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8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12
13 **SECURITIES AND EXCHANGE**
14 **COMMISSION,**

15 Plaintiff,

16 vs.

17 **STEPHEN C. SAYRE, INDEPENDENT**
18 **FINANCIAL REPORTS, INC., and**
SILVER SCREEN INDUSTRIES, INC.,

19 Defendants.

Case No.: CV 00-3800 MMM (JWJx)

[PROPOSED] ORDER APPROVING
DISTRIBUTION PLAN

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1 Plaintiff Securities and Exchange Commission (“Commission”) having
2 moved for an order approving a distribution plan (“Motion”); the Court having
3 considered the Commission’s Motion, all supporting papers, and all other papers
4 filed in the proceedings in this action, and the Court having jurisdiction over the
5 parties and the subject matter hereof, and being fully advised in the premises, and
6 good cause appearing therefore:


7 I.

8 IT IS HEREBY ORDERED that, the Commission’s Motion is GRANTED.

9 II.

10 IT IS FURTHER ORDERED that the Distribution Plan attached hereto as
11 Exhibit 1 is approved.

12
13 DATED: 7/2/10



The Honorable Margaret M. Morrow
UNITED STATES DISTRICT JUDGE

1 **EXHIBIT 1**

2 **DISTRIBUTION PLAN**

3
4 **A. Introduction**

5 1. The Securities and Exchange Commission (the “Commission”)
6 commenced this action against Stephen C. Sayre, Independent Financial Reports,
7 Inc. and Silver Screen Industries, Inc. (collectively the “Sayre Parties”) on April 7,
8 2000. The Court entered default judgment against the Sayre Parties on May 24,
9 2001, requiring the disgorgement of \$1,027,881.69 and the payment of
10 prejudgment interest of \$75,582.59. Following settlement negotiations, the
11 Commission deposited \$961,736.53 with the Clerk of the Court on December 23,
12 2008, and is seeking turnover of an additional \$25,596.89 pursuant to the Courts
13 Order dated January 20, 2010 (“January 20 Order”).

14 2. By the January 20 Order, the Court appointed Damasco & Associates
15 LLP as tax administrator, directed the turnover and deposit of additional frozen
16 funds and appointed Gilardi & Company, LLC, as the Distribution Agent. This
17 Order also required that a Distribution Plan be prepared for the Court’s approval
18 within 90 days.

19 **B. Definitions**

20 As used herein, the following definitions shall apply:

21 3. “Available Distribution” shall mean the money in the Distribution
22 Fund, plus accumulated interest and earnings thereon, less the costs of
23 administering the fund and implementing the Distribution Plan, and paying any
24 taxes that may be assessed against the fund.

25 4. “Distribution Fund” shall refer to the entire amount contained in the
26 Court’s registry established by the Clerk of the Court in this matter, minus

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28 *Exhibit 1*

1 appropriate expenses incurred in establishing and maintaining the account or that
2 are ordered by the Court to be paid to satisfy the fund's tax related obligations.

3 5. "Eligible Claimants" shall mean persons who purchased Eligible
4 Securities between February 29, 2000 and March 10, 2000.

5 6. "Eligible Securities" shall mean (1) eConnect common shares, which
6 traded under the symbol "ECNC".

7 7. "Filing Deadline" shall mean the date established in accordance with
8 this Distribution Plan by which a Potentially Eligible Claimant's Proof of Claim
9 Form must be filed to avoid the barring of any right of the Potentially Eligible
10 Claimant to participate in any distribution from the Distribution Fund. Subject to
11 certain extensions provided for in this Distribution Plan, the Filing Deadline shall
12 be 90 days from the first publication of the Distribution Plan notice as provided in
13 paragraph 24 of this Distribution Plan.

14 8. "Potentially Eligible Claimants" shall mean those persons identified
15 by the Distribution Agent as having possible claims to recover from the
16 Distribution Fund under this Distribution Plan, or persons asserting that they have
17 possible claims to recover from the Distribution Fund under this Distribution Plan.

18 9. "Proof of Claim Form" shall mean the form designed by the
19 Distribution Agent in accordance with the terms of this Distribution Plan for the
20 filing of a proof of a Potentially Eligible Claimant's claim, which form shall
21 require, at a minimum, the Potentially Eligible Claimant's social security number
22 or tax identification number and sufficient documentation reflecting the Potentially
23 Eligible Claimant's sales and purchases of Eligible Securities during the Trading
24 Period.

25 10. "Recognized Loss" shall be the Eligible Claimant's compensable loss
26 pursuant to the Damage Plan, attached as Exhibit A.

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28 *Exhibit 1*

1 11. "Rejection Notice" shall mean the notice sent by the Distribution
2 Agent to a Potentially Eligible Claimant stating the Distribution Agent's
3 determination of the validity of the Potentially Eligible Claimant's claim.

4 12. "Trading Period" shall mean February 29, 2000 through March 10,
5 2000.

6 **C. Allocation of the Distribution Fund Amongst Eligible Claimants**

7 13. The Available Distribution shall be distributed to pay Eligible
8 Claimants as provided under the terms of this Plan.

9 14. If the aggregate Recognized Loss amount (in dollars) of all valid
10 claims received exceeds the net funds available for distribution, the Distribution
11 Fund will be distributed on a pro-rata basis.

12 15. If the Available Distribution is greater than or equal to the total
13 amount of money due Eligible Claimants, the Distribution Agent shall distribute to
14 each Eligible Claimant its Recognized Loss Amount.

15 16. If, after making all such distributions, and all fees and expenses of the
16 Distribution Fund have been paid and all tax obligations of the Distribution Fund
17 have been satisfied, there are remaining funds, those funds shall be paid to Eligible
18 Claimants who have cashed their distributions, provided that they would receive at
19 least \$10.00 on such re-distributions based on their Recognized Loss, after
20 payment of any unpaid costs or fees incurred in preparing the Distribution Fund for
21 such redistribution.

22 17. Upon final distribution of the funds, the Distribution Agent shall make
23 arrangement for the final payment of taxes and tax-related fees and shall submit a
24 final accounting to the Court in a Commission standard accounting format
25 provided by the staff of the Commission. The Distribution Fund shall be eligible
26 for termination, and the Distribution Agent eligible for discharge, after all of the
27 following have occurred: (1) the final accounting has been submitted and approved

28 *Exhibit 1*

1 by the Court, (2) all taxes and fees have been paid and (3) any remaining,
2 undistributed funds have been disposed of in accordance with further Motion by
3 the Commission.

4 **D. Administration of the Claims Procedure and Notice to Claimants**
5 **General Administrative Provisions**

6
7 18. The Distribution Agent shall oversee the administration of the claims,
8 procedures, and distribution as provided in this Plan. The Distribution Agent shall
9 review the claims of potential claimants and make determinations under the criteria
10 established herein as to the eligibility of claimants to recover monies and the
11 amount of money to be distributed from the Distribution Fund to each Eligible
12 Claimant.

13 19. Any claim asserted by a claimant shall be in writing and shall provide
14 adequate documentary evidence to substantiate the claim, including all
15 documentary evidence that the Distribution Agent deems necessary or appropriate
16 including, but not limited to, if available, account statements and trade
17 confirmations.

18 20. All claims must be verified on the basis of a signed certification
19 executed by the claimant.

20 21. Claims resulting in a distribution amount of less than \$10.00 will not
21 be paid.

22 22. To carry out the purposes of this Plan, the Distribution Agent is
23 authorized to make such adjustments consistent with the purposes of the Plan as
24 may be agreed upon between the Distribution Agent and the Commission.

25 **Identification of and Notice to Eligible Claimants**

26 23. The Distribution Agent shall, insofar as is practicable, identify
27 individual Potentially Eligible Claimants from a review of trading records, account
28

1 information provided by registered broker-dealers and investment advisers, and
2 any other source available to them.

3 24. In addition, the Distribution Agent shall provide notice by publication
4 in a form to be prepared by the Distribution Agent, submitted for Commission staff
5 review and approval, and published on an Internet-based newswire service for
6 thirty days. The notice by publication is referred to as the “Summary Notice
7 Publication.” This Summary Notice Publication will additionally be published on
8 the Commission’s website, as well as a website designed by the Distribution
9 Agent.

10 25. The Distribution Agent shall provide all Potentially Eligible
11 Claimants who have been individually identified with written notice, which form
12 of notice shall be submitted for Commission staff review and approval, by first-
13 class mail of their right to submit a claim. This notice shall include, at a minimum,
14 the name of the relevant securities, the estimated amount to be distributed to
15 claimants with respect to the Eligible Securities, a Proof of Claim Form, and
16 instructions and deadlines for submitting the Proof of Claim Form.

17 26. The Distribution Agent shall attempt to locate any Potentially Eligible
18 Claimant whose claim form has been returned by the U.S. Postal Service (“USPS”)
19 as undeliverable. The Distribution Agent shall immediately remail any returned
20 undelivered mail for which the USPS has provided a forwarding address.
21 Additionally, the Distribution Agent may engage a third-party search firm to
22 conduct more rigorous searches for missing Potentially Eligible Claimants.
23 Additional efforts to identify new addresses for returned undelivered mail will be
24 conducted as necessary and economically reasonable after consultation with the
25 staff of the Commission.

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28 *Exhibit 1*

1 27. Unless extended by the Court, the claims period shall be no less than
2 60 days and no more than 90 days from the earliest date of the Summary Notice
3 Publication.

4 28. The Distribution Agent shall review each Proof of Claim Form to
5 determine the validity and amount of such Potentially Eligible Claimant's claim,
6 together with any additional conclusions of the Distribution Agent on other issues
7 relevant to the claim. Each Potentially Eligible Claimant shall have the burden of
8 proof to establish the validity and amount of its claim, and that it qualifies as an
9 Eligible Claimant; and the Distribution Agent shall have the right to request, and
10 the Potentially Eligible Claimant shall have the burden of providing to the
11 Distribution Agent, any additional information and/or documentation deemed
12 relevant by the Distribution Agent.

13 29. To avoid being barred from asserting a claim, each Eligible Claimant
14 on or before the Filing Deadline must submit to the Distribution Agent a properly
15 completed Proof of Claim Form reflecting such Eligible Claimant's claim, together
16 with all supporting documentation. The Filing Deadline may be extended for one
17 or more Eligible Claimants by the Distribution Agent in its sole discretion, in
18 which event such extension shall constitute the Filing Deadline for such Eligible
19 Claimants. Unless otherwise determined by the Distribution Agent in its sole
20 discretion for good cause shown, any Eligible Claimant that does not file a
21 properly completed and documented Proof of Claim Form so that such completed
22 form and documentation are received by the Distribution Agent on or before the
23 Filing Deadline shall be barred from asserting a claim against the Distribution
24 Agent or the Distribution Fund. The burden shall be upon the Eligible Claimant to
25 ensure that its Proof of Claim Form has been timely received by the Distribution
26 Agent.

27 *

28 *Exhibit 1*

1 Notification to Claimants of Denied Claims

2 30. In rejecting any claims, the Distribution Agent shall advise each
3 claimant in writing the basis for the rejection of the claim. Any claimant who
4 objects to the Distribution Agent's determination of eligibility or wishes him to
5 reconsider its denial of the claim must so advise the Distribution Agent in writing
6 within 20 calendar days after the date of the Distribution Agent's initial denial of
7 the claim. The Distribution Agent shall promptly consider any such objection or
8 request for reconsideration and shall notify the claimant in writing of their
9 decision.

10 31. Any Potentially Eligible Claimant that is dissatisfied with a final
11 Rejection Notice concerning its claim may appeal such decision to the Court by
12 filing a written notice of appeal with the Clerk of the Court, with a copy to the
13 Distribution Agent. Such written notice of appeal must be received no later than
14 30 days after the date on which the final Rejection Notice was mailed to the
15 Potentially Eligible Claimant by the Distribution Agent; the burden of ensuring
16 such timely receipt shall be upon the Potentially Eligible Claimant. The notice of
17 appeal shall be no longer than five double-spaced pages plus exhibits, shall clearly
18 explain the Potentially Eligible Claimant's disagreement with the final Rejection
19 Notice and shall include copies of all relevant documentation, which shall also be
20 provided to the Distribution Agent. A failure to properly and timely request
21 reconsideration of a final Rejection Notice shall permanently waive the Potentially
22 Eligible Claimant's right to object to or contest that final Rejection Notice. The
23 Distribution Agent shall have the right, in its discretion, to file with the Court
24 Clerk a written response to any such appeal. The Potentially Eligible Claimant
25 shall have the burden of proof in any appeal of the final Rejection Notice.

26 32. In the event that a Potentially Eligible Claimant properly and timely
27 appeals a final Rejection Notice, such matter may, at the Court's discretion, be

28 *Exhibit 1*

1 referred to a Magistrate Judge. The Magistrate Judge shall review the
2 documentation provided by the Potentially Eligible Claimant and the Distribution
3 Agent. At that time, the Magistrate Judge may make a final determination or may
4 set the matter for hearing and at the conclusion of the hearing make a final
5 determination. A final determination by the Magistrate Judge shall be final for all
6 purposes under this Distribution Plan and there shall be no further proceedings or
7 appeals related to the same. The Court may, *sua sponte*, modify the foregoing
8 procedure with regard to proceedings before the Magistrate Judge if the Court, in
9 its sole discretion, deems such a modification to be appropriate under the
10 circumstances.

11 33. In the event that the Court determines not to refer an appeal of a final
12 Rejection Notice to a Magistrate Judge, or in the event that the Court decides to
13 review the Magistrate Judge's final determination of the appeal pursuant to the
14 terms of the Court's prior reference of the appeal to the Magistrate Judge, the Court
15 will review the documentation provided by the Potentially Eligible Claimant and
16 the Distribution Agent. At that time, the Court may make a final determination or
17 may set the matter for hearing and at the conclusion of the hearing make a final
18 determination. A final determination by the Court shall be final for all purposes
19 under this Distribution Plan and there shall be no further proceedings or appeal
20 related to the same.

21 34. No Potentially Eligible Claimant who has failed to timely file an
22 appropriate Proof of Claim Form, or to request reconsideration of the Rejection
23 Notice, or to appeal a Final Rejection Notice, shall be permitted to object to the
24 barring or treatment of its claim on the basis that the Distribution Agent failed to
25 mail, or properly to mail, or that such Potentially Eligible Claimant failed to
26 receive, a copy of the Distribution Plan Notice, or the relevant Rejection Notice or
27 final Rejection Notice, or that a Proof of Claim Form, request for reconsideration,

28 *Exhibit 1*

1 or appeal made by the Potentially Eligible Claimant was improperly reflected as
2 not having been received by, or properly recorded as received by, the Distribution
3 Agent or Court clerk, or that a Potentially Eligible Claimant's name and/or proper
4 contact information was not properly reflected on the Distribution Agent's records.
5 The burden of notifying the Distribution Agent of a Potentially Eligible Claimant's
6 current address and other contact information, and of ensuring that such
7 information is properly reflected on the Distribution Agent's records, shall be on
8 the Potentially Eligible Claimant.

9 Payment of Approved Claims

10 35. Within 30 days following completion of processing of all Potentially
11 Eligible Claimant claims, including the resolution of any appeals arising therefrom,
12 the Distribution Agent shall prepare a list of all Eligible Claimants and the
13 approved claim for each Eligible Claimant. The Distribution Agent shall petition
14 the Court for the authority to distribute a specified distributable amount from the
15 Available Distribution to the Eligible Claimants as provided for in this Distribution
16 Plan (the "Final Distribution"). In recommending such distributable amount to the
17 Court, the Distribution Agent shall retain a prudent reserve to take into account
18 final fees and expenses incurred in the administration of the performance of its
19 duties under this Distribution Plan, as well as the Tax Administrator's fees and
20 reimbursable costs, and any federal, state, or local taxes payable in connection with
21 the Distribution Fund. The Distribution Agent may, in its discretion, petition the
22 Court for the authority to make one or more interim distributions to Eligible
23 Claimants, with the consent of the Commission staff, prior to the Final
24 Distribution. Under no circumstances shall the Distribution Agent or its Agents
25 incur any liability to any person if he makes a distribution in accord with the
26 schedules previously submitted and approved by the Court, and all persons are
27 enjoined from taking any action in contravention of this sentence.

28 *Exhibit 1*

1 36. After the close of the claims period and the notification to claimants
2 of denied claims, as provided for above, the Distribution Agent shall apply to the
3 Court for an order approving the payment to him of all reasonable fees, including
4 attorneys fees, and expenses incurred by the Distribution Agent in the performance
5 of its duties under the Plan.

6 37. Upon the approval by the Court of the payment to the Distribution
7 Agent of its fees and other expenses as provided for above, the Distribution Agent
8 shall distribute the Final Distribution to Eligible Claimants as provided for in this
9 Plan.

10 38. Upon the approval by the Court of the Final Distribution, the
11 Distribution Agent shall establish an U.S. Treasury Money Market Fund
12 (“Treasury Account”) and a zero-balance account (the “Distribution Account”) at
13 Wells Fargo Bank, in the name of and bearing the Employer Identification Number
14 (“EIN”) as custodian for the distributees of the Distribution Plan. The name of
15 each account shall be in the following form: Name of Distribution Plan (EIN No.),
16 as custodian for the benefit of investors allocated a distribution from the Sayre Plan
17 of Distribution.” The terms of the applicable escrow agreement shall be in a form
18 provided by and approved by Distribution Agent.

19 39. To permit the Distribution Agent to distribute funds to Eligible
20 Claimants the Court may issue an order to the Clerk of the Court authorizing the
21 Clerk of the Court to transfer amounts in the Distribution Fund, less any lawful
22 fees and tax payment requested by the Tax Administrator prior to transfer, to the
23 Distribution Agent, in such amounts and manner as the Distribution Agent shall
24 designate in writing.

25 40. Upon receipt of the monies from the Court’s registry in this matter,
26 the Distribution Agent shall sign a receipt acknowledging the receipt of the funds.

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28 *Exhibit 1*

1 The Distribution Agent shall then file the signed receipt with the Court and supply
2 a copy of that receipt to counsel for the Commission in this matter.

3 41. The Escrow Account shall be invested in AAA-rated money market
4 mutual funds registered under the Investment Company Act of 1940 that directly
5 invest in short term U.S. Treasury securities and obligations, all backed by the full
6 faith and credit of the U.S. Government; provided however, that the money market
7 mutual funds' investments in short term U.S. Treasury securities will not be made
8 through repurchase agreements or other derivative products. The Distribution
9 Agent shall provide duplicate original bank and/or investment statements to the
10 Tax Administrator on a monthly basis and shall assist the Tax Administrator in
11 obtaining mid-cycle statements, as necessary.

12 42. All funds shall remain in the Escrow Account, separate from bank
13 assets, pursuant to the Escrow Agreement until needed to satisfy a presented check.
14 Presented checks will be subject to "positive pay" controls before they are honored
15 by the bank, at which time funds will be transferred from the Escrow Account to
16 the zero-balance account to pay the approved checks.

17 43. All payments to Eligible Claimants shall be preceded or accompanied
18 by a communication that includes, as appropriate: (a) a statement characterizing
19 the distribution; (b) a statement that checks will be void after 120 days; and (c) the
20 name of a person to contact, to be used in the event of any questions regarding the
21 distribution. Any such information letter or other mailing to recipients
22 characterizing their distributions shall be submitted to the Commission for review
23 and approval. Distribution checks, on their face, or in the accompanying mailing
24 will clearly indicate that the money is being distributed from a Distribution Fund
25 established by the Commission.

26 44. Upon receipt and acceptance by an Eligible Claimant of a Final
27 Distribution from the Distribution Fund, such Eligible Claimant shall be deemed to

28 *Exhibit 1*

1 have released all claims that such Eligible Claimant may have against the
2 Distribution Agent and its Agents in connection with the Distribution Plan and the
3 administration of the Distribution Fund, and shall be deemed enjoined from
4 prosecuting or asserting any such claims.

5 45. All checks will bear a stale date of 120 days from the date of the
6 check. Checks that are not negotiated within the stale date shall be voided and the
7 issuing financial institution shall be instructed to stop payment on those checks.

8 46. Checks returned as undeliverable by the USPS and for which a new
9 address has been provided by the USPS will be repackaged and sent to the new
10 address. For checks returned as undeliverable by the USPS and for which no new
11 address is provided, the Distribution Agent shall direct an address update search be
12 undertaken by a firm that specializes in such service. Additional efforts to identify
13 new addresses for returned checks will be conducted as necessary and
14 economically reasonable after consultation with the staff of the Commission.
15 Where new address information becomes available, the Distribution Agent shall
16 repackage the distribution check and send it to the new address. Where new
17 address information is not available after a diligent search (and in no event later
18 than 120 days after the initial mailing of the original check), the check shall be
19 voided and the Distribution Agent shall instruct the issuing financial institution to
20 stop payment on such check.

21 47. Where an Eligible Claimant's check has not been negotiated within
22 120 days from the date of issue and has been voided by the Distribution Agent, that
23 Eligible Claimant's claim shall be extinguished. All such funds will be returned to
24 the Distribution Fund.

25 48. Following the distribution of the Distribution Fund in accordance with
26 this Distribution Plan, the Court may, upon the filing of a request by the

27 *

28 *Exhibit 1*

1 Distribution Agent and service of a copy of such request on the Commission, and
2 after an opportunity for comment, enter an Order discharging the Distribution
3 Agent and its Agents from any claims or liability in connection with the
4 Distribution Plan and the administration of the Distribution Fund, and enjoining all
5 Eligible Claimants and other parties from prosecuting or asserting any such
6 discharged claim or liability against the Distribution Agent.

7 49. If the Court deems it necessary or appropriate, it will hold a hearing
8 on the Distribution Plan at a date and time to be scheduled by the Court.

9 50. The Court reserves the right to amend this Distribution Plan from time
10 to time.

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28 *Exhibit 1*

1 Exhibit A

2 **SEC v SAYRE Damage Plan**

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4
5 You may be eligible for a recovery if you purchased eConnect common stock
6 between February 29, 2000 and March 10, 2000 inclusive, and held some or all of
7 those shares at the close of trading on March 10, 2000.

8
9 1. For eConnect common stock purchased on February 29, 2000,

10
11 a. And sold between February 29, 2000 and March 10, 2000 inclusive,
12 the claim per share shall be \$0.

13 b. And still held at the close of trading on March 10, 2000, the Claim per
14 share shall be the lesser of: (i) The purchase price less \$1.75; or (ii)
15 \$1.11 per share.

16
17 2. For eConnect common stock purchased on March 1, 2000 and March 2,
18 2000,

19
20 a. And sold between March 1, 2000 and March 10, 2000 inclusive, the
21 claim per share shall be \$0.

22 b. And still held at the close of trading on March 10, 2000, the Claim per
23 share shall be the lesser of: (i) The purchase price less \$1.75; or (ii)
24 \$2.86 per share.

25
26 3. For eConnect common stock purchased between March 3, 2000 and March
27 7, 2000, inclusive:

28 *Exhibit A to Exhibit 1*

1 a. And sold between March 3, 2000 and March 10, 2000 inclusive, the
2 claim per share shall be \$0.

3 b. And still held at the close of trading on March 10, 2000, the Claim per
4 share shall be the lesser of: (i) The purchase price less \$1.75; or (ii)
5 \$3.27 per share.

6
7 4. For eConnect common stock purchased between March 8, 2000 and March
8 10, 2000, inclusive:

9
10 a. And sold between March 8, 2000 and March 10, 2000 inclusive, the
11 claim per share shall be \$0.

12 b. And still held at the close of trading on March 10, 2000, the Claim per
13 share shall be the lesser of: (i) The purchase price less \$1.75; or (ii)
14 \$9.77 per share.

15
16 1) The date of purchase or sale is the “contract” or “trade” date as distinguished
17 from the “settlement” date.

18
19 2) The determination of the total price paid and the total proceeds received, shall
20 be net of commissions.

21
22 3) For claimants who held eConnect common stock at the close of trading on
23 February 28, 2000, or made multiple purchases or sales during the relevant
24 period, the first-in, first-out (“FIFO”) method will be applied to such holdings,
25 purchases, and sales for purposes of calculating a claim. Under the FIFO
26 method, sales of shares during the Relevant Period will be matched, in
27 chronological order, first against shares held at the beginning of the Relevant

28 *Exhibit A to Exhibit 1*

1 Period (at the close of trading on February 28, 2000). The proceeds from those
2 sales will not be used in the calculation of the Recognized Loss. The remaining
3 sales of shares during the Relevant Period will then be matched, in
4 chronological order, against shares purchased during the Relevant Period.
5

6 4) To the extent a Claimant had a gain from his, her or its overall transactions in
7 eConnect common stock during the Relevant Period, the value of the
8 Recognized claim will be zero. For shares purchased during the relevant period
9 and still held at the close of trading on March 10, 2000, these shares will be
10 assigned a hold value of \$1.75, the value of eConnect stock once trading
11 resumed. To the extent that a Claimant suffered an overall loss on his, her or its
12 overall transactions in eConnect common stock during the Relevant Period, but
13 that loss was less than the Recognized Claim calculated above, then the
14 Recognized Claim shall be limited to the amount of the actual loss.
15

16 5) Shares "transferred into," "delivered into" or "received into" an account will not
17 be considered as a purchase of shares unless documentation is submitted that
18 demonstrates the original purchase of these shares occurred during the Relevant
19 Period.
20

21 6) Transactions involving short sales and their covers are not eligible for
22 compensation.
23

24 7) Each Claimant shall be allocated a pro rata share of the Net Available Fund
25 based on his, her, or its recognized claim as compared to the total recognized
26 claims of all Claimants. The minimum distribution amount to a Claimant with
27 a valid recognized claim shall be \$10.00.
28

Exhibit A to Exhibit 1

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648
Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908; E-Mail terceror@sec.gov.

On April 20, 2010, I served the document entitled [PROPOSED] ORDER APPROVING DISTRIBUTION PLAN on the parties to this action by placing a true and correct copy in an envelope, which I then sealed, addressed to

Stephen C. Sayre
11112 Barclay Drive
Garden Grove, CA 92841
E-Mail: universalfilms@msn.com

OFFICE MAIL: Which I placed for collection and mailing today following this agency's ordinary practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence is deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

E-MAIL: by sending a copy of the document to the parties' electronic mail address, which appears above.

(Federal) I declare under penalty of perjury that I am a member of the bar of this Court and that the foregoing is true and correct.

Date: April 20, 2010

/S/Roberto A. Tercero
Roberto A. Tercero