



**DLA Piper LLP (US)**  
The Marbury Building  
6225 Smith Avenue  
Baltimore, Maryland 21209-3600  
www.dlapiper.com

**William O. Mandycz**  
william.mandycz@dlapiper.com  
T 410.580.4809  
F 410.580.3001

October 15, 2008

**VIA ELECTRONIC FILING**

The Honorable Beth P. Gesner  
United States District Court  
for the District of Maryland  
101 West Lombard Street  
Baltimore, Maryland 21201

Re: *OM Financial Life Ins. Co. v. Heritage Wealth Management, Inc., et al.*  
*Case No. BEL-07-2191*

Dear Judge Gesner:

This status letter is being submitted on behalf of OM Financial Life Insurance Company ("OM Financial"), in accordance with the Court's Order dated September 15, 2008.

As you are aware, on September 8, 2008, this Court granted the Motion to Withdraw filed by counsel for Heritage Wealth Management, Inc. ("Heritage") and Marcus T. Schrenker (collectively "Defendants/Counter-Plaintiffs"). Since that time, counsel for OM Financial has attempted to pursue this action through direct contact with Defendants/Counter-Plaintiffs. On September 30, 2008, OM Financial sent Defendants/Counter-Plaintiffs a draft protective order, as requested by counsel for Defendants/Counter-Plaintiffs prior to his withdraw, in order that Defendants/Counter-Plaintiffs would produce further materials responsive to OM Financial's discovery requests. OM Financial also sent a limited Rule 30(b)(6) deposition notice on that date. The 30(b)(6) deposition notice was meant to address four of the most important questions noted in an earlier 30(b)(6) deposition notice that went unanswered by Defendants/Counter-Plaintiffs.

On October 9, 2008, Mr. Schrenker contacted counsel regarding the draft protective order and limited 30(b)(6) deposition notice. During that phone call, Mr. Schrenker indicated that he no longer works for or represents Heritage and claimed that he would be unable to travel to Maryland due to medical issues. He also noted that Heritage was one of several corporate entities under a holding company named Heritage Investment Services ("Heritage Investment").<sup>1</sup>

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<sup>1</sup> It is notable that OM Financial had never before been made aware of Heritage Investment Services and that in Heritage Wealth Management, Inc.'s Corporate Disclosure Form, filed with this Court on August 16, 2007, there was no mention of Heritage Investment Services. Defendants noted specifically in that document that "[n]o corporation, unincorporated association, partnership, or other business entity, other than Heritage [Wealth



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According to Mr. Schrenker, Heritage Investment had “folded,” but still existed as a legal entity. Mr. Schrenker indicated that ten or more companies and the Internal Revenue Service had interests in Heritage Investment and that the company is “around \$440,000 in the red.”<sup>2</sup> In addition, Mr. Schrenker indicated that David Amick was the head of Heritage Investment.

As of October 10, 2008, no attorney had entered an appearance on behalf of Heritage. Accordingly, counsel for OM Financial has filed a Motion for Default Judgment and to Dismiss the Heritage Counterclaim, in accordance with this Court’s direction in the September 15, 2008 Order.

As of today’s date, OM Financial has received no additional discovery, despite repeated attempts to engage Defendants/Counter-Plaintiffs. Mr. Schrenker has indicated that he will not travel to Maryland to defend OM Financial’s claim or pursue his own counter-claim. While counsel for OM Financial is willing to engage Mr. Schrenker, it is unclear that Mr. Schrenker is willing or able to pursue this matter. Accordingly, it is increasingly likely that OM Financial will be forced to file a motion seeking judgment by default against Mr. Schrenker.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'J.R. Wellschlager', written over a horizontal line.

John R. Wellschlager (Bar No. 024752)  
William O. Mandycz (Bar No. 028550)  
DLA Piper US LLP  
The Marbury Building  
6225 Smith Avenue  
Baltimore, MD 21209  
(410) 580-3000 – Phone  
(410) 580-3001 – Fax

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Management, Inc.] has a financial interest whatsoever in the outcome of this litigation, as set forth in Local Rule 103.3.”

<sup>2</sup> On September 26, 2008, counsel for OM Financial was contacted by Bart Howk from Foulston Siefkin, LLP. Mr. Howk indicated that he represented Aviva Insurance Company and that his client was preparing to file a claim against Mr. Schrenker and Heritage for the return of unearned commissions.



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*Attorneys for Plaintiff/Counter-Defendant  
OM Financial Life Insurance Company*

cc: Cindy Maskol