

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 §
CASA VIC CAPITAL MANAGEMENT CORP. §
Defendants. §

CIVIL ACTION NO. 3:99-CV-1295-M

APPLICATION FOR TURNOVER RELIEF, EX PARTE, IN AID OF JUDGMENT

TO THE HONORABLE JEFF KAPLAN, UNITED STATES MAGISTRATE JUDGE:

COMES NOW, Michael J. Quilling, as Receiver for Funding Resource Group, FRG Trust, Robert Cord (a/k/a Robert Schoonover), and Steven C. Roberts ("Receiver") and files this his Application for Turnover Relief, Ex Parte, in Aid of Judgment and would respectfully show the Court as follows:

1. Applicant is Michael J. Quilling, Receiver for Funding Resource Group, FRG Trust, Robert Cord (a/k/a Robert Schoonover), and Steven C. Roberts, Plaintiff and Judgment-Creditor in the above-entitled and numbered cause. The Receiver requests that the Court grant this Application for Turnover Relief against Paul Pursehouse, Quentin Sheehan, and CASA VIC Capital Management Corp., Defendants and Judgment-Debtors.

2. On November 13, 1998, the United States Securities and Exchange Commission (“SEC”) instituted Civil Action No. 3:98-CV-2689-M, 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.

3. 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. Michael J. Quilling has continued to serve in this capacity to this day.

4. On June 7, 1999, the Receiver initiated this lawsuit against the Judgment-Debtors alleging breach of contract, unjust enrichment, fraud, and usury.

5. After Judgment-Debtors were served and failed to answer, this Court entered a Final Default Judgment against them on September 7, 2000. At that time, the Court determined that the Judgment-Debtors were jointly and severally liable for \$675,000.00 (the “Judgment”) and that the Receiver be allowed all writs and processes as may be necessary to enforce and collect the judgment. A true and correct copy of the Judgment is attached as Exhibit “A” and incorporated by reference herein. Pursuant to the terms of the Judgment, that sum has been accruing and continues to accrue

interest at the rate of 6.241% from the date of the Judgment until paid. The Judgment remains completely unsatisfied and is due and owing.

6. The Judgment owned by the Receiver is final, valid, subsisting, unpaid, and no supersedeas bond has been filed or approved to suspend the execution of Judgment.

7. Within the Applicant's knowledge none of the Judgment-Debtors possess property in Texas subject to execution sufficient to satisfy the Judgment.

8. Pursuant to Fed. R. Civ. P. 69(a), the remedies of the State of Texas are available for the seizure of property for the purpose of securing satisfaction of the judgment entered in this action. The applicable statutes and rules for turnover relief under Texas law are set forth in Tex. Civ. Prac. and Rem. Code Section 31.002, *et seq.* Specifically, Section 31.002 provides in relevant part:

- (a) A judgment creditor is entitled to aid from a court of appropriate jurisdiction through injunction or other means in order to reach property to obtain satisfaction on the judgment if the judgment-debtor owns property, including present or future rights to property, that:
 - (1) cannot readily be attached or levied on by ordinary legal process; and
 - (2) is not exempt from attachment, execution, or seizure for the satisfaction of liabilities.

9. Upon information and belief, Applicant believes that the Judgment-Debtors own the following property:

- (a) beneficial interests in a life insurance contract issued by The Travelers Life and Annuity, Policy Number 7365074 (the "Policy"), and
- (b) causes of action against Empire State Financial Group, L.L.C. (The "Causes of Action"), including but not necessarily limited to those asserted in a counterclaim in the lawsuit styled *Empire State Financial Group, LLC v. CASAVIC Capital Management, Corp, et al.*, Civil Action No. 00-CIV-2197-

JGK, in the Southern District of New York (arising out of the purchase of the interest in the Policy).

This property owned by the Judgment-Debtors cannot be readily attached or levied on by ordinary legal process. Moreover, the above described property is not exempt from attachment, execution or seizure for the satisfaction of liabilities.

10. The Receiver requests that Judgment-Debtors be ordered to assign their beneficial interest in the Policy and their Causes of Action to the Receiver by executing the assignments attached as Exhibits "B" and "C". Plaintiff further requests that Judgment-Debtors be ordered to turnover the executed assignments to any Sheriff, Deputy Sheriff, or Constable of Dallas County, Texas within five (5) calendar days from the date the Order is served on the Judgment-Debtors and written notice be given to Plaintiff's counsel at the address shown below as to the location the assignments are delivered.

11. Pursuant to Tex. Civ. Prac. and Rem. Code Section 31.002(e), the Receiver is entitled to recover reasonable costs, including attorneys' fees. The Receiver requests the Court take judicial notice of the file and the other pleadings in this case and award the Receiver his reasonable attorneys' fees in at least the amount of \$2,000.00.

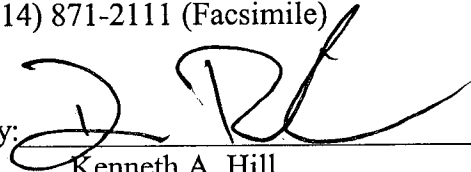
WHEREFORE, PREMISES CONSIDERED, the Receiver requests that:

- (a) the Court issue the order requested herein;
- (b) The Receiver be awarded at least \$2,000.00 as a reasonable attorneys' fee;
and
- (c) The Receiver be granted such other and further relief, special or general, at law or in equity, to which he may show himself justly entitled.

Respectfully submitted,

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ATTORNEYS FOR RECEIVER