



2. In the spring of 2001, Lown realized that his California investment program was close to collapsing because Lown was not receiving enough money from investors to continue to support the pyramid scheme.

3. In the spring of 2001, Lown moved to Texas and began a new Ponzi scheme selling unregistered securities from an office he opened in Houston. In Texas, Lown's scheme operated under the name One West Financial Services and later under the name One West Financial, LLC (both of these entities are called "One West" in this order). While Lown may have used a similar name for his scheme when he was in California, his Texas operations constituted a distinct and separate illegal investment program from the investment program Lown operated in California.

4. On or about May 19, 2001, Lown opened a One West account at a Texas bank and began accepting deposits in One West's Texas-based investment program. As of May 19, 2001, there was virtually no money remaining in One West's California bank accounts because Lown had spent all of the funds he received from investors to support his lavish lifestyle.

5. While operating the Texas-based investment scheme, One West deposited investor funds into bank accounts held in One West's name. One West did not maintain segregated accounts for individual investor victims, and all funds of the investor victims that were deposited in One West's bank accounts were hopelessly commingled as soon as they were deposited.

6. Upon learning that Lown and One West were operating a fraudulent scheme selling unregistered securities, the Securities Commissioner, through the Attorney General's Office, sought and obtained appointment of a receiver for One West. The Court appointed Janet Mortenson ("Receiver") as Temporary Receiver on April 10, 2003 and later appointed her as Permanent Receiver.

7. The Court ordered Receiver to seize all funds and property that were derived from One West's fraudulent securities scheme, to devise and administer a claims process, and to return to the Court for instructions concerning the distribution of receivership assets. Receiver has diligently followed the Court's instructions and has conducted the receivership in a manner that conserves receivership assets to the maximum extent possible.

8. All funds the Receiver seized were solely derived from One West's Texas-based operations and were received from One West's investors on or after May 19, 2001. Restitution made through the receivership's claims process should be limited to investments made on or after May 19, 2001. The Court imposes this limitation because these investments were made in One West's Texas-based investment program for which the Receiver was appointed and from which the funds in the Receiver's possession were derived. Distributions shall not be made to compensate for losses sustained in investments made on or before May 18, 2001 because those investments were not made in the Texas-based investment program and because the funds derived from those investments were dissipated before Receiver's appointment. Claims timely filed for One West investments made on or after May 19, 2001, are defined as "Covered Claims." A Covered Claim includes only the amount of money actually deposited with One West and does not include interest or any other amount.

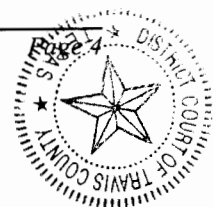
9. Receiver reported to the Court that a group of Texas investor-victims gave their money to an intermediary to invest with One West. Receiver further reported that the intermediary failed to forward \$43,000 of investors' money to One West. The claims of the individuals who invested through the intermediary shall be treated as Covered Claims, and Receiver should make distributions to the investor-victims rather than to the intermediary.



10. Receiver's professional staff examined One West's bank accounts and the claims filed in this case and determined that One West made payments to some investor- victims or to third parties for the benefit of investor-victims prior to Receiver's appointment. Many, but not all, of the individuals who received money from One West were Lown's friends or family members. Some investors who received payments believed the funds were withdrawals from their "account" at One West. Some investors forwarded their credit card bills or mortgage statements to One West, which paid those debts. Other investor victims received payments they believed were "profits" on their One West investment. One West never earned any profits. Thus, no money returned to an investor or paid to a third party for an investor's benefit was "his money" from "his account." Instead, all payments were Ponzi payments made from the pool of commingled investor funds.

11. Although some investors received a return of funds, the majority of One West's investors had never received any money back from One West at the time Receiver was appointed. Because some investors received payments before the Receivership was instituted, the fairest and most equitable method of distributing monies to investor victims is to insure that all investors' total returns from One West, both pre-Receivership and through the Receivership distribution, are the same pro-rata portion of each investor's Covered Claim.

12. Using this equitable method of distribution, the funds Receiver has recovered are sufficient to permit a 30% distribution to investors with Covered Claims. Under the pro-rata distribution process set out in paragraph 11 of this Order, an investor who received 10% of his or her Covered Claim back from One West prior to the Receivership will receive an additional 20% of his or her Covered Claim when the Receiver makes the distribution. A claimant who received none of his Covered Claim back from One West prior to initiation of the Receivership will receive a



distribution equal to 30% of his or her Covered Claim. An investor who received 30% or more of his or her Covered Claim prior to the initiation of the Receivership will not receive any distribution. Receiver may, in her sole discretion, file lawsuits against individuals who received more than 30% of their investments back from One West prior to the initiation of the receivership.

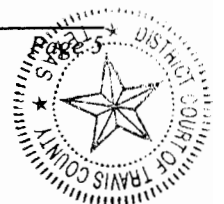
13. The Court recognizes that some investors will be unhappy that they are receiving no distribution from the receivership. However, the method of distribution being ordered by the Court is the most equitable way to return recovered funds to investor victims holding Covered Claims. Under the distribution method ordered by the Court, all investor victims holding Covered Claims are treated equally. The system ordered by the Court insures investors who received some funds from One West prior to the institution of this Receivership will not receive preferential treatment relative to the investors who received nothing from One West prior to the Receivership.

IT IS, THEREFORE, ORDERED that Receiver shall make a distribution so that each holder of a Covered Claim shall receive, in total payments from One West prior to the receivership, total payments made to third parties for the investor's benefit, and the distribution from the Receiver, a sum equal to 30% of his or her Covered Claim. It is, further

ORDERED that claims made as to funds invested on or before May 18, 2001, are denied and no distributions from this receivership shall be made to compensate losses from those investments.

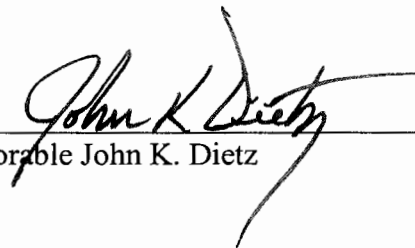
It is, further

ORDERED that distributions for Covered Claims filed by persons or entities that invested with One West through an intermediary shall be paid directly to the claimant and not to the intermediary. It is further



ORDERED that Receiver shall file a complaint with the Harris County District Attorney's Office concerning the \$43,000 that an intermediary received and never forwarded to One West and shall take any further action regarding the intermediary that Receiver deems appropriate.

SIGNED and entered this 14<sup>th</sup> day of December, 2005.

  
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Honorable John K. Dietz

I, AMALIA RODRIGUEZ-MENDOZA, District Clerk, Travis County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 12-14-05.



AMALIA RODRIGUEZ-MENDOZA

DISTRICT CLERK

By Deputy:

