

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

Civ. No. 11-cv-574 (MJD/FLN)

v.

JASON BO-ALAN BECKMAN, et al.,

Defendants,

R.J. ZAYED,

Receiver.

AFFIDAVIT OF MATTHEW PHOTIS

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

MATTHEW PHOTIS, being duly sworn, deposes and says:

1. I am a Claims Manager with Everest National Insurance Company and submit this affidavit in support of Everest Indemnity Insurance Company’s (“Everest”) Renewed Motion to Lift the Asset Freeze to Permit Payment of Defense Costs, pursuant to the terms and conditions of the Everest Excess Liability Policy No. FL5EE 00006-091 issued to Western International Securities for the policy period 3/1/09-3/1/10 (“Everest Policy”) (Exhibit A).

2. I handle the claims in connection with the instant motion under the Everest Policy. The Everest Policy covers the Named Insured, Western, its registered

representatives and certain other entities and individuals as set forth in the Everest Policy definition of Insured.

3. Everest received notice under the Everest Policy with respect to the following matters:

- A. *United States Securities and Exchange Commission v. Jason Bo-Alan Beckman, et al.*, Case No. 11-cv-574 (MJD/FLN) filed in United States District Court, District of Minnesota (“*SEC Action*”) (Exhibit B);
- B. *Howard and Sharon Phillips, et al. v. Trevor Cook et al.*, Case No. 09-CV-1732 filed in the United States District Court, District of Minnesota (“*Phillips Action*”) (Exhibit C);
- C. *In the Matter of Arbitration of John and Lisa Sos and Western International Securities, Inc., Jason Bo-Beckman & NRP Financial, Inc.*, FINRA No. 09-05297 (“*Sos Arbitration*”) (Exhibit D);
- D. *In the Matter of the Arbitration of Dale and Ann Woodbeck, et al. v. Jason Bo Beckman, NRP Financial, Inc. and Western International Securities, Inc.* (“*Woodbeck Arbitration*”) (Exhibit E);
- E. *In the Matter of Arbitration of Anne E. Quiggle, et al. v. Jason Bo Beckman, et al.* (“*Quiggle Arbitration*”) (Exhibit F);
- F. *In the Matter of Arbitration of Ralph R. Abrahamson v. Western International Securities, et al.* (“*Abrahamson Arbitration*”) (Exhibit G);
- G. September 13, 2010 email from Matthew Boos, counsel for Paul Wood, advising of a claim or potential claim by Ronald Stolpman (“*Stolpman Claim*”) (Exhibit H);
- H. SEC subpoenas issued to a) Beckman dated June 21, 2010; b) Oxford c/o Jason Beckman dated June 23, 2009 and c) Oxford Global Advisors c/o Jason Beckman dated June 22, 2009 (“*Beckman Subpoenas*”) (Exhibit I);
- I. SEC subpoena issued to Adam Edenborg (“*Edenborg Subpoena*”) (Exhibit J);
- J. FBI investigation including an interview of Paul Wood (“*FBI Investigation*”) (Exhibit K);

K. *Gurvant Bhatt v. Western International Services, Inc., NRP Financial, Inc. and Eric Erickson*, FINRA No. 11-01754 (“*Bhatt Arbitration*”) (Exhibit L).

4. The Everest Policy provides excess coverage above that of a primary policy for the same policy period issued by Underwriters of Lloyds (“Underwriters Policy”) (Exhibit M). On December 20, 2010, Everest received notification that the full limits of the Underwriters Policy was exhausted (Exhibit N).

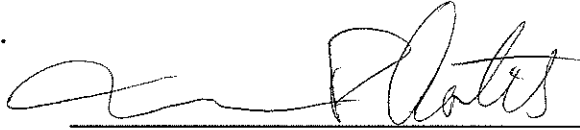
5. Following exhaustion of the limits of the Underwriters’ policy, Everest was asked by its Insureds to defend the various claims for which notice was provided under the Everest Policy and to pay defense costs pursuant to the terms and conditions of the Everest Policy.

6. Everest reviewed the notices it received and advised its Insureds that, subject to certain reservations of rights, they are entitled to coverage for Claim Expenses under the Everest Policy for the above enumerated lawsuits, arbitrations and investigations.

7. Everest subsequently denied coverage to Mr. Beckman upon learning that on or about June 13, 2012, he was criminally convicted of the charges brought against him, in light of which certain Policy exclusions were triggered to preclude further coverage.

8. Everest has received invoices totaling \$234,055.74 from defense counsel for the Insureds, along with requests that such be paid. The law firms, their clients, and the amounts requested are set forth on the attached spreadsheet (Exhibit O).

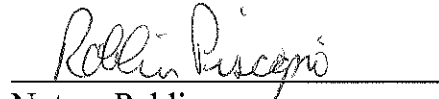
9. I have reviewed those invoices and found them to be in compliance with the requirements of Everest's Policy.



Matthew Photis

Sworn to before me this

16th day of December, 2013



Notary Public

ROBBIN DONNA PISCOPIO
Notary Public, State of New York
No: 01PI6225843
Qualified in Nassau County
Commission Expires July 26, 2014

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