

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
COURT
EXAS

COPY

FEB - 5 2002

CLERK, U.S. DISTRICT COURT

By _____
Deputy

Plaintiff,

CIVIL ACTION NO.
3:98-CV-2689-M

Defendants,

and

Defendants Solely for Purposes of Equitable Relief.

TO THE HONORABLE BARBARA M.G. LYNN, UNITED STATES DISTRICT JUDGE:

Michael J. Quilling, (“Receiver”), the Receiver appointed in these proceedings files this Limited Objection to the Findings and Recommendation issued by the Magistrate Judge with respect to claims asserted against the Funding Resources Group Receivership Estate and in support of such would respectfully show unto the Court as follows:

1. On December 7, 2001, the Receiver filed his Unopposed Motion to Establish Procedures regarding claims against the Funding Resources Group Receivership Estate. On December 10, 2001, the Magistrate Judge issued an Order which required the Receiver to file a Statement of Allowed Claims and Objectionable Claims on or before December 21, 2001. A hearing

was scheduled and held by the Magistrate Judge on January 25, 2002 with respect to any objectionable claims.

2. In accordance with the foregoing Order, on December 21, 2001, the Receiver filed his Objections to Claims asserted against the Funding Resources Group Receivership Estate.

3. As set forth in Paragraph 9 of the Objections, the Receiver objected to several claims as relating to a purported investment program called Arrow Resources. After hearing and thoughtful analysis the Magistrate Judge recommended allowing the claims. The Receiver does not take issue here with the decision to allow the claims. However, the Receiver does submit that the amount of several of these claims are incorrect and need to be adjusted.

4. Specifically, the written Objection and the evidence presented indicates that the following claims should be for the following amounts:

<u>Name</u>	<u>Allowed Amount</u>	<u>Correct Allowed Amount</u>
Michael Arnold	\$9,000.00	\$12,000.00
William Hutton	\$12,000.00	\$16,000.00
Tim Long	\$12,000.00	\$16,000.00
Steven Morris	\$117,000.00	\$156,000.00

The four individuals listed above invested an aggregate of \$250,000 as follows: (1) Michael Arnold - \$15,000.00; (2) William Hutton - \$20,000.00; (3) Tim Long - \$20,000.00; and (4) Steven Morris - \$195,000.00. The group received back an aggregate of \$50,000.00 which they allocated as follows: (1) Michael Arnold - \$3,000.00; (2) William Hutton - \$4,000.00; (3) Tim Long - \$4,000.00; and (4) Steven Morris - \$39,000.00. When these returns are offset against the original amounts invested,

the amounts stated by the Magistrate Judge are too low and should be increased as suggested above.¹ The "evidence" to support the foregoing numbers is found under TAB 1 of the notebook relating to Arrow investors submitted at the hearing. For the Court's convenience, a portion of the materials (the Claim Form submitted) is attached as Exhibit "1." This document, submitted by the claimants reflects the correct allowed amount. The Receiver requests that the Court sustain this Objection and allow the claims in the increased amounts.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that upon final hearing and consideration of this matter that the Court grant the foregoing relief and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY
& LOWNDS, P.C.
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By: 

Michael J. Quilling
State Bar No. 16432300

ATTORNEYS FOR RECEIVER

¹ It appears that the Magistrate Judge deducted the amount of the return from the amount of each claim submitted. However, the actual claim submitted has already offset the returns.

CERTIFICATE OF SERVICE

I hereby certify that on the 5th day of February, 2002 a true and correct copy of the foregoing document was served via first class mail, postage pre-paid, on:

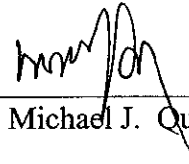
Robert B. Brunig
Securities & Exchange Commission
801 Cherry Street, 19th Floor
Fort Worth, TX 76102

Mr. Michael Arnold
18315 Forest Town
Houston, TX 77084

William Hutton
4809 Saint Andrews Drive
College Station, TX 77845

Tim Long
14918 Stonemeade Place
Cyprus, TX 77429

Steven Morris
14703 Cindywood
Houston, TX 77079



Michael J. Quilling