

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

FILED
CHARLOTTE, N. C.

FEB - 4 2005

U. S. DISTRICT COURT
W. DIST. OF N. C.

IN RE: ALL FUNDS ON DEPOSIT IN)
ACCOUNT NUMBER 000669829075 in)
THE BANK OF MM APMC BANQUE DE)
COMMERCE, INC., AT NATIONSBANK,)
N.A., CONSISTING OF \$18,756,420.97,)
MORE OR LESS.)

C.A. NO. 3:98mc96-DCK

GEORGE AND DOLORES ROLLAR,)
Plaintiffs,)

C.A. NO. 3:01CV205-DCK

v.)

UNITED STATES OF AMERICA, et al.,)
Defendants.)

(CASES CONSOLIDATED)

RICHARD VASQUEZ,)
Intervener.)

COPY

**RECEIVER'S RESPONSE TO SUPPLEMENTAL DECLARATION OF
CLAIMANT OBASI JOHN VALENTINE**

TO THE HONORABLE DAVID C. KEESLER, UNITED STATES MAGISTRATE JUDGE:

COMES NOW, Michael J. Quilling ("Receiver"), the Receiver appointed in these proceedings and files this his Response to Supplemental Declaration of Claimant Obasi John Valentine ("Valentine") and in support of such would respectfully show unto the Court as follows:

1. In further support of his First Emergency Motion for Distribution of Funds, Valentine has submitted a Supplemental Declaration. A review of the Declaration reveals that it offers nothing new and suffers from the same deficiencies as the original Declaration because, among other things, it contains only conclusory statements and provides no proof of any of the alleged facts stated.

2. More notably, however, the Declaration is deficient because of what it fails to state. For instance, the Declaration fails to state that Valentine is a convicted felon and is to be incarcerated

beginning Friday, February 4, 2005 for a period of 33 months resulting from his operation of a criminal financial scam under the guise of Oval Financial and Investment Group. See Exhibit "A" attached. It also fails to state that an Order of Forfeiture was entered by the Court against him to the tune of \$368,578.80. See Exhibit "B" attached. One would think that these materials facts would have been disclosed to the Court.

2. Instead, seeking equity and mercy from this Court despite his inability to carry the burden of demonstrating that the funds are his, Valentine has engaged in an intentional fraud upon this Court.

3. For the Court's information, attached hereto as Exhibit "C" is a copy of a press release issued by the U.S. Department of Justice dated January 5, 2005 and a copy of a litigation release dated April 16, 2002 issued by the U.S. Securities and Exchange Commission regarding the fraudulent scams operated by Valentine.

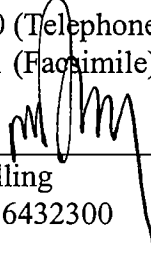
4. The Receiver is in the process of contacting the appropriate representatives of the U.S. Attorney's Office and the Securities and Exchange Commission to learn more about Valentine's operations and is seeking to obtain copies of other relevant documents. In that regard, the Receiver intends to file supplementary materials once they are available in a form which can be transmitted to the Court. In the interim however, it is abundantly clear that Valentine is a convicted criminal and that the Receiver's suspicions have been confirmed. Accordingly, this Court should summarily deny any request by Valentine for any sum of money. The United States government will be providing him a nice place to live for the next three years. He won't need much money.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that upon final hearing and consideration of this matter that the Court deny the motion, 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.
2001 Bryan Street, Suite 1800
Dallas, Texas 75201-4240
(214) 871-2100 (Telephone)
(214) 871-2111 (Facsimile)

By:



Michael J. Quilling
State Bar No. 16432300

ATTORNEYS FOR RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on the 3rd day of February, 2005 a true and correct copy of the foregoing document was sent via facsimile where indicated and first class mail where indicated, postage prepaid, on the following:

William A. Brafford
Assistant United States Attorney
United States Attorney's Office for
the Western District of North Carolina
227 West Trade Street, Suite 1700
Charlotte, North Carolina 28202
Via Facsimile: (704) 344-6629

Rodney E. Alexander
Mayer, Brown & Rowe & Maw
214 N. Tryon Street, Suite 3800
Charlotte, North Carolina 28202
Via Facsimile: (704) 377-2033

Christopher W. Steward, Esq.
3990 Old Town Avenue, Suite 205A
San Diego, California 92110
Via Facsimile: (619) 297-9569

Richard Vasquez
2112 Feather Sound Drive
Clearwater, Florida 33762
Via First Class Mail



Michael J. Quilling

Exhibit “A”

United States District Court
District of Minnesota

UNITED STATES OF AMERICA
v.
Valentine Onwubiko Obasi

JUDGMENT IN A CRIMINAL CASE
(For Offenses Committed On or After November 1, 1987)
Case Number: **03-334 (1) (MJD/JGL)**
USM Number: **11224-041**
Social Security Number: 2706
Date of Birth: 1960

Daniel Gerdts
Defendant's Attorney

THE DEFENDANT:

[X] was found guilty on count(s) 1-27 and 29-38 of the Indictment after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
Title 18, United States Code, Section 1341	Aiding and abetting mail fraud	1/25/01 to 3/19/02	1-8
Title 18, United States Code, Sections 1343 and 2	Aiding and abetting wire fraud	1/2/01 to 11/1/02	9-27 & 29-34
Title 18, United States Code, Sections 1956(a)(1) and 2.	Aiding and abetting laundering of monetary	2/12/01 to 6/7/01	35-38

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of any material change in the economic circumstances.

January 5, 2005

Date of Imposition of Judgment

s/Michael J. Davis

Signature of Judge

MICHAEL J. DAVIS, United States District Judge

Name & Title of Judge

January 5, 2005

Date

DEFENDANT: VALENTINE ONWUBIKO OBASI
CASE NUMBER: 03-334 (1) (MJD/JGL)

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of **33 months**. This term consists of 33 months as to Counts 1-27 and 29-38, all to be served concurrently.

[X] The court makes the following recommendations to the Bureau of Prisons:
The Court recommends that the defendant be housed in a federal facility near the city of San Diego, California.

[X] The defendant shall surrender to the United States Marshal for this district.
[X] at **12:00 p.m.** on **February 4, 2005**. The defendant is to turn himself over to the United States Marshal Service located in San Diego, California.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____
a _____, with a certified copy of this Judgment.

United States Marshal

By _____
Deputy United States Marshal

DEFENDANT: VALENTINE ONWUBIKO OBASI
CASE NUMBER: 03-334 (1) (MJD/JGL)

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of 3 years. This term consists of 3 years on each and all counts of conviction, all such terms to run concurrently.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. (Check, if applicable.)

If this Judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependants and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

DEFENDANT: VALENTINE ONWUBIKO OBASI
CASE NUMBER: 03-334 (1) (MJD/JGL)

SPECIAL CONDITIONS OF SUPERVISION

- a The defendant shall not commit any crimes, federal, state, or local.
- b The defendant shall abide by the standard conditions of supervised release recommended by the Sentencing Commission.
- c The defendant shall refrain from possessing a firearm, destructive device, or other dangerous weapon.
- d Because the instant offense is not drug-related and the defendant does not have a history of drug abuse, the defendant is not required to undergo mandatory drug testing as set forth by Title 18, United States Code, Sections 3563(a) and 3583(d).
- e The defendant shall provide the probation officer access to any requested financial information, including credit reports, credit card bills, bank statements, and telephone bills.
- f The defendant shall be prohibited from incurring new credit charges or opening additional lines of credit without approval of the probation officer.
- g The defendant shall have no contact with the victims in this case (including letters, communication devices, audio, or visual devices, visits or any contact through a third party) without prior consent of the probation officer.
- h The defendant shall participate in a psychological/psychiatric counseling or treatment program, as approved by the probation officer.
- i The defendant shall not hold employment with fiduciary responsibilities without prior approval from the probation officer.
- j The defendant is prohibited from engaging in the profession of financial investment planning or financial brokering in any capacity during the term of supervision without the prior approval of his probation officer.

DEFENDANT: VALENTINE ONWUBIKO OBASI
CASE NUMBER: 03-334 (1) (MJD/JGL)

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
Totals:	3,700.00	None	368,578.80

The defendant shall make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. §3664(i), all nonfederal victims must be paid before the United States is paid.

Name and Address of Payee	**Total Loss	Restitution Ordered	Priority or Percentage
Lewis Bernardy		\$8,800.00	
Betty Galstad		\$86,500.00	
Marie Rolf		\$68,990.50	
Kenneth and Judith Schmeling		\$204,288.30	
TOTALS:	\$0.00	\$368,578.80	0.00%
Payments are to be made to the Clerk, U.S. District Court, for disbursement to the victim.			

The court determined that the defendant does not have the ability to pay interest and it is ordered that:

the interest requirement is waived for the restitution.

** Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994 but before April 23, 1996.

DEFENDANT: VALENTINE ONWUBIKO OBASI
CASE NUMBER: 03-334 (1) (MJD/JGL)

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties are due as follows:

Over the period of incarceration, the defendant shall make payments of either quarterly installments of a minimum of \$25.00 if working non-UNICOR or a minimum of 50 percent of monthly earnings if working UNICOR. It is recommended the defendant participate in the Inmate Financial Responsibility Program while incarcerated. Payments of not less than \$200.00 per month are to be made over a period of 3 years commencing 30 days after released from confinement. Payments are to be made payable to the Clerk, U.S. District Court, for disbursement to the victim.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during the period of imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are to be made to the clerk of court.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including costs of prosecution and court costs.

Exhibit “B”

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Criminal No. 03-334 (MJD/JGL)

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	PRELIMINARY
v.)	ORDER OF FORFEITURE
)	
VALENTINE ONWUBIKO OBASI,)	
)	
Defendant.)	

Based on the United States' motion for a Preliminary Order of Forfeiture; on the verdicts of guilty returned against Defendant Valentine Onwubiko Obasi; on the Court's determination that, based on all the evidence presented at trial and on the jury verdicts, the government has established the requisite nexus between the violations of which the defendant has been adjudged guilty and the amounts of the personal money judgment forfeitures sought,

IT IS HEREBY ORDERED that:

1. Personal money judgment forfeitures are entered against the defendant as follows:
 - a. Count 1: pursuant to Title 18, United States Code, Section 981(a)(1)(C), in conjunction with Title 28, United States Code, Section 2461(c), a \$110,000.00 personal money judgment forfeiture;
 - b. Count 4: pursuant to Title 18, United States Code, Section

982(a)(1)(C), in conjunction with Title 28, United States Code, Section 2461(c), an \$80,000.00 personal money judgment forfeiture;

c. Count 5: pursuant to Title 18, United States Code, Section 981(a)(1)(C), in conjunction with Title 28, United States Code, Section 2461(c), a \$250,000.00 personal money judgment forfeiture;

d. Count 35: pursuant to Title 18, United States Code, Section 982(a)(1), a \$3,850.00 personal money judgment forfeiture;

e. Count 36: pursuant to Title 18, United States Code, Section 982(a)(1), a \$4,800.00 personal money judgment forfeiture;

f. Count 37: pursuant to Title 18, United States Code, Section 982(a)(1), a \$15,000.00 personal money judgment forfeiture; and

g. Count 38: pursuant to Title 18, United States Code, Section 982(a)(1), a \$2,500.00 personal money judgment forfeiture;

2. The United States may, pursuant to Rule 32.2(b)(3), Federal Rules of Criminal Procedure, conduct discovery, including a deposition of the defendant, interrogatories and requests for production of documents, necessary to identify and locate property of the defendant to be used to satisfy the personal money judgment forfeitures;

3. Pursuant to Rule 32.2(e)(1)(B), Federal Rules of Criminal Procedure, upon identifying and locating such property, the United States may move to amend

this existing order of forfeiture, to include substitute property that qualifies for forfeiture under an applicable statute and this Court shall retain jurisdiction to hear such motions and enter such orders; and

4. Pursuant to Rule 32.2(b)(3), Federal Rules of Criminal Procedure, this Preliminary Order of Forfeiture shall become final as to the defendant at the time of his sentencing, and shall be made a part of his sentence and included in his judgment.

Dated: September 21, 2004

s/ Michael J. Davis
MICHAEL J. DAVIS
United States District Court Judge

Exhibit “C”

**U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE U.S. ATTORNEY
DISTRICT OF MINNESOTA**

PRESS RELEASE. Wednesday, January 5, 2005

**Contact: Thomas B. Heffelfinger, United States Attorney (612) 664-5600
Karen Bailey, Media Coordinator (612) 664-5610
John Marti, Assistant United States Attorney (612) 664-5600**

Minneapolis - A California man who defrauded investors in Redwood County, Minnesota of \$378,373 through an investment fraud scheme was sentenced today in United States District Court.

Valentine Obasi, age 44, from National City, CA, was sentenced to 33 months in prison and three years supervised release. Obasi was also ordered by Judge Michael Davis to pay restitution in the amount of \$368,578.

A federal jury convicted Obasi in July 2004 on all eight counts of mail fraud, 25 counts of wire fraud and four counts of money laundering.

Obasi advertised financial investment opportunities, including FDIC insured certificates of deposit and "international mutual funds," through his company Oval Financial Investment Group Ltd in national insurance marketing magazines. When a Minnesota insurance salesman from Redwood Falls responded to his advertisement, he entered into an agency agreement to market Oval Financial's "safe and guaranteed" investments in the Redwood Falls area. When the insurance salesman referred clients to Obasi, Obasi induced the clients into investing money by falsely representing that investors funds would be placed in safe and guaranteed certificates of deposit and mutual funds, that each investment account was insured by the SIPC and the FDIC, that investments would return a minimum of at least 10 percent guaranteed interest, and that Oval Financial's investments had "consistently outperformed the S&P, NASDAQ, and Dow Jones." Investors then mailed \$440,000 to Oval Financial at an address in California.

Obasi made the investment programs appear legitimate and successful by providing investors with false correspondence purportedly confirming investments in accounts.

However, during the course of the scheme, Obasi failed to promptly make many of the interest payments to investors and failed to return the principle investment amounts to investors. Investors' questions were met with stalls and excuses by Obasi who told some investors that Oval Financial was bankrupt or that a bank in which their funds were maintained had gone bankrupt. He used investors' funds to make lulling payments to some investors, to repay prior investors, and to pay his home mortgage and other expenses.

The case is the result of an investigation by the Federal Bureau of Investigation and the Redwood County Sheriff's Office. Assistant United States Attorney John Marti prosecuted the case.

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U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 17473 / April 16, 2002

Securities and Exchange Commission v. Oval Financial & Investment Group Ltd., Civil Action No. 02-CV-0117 K (JFS) (S.D. Cal.)

The Securities and Exchange Commission announced that the U.S. District Court for the Southern District of California granted its application for enforcement of an Investigative subpoena issued to Oval Financial & Investment Group, Ltd. ("Oval Financial"). The Court found that Oval Financial's response to an order to show cause why it should not be compelled to comply with the Commission's subpoena was without merit.

The Commission filed its application for enforcement of its subpoena on January 17, 2002. The investigative subpoena sought documents and testimony regarding, among other things, whether Oval Financial offered and sold unregistered securities and made materially false and misleading statements or omitted to state material facts concerning the use of investor proceeds and the investments' rates of return.

<http://www.sec.gov/litigation/litreleases/lr17473.htm>

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Modified: 04/17/2002