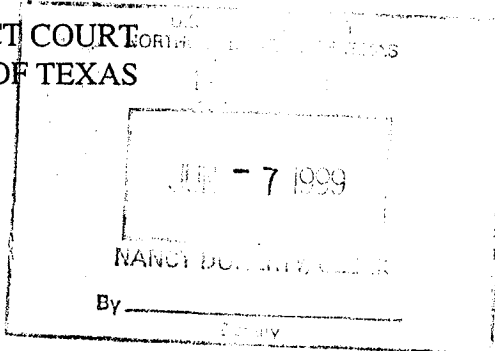


IN THE UNITED STATES DISTRICT COURT  
 FOR THE NORTHERN DISTRICT OF TEXAS  
 DALLAS DIVISION



MICHAEL J. QUILLING, as §  
 Receiver for: §  
 §  
 FUNDING RESOURCE GROUP, FRG TRUST, §  
 ROBERT CORD (a/k/a Robert Schoonover), §  
 and STEVEN C. ROBERTS, §  
 Plaintiff, §  
 §  
 v. §  
 §  
 PAUL PURSEHOUSE AND QUENTIN SHEEHAN, §  
 individually and a/k/a §  
 CASAVIC CAPITAL MANAGEMENT CORP. §  
 Defendants. §

CIVIL ACTION NO. \_\_\_\_\_

**3 - 99 CV 1295 - H**

**COMPLAINT**

TO THE HONORABLE UNITED STATES DISTRICT JUDGE:

COMES NOW, Michael J. Quilling, in his capacity as Receiver for Funding Resource Group, FRG Trust, Robert Cord (a/k/a Robert Schoonover), and Steven C. Roberts, and files this his Complaint against Paul Pursehouse, and Quentin Sheehan, individually and a/k/a CASAVIC Capital Management Corp. and in support of such would show unto the Court as follows:

**PARTIES**

1. Michael J. Quilling is the Receiver appointed for Funding Resource Group, FRG Trust, Robert Cord (a/k/a Robert Schoonover), and Steven C. Roberts. in Civil Action No. 3:98-CV-2689-X, styled *Securities and Exchange Commission v. Funding Resource Group, Quentin Hix, Gene Coulter, Steven C. Roberts, MVP Network, Inc., FMCI Trust, Funders Marketing Company, Inc., Raymond G. Parr, Willard Vearl Smith, Earl D. McKinney, Fortune Investments, Ltd., Robert Cord, Winterhawk West Indies, Inc., IGW Trust, Carolyn Don Hicks and Carl LaDane Weaver; and Howe Financial Trust, Treds Financial Trust, Mary Ann Bauce, Hammersmith Trust, L.L.C.,*

*Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment Inc., B. David Gilliland, and Melody Rose*, pending before the United States District Court for the Northern District of Texas, Dallas Division, the Honorable Joe Kendall presiding.

2. Paul Pursehouse, (“Pursehouse”) based upon information and belief, is an individual foreign national, who resides within the United States, and does business in California and Texas as CASAVIC Capital Management Corp., with offices in Nassau, Bahamas, and Solana Beach, California.

3. Quentin Sheehan (“Sheehan”) is an individual who resides in the United States, doing business in the States of California and Texas.

4. After reasonable good faith inquiry, Plaintiff has been unable to find any jurisdiction that has chartered CASAVIC Capital Management Corp. (“CASAVIC”) as a corporation. Based upon information and belief, CASAVIC is an assumed name, utilized by Paul Pursehouse and Quentin Sheehan.

5. Pursehouse, Sheehan and CASAVIC are each referred to herein, jointly and severally as “Defendants”.

### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over the subject matter of this action because the actions stated herein constitute Receivership Assets within the meaning of the order appointing the Receiver. The Court also has jurisdiction pursuant to 28 U.S.C. § 1332(a). The Plaintiff is a citizen of Texas. Pursehouse is believed to a foreign national, who resides in the United States. Sheehan is also believed to reside within the United States. The amount in controversy is more than \$75,000.00 exclusive of interest and costs.

7. Venue for this action is proper in the Northern District of Texas because the SEC Action referenced below is pending in this District and this action is ancillary to it, the Receiver was appointed in this District, and this action involves Receivership Assets within the meaning of the order appointing the Receiver.

### **BACKGROUND FACTS**

8. On November 13, 1998, the United States Securities and Exchange Commission (“SEC”) instituted Civil Action 3:98-CV-2689-X, styled *Securities and Exchange Commission v. Funding Resource Group, Quentin Hix, Gene Coulter, Steven C. Roberts, MVP Network, Inc., FMCI Trust, Funders Marketing Company, Inc., Raymond G. Parr, Willard Vearl Smith, Earl D. McKinney, Fortune Investments, Ltd., Robert Cord, Winterhawk West Indies, Inc., IGW Trust, Carolyn Don Hicks and Carl LaDane Weaver; and Howe Financial Trust and Treds Financial Trust* (the “SEC Action”), pursuant to which the SEC alleged various counts of securities fraud by a number of individuals and entities and, in connection therewith, sought the appointment of a receiver.

9. On November 13, 1998, in the SEC Action, the Court appointed Michael J. Quilling as the Receiver as to all named Defendants and Equity Relief Defendants. Some of the Defendants to which the Receivership Order applies are Funding Resource Group, FRG Trust, Robert Cord (a/k/a Robert Schoonover), and Steven C. Roberts

10. Funding Resource Group, also known as FRG Trust was, in essence, an entity which gathered and received funds from investors for pooling into supposed high yield trading programs. Messrs. Cord and Roberts acted as agents for Funding Resource Group and FRG Trust.

11. On or about Robert Aaron Cord (“Cord”), on behalf of FRG Trust entered into a “Lease Agreement”, on or about August 13, 1997, whereby Defendants agreed to “Lease” to Cord, the total amount of thirty million dollars (\$30,000,000.00) for a period of fifteen (15) banking days

for a consideration of six hundred seventy five thousand dollars (\$675,000.00). Pursuant to the terms of the "Lease", in return for an advance payment of \$675,000.00, the Defendants were to "make available" for entry into high yield foreign trade programs, the sum of \$30,000,000.00.

12. On or about August 16, 1997, in furtherance to the Lease, and in compliance with the Defendants instructions, Plaintiff transferred \$675,000.00 via wire transfer to Defendants' account. The \$675,000.00 were, and remain, Receivership Assets. Pursuant to the terms of the Lease, Defendants were obligated to provide \$30,000,000.00 in funds *and* based upon the oral representations of the Defendants, were to place the funds "in trade" in Europe. Such was never done. The Defendants failed to provide the funds, or "Proof of Funds", or any money whatsoever, and certainly never provided the Defendants with an entry into a foreign "high yield trading program". Instead, FRG Trust was informed that Defendants' "trader" was not available, and that Plaintiff had to locate and utilize its own trader. Although numerous "qualified traders" were identified to Defendants, no funds were provided as represented.

13. Plaintiff avers and alleges that the "high yield trading program" never existed, and neither did the \$30,000,000.00 that FRG Trust provided investor money and receivership assets to "lease". After the appointment of the Receiver, demand was made for a return of the \$675,000.00, however, Defendants refused to and continue to refuse to return said funds..

#### **Count One — Breach of Contract**

14. The Receiver incorporates paragraphs 1 through 12 set forth above as if set forth verbatim herein.

15. Assuming that the Lease is a legitimate business contract, the conduct of the Defendant constitutes a breach of the Lease. As a result of such breach, FRG Trust. has been damaged in an amount equal to at least the amount of all monies paid by FRG Trust under the Lease, for which amounts the Receiver hereby sues.

16. As a result of such breach of the Lease, the Receiver also seeks recovery of attorneys' fees, costs of court, and pre- and post-judgment interest at the highest rate allowed by law.

**Count Two — Unjust Enrichment**

17. The Receiver incorporates paragraphs 1 through 12 set forth above as if set forth verbatim herein.

18. By virtue of the Defendants' conduct, FRG Trust received nothing for the money which it submitted to the Defendants. The Defendants' continued retention of the money would constitute unjust enrichment and, therefore, in equity and good conscience the Defendant should be required to repay the money to the Receiver.

19. In connection with bringing this cause of action, the Receiver seeks recovery of his attorneys' fees, costs of court, and pre- and post-judgment interest at the highest rate allowed by law.

**Count Three — Fraud**

20. The Receiver incorporates paragraphs 1 through 12 set forth above as if set forth verbatim herein.

21. The Receiver alleges and avers that the entire plan of the Defendants was a fraudulent scheme, concocted to obtain the \$675,000.00 from FRG Trust, and provide nothing in return. The conduct of the Defendants constitutes fraud. The Defendants represented to FRG Trust that it would make \$30,000,000.00 available to them and use said funds for a high yield investment, but instead the Defendants did nothing more than steal Plaintiff's \$675,000.00. Based upon the representations made, FRG Trust sent Defendants the money and has been damaged thereby in an amount equal to at least the amounts sent by FRG Trust to the Defendants, for which amount the Receiver hereby sues.

22. The conduct of the Defendant was accomplished willfully and with intent to damage FRG Trust and in such a manner so as to justify the imposition of punitive damages for which the Receiver hereby sues.

23. In connection with this action, the Receiver seeks to recover attorneys' fees, costs of court, and pre- and post-judgment interest at the highest rate allowed by law.

**Count Four–Usury**

24. The Receiver incorporates paragraphs 1 through 12 set forth above, as if set forth verbatim herein.

25. In the alternative, Plaintiff alleges that the Lease is not a “lease” at all, but a loan. The effective annual interest rate, of lending \$30,000,000.00 for “fifteen banking days” at a charge of \$675,000.00 is equivalent to 54.75%. At the time of the transaction, the maximum amount of interest, that could lawfully be charged in Texas, the place where the loan transaction was finalized, was 18%. Accordingly, Defendants charged more than double the rate of lawful interest, making them liable for a statutory penalties of double the amount of interest paid, forfeiture of the principal amount, plus lawful prejudgment and post-judgment interest, and reasonable attorneys fees, for all of which the Receiver hereby sues.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that upon final trial of this matter that he recover judgment against the Defendants in accordance with the foregoing, and for such other and further relief, general or special, at law or in equity, to which he may show himself justly entitled.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY,  
CLUTTS & LOWNDS, P.C.

2800 One Dallas Centre  
350 North St. Paul Street  
Dallas, Texas 75201-4240  
(214) 871-2100 (Telephone)  
(214) 871-2111 (Facsimile)

By: 

Clark B. Will  
State Bar No. 21252500  
Michael J. Quilling  
State Bar No. 16432300

ATTORNEYS FOR RECEIVER