

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO.:

10-22078  
CIV-MORENO  
/TORRES

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ESTATE OF KENNETH WAYNE MCLEOD,  
F&S ASSET MANAGEMENT GROUP, INC. and,  
FEDERAL EMPLOYEE BENEFITS GROUP, INC.,

Defendants,

UNDER SEAL

FILED by \_\_\_\_\_ D.C.

JUN 24 2010

STEVEN M. LARIMORE  
CLERK U. S. DIST. CT.  
S. D. of FLA. - MIAMI

**PLAINTIFF'S CERTIFICATE PURSUANT TO RULE 65(b)**  
**OF THE FEDERAL RULES OF CIVIL PROCEDURE**

Plaintiff Securities and Exchange Commission files this Certificate pursuant to Rule 65(b) of the Federal Rules of Civil Procedure in support of its *Ex Parte* Emergency Motion for Asset Freeze and Other Emergency Relief and Memorandum of Law in Support ("Asset Freeze Motion"). The purpose of this Certificate is to advise the Court that the Commission has given no notice to the Defendants and to explain why the Court should not require notice.

This Certificate is based on the Complaint, the Asset Freeze Motion, and the declarations and other exhibits attached to that motion. Those documents show that from 1988 through June 2010, Kenneth Wayne McLeod raised at least \$34 million from 139 investors, through F&S Asset Management Group, Inc. ("FSAMG") and Federal Employees Benefit Group, Inc. ("FEBG").

As discussed in further detail in the Asset Freeze Motion, McLeod, who was the president, CEO, and chief compliance officer of FSAMG, and the president of FEBG and SEBG,

solicited his retired advisory clients and active government employees to invest in a purported "FEBG Bond Fund."

He represented the fund offered guaranteed, annual, tax-free returns of 8% to 10%. He also promised investors their principal would be secured by government bonds and even created fictitious account statements on FEBG letterhead. These statements showed the investment amount, together with inflated balances reflecting purported interest earned. But these representations were all lies. In reality, no such bond fund existed. McLeod never invested his clients' money in any government bonds, and their investments were never secured. Instead, McLeod operated a Ponzi scheme, using new investor funds to pay prior investors and to create an aura of success.

He spent lavishly to bolster his image in the community, including paying for stadium box seats and an annual trip for him and forty friends to the Super Bowl that cost as much as \$276,000.

Since McLeod's sudden death on June 22, 2010, it is unclear who, if anyone, is in control of FEBG and FSAMG.

The Commission has grave concerns that if we provide the Defendants with notice of the Asset Freeze Motion, they will withdraw and/or transfer what investor funds remain. This would make it difficult, if not impossible, for the Commission and the Receiver we are simultaneously asking the Court to appoint to marshal and recover any fraudulently transferred funds for the benefit of investors. To prevent this injustice, the Commission asks the Court not to require notice of the Asset Freeze Motion to the Defendants prior to the Court ruling on it.

Once the Court has ruled, consistent with the terms of any Order Authorizing Papers to Be Filed Under Seal, we will immediately serve all papers and order in this action on the

Defendants, and they will have a chance to contest the Commission's allegations.

**FOR THE FOREGOING REASONS**, the Commission respectfully requests that the Court grant its emergency *ex parte* Asset Freeze Motion and enter the proposed Order submitted in connection with that motion without requiring the Commission to provide prior notice to the Defendants.

Respectfully submitted,

June 24, 2010

By:



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