

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

Civil Action No.

**AMERIFIRST FUNDING, INC. aka
AMERI-FIRST FUNDING, INC. aka
AMERI FIRST FUNDING, INC.,
AMERIFIRST ACCEPTANCE CORP.,
JEFFREY C. BRUTEYN,
DENNIS W. BOWDEN,**

Defendants,

and,

**AMERICAN EAGLE ACCEPTANCE CORP.,
HESS FINANCIAL CORP.,**

Relief Defendants.

DECLARATION OF WILLIAM REX RECTOR

I, William Rex Rector do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct, and that I am competent to testify as to the matters stated herein:

1. I am over 21 years of age. I am employed by the United States Securities and Exchange Commission ("Commission") as a staff accountant and have been employed in this capacity since August 2000. Prior to joining the Commission, I was employed by the United States Attorney's Office for the Northern District of Texas as an Investigative Auditor from June 1990 to August 2000. I am a certified public accountant (License# 18350), licensed by the Texas State Board of Public Accountancy.

2. As a staff accountant with the Commission, my responsibilities include, among other things, the analysis of financial records of corporations, partnerships, and individuals. This process involves tracing financial transactions to determine their disposition and how those transactions occurred; I then summarize such information into various schedules and testify to such at hearings and trials.

3. I became involved in a Commission investigation into AmeriFirst Funding, Inc. ("AFI"), on or about April 26, 2007. I was asked to analyze three bank accounts used by the defendants in connection with their sale of securities characterized as Secured Debt Obligations ("SDOs"). The SDO's were purportedly secured by automobile financing notes and paid a specified rate of interest, generally 7% to 8% for 2 or 3 year terms; investors could receive monthly interest payments or reinvest the interest into their SDO's.

4. My summary of the bank accounts analyzed is attached as Exhibit A. The three accounts were as follows: Washington Mutual Bank, account number 3131405587, in the name of Ameri-First Funding Inc, for the period August through November 2006; Washington Mutual Bank, account number 0932817250 in the name of Ameri-First Funding Inc, for the period of January through August 2006, and; Sterling Bank, account number 2022013621 in the name of Hess Financial Corporation, for the period of January 2006 through April 2007.

5. My analysis is based substantially on bank record data provided to me by investigators from the Florida Bureau of Financial Investigation ("FBFI") and the Texas State Securities Board ("TSSB"). This data was in the form of Excel spreadsheets which the investigators had constructed from the bank statements and the supporting transaction detail, which they had subpoenaed from the banks and also provided to me. I test compared this bank

record data with the same underlying bank statements and supporting transaction detail and believe it to be reliable.

6. The summary of my analysis, attached as Exhibit A, is a “source and use of funds” statement. It summarizes, for the three bank accounts and for the time periods noted above, the initial balances in the accounts, all deposits and credits to the accounts (the “sources”), all withdrawals and debits to the accounts (the “uses) and the ending balances in the accounts. In summarizing this data, I classified the transactions into categories I believe are meaningful in relation to the nature of the defendant’s activities. These classifications are based on the nature of the payer or payee plus any additional information recorded in the bank account detail, such as the memo section of the checks, and general knowledge obtained by me from participating in this investigation.

7. In addition to the three accounts analyzed, I was asked to review monthly statements for at least 28 additional accounts related to the defendants, as well as additional monthly statements for one of the accounts analyzed. Three of these accounts were notable. These were Washington Mutual Bank, account number 3131405909, in the name of Ameri-First Acceptance Corporation, for the period September 2006 through April 2007; Washington Mutual Bank, account number 3092278239, in the name of Ameri-First Funding Inc, for the period January through April 2007, and; Washington Mutual Bank, account number 3131405587, in the name of Ameri-First Funding Inc, for the period December 2006 through April 2007. While I did not review supporting transaction detail (such as deposit slips and deposited items) for these accounts and periods, I noted from the statements that these accounts contained numerous large deposits in even amounts, which were consistent with the pattern of investor deposits identified in the detailed analysis noted above. Moreover, this pattern of deposits appears to continue until

the end of the April 2007, the latest statement available; the most recent deposits occurred on April 26, 2007, \$190,000 in account number 3131405909 and April 30, 2007, \$100,000 in account number 3092278239. A summary of these deposits is attached as Exhibit B.

CONCLUSIONS AS TO FUNDS RAISED AND NUMBER OF INVESORS

8. My conclusions regarding the amount of funds raised from investors and the number of those investors are as follows: the amount of investor deposits identified in Exhibit A is \$34,571,878; the amount of potential additional investor deposits noted in Exhibit B is \$19,951,350. I therefore believe that the amount of investor funds received by the defendants is at least \$34.6 million and possibly as much as \$54.5 million. Based on the number of unique names identified in the bank account data obtained from the investor's deposited checks and wire transfer detail, which underlies the \$34.6 million figure above, I believe that at least 329 investors have purchased one or more SDO's from AFI.

Executed this 29th day of June, 2006.

William Rex Rector