of  
7 Nguyen/Proctor and others, and giving them notice of the last day by which they may file a  
8 claim (“the Bar Date”), and (c) a Proof of Claim form that each potential claimant must  
9 complete and deliver to the Receiver in order to perfect their claim(s) herein.

10           Each of the documents endeavors to address the processes necessary to administer a  
11 claims program for these particular potential claimants and to take into account the potential  
12 legal and equitable issues affecting different classes of investors as expressed by the Court at  
13 the August 1 hearing. The documents are as follows:

- 14           A.     Exhibit A: (Proposed) Claims Procedure and Distribution Plan;
- 15           B.     Exhibit B: Investors Claims Letter and Notice of Bar Date;
- 16           C.     Exhibit C: Proof of Claim form

17  
18           The (Proposed) Claims Procedure and Distribution (“Claims Procedure”) suggests a 60  
19 day claims period to expedite the filing of potentially \$50 million to \$60 million, or more, of  
20 claims covering a four year period, and to enable a distribution of the available funds at the  
21 earliest reasonable time. The actual Bar Date was left open for the Court’s determination of  
22 the time to process the mailing of the Claims Packet to known victims.

23           The Court did not rule on the Motions for approval of the Third Report and Account,  
24 Interim Fees and Expenses, and the turnover of frozen funds held in third party accounts that  
25 ought to be controlled by the Court through the Receivership.

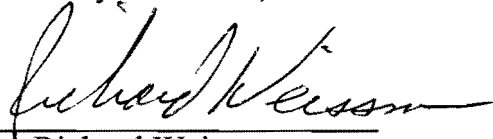
26           Additionally, the Receiver requests that the Court provide instructions on whether the  
27 Court intends to further address the issue of Receivership claims against third party (e.g., non-

1 investor) recipients of investors' funds, which issue was raised in the Third Report; and, if so,  
2 in what manner the Receiver may bring this issue before the Court.

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Dated: August 9, 2011

Respectfully submitted,

By: 

Richard Weissman  
Receiver for Sun Empire, LLC, Sun  
Commerce and Investment, Sun Group, Sun  
Investment Savings and Loan, ECAM, LLC,  
et al.