

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)

Plaintiff,)

v.)

CIVIL ACTION FILE
NO.: 1:06-CV-1801-RWS

ARCHIE PAUL REYNOLDS a/k/a)
DR. A. PAUL REYNOLDS, and)
SUCCESS TRUST AND HOLDING)
LLC,)

JUDGE RICHARD W. STORY

Defendants.)

RECEIVER’S MOTION TO ALLOW SECOND INTERIM DISTRIBUTION

The Receiver’s team has recovered an additional \$130,605 for the receivership, bringing the current balance of the receivership account to \$505,549.

The Receiver seeks permission to make a second interim distribution, in the amount of \$300,000, to approved claimants. In support of that motion, the Receiver shows the Court the following:

Background

1. On August 2, 2006, the U.S. Securities and Exchange Commission (“SEC”) filed an application for a temporary restraining order and other equitable relief, alleging that what defendant Archie Paul Reynolds (“Reynolds”) marketed as a legitimate investment in private placement programs was actually a type of Ponzi scheme known as a “prime bank scam.”
2. On the same day, this Court granted that application and entered an order freezing assets and prohibiting the destruction of documents.
3. On August 23, 2006, this Court granted a preliminary injunction against the defendants, continuing the asset freeze with the exception of certain allowances for attorney’s fees and personal expenses.
4. Thereafter, the defendants consented to the appointment of the Receiver, without admitting or denying the facts in the SEC’s complaint (except as to jurisdiction). The defendants waived their right to appeal from that *Order*.
5. Reynolds asserted his Fifth Amendment right against self-incrimination and refused to be interviewed by the Receiver.
6. The Receiver filed his First Interim Report on February 20, 2007, his Second Interim Report on July 3, 2007, and his Third Interim Report on October 30, 2007.

Those reports described the Receiver's progress toward completing the tasks assigned by the Court.

7. On May 11, 2007, the Court approved a claim form which the Receiver sent to 958 prospective claimants. The Receiver also posted the claim form to the Success Trust dedicated portion of his website (www.huddlestonfirm.com/cases/success-trust.htm).

8. In the same Order the Court set a Bar Date of July 6, 2007 after which any claims received could be disallowed as untimely.

9. On January 23, 2008, the Court approved the Receiver's Plan of Interim Distribution (the "Plan").

10. Thereafter, one of the objectors filed a Motion for Reconsideration, which this Court denied on March 3, 2008.

11. In accordance with the Plan, the Receiver has returned \$1,001,179 to 702 Success Trust claimants.

12. Those payments represent a percentage return to approved claimants of 35.73%.

The Search for Additional Assets

13. On August 28, 2007, the Receiver, through counsel, filed a complaint in this Court against Amy Emiliana Allen (“Allen”), and her company, WF USA, LLC seeking to recover no less than \$1,520,055 wrongfully received from Reynolds and the Success Trust and Holding, LLC (“Success Trust”) investors.

14. On December 24, 2007, the Court granted the Receiver’s Motion for Default Judgment against WF USA LLC and Allen in the amount of \$1,520,055.

15. On November 6, 2007, the Receiver filed a lawsuit against Lloyd Chapman, to recover money paid to Chapman from the receivership entities.

16. On January 25, 2008, the Court granted the Receiver’s Motion for Default Judgment against Mr. Chapman.

17. Thereafter, the Receiver’s team identified \$161,491 in a bank account controlled by Mr. Chapman, and secured transfer of those funds to the receivership account.

Request for Approval of Second Interim Distribution

18. Since the entry of default judgment against Allen the Receiver and his team have continued searching for assets to satisfy that judgment.

19. In October 2008, the Receiver's team was successful in locating and securing \$1,458 from bank accounts owned by Allen.
20. In October 2008, the Receiver secured return of \$129,146 in investors funds improperly paid to a third party.
21. The Receiver has deposited those funds in the receivership account.
22. With the additions outlined above, the balance of the receivership account is \$505,549.
23. The Receiver has not yet quantified likely tax claims, but he expects them to be no more than \$10,000.
24. The Receiver has additional promising leads that may lead to return of additional amounts. The cost of continuing to administer the receivership likely will not exceed the \$200,000 which will remain in the receivership account after the proposed second interim distribution.
25. The Receiver, therefore, believes that he can afford to distribute another \$300,000 to approved claimants.
26. If approved, that distribution will raise the percentage recovery for approved claimants from 35.73% to 46.44%.

27. The Receiver has attached hereto as Exhibit 1 a schedule reflecting all payments made to approved claimants and the proposed additional amounts that they will receive if the Court approves the proposed second interim distribution.

28. The Receiver therefore asks permission to pay \$300,000 to approved claimants from the receivership account in the amounts shown on the attached schedule.

Respectfully submitted this 11th day of December, 2008.

THE HUDDLESTON LAW FIRM

/s/ Pat Huddleston II

Pat Huddleston II

Georgia Bar No. 373984

Receiver

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CERTIFICATE OF SERVICE

I certify that the foregoing was prepared with one of the font and point selections approved by the Court in LR 5.1B. I further certify that I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notice of electronic filing to counsel of record.

This 11th day of December, 2008.

/s/ Pat Huddleston, II
Georgia Bar No. 373984

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