

1 DAVID R. ZARO (BAR NO. 124334)
YALE K. KIM (BAR NO. 188895)
2 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
3 515 South Figueroa Street, Ninth Floor
Los Angeles, California 90071-3309
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 Email: dzaro@allenmatkins.com
ykim@allenmatkins.com

6 Attorneys for Michael A. Grassmueck, Monitor
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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO

11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 vs.

14 ALEXANDER JAMES TRABULSE,

15 Defendant.

16 and

17 FAHEY FUND, L.P., FAHEY FINANCIAL
18 GROUP, INC., INTERNATIONAL TRADE &
DATA, and ITD TRADING,

19 Relief Defendants.
20
21

Case No. C 07-4975 (WHA)

DECLARATION OF MICHAEL A.
GRASSMUECK IN SUPPORT OF OMNIBUS
MOTION TO OBJECT TO CLAIMS

Date: July 9, 2009

Time: 8:00 a.m.

Place: Courtroom 9, 19th Floor
United States District Court
Northern District of California-
San Francisco Division
450 Golden Gate Avenue
San Francisco, CA 94102

1 I, Michael A. Grassmueck, declare:

2 1. I am the duly appointed monitor (the "Monitor") for Fahey Fund, L.P.; Fahey
3 Financial Group, Inc.; International Trade & Data; and ITD Trading, and their subsidiaries and
4 affiliates and any entities controlled by them (collectively referred to as the "Relief Defendants").
5 I submit this declaration (the "Declaration") in support of the Omnibus Motion To Object To
6 Claims (the "Motion"). I have personal knowledge of the facts stated in this Declaration as to
7 which I could and would personally and competently testify if called upon to do so.

8 2. On December 17, 2007, I was appointed as Monitor of the Relief Defendants
9 pursuant to the entered Order Appointing Monitor And Other Ancillary Relief ("Monitor Order").
10 Pursuant to the Monitor Order, I was empowered and directed to, among other things, conduct
11 such investigation as would be necessary to locate and account for the Relief Defendants' assets,
12 and review the overall operation of the Relief Defendants in accordance with the Monitor Order.

13 3. On February 13, 2008, the Court entered an Order implementing certain of my
14 recommendations, and which also incorporated the terms of the Monitor Order (the "Modified
15 Order"). The Modified Order authorized me to, among other things, undertake the review and
16 analysis of claims, and determine the allowance of claims, through a claims review process, and
17 assist in the sale and liquidation of assets.

18 4. In connection with my duties under the Modified Order, and based on the timing of
19 this case and the existence of funds available for distribution to investors and creditors, I
20 determined it was appropriate to commence the claims review and analysis process, and obtained
21 Court order, with assistance from counsel, approving a claims procedure ("Claims Procedure
22 Order") for the solicitation, review and allowance of claims, a claims bar date of February 2, 2009
23 ("Claims Bar Date"), and the form and manner of notice of the Claims Bar Date to be sent to
24 investors and creditors, (collectively, the "Claims Procedures").

25 5. The Claims Procedures Order provided, among other things, that those claims of
26 those known investors who could not be located or whose mailing address was found to be
27 incorrect and no forwarding address was found (based on mail returned to my office), would not
28 be barred without further order of the Court. The Notice of Claims Bar Date was served on

1 investors and creditors on October 28, 2008, by mail service. I believe that all investors were
2 ultimately located and notified.

3 6. I, with assistance from my staff, (collectively, the "Monitor's Office") have
4 followed and implemented the Claims Procedures. Upon receiving the claims, the Monitor's
5 Office commenced a review and analysis of the claims in order to reconcile the claims with the
6 books and records of the Fahey Fund and the forensic accounting. In addition, the Monitor's
7 Office addressed the fact that there will not be funds available to pay the full amount of each
8 claimant's principal investment. As such, the Monitor's Office has worked to establish an allowed
9 claim for each investor reflecting their principal investment, less any deductions for withdrawals
10 of investment funds, if any.

11 7. Where disputes existed between a claimant's assertion of a claim and the records of
12 the Relief Defendants and other records, the Monitor's Office communicated directly with
13 claimants to obtain the back-up documentation to substantiate, among other things, the identity of
14 the claimant and the amount of the investment. Through this process, the Monitor's Office was
15 able to resolve a substantial number of the initially disputed claims.

16 8. The Monitor's Office has completed the claims review and analysis, and have made
17 determinations concerning the allowance and disallowance of certain claim. I request approval of
18 the objections to certain claims filed in this case, and the approval of the allowance and
19 disallowance, as applicable, of certain claims.

20 9. The results of the Monitor's Office recommendations for allowing and disallowing
21 investor claims are set forth in Exhibit "A" attached to this Motion (other than claims #41 and
22 #124 which are trade creditor claims). This Exhibit reflects: (1) the amount of each claim; (2) the
23 basis to allow or disallow the claim in whole or in part (*e.g.*, unsubstantiated, overstated, subject to
24 certain deductions for account withdrawals, etc.); and (3) my recommendation to allow or disallow
25 part or all of each claim.

26 10. The Monitor's Office has determined based on the records of the Relief Defendants
27 that certain trade creditor claims (*i.e.*, Claim #'s 41 and 124) be allowed or disallowed, as set forth
28 in Exhibit "A".

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11. In addition, the Monitor's Office makes specific recommendations in respect to objections to the following claims:

- A. The claim of Pillsbury, Winthrop, Shaw & Pittman LLP (Claim Number 112) is disallowed in its entirety.
- B. The claim of Paul and Eileen Jorgensen (Claim Number 95) is allowed in the amount of \$153,744, with the remainder of the claim disallowed.
- C. The claims of Martin Button and Sandra Kasky (Claim Numbers 129 to 135) ("Button Claims") are allowed in the amounts set forth in Exhibit "A" attached to the Motion, with the remainder of the Button Claims disallowed.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 26th day of May, 2009, at Portland, Oregon.


MICHAEL A. GRASSMUECK