

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
(Miami Division)  
CASE NO.: 10-22078-CV-MORENO/TORRES**

SECURITIES & EXCHANGE COMMISSION,

Plaintiff,

vs.

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

Defendants.

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**RECEIVER'S MOTION FOR ORDER  
APPROVING SETTLEMENT WITH SUSAN MCLEOD AND  
DIRECTING DISBURSEMENT OF LIFE INSURANCE PROCEEDS**

Michael I. Goldberg (the "Receiver"), in his capacity as Receiver of Federal Employee Benefits Group, Inc. ("FEBG"), F&S Asset Management Group, Inc. ("FSAMG") and the Estate of Kenneth Wayne McLeod (collectively, the "Receivership Entities"), files this Motion for Order Approving Settlement with Susan McLeod and Directing Disbursement of Life Insurance Proceeds ("Motion"). In support of this Motion, the Receiver states as follows:

**I. Background**

1. On June 24, 2010, the United States Securities and Exchange Commission ("SEC") initiated these proceedings. In its complaint, the SEC alleged that the Receivership Entities, along with Kenneth Wayne McLeod ("McLeod") perpetrated a Ponzi scheme defrauding approximately \$35 million from nearly 300 victims and sought the appointment of a receiver over the Receivership Entities. On even date, the Court appointed Michael I. Goldberg as receiver for the Receivership Entities.

2. Just prior to the filing of the SEC's complaint, McLeod died from a self-inflicted gunshot wound to the head. The Receiver learned that McLeod had at least three life insurance policies on his life. The Receiver traced the premiums paid by McLeod to the monies stolen from his victims, and therefore, has claimed an interest in the policies. McLeod's wife, Susan McLeod, contends that her interest as beneficiary of the policies is superior to the Receiver's interest in the policies.

3. Notwithstanding their dispute, the Receiver and Susan McLeod agreed it was in their best interests to obtain the life insurance proceeds ("Insurance Proceeds") from the insurance companies, place them in an interest bearing escrow account, and litigate who is legally entitled to the Insurance Proceeds. Accordingly, upon an unopposed motion filed by the Receiver, on October 4, 2010, this Court entered an Order approving procedures to escrow the Insurance Proceeds in an interest bearing account overseen by Joseph Hatchett, Esq. of Akerman Senterfitt pending further order of the Court directing the disbursement of the Insurance Proceeds. (*See* D.E. 41.)

4. The Receiver also asserted an interest in other real and personal property ("Property") in Susan McLeod's possession, which the Receiver claimed were also purchased with or otherwise derived from victims' funds. Susan McLeod claims that her interest in the Property as surviving spouse is superior to the Receiver's interest in the Property.

## **II. Settlement Agreement**

5. The Receiver and Susan McLeod have subsequently resolved their dispute over the Insurance Proceeds and the Property. A true and correct copy of the Agreement is attached hereto as Exhibit A.

**A. Insurance Proceeds**

6. The sum of \$1,750,000 representing the Insurance Proceeds is presently held in escrow. The parties have agreed that Susan McLeod shall be paid the sum of \$437,500 from the Insurance Proceeds and \$5,000 from the proceeds of the Aetna insurance policy, when received.

7. In the event other policies are discovered in which Susan McLeod is the named beneficiary, Susan McLeod shall be paid 25% of the proceeds of such policies. Additionally, Susan McLeod shall also be given 25% of the interest that has accrued on the Policies. These sums shall be free and clear of any and all claims, liens or encumbrances of McLeod's or the Receivership Entities' creditors.

8. The Receiver shall be paid the remaining amount of the Insurance Proceeds, plus the remaining interest that has accrued on the Insurance Proceeds. The Receiver shall also be entitled to receive the total amount of proceeds of any additional life insurance policies purchased by McLeod, regardless of the beneficiary, less 25% of the proceeds to be paid to Susan McLeod.

**B. Real and Personal Property**

9. A complete listing of Susan McLeod's jewelry (the "Jewelry") is attached to the Agreement as Exhibit 1. Susan McLeod shall deliver her Jewelry to the Receiver, who shall obtain at least two bids to purchase the Jewelry. In the event the highest bid for the Jewelry is less than or equal to \$200,000.00, Susan McLeod shall direct the Receiver to either sell the jewelry or to deliver it to Susan McLeod.

10. In the event the highest bid is greater than \$200,000, then the Receiver shall sell the jewelry to the highest bidder(s) and remit \$200,000 of the proceeds to Susan McLeod and keep the excess proceeds for the benefit of the receivership estate.

11. Any transfer of Jewelry or funds derived from the sale of the Jewelry shall be free and clear from the claims of any creditors and/or third parties.

12. Susan McLeod shall turnover to the Receiver McLeod's jewelry as more fully described in Exhibit 2 of the Agreement. The receiver shall be entitled to retain such jewelry for the benefit of the receivership estate.

13. Susan McLeod shall be entitled to retain the furniture and other household goods set forth on Exhibit 3 of the Agreement for her own benefit.

14. The Receiver shall be entitled to possession of all assets set forth on Exhibit 4 of the Agreement as well as any other asset not listed in the schedules, including any real property in Susan McLeod's and/or McLeod's name or possession. Notwithstanding the foregoing, the Receiver agrees to work with Susan McLeod in order to provide her a reasonable time to obtain a new residence.

15. It is the intent of the parties that Susan McLeod be entitled to keep the assets specifically being transferred to her under the Agreement free and clear of the claims of any third party in consideration of her giving up any claims, entitlement or ownership interest in any other assets to the Receiver.

16. Susan McLeod has represented to the Receiver that she has no interest in any real property or personal property (including but not limited to any life insurance policies, bank accounts or brokerage accounts) or any other asset other than the assets disclosed in the schedules attached to the Agreement.

17. To the extent this representation is false, the Receiver shall be given immediate possession of such undisclosed assets. To the extent Susan McLeod disposes of any undisclosed assets prior to the Receiver being given possession, the Receiver shall have a claim against Susan

McLeod for the value of any such undisclosed assets, notwithstanding any release being given pursuant to this Agreement.

18. On October 6, 2010, upon motion of the SEC, this Court entered an Order Granting the SEC's Motion to Stay Proceeding and Closing Case for Statistical Purposes. (*See* D.E. 44.) However, the Court retained jurisdiction over the parties and the Receiver.

#### **INCORPORATED MEMORANDUM OF LAW**

The district court has broad powers and wide discretion to determine relief in an equity receivership. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11<sup>th</sup> Cir. 1992). The power of courts over receivers, including their authority to control them "in the settlement of all demands against the property held by them in their capacity as receivers, is well established..." *Bancroft v. Allen*, 138 Fla. 841, 190 So. 885 (Fla. 1939). It is equally the duty of the court appointing a receiver to compel the settlement of claims against the property in his possession in the most expeditious manner, so as to avoid litigation and expense to the fund in charge of the court. *Id.* 138 Fla. at 854; *Fugazy Travel Bureau, Inc. v. State*, 188 So.2d 842, 843 (Fla. 4<sup>th</sup> DCA 1966).

The right of a receiver to settle claims and compromise actions with the approval of the court is well recognized. *Id.*; *O'Neal v. General Motors Corporation*, 841 F. Supp. 391, 398 (M.D. Fla. 1993). Moreover, the Receivership Order entered in this case, specifically authorizes the Receiver to, among other things: "[D]efend, compromise or settle legal actions...in which the Defendants or the receiver is a party, commenced either prior to or subsequent to this Order, with authorization of this Court..." See ¶ 6 of the Receivership Order. Accordingly, the Receiver seeks approval of this Court to enter into the Agreement.

The Receiver believes the settlement is in the best interest of the parties and the Receivership Estate. The Receiver enters into the settlement only after extensive negotiations

with Susan McLeod's counsel and a thorough review of the property in Susan McLeod's possession. To the extent Susan McLeod failed to disclose an interest in any real or personal property other than the assets disclosed in the schedules attached to the Agreement, the Receiver will be entitled to immediate possession of such undisclosed assets. To the extent Susan McLeod disposes of any undisclosed assets prior to the Receiver being given possession, the Receiver shall have a claim against her for the value of any such undisclosed assets, notwithstanding any release given pursuant to the Agreement. The Receiver also believes the settlement is in the best interest of the receivership estate because without entering into the settlement, the Receiver could incur significant litigation costs which reduce funds available for the benefit of the Receivership Entities and investors.

**WHEREFORE**, the Receiver respectfully requests this Court enter an order in the form of Exhibit B, approving the Agreement; reserving jurisdiction to enforce the terms of the settlement; and granting such other relief as is just and proper.

**LOCAL RULE 7.1 CERTIFICATION OF COUNSEL**

Pursuant to Local Rule 7.1, undersigned counsel hereby certifies that the Receiver has conferred with counsel for the United States Securities and Exchange Commission and Susan McLeod who have no objection to the relief requested herein.

**AKERMAN SENTERFITT**  
350 East Las Olas Boulevard  
Suite 1600  
Fort Lauderdale, FL 33301  
Telephone: (954) 463-2700  
Facsimile: (954) 463-2224  
*Attorneys for Receiver*

By: /s/ Joan M. Levit  
Joan M. Levit  
Florida Bar No.: 987530



**1:10-cv-22078-FAM**

**Notice has been electronically mailed to:**

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**Notice has been mailed to**

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Elizabeth L. White  
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215 Washington Street  
Jacksonville, FL 32202



**EXHIBIT A**

## AGREEMENT

This Agreement is entered into this \_\_\_\_ day of December, 2010 by and between Michael I. Goldberg, in his capacity as the court-appointed Receiver for Federal Employee Benefits Group, Inc. ("FEBG") and F&S Asset Management Group, Inc. ("FSAMG"), and Susan McLeod, (jointly, the "Parties"), who stipulate and agree as follows:

### RECITALS

**WHEREAS**, on June 24, 2010, the United States Securities and Exchange Commission ("SEC") filed a Complaint in the U.S. District Court for the Southern District of Florida (the "Court"), styled *SEC v. McLeod, et al.*, and assigned Case No.: 10-22078-CV-MORENO/TORRES.

**WHEREAS**, in the complaint, the SEC alleged that Defendants, FEBG and FSAMG (jointly, the "Receivership Entities"), along with Defendant, Kenneth Wayne McLeod ("McLeod"), perpetrated a Ponzi scheme defrauding approximately \$35 million from nearly 300 victims, by diverting the victims' investment funds from FEBG's accounts to McLeod's personal accounts for his own personal use and benefit.

**WHEREAS**, upon the request of the SEC, on June 24, 2020, the Court entered an Order appointing Michael I. Goldberg as the receiver ("Receiver") over the Receivership Entities and the assets of the Receivership Entities.

**WHEREAS**, just prior to the filing of the SEC's Complaint, McLeod died from a self-inflicted gunshot wound to the head.

**WHEREAS**, McLeod previously purchased multiple life insurance policies on his life, including Policy No. 2444098J in the amount of \$1,000,000 with ING Life Insurance Corporation and Policy No. V6 012 949 in the amount of \$750,000 with the Prudential Life Insurance Corporation, (collectively, with any additional life insurance policies, the "Policies").<sup>1</sup>

**WHEREAS**, the Receiver traced the premiums paid by McLeod for the Policies to the monies stolen from his victims, and therefore, the Receiver claimed an interest in the Policies.

**WHEREAS**, McLeod's wife, Susan McLeod, contends that her interest as beneficiary of the Policies is superior to the Receiver's interest in the Policies.

**WHEREAS**, notwithstanding their dispute over the Policies and the proceeds derived therefrom, the Receiver and Susan McLeod agreed to obtain the life insurance proceeds from the insurance companies, place them in an interest bearing escrow account, and litigate who is legally entitled to the life insurance proceeds.

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<sup>1</sup> Other life insurance policies on McLeod's life may exist. To the extent any such policies are located, the Receiver proposes that they be included in the definition "Policies" and treated the same way as the Policies as defined herein.

**WHEREAS**, on October 4, 2010, the Court entered an Order Granting Unopposed Motion for Order Approving Procedure to Escrow Disputed Life Insurance Proceeds, which directed the disbursement of the life insurance proceeds and appointed Joseph Hatchett and Akerman Senterfitt to serve as escrow agent ("Escrow Agent") of the life insurance proceeds ("Insurance Proceeds") to be held in an interest bearing escrow account, pending further order of the Court.

**WHEREAS**, the Receiver has also asserted an interest in other property in Susan McLeod's possession such as jewelry, household furnishings and other personal property (including cash, bank accounts and brokerage accounts)("Personalty"), which the Receiver claims were also purchased with or otherwise derived from victims' funds.

**WHEREAS**, the Receiver also asserts an interest in all real property owned or otherwise in Susan McLeod's possession which the Receiver claims was also purchased with victims' funds.

**WHEREAS**, Susan McLeod contends that her interest in the real property and Personalty as surviving spouse is superior to the Receiver's interest.

**WHEREAS**, the Receiver has no knowledge whatsoever that Susan McLeod had any knowledge of or involvement in the misconduct alleged to have been committed by Kenneth Wayne McLeod giving rise to the claims by the Receiver.

**WHEREAS**, in order to avoid the costs, risk and uncertainty attendant to any litigation, the Parties have agreed to resolve their disputes as set forth herein:

### **AGREEMENT**

**NOW THEREFORE**, in consideration of the mutual covenants and undertakings contained herein and other good and valuable consideration, which is hereby acknowledged by the Parties, the Parties agree to the following terms in full and complete of their disputes.

1. Representations and Warranties. Susan McLeod represents and warrants to the Receiver that she has no interest in any real property or personal property (including but not limited to any life insurance policies, bank accounts or brokerage accounts) or any other asset other than the assets disclosed in the attached schedules. This representation shall not apply to any individual asset with a value less than \$250 or all assets in the aggregate value of less than \$10,000, Susan McLeod recognizes that the Receiver is relying on this representation in entering into this Agreement. To the extent this representation is false, the Receiver shall be given immediate possession of such undisclosed assets. To the extent Susan McLeod disposes of any undisclosed assets prior to the Receiver being given possession, the Receiver shall have a claim against Susan McLeod for the value of any such undisclosed assets, notwithstanding any release being given pursuant to this Agreement.

2. Insurance Proceeds. The sum of \$1,750,000 representing the Insurance Proceeds is presently held in escrow.

(a) Susan McLeod shall be paid the sum of \$437,500 from the Insurance Proceeds. Susan McLeod shall also be paid \$5,000 from the proceeds of the Aetna insurance policy, when received. In the event other policies are discovered in which Susan McLeod is the named beneficiary, Susan McLeod shall be paid 25% of the proceeds of such policies. Additionally, Susan McLeod shall also be given (twenty five percent) (25%) of the interest that has accrued on the Policies. These sums shall be free and clear of any and all claims, liens or encumbrances of McLeod's or the Receivership Entities' creditors.

(b) The Receiver shall be paid the remaining amount of the Insurance Proceeds, plus the remaining interest that has accrued on the Insurance Proceeds.

(c) The Receiver shall also be entitled to receive the total amount of proceeds of any additional life insurance policies purchased by McLeod, regardless of the beneficiary, less twenty five percent (25%) of the proceeds to be paid to Susan McLeod.

3. Personal Property, Bank Accounts, Brokerage Accounts and Cash.

(a) Susan McLeod shall deliver to the Receiver possession of her jewelry. A complete listing of Susan McLeod's jewelry (the "Jewelry") is attached hereto as Schedule "A". The Receiver shall obtain at least two bids to purchase the Jewelry. In the event the highest bid for the Jewelry is less than or equal to \$200,000.00, Susan McLeod shall direct the Receiver to either sell the jewelry or to return it to Susan McLeod. In the event the highest bid is greater than \$200,000, then the Receiver shall sell the jewelry to the highest bidder(s) and remit \$200,000 of the proceeds to Susan McLeod and keep the excess proceeds for the benefit of the receivership estate. Any transfer of Jewelry or funds derived from the sale of the Jewelry shall be free and clear from the claims of any creditors and/or third parties.

(b) Susan McLeod shall turnover to the Receiver McLeod's jewelry as more fully described in Schedule "B", attached hereto and the receiver shall be entitled to retain such jewelry for the benefit of the receivership estate.

(c) Susan McLeod shall be entitled to retain the furniture and other household goods set forth on Schedule "C" for her own benefit.

(d) The Receiver shall be entitled to possession of all assets set forth on Schedule "D" as well as any other asset not listed in the attached schedules, including any real property in Susan McLeod's and/or McLeod's name or possession. Notwithstanding the foregoing, the Receiver agrees to work with Susan McLeod in order to provide her a reasonable time to obtain a new residence. It is the intent of this Agreement that Susan McLeod be entitled to keep the assets specifically being transferred to her under this Agreement free and clear of the claims of any third party in consideration of her giving up any claims, entitlement or ownership interest in any other assets to the Receiver.

2. Court Approval.

{FT730785;1}

- (a) The Parties agree that this Agreement is subject to approval by the Court.
- (b) The Receiver shall file a motion with the Court seeking approval of this Agreement.
- (c) The Order shall provide that upon ten days after entry of a final Order approving this Agreement:
  - (i) The Escrow Agent shall release the Insurance Proceeds as required hereunder.
  - (ii) Susan McLeod shall turnover McLeod's jewelry and other assets required under this Agreement to the Receiver.
  - (iii) The Court shall retain jurisdiction to enforce the terms of this Agreement.

3. Mutual Releases. Except as provided in this Agreement, upon compliance by all of the Parties to the terms of this Agreement, each of the Parties, on their own behalf and on behalf of their successors, assigns, and related corporate entities, hereby releases and forever discharges the other Parties, their affiliates, subsidiaries, parents, related corporate entities, officers, directors, employees, agents, owners, shareholders, insurers, attorneys, predecessors, successors, assigns from any and all actions (whether in contract, tort or otherwise), potential causes of action, suits, debts, dues, sums of money, accounts, bills, invoices, covenants, contracts, controversies, agreements, promises, damages (including punitive damages), costs, attorneys' fees, interest, expenses and other compensation, warranties, representations, claims, and demands, whether known or unknown, foreseen or unforeseen, economic or otherwise, in law or equity, which each Party or anyone claiming by, through or under him, ever had or now has against the releasees based upon any facts or events, known or unknown, which have occurred at any time prior to and including the date of the execution of this Agreement.

4. No Admission of Liability. Each of the Parties understands and agrees that this Agreement is a compromise of disputed claims and does not constitute, nor shall it be construed as, an admission of liability by any of the Parties.

5. Choice of Law. This Agreement shall be construed in accordance with and all disputes hereunder shall be controlled by the laws of the State of Florida without regard to its conflict of laws provision. Should any provision of this Agreement be declared unenforceable or illegal by any court of competent jurisdiction, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

6. Single Agreement. This Agreement constitutes the entire understanding between the Parties, and no other promises or agreements shall be binding unless signed by all Parties. All prior representations regarding this Agreement are expressly disclaimed by all Parties unless incorporated in this Agreement. This Agreement may only be modified in writing signed by the party against whom such modification is to be construed.

7. Capacity. The individuals whose signatures are affixed to this Agreement in a representative capacity represent that they are authorized to execute the Agreement on behalf of and to

bind the entity (and any successors and assigns, including, but not limited to a subsequent trustee, receiver or assignee) on whose behalf the signature is affixed, to the terms of this Agreement.

8. Counterparts. This Agreement may be executed in a number of counterparts, each of which shall be deemed an original, and said counterparts may be delivered by facsimile, but all of which shall constitute one and the same Agreement.

9. Additional Actions. The Parties agree to take such additional action, including the execution and delivery of any additional documents, reasonably necessary to effectuate the provisions of the Agreement.

10. Waiver of Trial by Jury. The Parties hereby knowingly, voluntarily and intentionally waive the right they may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this Agreement, any document contemplated to be executed or any action of the Parties.

11. Attorneys' Fees. The Parties to this Agreement shall bear their own costs and attorneys fees associated with the drafting, negotiation and execution of this Agreement. However, in the event any of the Parties institutes legal proceedings in connection with, or for the enforcement of this Agreement or any provision hereof, the prevailing party shall be entitled to recover from the losing party, its costs, including reasonable attorneys' fees, at both trial and appellate levels.

12. Neutral Interpretation. The Parties have had an opportunity to review the terms and conditions of this Agreement with legal counsel and are entering into this Agreement fully informed of all duties obligations and ramifications of all terms and conditions contained herein, and agree to abide by all terms and conditions. Since this Agreement is the result of the joint effort of the Parties to resolve their dispute and the Parties have had the benefit of counsel, the Agreement should not be construed more strictly against any one party.

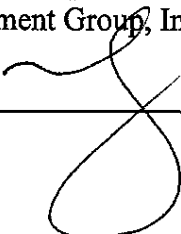
13. No Interpretation of Captions or Headings. The captions and headings within this Agreement are for ease of reference only and are not intended to create any substantive meaning or to modify the terms following them or contained in any other provision of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date set forth below.

IN WITNESS WHEREOF, the parties hereto evidence their agreement and have executed this Agreement as of the day and year first below written.

Date Executed: 12/6/10

Michael I. Goldberg, in his capacity as Receiver for Federal Employee Benefits Group, Inc. and F & S Asset Management Group, Inc.

Sign: 

Date Executed: 12-2-2010

SUSAN MCLEOD

Sign: Susan McLeod

**Exhibit 1: Jewelry of Susan McLeod**

1. Rolex: Yachtmaster, gold with stainless steel, dark face with white number dials
2. Rolex: Oyster perpetual Lady datejust watch, 26 mm, 18kt yellow gold, bezel set with 42 diamonds, case lugs with 24 diamonds and 10 diamonds set on white mother-of-Pearl dial, 31 jewel chronometer movement, synthetic sapphire crystal with President bracelet, Style #17915889UB8313, Serial #K579586
3. Rolex: stainless steel, with diamonds on the face
4. 1 lady's Craig Drake designed emerald and diamond 18kt yellow gold and white gold bracelet. Total emerald weight of 6.80 ct. and 2.87 ct.t.w. in diamonds
5. 1 lady's NEI House of Fashion emerald and diamond 3 stone ring, center emerald has a total weight of 1.17 ct. and the 2 diamonds have a total weight of .34 ct.
6. 14K gold round diamond stud earrings, 1.0 ct tdw
7. Emerald/Diamond Earrings: drop emeralds surrounded by smaller diamonds
8. Gold/Diamond Jaguar Bracelet: gold link bracelet, two diamond jaguar heads with gemstone eyes that are connected at a diamond ring
9. 18k gold and platinum ring with 3 round diamonds (.95ct tw)
10. Less than 1 carat wedding band: yellow gold with diamond solitaire
11. Carat Solitaire wedding band: yellow gold with diamond solitaire
12. 1 lady's 18kt white gold Robert Coin diamond circle pendant on chain with total weight of 1.33ct.
13. Diamond Solitaire with two adjoining baguette diamonds: original engagement band
14. 2 ladies' platinum five (5) diamond bands, each diamond band weighs 2.10 ct.
15. Platinum wedding band with one large diamond with 2 smaller diamonds on the side



**Exhibit 2: Jewelry of Kenneth Wayne McLeod**

1. Rolex Watch, GMT Master II
2. Rolex Watch, Submariner
3. David Yurman Cross Necklace

**Exhibit 3: Personal Property retained by Susan McLeod**

Personal Property at 1543 Wentworth Avenue, Jacksonville, Florida 32259

1. Large Sony Flat Screen TV
2. Pioneer DVD Player
3. King size bed
4. 2 end tables
5. 2 dressers
6. Bunk bed
7. End table
8. Large dresser
9. Small dresser
10. Sylvania TV
11. 2 small couches
12. Chair
13. Large china hutch
14. Dining room table with 8 chairs
15. 2 end tables
16. Small hutch
17. Stainless steel profile refridgerator/freezer
18. Small Phillips TV
19. Profile Wine Cooler
20. Large Samsung TV
21. 2 Five persons couch
22. 2 end tables
23. Denon DVD Player
24. Kitchen Table with 4 chairs
25. Queen size bed
26. 2 end tables
27. Long table/stand
28. Samsung Flat Screen TV
29. Fuz Ball Table
31. Budweiser Blimp Light
32. Game Time Mega Touch
33. Queen size bed
34. 1 end table
35. Dresser
36. 2 twin beds
37. Samsung Flat Screen TV
38. Dresser
39. Twin bed
40. Dresser
41. End table
42. Small Phillips Flat Screen TV

43. Desk with chair
44. Small filing cabinet
45. Large Phillips Flat Screen TV
46. Hoshizaki Ice/Water Dispenser
47. 2 Maytag refrigerator/freezers
48. Large GE storage freezer
49. Toro Twister
50. Kenmore Freezer
51. Hosizaki Ice Maker
52. Large playground set with tree house
53. Shuffle Board table
54. Precor Treadmill and Elliptical
55. Used video games
56. Precor Ab Machine
57. Paramount Cable Crossover Bar
58. Pull down machine
59. Squat machine
60. Miscellaneous dumbbells/weight stuff
61. Miscellaneous yard equipment

Personal Property at 1657 Yachtsman's Court, Amelia Island, Florida 32034:

1. Two wood end tables
2. Matching dresser
3. King size bed
4. Kitchen table with 4 chairs
5. Brother Fax/Copy Machine
6. 2 Queen size beds
7. Stainless steel Kenmore Elite Outdoor Grill
8. Kitchen table and 4 chairs
9. Miscellaneous dishes, pots and pans, silverware
10. Living room couch
11. Coffee table
12. Love seat and chair
13. Miscellaneous small beach equipment and towels
14. Personal clothing of Mrs. McLeod and daughter
15. Brother Fax/Copy Machine

Bank Accounts

1. Vystar Credit Union Primary Savings Account No. 0702826123, Account Balance of \$15.00 as of November 30, 2010
2. Vystar Credit Union Regular Checking Account No. 7502588065, Account Balance of \$2,345.63 as of November 30, 2010

**Exhibit 4: Property to be Surrendered to Receiver**

Property located at 1543 Wentworth Avenue, Jacksonville, Florida 32259:

1. Pool Table
2. Miscellaneous Georgia Football pictures and paintings
3. Moomba Ski Boat
4. 2 Sea-Doo Jetskis
5. Freedom Grill Tailgate Trailer with 2 coolers and attached grill
6. Haulmark Tailgater Trailer with bathroom, flat screen tv, radio, etc.
7. Carry on Trailer cargo

Property located at 1657 Yachtsman's Court, Amelia Island, Florida 32034:

1. Large Sony Flat Screen TV
2. Sony DVD player
3. Denon multizone entertainment component
4. Whirlpool Washer/Dryer
5. Stainless Steel Profile refrigerator/freezer
6. Precor Treadmill
7. Precor Elliptical Machine
8. Inspire workout machine set
9. 2 Sony Flat Screen TVs
10. 2 Phil Mickelson Tournament pictures with frames
11. Sony DVD Player
12. Small Sony Flat Screen TV
13. Maytag Stainless Steel refrigerator/freezer
14. Tomberlin Red Deluxe Golf Cart
15. Battery Power Golf Cart

Vehicles

jrd[mcleod - inventory exhibits sm]

**EXHIBIT B**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
(Miami Division)  
CASE NO.: 10-22078-CV-MORENO/TORRES**

SECURITIES & EXCHANGE COMMISSION,

Plaintiff,

vs.

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

Defendants.

---

**ORDER GRANTING RECEIVER'S MOTION FOR ORDER  
APPROVING SETTLEMENT WITH SUSAN MCLEOD AND  
DIRECTING DISBURSEMENT OF LIFE INSURANCE PROCEEDS**

**THIS MATTER** came before the Court without hearing upon the Motion for Order Approving Settlement with Susan McLeod and Directing Disbursement of Life Insurance Proceeds ("Motion") filed by Michael I. Goldberg (the "Receiver"), in his capacity as Receiver of Federal Employee Benefits Group, Inc. ("FEBG"), F & S Asset Management Group, Inc. ("FSAMG") and the Estate of Kenneth Wayne McLeod (collectively, the "Receivership Entities"). The Court, having reviewed the Motion, being advised that the Securities and Exchange Commission and counsel for Susan McLeod have no objection to the relief requested, and being otherwise fully advised in the premises, it is

**ORDERED AND ADJUDGED** that:

1. The Motion is Granted.
2. The settlement agreement ("Agreement"), a copy of which is attached to the Motion, is incorporated herein, ratified, approved and adopted by this Court. The Receiver is

authorized to enter into the Agreement, execute any documents and take any actions reasonably necessary to consummate the transactions contemplated therein.

3. Upon ten days after the entry of this Order, Akerman Senterfitt and Joseph Hatchett, Esq., as escrow agent over the Insurance Proceeds (as defined in the Motion), shall disburse the Insurance Proceeds, as follows:

(a) Susan McLeod shall be paid the sum of \$437,500 from the Insurance Proceeds. Susan McLeod shall also be paid \$5,000 from the proceeds of the Aetna insurance policy, when received.

(b) In the event other policies are discovered in which Susan McLeod is the named beneficiary, Susan McLeod shall be paid 25% of the proceeds of such policies.

(c) Additionally, Susan McLeod shall also be given 25% of the interest that has accrued on the Policies. These sums shall be free and clear of any and all claims, liens or encumbrances of Wayne McLeod's or the Receivership Entities' creditors.

(d) The Receiver shall be paid the remaining amount of the Insurance Proceeds, plus the remaining interest that has accrued on the Insurance Proceeds.

4. Susan McLeod has represented and warranted to the Receiver that she has no interest in any real property or personal property (including but not limited to any life insurance policies, bank accounts or brokerage accounts) or any other asset other than the assets disclosed in the exhibits attached to the Agreement.<sup>1</sup> To the extent this representation is false, the Receiver shall be given immediate possession of such undisclosed assets. To the extent Susan McLeod disposes of any undisclosed assets prior to the Receiver being given possession, the Receiver

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<sup>1</sup> This representation does not apply to any individual asset with a value less than \$250 or all assets in the aggregate value of less than \$10,000.

shall have a claim against Susan McLeod for the value of any such undisclosed assets, notwithstanding any release being given pursuant to the Agreement.

5. Susan McLeod shall be entitled to retain the furniture and other household goods set forth on Exhibit 3 of the Agreement for her own benefit.

6. The Receiver shall be entitled to possession of all assets set forth on Exhibit 4 of the Agreement, as well as any other asset not listed in the attached schedules, including any real property in Susan McLeod's and/or Wayne McLeod's name or possession.

7. Susan McLeod shall turnover to the Receiver Wayne McLeod's jewelry and other assets required under the Agreement.

8. Susan McLeod shall deliver to the Receiver possession of her jewelry (the "Jewelry") set forth on Exhibit 1 of the Agreement. The Receiver shall obtain at least two bids to purchase the Jewelry. In the event the highest bid for the Jewelry is less than or equal to \$200,000.00, Susan McLeod shall direct the Receiver to either sell the jewelry or to deliver it to Susan McLeod. In the event the highest bid is greater than \$200,000, then the Receiver shall sell the jewelry to the highest bidder(s) and remit \$200,000 of the proceeds to Susan McLeod and keep the excess proceeds for the benefit of the receivership estate. Any transfer of Jewelry or funds derived from the sale of the Jewelry shall be free and clear from the claims of any creditors and/or third parties.

9. Susan McLeod shall be entitled to keep the assets specifically being transferred to her under the Agreement free and clear of the claims of any third party in consideration of her giving up any claims, entitlement or ownership interest in any other assets to the Receiver.

10. In the event that any terms of this Order conflict with the Agreement, the terms of the Agreement shall control.



11. The Court shall retain jurisdiction to enforce the terms of the Agreement.

**DONE AND ORDERED** in Miami-Dade County, Florida on this December \_\_\_\_, 2010.

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**FEDERICO A. MORENO**  
**CHIEF UNITED STATES DISTRICT JUDGE**

**Conformed copies to:**  
All counsel of record