

IN THE DISTRICT COURT OF OKLAHOMA COUNTY OF OKLAHOMA
STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

SEP 24 2008

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)

PATRICIA PRESLEY, COURT CLERK
by _____
DEPUTY

Plaintiff,)

v.)

CJ-2003-7899

Sunset Financial Group, Inc., an Oklahoma)
corporation; Vision Services, Inc., and Oklahoma)
corporation; Amsterdam Fidelity Business Trust,)
a Nevada Limited liability partnership; EASE)
Corporation, an Oklahoma corporation; Gold Star)
Properties, Inc., an unincorporated association;)
Rebates International, Inc., a Nevada corporation;)
Betty Solomon Brokerage, Inc., an Oklahoma)
corporation; Emzie Huletty, an individual;)
Grover H. Phillips, an individual; Nicholas Krug,)
an individual; Charles E. Elliott, an individual;)
Terry Mahon, an individual; Denver Large, an)
Individual; Betty G. Solomon, an individual; and)
Donald J. Wood, an individual,)

Defendants.)

REPORT OF RECEIVER

L. Win Holbrook, the duly appointed receiver in the above styled and numbered proceeding (the "Receiver"), submits hereby his report (the "Report") to the Court regarding the instant receivership and in support of which, the Receiver states as follows:

1. On September 19, 2003, the Oklahoma Department of Securities (the "Department") filed a Petition for Permanent Injunction and other Equitable Relief (the "Petition") against Sunset Financial Group, Inc., Visions Services, Inc., Amsterdam Fidelity

Business Trust, EASE Corporation, Gold Star Properties, Inc., Rebates International, Inc., Betty Solomon Brokerage, Inc., Emzie Huletty (“Huletty”), Grover H. Phillips (“Phillips”), Nicholas Krug, Charles E. Elliott, Terry Mahon (“Mahon”), Denver Large, Betty G. Solomon and Donald J. Wood (collectively, “Defendants”). The Department alleged that the Defendants violated the Oklahoma Securities Act by engaging in a prime bank scheme involving the sale of interests in high-yield investment programs and a rebate coupon which guaranteed full repayment of a commercial or residential loan. An order was issued against the Defendants by this Court to cease their illegal activities.

2. By order dated September 19, 2003 (the “Receivership Order”), Receiver was appointed receiver of the Defendants Sunset Financial Group, Inc., Vision Services, Inc., Amsterdam Fidelity Business Trust, EASE Corporation, and Solomon Brokerage, Inc. (the “Receivership Defendants”).

3. By order dated October 8, 2003, Receiver was authorized to employ the law firm of Holbrook & Toffoli as his counsel.

4. Pursuant to the terms of the Receivership Order, the Receiver was charged, *inter alia*, with taking “exclusive custody, control and possession of all assets and documents of, or in the possession or custody, or under the control of, the Receivership Defendants, including those assets of Receivership Defendants in the possession or custody, or under the control of, Defendants Emzie Huletty, Grover H. Phillips, Betty G. Solomon and Donald J. Wood, wherever situated.”

5. Subsequently, pursuant to a motion filed by Receiver seeking to compel Huletty to produce certain property in Huletty’s possession, Receiver sought possession of a 2001 Dodge Durango, VIN 1B4HR28N21F521947. Huletty objected to the relief sought by Receiver,

claiming the subject vehicle was his personal property and not property of the Receivership Defendants.

6. After conducting an evidentiary hearing the Court entered its order, on March 12, 2004, granting the motion to compel filed by Receiver and directing Huletty to produce the subject vehicle.

7. Subsequent to obtaining possession of the vehicle Receiver, on July 9, 2004, filed a Motion for Permission to Sell Property (the "Sale Motion"), requesting approval of the Court to sell the subject vehicle. On July 26, 2004, Huletty filed his objection to the Sale Motion.

8. On December 30, 2004, the Court, after conducting a hearing on the Sale Motion and the objection of Huletty to the same, entered its order granting the Motion for Permission to Sell Property. Receiver has since sold the 2001 Dodge Durango.

9. By order dated September 3, 2004 (the "Final Order"), Defendants Amsterdam Fidelity Business Trust, Rebates International, Inc., Grover H. Phillips, Terry Mahon, and Denver Large (the "Rebates Defendants") were ordered to pay to Receiver the sum of Three Hundred Four Thousand, Six Hundred Sixty-four Dollars and Twenty-two Cents (\$304,664.22) to be used for restitution to Investors.¹

10. In addition to the rebate coupons Defendants provided to Investors as referenced in paragraph one above, rebate coupons were also furnished by Defendants to purchasers of various consumer products or services (the "Non-Investors").

11. Pursuant to a Federal Grand Jury Indictment issued on August 17, 2005 in the case of *U. S. v. Emzie Huletty*, in the United States District Court for the Western District of Oklahoma, Case Number CR-05-148-M, Huletty was charged with, *inter alia*, counts of wire

¹ Defined in the Petition as those individuals who purchased interests in the high-yield investment programs referenced herein.

fraud; money laundering; and aiding and abetting, all arising out of conduct committed prior to the instant receivership.

12. On October 11, 2006, Huletty was sentenced to serve 24 months on one count of wire fraud; 24 months on one count of money laundering and aiding and abetting (terms to run concurrently); three years of supervised release; 100 hours of community service during the first year of supervised release; and to immediately pay restitution in the amount of \$226,567.09. None of the restitution was paid to the instant receivership.

13. Pursuant to a Federal Grand Jury Indictment issued on November 14, 2007 in the case of *U. S. v. Grover Harold Phillips & Terry Hugh Mahon*, in the United States District Court for the Western District of Oklahoma, Case Number CR-07-299-F, Phillips and Mahon were charged with, *inter alia*, counts of conspiracy, mail fraud, and money laundering (the "Criminal Proceeding"), all arising out of the same activities as alleged by the Department in the Petition.

14. On March 21, 2008, Phillips entered in the Criminal Proceeding a plea of guilty as to the certain counts involving conspiracy to commit mail fraud and money laundering.

15. On March 26, 2008, after a trial before a jury in the Criminal Proceeding, Mahon was found guilty as to certain of the counts involving conspiracy, mail fraud, and money laundering.

16. As of the filing of the instant Report, Phillips and Mahon have not been formally sentenced on their respective pleas/convictions.

17. On April 18, 2007, Receiver requested and on the same date the Court entered an order establishing the procedure for the Receiver to give notice to Investors (the "Order") that they were required to file Proofs of Claim, in a form approved by this Court, setting forth the nature and amount of the investment and to provide documentation of such amounts. Claims

were required to be submitted to Receiver on or before June 1, 2007. Pursuant to the Order, Non-Investor claimants who had previously submitted their claims to Receiver in the form of rebate coupons were not required to be provided with any additional notice of claims submission and Receiver was not required to provide any such additional notice to Non-Investors.

18. Receiver mailed to Investors notice of the establishment of such procedure, together with a Proof of Claim form and Proof of Claim instructions, via first class U. S. mail postage prepaid to each known Investor at their last known address. Plaintiff herein also posted notice of the foregoing on the website of the Oklahoma Department of Securities, www.securities.ok.gov.

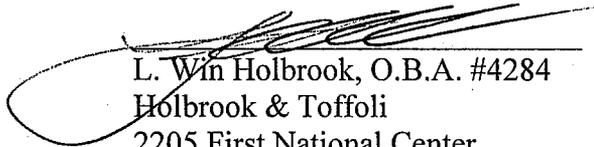
19. Receiver has now completed a review of Investor Proof of Claim forms and supporting documentation. Receiver has compared this information with those records of the Receivership Defendants which are in his possession. Contemporaneously with the filing of the instant Report, Receiver and the Department have prepared and filed a *Joint Motion for Approval of Investor Claim Designations and Distribution to Investors*, which contains a listing of the claims filed which would receive a distribution. Claimants who participated in the Equity Asset Survey (EAS) will receive a distribution of approximately 15% of the amount of their investment under the distribution proposed by Receiver. No claimant involved in the sale of a high yield investment program (an "Insider") shall receive any restitution under the distribution proposed by Receiver. Non-Investor claimants shall receive no restitution under the distribution proposed by Receiver.

20. As of the date of this Report Receiver has incurred, and has been authorized by the Court to pay, costs of administration in the amount of \$49,298.41. Receiver anticipates additional administrative costs which will require payment.

21. The Receiver has continued in his efforts to complete his duties as charged and believes all cash to be derived from the various Defendants has now been obtained by Receiver. Receiver believes no additional funds will be forthcoming to the receivership estate so as to merit solely a partial distribution to Investors.

22. Funds previously received by the Receiver from Defendants Amsterdam Fidelity Business Trust, Rebates International, Inc., Grover H. Phillips, Terry Mahon, and Denver Large should now be paid as restitution to Investors whose claims are approved by this Court.

Respectfully submitted,



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Receiver

NOTICE OF HEARING

Please be advised that a hearing on the Report of Receiver and Joint Motion for Approval of Investor Claim Designations and Distribution to Investors has been scheduled for the ____ day of _____, 2008, at ____ o'clock __.M. before the Honorable Carolyn R. Ricks, District Judge, Oklahoma County Courthouse, Oklahoma City, Oklahoma.

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of September, 2008, a true and correct copy of the above and foregoing instrument was served via first class U. S. mail, postage prepaid, on the following:

Ms. Patricia A. Labarthe
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102

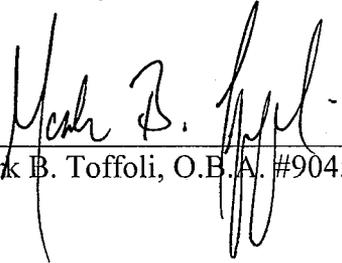
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