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U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
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NANCY DOHERTY, CLERK
Deputy

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

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, VS. FUNDING RESOURCE GROUP, a/k/a FRG Trust; et al., Defendants, and HOWE FINANCIAL TRUST, et al., Defendants Solely for Purposes of Equitable Relief.	§	CIVIL ACTION NO. 3:98-CV-2689-X

ORDER FREEZING ASSETS, REINSTATING APPOINTMENT OF RECEIVER AND AUTHORIZING EXPEDITED DISCOVERY

This matter came on before me, the undersigned United States District Judge, this 22nd day of July, 1999, on application of Plaintiff Securities and Exchange Commission, for issuance of an order freezing the assets of Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and of Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson, directing that all financial and depository institutions comply with the terms of this Order Freezing Assets, appointing a receiver

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U.S. DISTRICT CLERK'S OFFICE

and authorizing expedited discovery. This Court, having considered Plaintiff Securities and Exchange Commission's Emergency Motion to Freeze Assets, for Reinstatement of Appointment of Receiver and for Expedited Discovery, and having considered the Responses in Opposit[redacted]led by various parties, finds as follows:

1. This Court has jurisdiction over the subject matter of this action and over Relief Defendants Hammersmith Trust, L.L.C.,* Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and over Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson because all appeared and voluntarily subjected themselves to the Court's jurisdiction.

2. Plaintiff Securities and Exchange Commission is a proper party to bring this action seeking the relief sought in its Second Amended Complaint.

3. There is good cause to believe that investor funds and assets obtained by Defendants Quentin Hix, Gene Coulter, MVP Network Inc., FMCI Trust, Funders Marketing Company, Inc., Raymond G. Parr, Willard Vearl Smith, Earl McKinney and Fortune Investments, Ltd., have been transferred to Relief Defendants TREDS Financial Trust and Howe Financial Trust and that Howe Financial Trust transferred those assets to Relief Defendant Hammersmith Trust, L.L.C., that Relief Defendant Hammersmith Trust, L.L.C. continues to hold some of those assets and has transferred other assets to Relief Defendants Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund

* Hammersmith Trust, L.L.C., when referred to herein, refers to any and all Hammersmith Trust, L.L.C. entities, including but not limited to the Tennessee entity and the Nevis, West Indies entity

Investment, Inc., B. David Gilliland, and Melody Rose and to Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson and that those assets are under the control of Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and of Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson and that investor funds are being used improperly.

IT IS THEREFORE ORDERED:

1. Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose, individually and jointly, and their agents, employees, servants, attorneys and all persons in active concert or participation with him who receive actual notice of this Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing Expedited Discovery, by personal service or otherwise, be and hereby are restrained and enjoined from, directly or indirectly, making any payment or expenditure of funds, effecting any sale, gift, hypothecation or other disposition of any asset, pending a showing to this Court that he, she or it has sufficient funds or assets to satisfy all claims arising from the violations of the federal securities laws alleged in Plaintiff Securities and Exchange

Commission's Second Amended Complaint, or the posting a bond or surety sufficient to assure payment of any such claim.

2. Any bank, savings and loan association, trust company, broker-dealer or other financial or depository institution which holds an account in the name of or for or on behalf of Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose be and hereby is restrained and enjoined from engaging in any transaction in securities (excepting liquidating transactions) or any disbursement of funds or securities pending further order of this Court.

3. Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson, individually and jointly, and their agents, employees, servants, attorneys and all persons in active concert or participation with him who receive actual notice of this Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing Expedited Discovery, by personal service or otherwise, be and hereby are restrained and enjoined from destroying, removing, mutilating, altering, concealing and/or disposing of, in any manner, any books and records pending further order of this Court.

4. Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank &

Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson each hereby is required to make an interim accounting, under oath, within ten (10) days of the issuance of this Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing Expedited Discovery, detailing (l) all investor monies and other benefits which he, she or it received, directly and indirectly, as a result of the sale of "prime bank" securities or of investments in "trading programs," by date of transaction, by amount and by transferor (including name, address and telephone number), (2) all transfers which he, she or it made to another party, directly or indirectly, by date of transaction, by amount, by transferee (including name, address and telephone number) and stating the purpose of the transfer, (3) all of his, her or its current assets, fixed or contingent, wherever they may be located and by whomever they are being held and (4) all accounts with any financial or brokerage institution maintained in his name or for his benefit at any point during the period from March 1, 1996, through the date of the accounting.

5. The United States marshal in any district in which any of the Relief Defendants resides, does business and/or may be found is authorized and directed to make service of process at the request of Plaintiff Securities and Exchange Commission.

6. Michael J. Quilling, Esq., Quilling, Selander, Cummiskey, Clutts & Lownds, P.C., 2800 One Dallas Centre, 350 North St. Paul Street, Dallas, Texas 75201-4240, telephone (214) 871-2100, facsimile (214) 871-2111, be and hereby is appointed as Temporary Receiver for Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C.,

Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose.

7. The Temporary Receiver shall take custody, possession and control of any and all assets, monies, securities and properties, real and personal, tangible and intangible, of whatever kind and description, and wherever situated, belonging to Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose (hereinafter referred to as "Receivership Assets"), as well as any documents relating to the Receivership Assets.

8. The Temporary Receiver shall file with the clerk of this Court a bond in the sum of $10,000.00, without need for sureties, as approved by the Court, conditioned that he will well and truly perform the duties of his office and duly account for all assets, monies and properties which may come into his hands and abide by and perform all things which he shall be directed to do.

9. All persons and entities, including Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson, and their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and further including any banks or other financial institutions wherever chartered or located, who receive actual notice of this Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing

Expedited Discovery, by personal service or otherwise, shall promptly deliver and surrender to the Temporary Receiver all Receivership Assets in the possession of or under the control of any one or more of them and shall promptly surrender all books and records of any kind pertaining or belonging to Relief Defendants which relate to Receivership Assets.

10. All persons and entities, including Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson and their officers, agents, servants, employees, attorneys, creditors and all other persons with actual notice of this Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing Expedited Discovery, be and hereby are enjoined from in any way disturbing the Receivership Assets and from filing or prosecuting any actions or proceedings which involve the Receiver or which affect the Receivership Assets, specifically including any proceeding initiated pursuant to the United States Bankruptcy Code, except with the permission of this Court. Any actions to determine disputes relating to Receivership Assets shall be filed in this Court.

11. The Temporary Receiver be and hereby is authorized, without breaching the peace, to enter and secure any premises, wherever located or situated, in order to take possession, custody or control of, or to identify the location or existence of, any Receivership Assets. The Temporary Receiver be and hereby is further authorized to change any locks or other security mechanisms with respect to any premises which constitute Receivership Assets.

12. The Temporary Receiver be and hereby is further authorized to take whatever reasonable steps he deems necessary in the performance of his duties in order to secure and/or remove the personal property of any third parties that may be located in or on any premises or real estate constituting a Receivership Asset. The Temporary Receiver and hereby is further authorized to ascertain whether anyone who is claiming a right to have property located at or to be on or possess any premises or real estate constituting a Receivership Asset is claiming such right by virtue of a written lease agreement and to cause that person or those persons who do not claim such a right under a written lease agreement, and that person's or those persons' property to be removed from the premises.

13. To the extent necessary to maintain the peace and upon request of the Temporary Receiver, the United States Marshal's Office be and hereby is ordered to assist the Temporary Receiver in order to carry out his duties and to take possession, custody or control of Receivership Assets, including but not limited to the Temporary Receiver's right and authority to (1) enter into and secure any premises, property or real estate, wherever located or situated, in order to take possession, custody or control of or to identify the location or existence of any Receivership Assets, (2) take actual or constructive possession, custody and control of any Receivership Assets, (3) secure and/or remove the personal property of any third party that is located in or on any premises or real estate constituting a Receivership Asset, (4) remove any person and/or that person's property from any premises or real estate constituting a Receivership Asset whose claim of a right to have property located at or to be on or possess such premises or real estate is not evidenced by a written lease agreement with the owner of such premises or real estate and (5) remove any person from any premises or real estate constituting a Receivership Asset that attempts to interfere with the

Temporary Receiver, his attorneys or agents in the performance of their duties as Temporary Receiver.

14. The Temporary Receiver be and hereby is directed to file with this Court and serve upon the parties, within twenty-five (25) days after entry of this Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing Expedited Discovery, a preliminary report setting out the identity, location and value of the Receivership Assets and any liabilities pertaining thereto. Further, at the time the Temporary Receiver makes such report, he shall recommend to the Court whether, in his opinion, based on his initial investigation, claims against Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose should be adjudged in the Bankruptcy Court. After providing the parties an opportunity to be heard, this Court will determine whether to accept the Temporary Receiver's recommendation and, if appropriate, issue an order authorizing the Temporary Receiver to commence a bankruptcy proceeding as to Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose.

15. The Temporary Receiver be and hereby is authorized to employ such employees, accountants and attorneys as may be necessary and proper for the collection, preservation, maintenance and operation of the Receivership Assets. The Temporary Receiver is hereby authorized to obtain possession of and open any and all mail and/or deliveries addressed to any one or more of

the Defendants for the purpose of determining if same relate to the existence and/or collection, preservation, maintenance or operation of Receivership Assets.

16. The Temporary Receiver be and hereby is authorized (1) to receive and collect any and all sums of money due or owing to Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose, whether the same are due or shall hereinafter become due and payable, (2) to close bank accounts which constitute Receivership Assets and (3) to incur such expenses and make such disbursements as are necessary and proper for the collection, preservation, maintenance and operation of the Receivership Assets.

17. The Temporary Receiver be and hereby is authorized to defend, compromise or adjust such actions or proceedings in state or federal courts now pending and hereinafter instituted, as may in his discretion be advisable or proper for the protection of the Receivership Assets or proceeds therefrom, and with the proper permission of this Court and notice to the parties, to institute, prosecute, compromise or adjust such actions or proceedings in state or federal court as may in his judgment be necessary or proper for the collection, preservation and maintenance of the Receivership Assets.

18. The Temporary Receiver shall keep Plaintiff Securities and Exchange Commission apprised at reasonable intervals and on specific request of all information and developments concerning the operation of the temporary receivership and shall provide to the Commission access to any and all books, records, and other documents relating to the business of Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair

Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and of Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson in the possession of or control of the Temporary Receiver.

19. The Temporary Receiver shall seek and obtain the approval of this Court prior to disbursement of professional fees and expenses to the Temporary Receiver or his counsel and/or accountants, by presentation of a written application and after consultation with the Commission. All costs incurred by the Temporary Receiver shall be paid from the Receivership Assets. The Temporary Receiver is hereby authorized, empowered and directed to apply to this Court, with notice to the Commission and to Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson for issuance of such other orders as may be necessary and appropriate in order to carry out the mandate of this Court.

20. Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose shall immediately repatriate all funds, securities and other property now located outside the jurisdiction of this Court.

Such funds, securities and other property shall immediately be transferred or paid to the Temporary Receiver.

21. Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank& Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose shall immediately identify by description and location any asset owned or controlled by him, her or it that is now located outside the jurisdiction of this Court, including, specifically, any securities or real property and shall state the price paid or consideration given and the date upon which the asset was purchased. Securities or other personalty that can be readily moved or transferred, and titles or other documents reflecting ownership as to real property, shall be delivered immediately to the Temporary Receiver.

22. Expedited discovery may take place consistent with the following:

A. The Securities and Exchange Commission, the Receiver, Michael J. Quilling, Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, Melody Rose, Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson (each individually referred to herein as a "party" and collectively as the "parties") may notice and conduct depositions upon oral examination and may request production of documents or other things for inspection and or copying from

parties prior to the expiration of thirty (30) days after service of Plaintiff Securities and Exchange Commission's Second Amended Complaint.

B. All parties shall comply with the provisions of Fed.R.Civ.P. 45 regarding issuance and service of subpoenae unless the person designated to provide testimony or to produce documents or things agrees to provide the testimony or to produce the documents or things without the issuance of a subpoena and/or to do so at a place other than one at which testimony or production can be compelled.

C. Any party may notice and conduct depositions upon oral examination subject to minimum notice of seventy-two (72) hours.

D. All parties shall produce for inspection and copying all documents and things which are requested within seventy-two (72) hours of service of a written request for those documents and things.

E. All parties shall serve answers to interrogatories within seventy-two (72) hours after service of the interrogatories.

23. All parties shall serve written responses to any other party's request for discovery and the interim accountings to be provided by Relief Defendants Hammersmith Trust, L.L.C., Hammersmith Trust, Ltd., Bridgeport Alliance, L.L.C., Landfair Custodial Services, Inc., Microfund, L.L.C., American Pacific Bank & Trust, Inc., Eurofund Investment, Inc., B. David Gilliland, and Melody Rose and Economic Development Corporation, Concorde International Holding Corp., Continental Management Group, Inc., Primary Services, Inc., Seven Dials Aviation Corp., William H. West, David M. Bishara, Kenneth B. Cobb and Raymond J. Hanson by delivery to Plaintiff Securities and Exchange Commission addressed as follows:

SECURITIES AND EXCHANGE COMMISSION
Fort Worth District Office
Attention: Robert A. Brunig
Douglas A. Gordimer
801 Cherry Street, Suite 1900
Fort Worth, TX 76102-6819

and by delivery to other parties at such addresses as may be designated by them in writing. Such delivery shall be made by the most expeditious means available, including facsimile machine.

24. This Court shall retain jurisdiction of this action for all purposes.

25. This Order shall remain in effect until modified by further order of this Court.

26. The Court hereby sets a hearing in this matter on August 23, 1999 at 2:00 p.m. so that the Court can make a determination of which particular assets, if any, frozen by this Order shall remain frozen and subject to this Order.

SO ORDERED this 22nd date of July, 1999.

Joe Kendall
United States District Judge