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10 Attorneys for Receiver  
11 THOMAS HEBRANK

12 **UNITED STATES DISTRICT COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**

14  
15 SECURITIES AND EXCHANGE  
COMMISSION,

16 Plaintiff,

17 v.

18 PACIFIC WEST CAPITAL GROUP,  
19 INC.; ANDREW B CALHOUN IV;  
PWCG TRUST; BRENDA CHRISTINE  
20 BARRY; BAK WEST, INC.; ANDREW B  
CALHOUN JR.; ERIC CHRISTOPHER  
21 CANNON; CENTURY POINT, LLC;  
MICHAEL WAYNE DOTTA; and  
22 CALEB AUSTIN MOODY (dba SKY  
STONE),

23 Defendants.  
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Case No. 2:15-cv-02563-DDP-FFM

**RECEIVER'S REPLY TO  
OPPOSITIONS TO MOTION FOR  
ORDER: (1) APPROVING  
RECEIVER'S  
RECOMMENDATIONS  
REGARDING ALLOWED  
CLAIMS; (2) APPROVING  
RECOMMENDATIONS  
REGARDING DISPUTED AND  
DISALLOWED CLAIMS; (3)  
APPROVING DISTRIBUTION  
PLAN; AND (4) AUTHORIZING  
INTERIM DISTRIBUTION**

Date: January 11, 2021  
Time: 10:00 a.m.  
Ctrm.: 9C  
Judge: Hon. Dean D. Pregerson

1 Thomas C. Hebrank ("Receiver"), the Court-appointed receiver for Defendant  
2 PWCG Trust, hereby submits this reply to the oppositions to the Receiver's Motion  
3 for (1) Approving Receiver's Recommendations Regarding Allowed Claims;  
4 (2) Approving Recommendations Regarding Disputed and Disallowed Claims; (3)  
5 Approving Distribution Plan; and (4) Authorizing Interim Distributions ("Motion").  
6 Aside from two investors, David Amandus and Wesley Bemis, the Receiver has not  
7 received any objections to the Motion. The Receiver does not know if the two  
8 oppositions were filed with the Court, however, they were emailed to the Receiver's  
9 counsel and are attached hereto for the Court's review.

10 As discussed below, Mr. Amandus' objection should be overruled because he  
11 simply disagrees with the Court approved MIMO claims calculation. Mr. Bemis'  
12 claim should be denied because he seeks to recover money based upon a personal  
13 investment with Mr. Calhoun that is outside of this receivership. Accordingly, the  
14 Receiver requests the Court to overrule the objections and grant the Receiver's  
15 Motion.

16 **David Amandus**

17 Mr. Amandus objects to the money in-money out (or "MIMO") formula that  
18 was approved by the Court and has been used to calculate all investor claims.  
19 Instead, Mr. Amandus argues that amounts he received from PWCG Trust from  
20 policies that matured prior to the receivership should be ignored when calculating  
21 his claim. This issue was addressed in the Motion (pp. 8-9). Moreover, there is no  
22 basis for segregating certain claims or insurance policies based upon the timing of  
23 the investment (in this case investments made early in the life of the scheme) from  
24 the investments made at a later time, when calculating the Allowed Amount of an  
25 investor's claim. The fraudulent conduct at the heart of this case took place when  
26 investors purchased fractionalized interests in insurance policies held by PWCG  
27 Trust. The fraudulent conduct impacted all investors and all policies, even if a small  
28 number of policies happened to mature before their reserves were exhausted.

1 Therefore, as a matter of equity, all investor claims should be treated the same. Mr.  
2 Amandus' attempt to segregate certain policies in a way that inflates his claim has  
3 no merit and should be rejected.

4 **Wesley Bemis**

5 Mr. Bemis objects to the proposed Allowed Amount of his claim, which is the  
6 MIMO calculation of his transfers to and from PWCG Trust (\$1,198,532.49).  
7 Instead, Mr. Bemis argues that amounts he invested directly with Defendant Andrew  
8 B. Calhoun, IV should be added to his claim. However, neither Mr. Calhoun nor his  
9 the assets are not part of the receivership estate. The receivership is limited solely to  
10 the assets of PWCG Trust, so the claims process must also be limited to claims  
11 against PWCG Trust.

12 If this were not the case, then anyone with claims against Mr. Calhoun  
13 personally would have claims against the receivership estate, while the receivership  
14 estate would not have access to or control over Mr. Calhoun's personal assets.  
15 Moreover, the Receiver has no way to account for or properly determine claims  
16 against Mr. Calhoun personally, which are not necessarily reflected in the records of  
17 PWCG Trust or the Receiver's analysis and accounting of PWCG Trust's financial  
18 affairs pursuant to the receivership order (Dkt. 145).

19 Therefore, if the claims process were expanded to include claims against  
20 Mr. Calhoun personally, an accounting of Mr. Calhoun's personal finances would be  
21 required and claim notices would need to be sent to those who appear to have claims  
22 against Mr. Calhoun per the accounting. There is no basis to expand the claims  
23 process in this manner.

24 The claims process is intended to determine the proper and allowable claims  
25 against the receivership estate, which is limited to PWCG Trust and does not include  
26 Mr. Calhoun or any other persons or entities. Mr. Bemis can pursue an action  
27 against Mr. Calhoun personally for amounts he may have paid Mr. Calhoun (and  
28 presumably Mr. Calhoun can assert any defenses that would be applicable based on

1 their private interactions). It should also be noted that Mr. Bemis' transaction with  
2 Mr. Calhoun took place well after the SEC action against PWCG Trust and  
3 Mr. Calhoun had been commenced. As such, Mr. Bemis, and with several others,  
4 took the risk that they were investing in a fraudulent enterprise. This additional risk  
5 was reflected in the discounted purchase price they paid to Mr. Calhoun for their  
6 fractional interests. Notably, the interests that Mr. Bemis purchased were forfeited  
7 by the victims of the underlying fraudulent enterprise.

8 For all of the foregoing reasons, Mr. Bemis' objection to the Motion should  
9 be overruled.

10  
11 Dated: December 28, 2020

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

12  
13 By: /s/ Edward G. Fates

14 EDWARD G. FATES  
15 Attorneys for Receiver  
16 THOMAS HEBRANK  
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# EXHIBIT A

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In *Propria persona*  
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8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

10 SECURITIES AND EXCHANGE  
COMMISSION,

11 Plaintiff,

12 v.

13 PACIFIC WEST CAPITAL GROUP,  
14 INC.; ANDREW B CALHOUN IV;  
PWCG TRUST; BRENDA CHRISTINE  
15 BARRY; BAK WEST, INC.; ANDREW B  
CALHOUN JR.; ERIC CHRISTOPHER  
16 CANNON; CENTURY POINT, LLC;  
MICHAEL WAYNE DOTTA; and  
17 CALEB AUSTIN MOODY (dba SKY STONE),

18 Defendants.  
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Case No. 2:15-cv-02563-DDP-FFM

**OPPOSITION OF DAVID W. AMANDUS  
TO RECEIVER'S MOTION FOR ORDER:  
(1) APPROVING RECEIVER'S  
RECOMMENDATIONS REGARDING  
ALLOWED CLAIMS; (2) APPROVING  
RECOMMENDATIONS REGARDING  
DISPUTED AND DISALLOWED CLAIMS;  
(3) APPROVING DISTRIBUTION PLAN;  
(4) AUTHORIZING INTERIM  
DISTRIBUTION**

Date: January 11, 2021

Time: 10:00 a.m.

Ctrm.: 9C

Judge: Hon. Dean D. Pregerson

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**I. STATEMENT OF OPPOSITION**

David W. Amandus ("**Amandus**") opposes the Receiver's motion of recommending the Amandus claim amount of \$320.48. Rather, Amandus asserts the claim amount should be \$20,320.48 (Refer to Exhibit B, page 45 of the Receivers Declaration of motion for order.)

Amandus invested in four policies with PWCG (refer to Exhibit A). Two of the policies have matured and two are still active. Amandus' dispute is in regards to policy #610007074. The Receiver considers this policy as one that falls under the MIMO calculation, whereas, Amandus contends that this policy should not be part of the MIMO calculation.

The Receiver contends Amandus is disputing the MIMO formula. However, Amandus is not disputing the MIMO formula, rather, Amandus is asserting that **policy #610007074 is separate from the SEC complaint**, and therefore, should not be considered in the MIMO calculation.

**Reasoning**

**1. Policy #610007074 is outside of the timeframe of the SEC vs. PWCG complaint**

This policy was purchased 16 years ago in 2004 (refer to Exhibits C & D), and matured 12 years ago in 2008 (refer to Exhibit G); well before fraud was seen within PWCG in January, 2012 (refer to Exhibit B).

**2. Policy #610007074 was not involved in the Fraud of using other investor's monies to pay premiums**

This is shown by two facts:



2.1 PWCG did not start using monies from other investors to pay premiums of older policies until early 2012; whereas this policy matured on November 15, 2008 (refer to Exhibits B & G).

2.2 Money was escrowed to pay premiums on this policy for a 7 year period (refer to Exhibit F). This policy matured within 4 years, and therefore, the escrowed funds were never depleted.

### **Discussion**

The question being raised by Amandus is what investments should be considered as part of the PWCG Fraud litigation? There must be criteria, over and above the fact that the policy is part of the PWCG Trust. There must be a relevant timeframe. Even the Receiver acknowledges that there is a relevant timeframe in his response to my dispute (see Exhibit H). Amandus holds this relevant timeframe should be governed by the following criteria:

1. Investments that matured prior to any diversion of funds to pay premiums should not fall under the litigation and should not be subject to the MIMO formula (i.e. policies that matured prior to January, 2012).
2. Investments that matured prior to the exhaustion of the policy's escrowed funds should not fall under the litigation and should not be subject to the MIMO formula.

If either of these is true, the policy should not fall under the litigation and should not be subject to the MIMO formula.

Policy #610007074 meets both of these criteria.

1     **Final comment**

2             It is not equitable for other investors to take advantage of the profits made  
3     on this policy when the impact upon Amandus is significant, and investors in other  
4     policies had no part in this investment at all.

5  
6     **Request**

7             Therefore, for the foregoing reasons, Amandus respectfully requests that this Court  
8     enter an order to exclude policy #610007074 from the MIMO calculation, granting  
9     his allowed claim amount to be \$20,320.48.

10  
11  
12     DATED: December 21, 2020

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15                                     \_\_\_\_\_  
16                                     DAVID W. AMANDUS, *In Propria Persona*  
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**II. ATTACHMENTS**

The purpose of each supporting document is as follows:

**1. Exhibit A, Policies invested with PWCG ..... 7**

This document states the Life Settlement Policies invested in by Amandus.

**2. Exhibit B, SEC Complaint – Case 2.15-cv-02563 Document 1,  
Filed 04/07/15, Pages 1,2,3,8 and 16 ..... 9**

This document affirms that the alleged fraud by PWCG, of using the funds of new investors to pay premiums of older policies, began in early 2012 and continued at least through November, 2014.

**3. Exhibit C, Policy 610007074, Life Settlement Purchase Agreement .... 15**

This document shows that the Purchase Agreement date was Nov. 16, 2004.

**4. Exhibit D, Policy 610007074, Transaction Detail ..... 25**

This document shows that \$20,000.00 was transferred to the PWCG account as of 12/15/2004.

**5. Exhibit E, Policy 610007074, Life Settlement Disclosure form ..... 27**

This document shows that funds were escrowed (by Mills Potoczak & Co.) to pay the premiums due on this policy for 7 years.

**6. Exhibit F, Mills, Potoczak & Co., Letter of Change of Ownership ..... 31**

This document states the amount of funds held in escrow.

**7. Exhibit G, Policy 610007074, Policy Maturity Letter ..... 33**

This document states that the policy 610007074 matured on October 15, 2008.

**8. Exhibit H, Receiver's response to my dispute ..... 35**

# **EXHIBIT A**

**Policies invested in with PWCG**

My wife and I invested in four policies with PWCG. Two of the policies have matured and two are still active:

Policy #	Date Invested	Amount Invested	Date Matured	Amount Paid out	Escrow
<b>610007074</b>	12/15/2004	\$20,000.00	10/15/2008	\$40,000.00	7 year; never depleted
<b>VF51113790</b>	06/01/2005	\$20,000.00			7 year; depleted July, 2012
Cash call	09/23/2015	\$2,229.08			
Cash call	06/24/2016	\$2,559.95			
Cash call	06/26/2017	\$3,168.00			
<b>20068524</b>	03/22/2006	\$20,000.00	02/01/2016	\$50,000.00	8 year; depleted May, 2015
Cash call	08/12/2015	\$2,363.45			
<b>94140993</b>	01/02/2013	\$20,000.00			7 year; depleted Jan, 2013

**Dispute:** My dispute with the Receiver is in regards to policy #610007074.



# **EXHIBIT B**

**SEC Complaint – Case 2.15-cv-02563 Document 1,  
Filed 04/07/15, Pages 1,2,3,8 and 16**



Case 2:15-cv-02563 Document 1 Filed 04/07/15 Page 1 of 30 Page ID #:1

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12 UNITED STATES DISTRICT COURT  
13 CENTRAL DISTRICT OF CALIFORNIA  
14 Western Division  
15

16 SECURITIES AND EXCHANGE  
17 COMMISSION,

18 Plaintiff,

19 vs.

20 PACIFIC WEST CAPITAL GROUP,  
21 INC.; ANDREW B CALHOUN IV;  
PWCG TRUST; BRENDA  
22 CHRISTINE BARRY; BAK WEST,  
23 INC.; ANDREW B CALHOUN JR.;  
ERIC CHRISTOPHER CANNON;  
24 CENTURY POINT, LLC; MICHAEL  
WAYNE DOTTA; and CALEB  
25 AUSTIN MOODY (dba SKY  
STONE),  
26

27 Defendants.  
28

Case No.: 2:15-cv-02563

COMPLAINT

COMPLAINT

1

1 Plaintiff Securities and Exchange Commission ("SEC") alleges:

2 **JURISDICTION AND VENUE**

3 1. The Court has jurisdiction over this action pursuant to Sections 20(b),  
4 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§  
5 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the  
6 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1),  
7 78u(d)(3)(A), 78u(e) & 78aa(a).

8 2. Venue is proper in this district pursuant to Section 22(a) of the Securities  
9 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a).  
10 because certain of the transactions, acts, practices and courses of conduct constituting  
11 violations of the federal securities laws occurred within this district.

12 **SUMMARY**

13 1. This case involves fraud in the unregistered offer and sale of securities  
14 consisting of fractionalized interests in universal life insurance policies, or "life  
15 settlements," by Defendants Pacific West Capital Group, Inc. ("Pacific West") and  
16 Andrew B Calhoun IV ("Calhoun"). Pacific West and Calhoun sell investments  
17 structured around when life insurance policies "mature" (the insured individual dies)  
18 and the benefits are paid. Since Calhoun started Pacific West in 2004, they have  
19 raised approximately \$99.9 million from over 3,200 investors who purchased life  
20 settlements in approximately 125 life insurance policies. Since at least 2012, Pacific  
21 West and Calhoun have perpetrated a scheme to defraud investors by using money  
22 received from investors from the sale of new life settlements to pay premiums on life  
23 settlement investments sold years earlier which had not matured and had exhausted  
24 the "premium reserves" created by Pacific West and Calhoun to keep the policies in  
25 force. Pacific West and Calhoun engaged in this conduct to create the false  
26 appearance that the life settlements they structured and sold had minimal risk and  
27 would pay off within the expected period.

28 2. In addition, since at least 2012, Pacific West and Calhoun have

COMPLAINT



1 misrepresented the risks that investors would have to make future, out-of-pocket  
2 payments to keep the policies in force, and failed to disclose material information  
3 about the increased amount of future premiums. Pacific West and Calhoun have also  
4 misled investors about their likely annual returns and falsely represented to investors  
5 that their investments had nothing to do with Pacific West's efforts and fortunes. By  
6 engaging in this conduct, Pacific West and Calhoun facilitated their sale of new life  
7 settlements to unsuspecting investors, which generated substantial revenue for Pacific  
8 West and Calhoun. Pacific West and Calhoun retained the "Sales Agent Defendants"  
9 (collectively, Defendants Brenda Barry; BAK West, Inc.; Andrew B. Calhoun Jr.;  
10 Eric Cannon; Century Point, LLC; Michael Dotta; and Caleb Moody) to offer and sell  
11 the life settlements to investors.

12 3. The securitized life settlements are issued by Defendant PWCG Trust  
13 ("Trust"), and the offer and sale of these investments by Pacific West and Calhoun  
14 are not registered and have been, and are being, offered and sold in violation of the  
15 registration provisions of the federal securities laws by Pacific West, Calhoun, Trust,  
16 and the Sales Agent Defendants. Defendants Pacific West, Calhoun, and the Sales  
17 Agent Defendants have been, and are, operating as unregistered brokers and dealers  
18 in the offer and sale of life settlements in violation of the broker-dealer registration  
19 provisions of the federal securities laws.

20 4. Upon information and belief, the defendants' fraudulent conduct and  
21 unregistered offering is continuing, as are their violations of the broker-dealer  
22 registration provisions.

23 5. With this Complaint, the SEC seeks permanent injunctive relief against  
24 Pacific West and Calhoun from violations of the antifraud provisions of the federal  
25 securities laws, disgorgement of ill-gotten gains with prejudgment interest thereon,  
26 and civil penalties. In addition, the SEC seeks permanent injunctive relief against  
27 Pacific West, Calhoun, the Trust, and the Sales Agent Defendants, from violations of  
28 the registration provisions of the federal securities laws, disgorgement of ill-gotten

COMPLAINT

1 had depleted their Primary Premium Reserve.

2 24. Pacific West and Calhoun have raised substantial funds from investors  
3 through the unregistered offer and sale of securities. From late 2004 through at least  
4 November 2014, Pacific West and Calhoun raised more than \$99.9 million from over  
5 3,200 investors who had purchased interests in approximately 125 policies. During  
6 that period, approximately \$45.9 million, or about 46% of the total amount raised  
7 from investors, was paid to Pacific West as its self-described "margin."

8 25. For the period beginning January 2012 through at least November 2014,  
9 Pacific West and Calhoun raised approximately \$37.3 million from investors. Of that  
10 amount, just over 15%, or about \$5.7 million, was used to purchase policies, and just  
11 less than 34%, or about \$12.6 million, was used to fund the Primary Premium  
12 Reserve. About 4%, or over \$1.5 million, was used to pay broker commissions and  
13 escrow fees. Pacific West directed the Trust to pay it over \$17.2 million, or over  
14 46% of the total amount raised from investors, as its margin during this period.

15 26. Of the \$17.2 million that Pacific West received from January 2012  
16 through November 2014, Calhoun personally received approximately \$5.2 million –  
17 or about 13% of the total amount raised from investors – in salary, commissions, and  
18 transfers. Another \$2.3 million of Pacific West's margin was paid to the Sales Agent  
19 Defendants as commissions during this period. Finally, approximately \$1.9 million  
20 of Pacific West's margin was used to pay premiums on older policies that had  
21 depleted Primary Premium Reserves – or about 5% of all investor funds raised from  
22 January 2012 through November 2014.

23 **1. Calhoun selected the policies to be offered to investors**

24 27. Pacific West and Calhoun sold fractionalized interests in a type of life  
25 insurance policy called "universal life" or "flexible premium adjustable life"  
26 insurance. These types of policies have an insurance component like a term life  
27 insurance policy, and a savings component like a whole life insurance policy. The  
28 cost of the insurance component generally increases each year. The policyholder can

COMPLAINT



1 all life settlements sold by Pacific West, and the Tertiary Premium Reserves which  
2 were funded by any unused Primary Premium Reserves on other life settlements.

3 **B. Pacific West's and Calhoun's Scheme to Defraud Investors**

4 61. Beginning no later than early 2012 and continuing to at least November  
5 2014, an increasing number of life settlements sold from 2004 through 2008 by  
6 Pacific West and Calhoun ran out of funds in their Primary Premium Reserves. The  
7 Primary Premium Reserves were depleted because Calhoun set up a Primary  
8 Premium Reserve that was insufficient to cover premiums necessary to keep policies  
9 in force during the Contract Period, and/or because the Insureds had outlived the  
10 Contract Period.

11 62. Beginning in 2012 and continuing through at least November 2014,  
12 Pacific West and Calhoun directed the Trust to use a portion of Pacific West's margin  
13 from the sale of new life settlements to pay premiums on older policies where the  
14 Primary Premium Reserve account had been depleted. Pacific West and Calhoun did  
15 not follow the disclosed protocol of drawing funds from the Secondary and Tertiary  
16 Premium Reserves, and if those were depleted, then requiring investors to pay  
17 additional amounts consisting of their pro rata share of premiums to keep policies in  
18 force.

19 63. Between January 1, 2012 and November 14, 2014, Pacific West and  
20 Calhoun directed the Trust to use approximately \$1.9 million of new investor funds  
21 from the sale of life settlements during that period, to pay premiums on policies they  
22 had sold to investors between 2004 and 2008. The \$1.9 million represented  
23 approximately 5% of all funds Pacific West and Calhoun raised from investors during  
24 that period, and approximately 11% of the approximately \$17.2 million that Pacific  
25 West received from the sale of life settlements during that period.

26 64. By paying the premiums from the margin generated from the sale of new  
27 life settlements to investors, Pacific West and Calhoun avoided using any funds from  
28 the Secondary or Tertiary Premium Reserves, and avoided making a premium cash

# **EXHIBIT C**

**Policy 610007074, Life Settlement Purchase Agreement**





PACIFIC WEST CAPITAL GROUP, INC.  
LIFE SETTLEMENT PURCHASE AGREEMENT

No modifications to this Contract may be made without the written consent of the Parties

THIS LIFE SETTLEMENT PURCHASE AGREEMENT ("Agreement") is made this 16 day of November, 2004, by and between Pacific West Capital Group, Inc. ("PWCG" or the "Seller"), and

David Amandus (the "Purchaser").

This Agreement covers the purchase of one or more interests in the death benefits of a life insurance policy insuring the life of an individual who is at least seventy-five (75) years old, or life settlement interests ("Interests").

WHEREAS, the Purchaser has reviewed and approves and adopts the criteria utilized by the Seller to purchase said Interests; and

WHEREAS, the Purchaser acknowledges that the economic benefit derived from the transaction(s) contemplated by this Agreement will result solely from the maturity of the life insurance policy(ies) upon the death of the insured(s), and will not be derived from the efforts of any person or entity employed by or associated with the Seller, and the Purchaser expressly waives any and all claims to the contrary; and

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, each party hereby represents that it or its representatives has/have the requisite authority to enter into this Agreement and hereby agree as follows:

1. THE PURCHASE

(a) The Purchaser hereby agrees to deposit the sum of All Cash (\$20,000) to acquire an Interests from the Seller.

Upon maturity, Purchaser will receive payment of 100 % total fixed return.

(b) The Purchaser's deposit will be made simultaneous with the delivery of this executed Agreement to Seller, by delivering a check, or effecting a wire transfer, made payable to Seller's Escrow Agent, Mills Potoczak & Co. The Purchaser's deposit does not constitute a purchase or a commitment to purchase until five (5) business days after the Purchaser has received all of the disclosures required by California law.

(c) Beginning on the date Seller receives both this executed agreement and the purchase deposit, the Seller will provide, when available, information regarding life insurance policies which meet the requirements of Seller and Purchaser on a Life Settlement Disclosure Form. If after reviewing this information the Purchaser wishes to purchase the described Interests the Purchaser will sign and return the Life Settlement Disclosure Form.



(d) Upon Seller's receipt of the executed Life Settlement Disclosure Form, but in no event sooner than five (5) days after Purchaser's receipt of the Life Settlement Disclosure Form, the Seller will obtain confirmation of the recording of a change of ownership of such Policy to PWCG Trust ("PWCG") and a confirmation of irrevocable beneficiary. In the case of a Group Policy, the Seller will obtain a confirmation of the recording of an absolute assignment of such Group Policy to the PWCG Trust and a confirmation of the recording of a change of beneficiary under such Policy naming as beneficiary the PWCG Trust. To the extent that the Seller does not at the date of this Agreement have available such policies, the Seller shall use its reasonable efforts to obtain a suitable policy(ies) as soon as practicable after the date of this Agreement.

(e) Upon the maturity of the life insurance policy(ies) in which Purchaser has purchased a life settlement interest, the Seller's Post Closing Services Company shall file a claim for the death benefits with the appropriate insurance company. When the PWCG Trust receives payment of such claim, the Purchaser will be paid its pro rata share of the death benefits.

(f) The owner of the life insurance policy in which you will obtain an interest will be a trust. The current trust is PWCG Trust. The current Trustee of the PWCG Trust is Mills Potoczak & Co. The Trustee's sole responsibilities are to maintain accounts for the purpose of making the premium payments as more fully described in Section 2(d) of this Purchase Agreement, to be the beneficiary for the death benefits of the life insurance policy in which you obtain an Interest and to disburse the death benefits in accordance with the assignments of benefits relating to that policy. PWCG has contracted with Mill Potoczak & Co. to perform a certain post closing services as the Trustee, as more fully set forth in Paragraph 3(n) herein.

(g) The Seller's Escrow Agent is Mills Potoczak & Co., 27600 Chagrin Blvd./ Suite 200 Cleveland, OH 44122.

(h) The responsibilities of the Escrow Agent are:

1. To hold the funds forwarded by the Purchaser pursuant to this Agreement.
2. To hold the documents received from the Seller of a policy when required.
3. To receive and review written confirmation that the insurance company has accepted, recognized and/or noted on its books and records the transfer of the policy ownership and the change of beneficiary(ies).
4. To make disbursements at the direction of the Trustee.

(i) The Escrow Agent is not representing the Purchaser in this transaction and has no responsibility to the Purchaser with regard to this transaction other than to hold the funds in escrow in accordance with Section 1h.

(j) Purchaser recognizes that the Trustee and Escrow Agent shall not incur any liability to the Seller or to Purchaser for any damages, losses or expenses which either party may sustain or incur, unless the same is a direct result of the gross negligence or intentional misconduct of Trustee or Escrow Agent. Trustee and Escrow Agent shall be protected in any action taken or omitted in good faith with respect to their duties and responsibilities. Trustee and Escrow Agent shall be entitled to rely on any document(s) which Trustee and Escrow Agent



reasonably believe satisfy the terms and conditions of the escrow. The Seller and Purchaser each hereby agree to indemnify and hold harmless Trustee and Escrow Agent from and against all losses, except those caused by gross negligence or intentional misconduct, claims, damages, liabilities and expenses which it may sustain or incur hereunder, including, without limitation, reasonable attorney's fees, which may be imposed upon Trustee or Escrow Agent or incurred by Trustee and Escrow Agent in connection with the performance of their duties.

(k) Seller may from time to time make available for purchase an Interest in a "second to die" life insurance policy. These policies typically insure the life of a husband and wife, and do not mature until both insureds have died.

## 2. THE SELLER'S OBLIGATIONS TO THE PURCHASER

(a) The Seller represents and warrants to the Purchaser that:

(1) The Insured's attending physician shall confirm in writing that the Insured is of sound mind and under no constraint or undue influence for the life insurance policies in which an Interest is being purchased.

(2) The life insurance policies in which an Interest is being purchased must be in effect and beyond their respective contestability and suicide periods.

(3) The insurance company that issued the policies must have, at the time Seller is provided the Life Settlement Disclosure Form, a rating of "A" or better as determined by Standard & Poors.

(b) Seller has established a five (5) level plan in order to provide that premium payments are made until the date of maturity of the policy. The first level involves the placement of funds for each policy's premiums in a premium escrow account sufficient to pay premiums for a minimum of "life expectancy plus two years". Second, some policies have a disability waiver rider that pays premiums in the event the insured becomes disabled. Third, an initial general premium reserve is established to pay premiums on policies not fully paid by levels one and two. The money for the additional premium reserve comes from the distribution of 1% of all purchase money received by the Escrow Agent. Fourth, an additional general premium reserve is established to pay premiums on policies not fully paid at levels one, two and three. The money for this premium reserve comes from unused premiums of matured policies and interest earned on the active premium escrow account. In the event all of the premium escrow accounts are depleted, in order to safeguard the policy against a lapse in coverage, it will become the responsibility of the Purchaser to make pro rata premium payments on any policy in which they have an Interest. In that event the Trustee shall notify the Purchaser no less than 90 days before any premium payment becomes due.

(c) The Seller shall obtain a written release signed by all the present owners and beneficiaries under the Policy(ies), waiving any and all present and/or future rights to ownership and beneficial interests under the Policy(ies) and provide this information to the Trustee;

(d) Seller shall obtain and provide to the Trustee the following documents:

1. Change of Ownership
2. Change of Beneficiary

(e) In order to protect the confidentiality and privacy of insureds, their names will not be disclosed to the Purchasers. Insureds will be given a code number which will be recorded and maintained in the records of the Seller and the servicing company's databases. Any insurance company documents provided to the Purchaser will have any identifying information regarding the insured redacted and replaced with this code number.

(f) Except as set forth in this Agreement, the Seller makes no representations or warranties of any kind, nature or description whatsoever and Purchaser expressly acknowledges that no representations or warranties have been made. The Seller is not liable or bound in any manner by express or implied warranties, guaranties, promises, statements or representations, not included within this Agreement, that are made or furnished by any broker, agent, employee, servant or other person purporting to represent the Seller.

### 3. DISCLOSURES TO LIFE SETTLEMENT PURCHASERS

(a) The Seller is Pacific West Capital Group, Inc., whose principal business and mailing address is 330 Washington Boulevard, Suite 301, Marina Del Rey, California 90292 and whose phone number is 310-578-6343.

(b) The suitability standards for prospective purchasers, set forth at California Corporations Code §25102(q)(1), are as follows:

(1) Sales of securities described in this subdivision are made only to qualified purchasers or other persons the issuer reasonably believes, after reasonable inquiry, to be qualified purchasers. A corporation, partnership, or other organization specifically formed for the purpose of acquiring the securities offered by the issuer in reliance upon this exemption may be a qualified purchaser only if each of the equity owners of the corporation, partnership, or other organization is a qualified purchaser. Qualified purchasers include the following:

(A) A person designated in Section 260.102.13 of Title 10 of the California Code of Regulations.

(B) A person designated in subdivision (i) or any rule of the commissioner adopted thereunder.

(C) A pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or an individual retirement account, if the investment decisions made on behalf of the trust, plan, or account are made solely by persons who are qualified purchasers.

(D) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or



partnership, each with total assets in excess of five million dollars (\$5,000,000) according to its most recent audited financial statements.

(E) A natural person who is either an individual or an individual jointly with their spouse, they warrant that they (i) have a minimum net worth of one hundred fifty thousand dollars (\$150,000) and have, during the immediately preceding tax year, gross income in excess of one hundred thousand dollars (\$100,000) and reasonably expect gross income in excess of one hundred thousand dollars (\$100,000) during the current tax year or (ii) have a minimum net worth of two hundred fifty thousand dollars (\$250,000). "Net worth" shall be determined exclusive of home, home furnishings, and automobiles. Other assets included in the computation of net worth may be valued at fair market value.

Each natural person specified above, by reason of his or her business or financial experience, or the business or financial experience of his or her professional advisor, who is unaffiliated with and who is not compensated, directly or indirectly, by the Issuer of any affiliate or selling agent of the Issuer, can be reasonably assumed to have the capacity to protect his or her interests in connection with the transaction. The amount of investment of each natural person shall not exceed 10 percent of the net worth, as determined by this subdivision, of that natural person.

(F) Any other purchaser designated as qualified by rule of the commissioner.

- (c) PWCG is a corporation incorporated in the State of California.
- (d) PWCG is in the business of facilitating the sale of interests in life settlements.
- (e) Andrew Calhoun is the President, director and sole shareholder of PWCG.

(f) Under Section 25508.5 of the California Corporations Code, a person who purchases a life settlement contract or a fractionalized or pooled interest therein may rescind or cancel the purchase at any time before seven (7) calendar days after the date the person remits the required consideration to the issuer or the issuer's agent by giving written notice of rescission or cancellation to the issuer or the issuer's agent. No specific form is required for the rescission or cancellation. The notice is effective when personally delivered, deposited in the United States mail, or deposited with a commercial courier or delivery service. If the Purchaser rescinds or cancels the purchase, the Seller shall refund all of the Purchaser's money within seven (7) calendar days after receipt of the notice of rescission or cancellation.

(g) The life expectancy of any particular insured and the annual rate of return on a life settlement contract are only estimates and cannot be guaranteed. The annualized rate of return would be higher if the actual life expectancy turns out to be less than the estimated life expectancy of the insured. The annualized rate of return would be lower if the actual life expectancy turns out to be more than the estimated life expectancy of the insured.

(h) The purchase of the death benefit of one or more life insurance policies should not be considered a liquid purchase. It is impossible to predict the exact time of the insured's death. No fixed date for the payment of the death benefit to Purchaser has been or can be determined at this time. Purchaser's funds are illiquid and will not be available until after the death of the insured. Purchaser acknowledges that he/she has sufficient financial resources to bear the risk associated with the purchase.

(i) The Purchaser's annual rate of return on purchase decreases as the life of the insured continues. The Purchaser's annual rate of return on purchase may be further adversely effected by, without limitation, (i) the financial stability of the insurance companies issuing the Policies, or (ii) the payment limitations in effect from time to time set by the State Guarantee Funds of the states where the Policies were issued.

(j) Each Purchaser should consult with his or her own tax advisor regarding the tax consequences of the purchase of a life settlement interest. If the Purchaser is using retirement funds or accounts for the purchase, he should ask his or her tax advisor whether or not any adverse tax consequences might result from the use of those funds for this purchase.

(k) Purchasers should be aware that some types of group life insurance policies may contain limitations or caps in the amount of coverage that may be converted. Also, the conversion of a group policy to an individual policy may result in additional premium payments.

(l) The Trustee is responsible for making the premium payments as outlined in Section 2(d) of this Agreement. The current Trustee is Mills, Potoczak & Co., 27600 Chagrin Boulevard, Suite 200, Cleveland, Ohio 44122.

(m) A Life Settlement Disclosure Form containing specific information regarding the insurance policy(ies) in which the Purchaser may obtain an interest will be provided to the Purchaser at least five (5) business days prior to the closing of any purchase. The commitment to purchase an interest in the death benefits of a specific policy shall not be final until the Purchaser has received this information and been given the opportunity to advise the Seller if he/she wishes to decline the purchase.

(n) There are certain post-closing servicing activities that must be undertaken, but are not performed by Seller. These servicing activities include but are not limited to maintaining contact with the insured, tracking the health status of the insured, monitoring the status of disability claims by insured, converting group policies to individual plans of insurance, and filing claims for benefits and death certificates with the insurance companies. The Seller currently uses Mills Potoczak & Co. to perform the above-described activities. Mills Potoczak & Co. is located at 27600 Chagrin Blvd, Suite 200, Cleveland, OH 44122.



#### 4. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller that:

(a) Purchaser is a resident of the State of California and the address and other information set forth herein are true and correct.

(b) The Interest(s) is/are being acquired solely for the Purchaser's own account and not with a view to or for sale in connection with the distribution of the security.

(c) Other than the Seller's agent, Purchaser has not dealt with any broker or finder in connection with the transaction set forth in this Agreement.

(d) He/she is sophisticated in financial matters or has access to professional advice, has adequate means for providing for current financial needs and possible personal contingencies, is capable of evaluating the merits and risks of obtaining an Interest and also acknowledges that, once the transaction closes, the funds committed are not liquid and will not be available until the policy matures.

(e) The Purchaser has been furnished with such information by the Seller as Purchaser requires and has requested regarding the Interest and has had any questions arising from such review answered by the Seller to Purchaser's satisfaction. Purchaser acknowledges, however, that Purchaser has not and will not be furnished with any information regarding the identity of the Insured(s) and purchases this Interest(s) with the expectation that the identity of the Insured will not be known. Purchaser has full legal capacity to enter into this Agreement.

(f) Purchaser acknowledges that the Seller is willing to provide additional information regarding this transaction and the business of the Seller beyond that contained in any documentation previously provided. The Purchaser also acknowledges that he/she has also had the opportunity to evaluate the merits and risks of this transaction.

(g) Purchaser acknowledges that he/she understands the meaning and legal consequences of the above representations and warranties and that the Seller has relied on these representations and warranties in entering into this Agreement. Purchaser agrees to indemnify and hold harmless the Seller and its principals, agents, and employees from any damage or liability due to or arising out of a breach of any representation or warranty made herein by Purchaser.

(h) Purchaser authorizes the Seller to enter into any agreements or contracts which may be necessary in order to effectuate the purchase of Interests on behalf of the Purchaser.

(i) Purchaser represents that he/she has completed a Suitability Questionnaire and that he/she understands that Seller will rely upon the representations made in that Suitability Questionnaire for the purpose of determining if the Purchaser is qualified.

(j) Purchaser acknowledges that the economic benefit derived from the transaction(s) contemplated by this Agreement will result solely from the maturity of the life insurance

policy(ies) upon the death of the insured(s), and will not be derived from the efforts of any person or entity employed by or associated with the Seller.

## 5. MISCELLANEOUS.

(a) **Entire Agreement.** This Agreement constitutes the entire agreement between the Seller and Purchaser. No change, modification, termination or amendment of this Agreement shall be valid unless it is in writing and signed by both the Seller and Purchaser.

(b) **Section Headings.** The section headings contained in this Agreement are for reference only and shall not in any way affect the meaning or interpretation of this Agreement.

(c) **Gender.** Pronouns shall be deemed to include masculine, feminine and neuter genders and singular or plural numbers as appropriate.

(d) **Applicable Law.** This Agreement shall be construed and enforced in accordance with, and governed by, without exception, the laws of California. A proceeding arising from or relating to this Agreement must be brought in the Superior Court of California, County of Los Angeles, to the exclusion of any other court of competent jurisdiction.

(e) **No Third Party Benefitted.** This Agreement is solely for the benefit of the parties hereto, and no other person or entity shall have any right, benefit, priority or interest under this Agreement, or because of the existence of this Agreement.

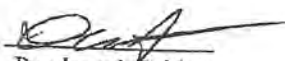
(f) **Notices.** Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail or recognized overnight delivery service to the parties at their respective addresses set forth below or to such other address as either party may designate by notice given in accordance with this Agreement.

Seller  
Pacific West Capital Group, Inc.  
330 Washington Boulevard, Suite 301  
Marina Del Rey, California 90292

Purchaser  
First Regional Bank Custodian for David Amardus  
P.O. Box 85410  
San Diego, CA 92186-5410

(g) **Non Waiver.** No failure on the Seller's part to exercise, and no delay in exercising, any right, power or remedy under this Agreement or under applicable law shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. All of Purchaser's rights and remedies under this Agreement or arising under applicable law are separate and cumulative and may be pursued separately, successively or concurrently, or not pursued, without affecting or limiting any other right of Purchaser.

SELLER'S/PA.CA#8  
Draft dated 10/8/2004  
Page 8

  
Purchaser's Initials



(h) **Invalidity and Severability.** If any provisions of this Agreement are held invalid or unenforceable, such invalidity or unenforceability shall not effect the other provisions of this Agreement, and to that extent, the provisions of this Agreement are intended to be and shall be deemed severable.

(i) **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the heirs, legal and personal representatives, successors, and assignees of the Purchaser.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PACIFIC WEST CAPITAL GROUP, INC.

By: Brenda Banz

Date: \_\_\_\_\_

FIRST REGIONAL BANK CUSTODIAN  
BY: [Signature]

LIFE SETTLEMENT PURCHASER(S)

LIFE SETTLEMENT PURCHASER(S)

[Signature]  
Signature  
First Regional Bank Custodian for  
DAVID AMANDUS  
Printed Name

\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Printed Name

#954714174 (tax exempt)  
Social Security or Tax ID#

\_\_\_\_\_  
Social Security or Tax ID#

P.O. Box 85410  
Address

\_\_\_\_\_  
Address

San Diego, CA 95410  
City, State, Zip

\_\_\_\_\_  
City, State, Zip

800-455-9472  
Telephone Number

\_\_\_\_\_  
Telephone Number

760-603-0887  
Facsimile Number

\_\_\_\_\_  
Facsimile Number

# **EXHIBIT D**

**Policy 610007074, Transaction Detail**

**Transaction Detail - Prior Day**

**Account**  
**Bank Name :** U.S. Bank - Cleveland  
**Acct Number :** USD 130101812571  
**Account Type Name :** Checking  
**Acct Name :** PWCG Escrow Account

**Transaction**

**Ledger Date :** 12/15/04

**Amount :** 20,000.00

**Transaction Code :** 195

**Transaction Description :** Incoming Wire Transfer

**Ref. Text :** WIRE TRAN1 000059INCOMING  
FEDWIRE 041215030923 041215  
ORIGINATOR= TASC / 954716174  
ORIGINATOR'S BANK= FST REG BK LA  
TEXT= PWCG ESCROW ACCT TASC /  
954716174 *David Amundus*

**Customer Reference :**

**Bank Reference :**

**Availability**

**Value Date :**

**0 Day Float :**

**1 Day Float :**

**2+ Day Float :**

# EXHIBIT E

**Policy 610007074, Life Settlement Disclosure form**



## **PACIFIC WEST CAPITAL GROUP, INC.**

### **LIFE SETTLEMENT DISCLOSURE FORM**

**SET FORTH BELOW IS INFORMATION REQUIRED BY CALIFORNIA LAW TO BE DISCLOSED TO PURCHASERS OF LIFE SETTLEMENT INTERESTS. ADDITIONAL REQUIRED DISCLOSURES ARE CONTAINED IN THE PURCHASE AGREEMENT THAT YOU HAVE EXECUTED.**

#### **1. INFORMATION ABOUT THE INSURED**

The insured is currently an 83 year old Female (DOB 10/01/1921).

#### **2. INFORMATION ABOUT THE INSURANCE COMPANY ISSUING THE POLICY**

The insurance company that issued the policy that is described below is as follows:

Security Life of Denver Insurance Company (Standard & Poor's "AA" rating,  
wholly-owned subsidiary of ING)  
1290 Broadway  
Denver, CO 80203-5699  
Phone: 1-800-525-9852

#### **3. INFORMATION ABOUT THE REGULATOR OF THIS INSURANCE COMPANY**

The state or foreign country regulator of the insurance company that issued the policy is:

New Mexico Dept. of Insurance  
P.O. Drawer 1269  
PERA Bldg., Room 536  
Santa Fe, NM 87504-1269  
Phone: 505-827-4601

#### **4. GENERAL INSURANCE POLICY INFORMATION**

The insurance policy number is 610007074.  
This policy was originally issued on 3/5/98.  
This policy is a Variable Universal Life policy.

#### **5. INSURANCE FACE VALUE, POLICY OWNERSHIP & PURCHASE INFORMATION**

The total face value of this policy is \$100,000.

You are purchasing 40 % of the death benefit payable under this policy.

SELLERS.CA Disclosure Statement  
11/3/2004  
Page 1 of 3

6. INFORMATION APPLICABLE IF THIS IS A GROUP POLICY

- ☒ This policy is not a group policy.
- ☐ This policy is a group policy. The name, address, and telephone number of the group is as follows:

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone (     ) \_\_\_\_\_

- ☐ You should be aware that material terms and conditions govern the conversion of this group policy to an individual policy. This information is as follows:

Should premiums on this policy increase upon such conversion, the premiums due on this policy would increase from \$ \_\_\_\_\_ on a(n) \_\_\_\_\_ basis to \$ \_\_\_\_\_ on a(n) \_\_\_\_\_ basis upon any such conversion. This information is based on current conversion rates that apply to this policy, which may be different at the time of any such conversion.

Material terms and conditions of which you should be aware are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. INFORMATION APPLICABLE IF THIS IS A TERM POLICY

- ☒ This policy is not a term policy.
- ☐ This policy is a term policy. The term of this policy is \_\_\_\_\_ and the person responsible for renewing this policy, if necessary, is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. INFORMATION APPLICABLE IF THIS IS A "SECOND TO DIE" POLICY

- ☒ This policy is not a "second to die" policy. The total fixed return on this purchase is 100%. Based upon your purchase in \$ 20,000 amount, you will receive \$ 40,000 upon maturity.
- ☐ This policy is a "second to die" policy that will not reach maturity until both insureds have died.

9. PAYMENT OF POLICY PREMIUMS

The premiums due on this policy are due or will become due on an annual basis, on March 5, 2005 in the amount of \$3017.

Funds will be escrowed to pay the premiums due on this policy for 7 years and will be paid by the Trustee, Mills Potoczak & Co., in accordance with the terms set forth in the Life Settlement Purchase Agreement.

SELLERS.CA Disclosure Statement

11/3/2004

Page 2 of 3

In the event that the premium reserves described in the Life Settlement Purchase Agreement are exhausted, only then will you be responsible for a payment of your pro-rata share of any unpaid premiums that become due to keep this policy in force.

#### 10. INFORMATION ABOUT CONTESTABILITY OF THIS POLICY

This policy is beyond the state statute for contestability because the required amount of time has elapsed since the original date of issue of this policy or the insurance company that issued this policy has waived the contestability provision in writing.

#### 11. POLICY OWNER

This policy will be owned by:

PWCG TRUST, MILLS POTOCZAK & CO. - TRUSTEE  
27600 CHAGRIN BLVD., SUITE 200  
CLEVELAND, OH 44122  
(216) 464-7481

I have reviewed this Life Settlement Disclosure Form and wish to purchase the Interest described herein.

#### LIFE SETTLEMENT PURCHASER(S)

Signature

David W. Amandus  
Printed Name

10037 Forbes Ave  
Address

North Hills, CA 91343  
City, State, Zip

(818) 360-5698  
Telephone Number

Facsimile Number

11/16/04  
Date

#### LIFE SETTLEMENT PURCHASER(S)

Signature

Printed Name

Address

City, State, Zip

Telephone Number

Facsimile Number

Date

# **EXHIBIT F**

**Mills, Potoczak & Co., Letter of Change of Ownership**





27600 Chagrin Boulevard  
Suite 200  
Cleveland, Ohio 44122-4464  
Phone: 216.464.7481  
Fax: 216.464.7581  
www.mpccpa.com

Mark G. Mills  
William M. Potoczak

December 17, 2004

David Amandus  
10037 Forbes Avenue  
North Hills, CA 91343

Dear Investor:

We have closed the life settlement you invested in through Pacific West Capital Group, Inc. Your funds have been placed with the following policy:

Insurance company:	Southland Life Insurance
Policy number:	610007074
Investment amount:	\$20,000.00
Total funds returned to investor:	\$40,000.00
Premium held in escrow:	\$8,647.60

A copy of the recorded change of ownership and beneficiary to PWCG Trust on the Southland Life Insurance policy you have been placed on is attached. If you have any questions, please give me a call.

Very truly,

**MILLS, POTOCZAK & COMPANY**

By: Carmen S. Carter  
Office Manager

# **EXHIBIT G**

**Exhibit F, Policy 610007074, Policy Maturity Letter**





October 15, 2008

David Amandus  
10037 Forbes Ave.  
North Hills, CA 91343

Dear David,

On behalf of everyone at Pacific West Capital Group, we hope this letter finds you doing well. We are pleased to inform you that a policy in which you have invested within the PWCG Trust, Security Life of Denver policy number 610007074, has matured.

Both the Death Certificate and Death Claim have been submitted to the Insurance Company for processing of the Death Benefit. Once Security Life of Denver has finished their processing, funds are sent to the Trust. The designation amount listed on your Assignment of Death Benefit, as well as on page two of your Policy Disclosure Form, will appear in your IRA account.

We hope we have assisted you with your financial success. Feel free to contact me at 800-588-8000 for any further questions or concerns.

Sincerely,

Brenda Barry  
Pacific West Capital Group

# **EXHIBIT H**

**Receiver's response to my dispute**

**Dave Amandus**

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**From:** pwcg@ethreadvisors.com  
**Sent:** Wednesday, August 26, 2020 11:44 AM  
**To:** Dave Amandus  
**Subject:** RE: PWCG Trust - Dispute of Claim Amount

Mr. Amandus,

I will note your dispute, however no changes will be made to your claim based on the following:

As previously reported, the Receiver has currently suspended the collection of both investor premium call and shortfall payments, as well as the \$200 or other administrative fees billed to you by Mills Potoczak. No prior premium or administrative fees will be refunded. Some investors have their investments in an IRA with Entrust Group. Entrust Group is not part of the receivership, and any administrative fees billed by them are not included in this directive.

The approved claims process utilizes the Money in/Money out methodology ("MIMO"). The proposed treatment of all investor claims using the MIMO methodology is grounded in both equity, general fairness and practical reality. This receivership arises out of an SEC lawsuit concerning a fraudulent enterprise run by Mr. Calhoun and others whereby investors were sold fractional interests in life insurance policies based upon false or misleading information. In part, the SEC's case is based upon fundamental misrepresentations made to investors regarding the fractional interests that were sold, the sufficiency of reserve amounts set aside to pay premiums, and the use of the investor proceeds and reserves. In such cases, as discussed below, Courts have found that the use of MIMO is a fair and reasonable starting point with regard to determining the allowed amount of claims, particularly where the assets of the receivership will most likely be insufficient to return all of the investors' principal investments in the enterprise – which is the case here.

For example, one of the important factors that led to the losses suffered by the investors, was the failure to set aside sufficient funds in reserves to pay the policy premiums. This problem arose with regard to all of policies purchased throughout the relevant time period and the extent of the problem varied from policy to policy. In some cases, reserves were exhausted early and premiums were paid with money taken from other policy reserves or contributed by Calhoun. In other cases, the reserves lasted longer and were exhausted later on; again resulting in borrowing from other policy reserves, third party loans, payments by Calhoun or perhaps capital calls upon investors. In some cases, policy reserves were exhausted and only a few fractional interest holders paid capital calls, with others either unwilling or unable to do so. And, of course, some policies matured early and others did not. These are just a few variables that are at issue.

Please refer to the Approved Claims Procedures: <http://www.ethreadvisors.com/downloads/SECvPWCG/2020-01-10-290-Motion-for-Approval-of-Procedures.pdf>

In some cases, investors were subject to "claw back" where if they received more than what they originally invested they are required by the court to pay back those funds. In your case you are not subject to "claw back".

We are unable to give legal advice, but if you wish to dispute your claim, once we've completed our review of claim disputes and we file our motion to approve the claim amounts, you will get a copy of the motion and you will need to file a response with the Court. We suggest speaking to a lawyer to get assistance.

Please continue to visit our website for updates, relevant information, and court filings at [www.ethreadvisors.com/cases/pwcg](http://www.ethreadvisors.com/cases/pwcg).

Regards,

*This does not pertain  
to policy 610007174*



Alica Herren  
Agent for Receiver, Thomas C. Hebrank  
SEC v. Pacific West Capital Group, Inc., et al.  
Case No. 2:15-cv-02563 FMO (FFMx)  
Phone: 619.567.7223 ext. 103  
Website: <http://www.ethreeadvisors.com/cases/pwcg/>

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**From:** Dave Amandus <DaveAmandus@Verizon.net>  
**Sent:** Tuesday, August 25, 2020 9:55 PM  
**To:** pwcg@ethreeadvisors.com  
**Cc:** Dave Amandus <DaveAmandus@Verizon.net>  
**Subject:** PWCG Trust - Dispute of Claim Amount

**Regarding the PWCG Trust.**

Following up on my phone conversation with Gino Rodriguez on August 12, 2020.

Regarding my PWCG claim amount:

- Your letter states that my allowed claim amount is **\$320.48**
- I believe the amount should be **\$20,520.00**.

Please see the attached supporting documents.

To start, refer to **PWCG – Response to E3 Advisors – Dispute of allowed claim amount.pdf**

I will also mail you a hard copy of these documents.

Thanks,  
Dave Amandus  
Cell: 818-913-7582

# **EXHIBIT B**

WESLEY K. BEMIS  
898 Big Springs Ct.  
Corona, CA 92878  
(714) 305-1859  
email: wes\_bemis@sbcglobal.net  
*In propria persona*

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE	)	Case No. 2:15-cv-02563-DDP-FFM
COMMISSION,	)	
	)	<b>OPPOSITION OF WESLEY K. BEMIS</b>
Plaintiff,	)	<b>TO RECEIVER'S MOTION FOR ORDER</b>
v.	)	<b>ALLOWING CLAIMS</b>
	)	
PACIFIC WEST CAPITAL GROUP,	)	Date: January 11, 2021
INC., ANDREW B. CALHOUN IV;	)	Time: 10:00 a.m.
PWCG TRUST; BRENDA CHRISTINE	)	Court:9C
BARRY; BAK WEST, INC.; ANDREW	)	Judge: Hon. Dean Pregerson
B. CALHOUN, JR.; ERIC	)	
CHRISTOPHER CANNON; CENTURY	)	
POINT, LLC; MICHAEL WAYNE	)	
DOTTA; and CALEB AUSTIN MOODY	)	
(dba SKY STONE),	)	
	)	
Defendants	)	

Wesley K. Bemis ("Bemis") hereby opposes the Receiver's Motion for Order Allowing Claims to the extent that the Motion seeks allowance of Bemis' claim.

As noted in the Receiver's motion, Bemis made a number of investments in PWCG Trust and the Receiver is prepared to allow Bemis' claim in the amount of \$1,198,532.49. However, Bemis purchased five (5) additional policies, now held by the PWCG Trust, from Defendant Andrew Calhoun, IV ("Calhoun IV") for an additional \$250,000. Although purchased through Calhoun IV, the



1 policies are now property of the receivership estate.  
2 Presumably, if the insured were to pass away, the estate would be  
3 the beneficiary of the proceeds, and as such, Bemis should not be  
4 prejudiced by disallowance of the additional claim of \$250,000.  
5 See Bemis attached declaration with copies of the policy  
6 assignments to the receivership estate as of October 2017.  
7 Clearly, it would be inequitable to allow the receivership estate  
8 to benefit from the prospective proceeds of the policies without  
9 compensation to Bemis, as the investor.

10 As such, Bemis requests that his claim be allowed in the  
11 total amount of \$1,348,532.49.

12 DATED: December 17, 2020

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15 WESLEY K. BEMIS, In Propria Persona  
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1 WESLEY K. BEMIS  
898 Big Springs Ct.  
2 Corona, CA 92878  
(714) 305-1859  
3 email: wes\_bemis@sbcglobal.net  
In propria persona  
4  
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8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

10 SECURITIES AND EXCHANGE	)	Case No. 2:15-cv-02563-DDP-FFM
COMMISSION,	)	
11	)	<b>DECLARATION OF WESLEY K. BEMIS</b>
Plaintiff,	)	<b>IN OPPOSITION TO RECEIVER'S</b>
12 v.	)	<b>MOTION FOR ORDER ALLOWING</b>
	)	<b>CLAIMS</b>
13 PACIFIC WEST CAPITAL GROUP,	)	
INC., ANDREW B. CALHOUN IV;	)	Date: January 11, 2021
14 PWCG TRUST; BRENDA CHRISTINE	)	Time: 10:00 a.m.
BARRY; BAK WEST, INC.; ANDREW	)	Court:9C
15 B. CALHOUN, JR.; ERIC	)	Judge: Hon. Dean Pregerson
CHRISTOPHER CANNON; CENTURY	)	
16 POINT, LLC; MICHAEL WAYNE	)	
DOTTA; and CALEB AUSTIN MOODY	)	
17 (dba SKY STONE),	)	
	)	
18 Defendants	)	

19  
20 I, WESLEY K. BEMIS, hereby declare and state as follow:

21 1. I am an individual that made a number of investments in  
22 PWCG Trust. I have personal knowledge of the facts set forth  
23 herein.

24 2. In addition to my investmenets in the PWCG Trust  
25 policies of \$1,198,532.49, I also purchased five additional  
26 policies from Andrew Calhoun IV ("Calhoun IV") as follows:

27 A. First Colony-Genworth Life policy no. 2727592 for  
28 \$30,000;

- 1 B. Lincoln National Life policy no. 7312128 for \$30,000;
- 2 C. Massachusetts Mutual policy no. 15535490 for \$49,000;
- 3 D. New York Life policy no. 61106799 for \$90,000; and
- 4 E. West Coast Life policy no. ZU1600373 for \$51,000.


5 3. Each of those policies was subsequently assigned to  
6 PWCG. Copies of the notification from PWCG's then administrator  
7 are attached hereto as Exhibits 1.

8 4. The Receiver proposes to allow the investments made  
9 directly through PWCG, but not the ones made through Calhoun IV.  
10 However, as the policies have been assigned to PWCG since October  
11 2017, they are property of the receivership estate. Presumably,  
12 if the insured passes away, the proceeds of the policies would  
13 belong to the receivership estate. It would not be equitable to  
14 disregard my investment in those policies when the receivership  
15 estate would presumably benefit from receiving the policy  
16 proceeds.

17 5. As such, I believe that my claim should include the  
18 additional \$250,000 invested in the five policies noted above and  
19 that my claim should be allowed in the total amount of  
20 \$1,448,532.49.

21 I declare under penalty of perjury that the foregoing  
22 statements are true and correct, and I could, if called upon,  
23 competently testify thereto.

24 DATED: December 17, 2020

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28 WESLEY K. BEMIS



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**EXHIBIT 1**  
(Assignment of Policies Confirmation)



27600 Chagrin Boulevard  
Suite 200  
Cleveland, Ohio 44122-4464  
Phone: 216.464.7481  
Fax: 216.464.7581  
www.mpccpa.com

Mark G. Mills  
William M. Potoczak

October 24, 2017

01 The Entrust Group, Inc. FBO  
Wesley K. Bemis SEP IRA 51-01183  
555 12th St., Suite 1250  
Oakland, CA 94607

RE: Beneficiary Designation Letter

Dear Investor:

Per the Investment Sale documents received we have re-titled the life settlement Mr. Andrew B. Calhoun IV invested in through Pacific West Capital Group, Inc. from 01 The Entrust Group, Inc. FBO Andrew B. Calhoun IV SEP IRA 32860LA to 01 The Entrust Group, Inc. FBO Wesley K. Bemis SEP IRA 51-01183 on the following policy:

Insurance company:	Genworth Life and Annuity
Policy number:	2727592
Investment amount:	\$30,000.00
Total funds to be returned to investor:	\$108,225.00

If you have any questions, please give me a call.

Very truly,

**MILLS, POTOCZAK & COMPANY**  
Trustee of the PWCG Trust

By: Lorie L. Kaufman  
Life Settlement Staff

Sender's email address: [lkaufman@mpccpa.com](mailto:lkaufman@mpccpa.com)  
Sender's direct dial: (216) 682-0396



27600 Chagrin Boulevard  
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Cleveland, Ohio 44122-4464  
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October 24, 2017

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Insurance company:	Lincoln National Life Insurance Co
Policy number:	7312128
Investment amount:	\$30,000.00
Total funds to be returned to investor:	\$120,000.00

If you have any questions, please give me a call.

Very truly,

**MILLS, POTOCHAK & COMPANY**  
Trustee of the PWCG Trust

By: Lorie L. Kaufman  
Life Settlement Staff

Sender's email address: [lkaufman@mpccpa.com](mailto:lkaufman@mpccpa.com)  
Sender's direct dial: (216) 682-0396





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555 12th St., Suite 1250  
Oakland, CA 94607

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Insurance company:	Mass Mutual Life Insurance Co
Policy number:	15535490
Investment amount:	\$49,000.00
Total funds to be returned to investor:	\$190,000.00

If you have any questions, please give me a call.

Very truly,

**MILLS, POTOCZAK & COMPANY**  
Trustee of the PWCG Trust

By: Lorie L. Kaufman  
Life Settlement Staff

Sender's email address: [lkaufman@mpccpa.com](mailto:lkaufman@mpccpa.com)  
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RE: Beneficiary Designation Letter

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Insurance company:	New York Life Insurance Co.
Policy number:	61106799
Investment amount:	\$90,000.00
Total funds to be returned to investor:	\$396,000.00

If you have any questions, please give me a call.

Very truly,

**MILLS, POTOCZAK & COMPANY**  
Trustee of the PWCG Trust

By: Lorie L. Kaufman  
Life Settlement Staff

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Insurance company:	West Coast Life Insurance Company
Policy number:	ZU1600373
Investment amount:	\$51,000.00
Total funds to be returned to investor:	\$255,000.00

If you have any questions, please give me a call.

Very truly,

**MILLS, POTOCZAK & COMPANY**  
Trustee of the PWCG Trust

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