

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE )  
COMMISSION, )

Plaintiff, )

v. )

CIVIL ACTION FILE  
NO.: 1:06CV1801-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 VACATE ORDER  
ALLOWING DEFENDANT REYNOLDS  
A MONTHLY PERSONAL EXPENSE ALLOWANCE

Pat Huddleston, II, the Receiver in the above-styled case, asks this Court to vacate that portion of its Order of August 23, 2006, allowing Defendant Reynolds \$5,000 per month from the accounts frozen by that Order. In support of that motion, the Receiver shows the Court the following:

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. The Court ordered that Bank of America pay Reynolds from one of the frozen accounts \$7,500 in August, September, and October 2006, and \$5,000 per month in each month after October, 2006, “until further Order of the Court.”

5. On January 5, 2007, this Court appointed Pat Huddleston, II as Receiver for Defendant Success Trust.

6. On February 1, 2007 the Receiver had the full amounts of the frozen checking accounts transferred to accounts at BB&T Bank in Marietta, Georgia.

7. In compliance with the Court’s Order, on February 14, 2007 the Receiver sent Mr. Reynolds \$5,000 from the Giving Hands, LLC account at BB&T.

8. Since then, the Receiver has made substantial progress in his investigation.

9. That investigation has revealed that Reynolds collected money from “investors” and spent a good deal of it on his personal living expenses.

10. The Bank of America statements for Success Trust and Holding, LLC show check card transactions for at least \$21,000 that appear purely personal in nature. Affidavit of Randall Wilcox, attached hereto as Appendix 1, at ¶ 9.

11. Success Trust and the related entities were not legitimate businesses.

12. They were merely vehicles for defrauding investors.

13. Most, if not all, of the money in those bank accounts represents the product of fraud.

14. In December 2006 Reynolds contracted to buy a \$430,000 home in Simpsonville, South Carolina. Affidavit of Dina C. Espenshied, attached as Appendix 2.

15. Reynolds paid money into escrow in connection with that payment, to which the Receiver has made claim.

16. The contract for the purchase of the home is contingent on Reynolds obtaining 100% financing. Exhibit 1 to Espenshied Affidavit.

17. If he were to obtain 100% financing on the purchase of that home, his monthly payments would be approximately \$2,647.58. Wilcox Affidavit at ¶ 14.

18. Allowing Reynolds to continue to use money from defrauded investors for his personal expenses is unjust and inequitable.

19. That Reynolds has contracted to assume a monthly housing obligation of at least \$2,647.58 is further evidence that he does not need the \$5,000 monthly payments to survive.

20. Aside from the money paid for his attorney's fees, Reynolds has received a total of \$42,500 from the frozen accounts.

21. The Order allowing those monthly payments was entered in August 2006.

22. Reynolds has therefore had more than six months to find gainful employment to support himself and his family.

23. Allowing Reynolds to continue to loot investors works against the goal of returning as much money as possible to the victims of Reynolds's fraud.

24. The Receiver therefore asks that the Court enter an order vacating that portion of its August 23, 2006 Order requiring that Reynolds receive monthly

payments for personal expenses, and that the Court enter an order that Reynolds receive no further payments from the frozen accounts.

Respectfully submitted this 15<sup>th</sup> day of March, 2007.

THE HUDDLESTON LAW FIRM

/s/ Pat Huddleston, II

Pat Huddleston, II

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Receiver

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