

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

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS

FILED

9 2000

NANCY DORRITY, CLERK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

VS.

FUNDING RESOURCE GROUP, a/k/a FRG Trust; et al

Defendants,

and

HOWE FINANCIAL TRUST, an Indiana corporation;

TREDS FINANCIAL TRUST; and

MARY ANN BAUCE, HAMMERSMITH TRUST, L.L.C.,

a Tennessee limited liability company; HAMMERSMITH

TRUST, LTD. an Irish Corporation; BRIDGEPORT

ALLIANCE, L.L.C., a Nevada limited liability company;

LANDFAIR CUSTODIAL SERVICES, INC., a Tennessee

corporation; MICROFUND, L.L.C., a Nevada limited

liability company; AMERICAN PACIFIC BANK &

TRUST, INC., an Antiguan corporation; EUROFUND

INVESTMENT INC., a Tennessee corporation;

B. DAVID GILLILAND; and MELODY ROSE,

Defendants Solely for Purposes
of Equitable Relief.

CIVIL ACTION NO.

3:98-CV-2689-~~26~~ M

**UNOPPOSED MOTION TO APPROVE COMPROMISE AND
SETTLEMENT AGREEMENT**

TO THE HONORABLE BARBARA M.G. LYNN, UNITED STATES DISTRICT JUDGE:

COMES NOW, Michael J. Quilling ("Receiver") in files this Unopposed Motion to Approve
Compromise and Settlement Agreement and its support of such would respectfully show to the court
as follows:

**UNOPPOSED MOTION TO APPROVE COMPROMISE
AND SETTLEMENT AGREEMENT - PAGE 1**

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1. On November 13, 1998, the Securities and Exchange Commission ("SEC") instituted these proceedings and, in connection therewith, obtained the appointment of the Receiver. Since that time, Michael J. Quilling has functioned as the Receiver in this case with respect to all named Defendants and Equity Relief Defendants.

2. In connection with performing his duties as Receiver, the Receiver has investigated the assets of Equity Relief Defendant Bridgeport Alliance, L.L.C. and possible claims against Economic Development Corporation and Bill West, individually. As the result of a dialogue between those entities and the Receiver, a Compromise and Settlement Agreement has been reached, a true and correct copy of which is attached hereto as Exhibit "1" and incorporated herein by reference for all purposes.

3. The Compromise and Settlement Agreement has been approved by the SEC through its representative Bob Brunig. None of the other Defendants or Equity Relief Defendants named in these proceedings has any stake with regard to the items address by the Compromise and Settlement Agreement and therefore, should have no objection to it.

WHEREFORE, PREMISES CONSIDERED, the Receiver requests that the Court approve the Compromise and Settlement Agreement and authorize the Receiver to conclude the agreements set forth therein and for such other and further relief, general or special, at law or in equity to which the Receiver may show himself justly entitled.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY
& LOWNDS, P.C.

2001 Bryan Street, Suite 1800

Dallas, Texas 75201

(214) 871-2100 (Telephone)

(214) 871-2111 (Facsimile)

By: 

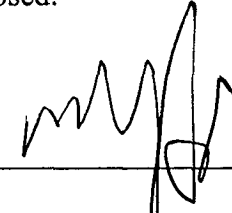
Michael J. Quilling

State Bar No. 16432300

ATTORNEYS FOR RECEIVER

CERTIFICATE OF CONFERENCE

I have conferred with Bob Brunig of the SEC and he does not oppose Court approval of the Compromise and Settlement Agreement. No other Defendants or Equity Relief Defendants have any stake with regard to the matters covered by the agreement and, therefore, should have no objections to it. For that reason, the Motion is presented as unopposed.


Michael J. Quilling

CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of April, 2000 a true and correct copy of the foregoing document was served via first class mail, postage pre-paid, on:

Robert B. Brunig
Securities & Exchange Commission
801 Cherry Street, 19th Floor
Fort Worth, Texas 76102

Wendell A. Odom, Jr.
440 Louisiana, Suite 800
Houston, Texas 77002

S. Cass Weiland
Sheinfeld, Maley & Kay, P.C.
1700 Pacific Avenue, Suite 4400
Dallas, Texas 75201-4618

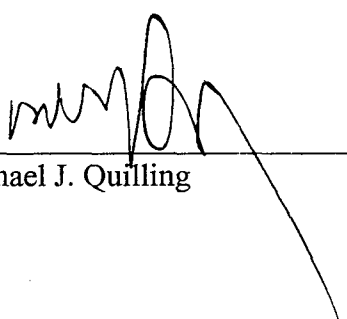
Mike Pezzulli
Pezzulli & Loewinsohn
18383 Preston Rd., Suite 110
Dallas, TX 75520

Deborah Goodall
Goodall & Sooter
12830 Hillcrest Rd., Suite 111
Dallas, Texas 75230

Dan R. Waller
Secore & Waller, LLC
13355 Noel Road, Suite 2290
Dallas, Texas 75240

Ernest Norcross
890 Willow Tree Circle, Suite 8
Cordova, TN 38018-8848

David Gilliland
200 Clara Drive
Eads, TN 38028



Michael J. Quilling

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

V.

CIVIL ACTION NO.
3:98-CV-2689-X

FUNDING RESOURCE GROUP, a/k/a FRG Trust;
QUENTIN HIX; GENE COULTER; STEVEN C.
ROBERTS; MVP NETWORK, INC., a Texas corporation,
a/k/a MVP Network (Trust); FMCI TRUST; FUNDERS
MARKETING COMPANY, INC., a Texas corporation;
RAYMOND G. PARR; WILLARD VEARL SMITH;
EARL D. McKINNEY; FORTUNE INVESTMENTS,
LTD., a Nevada corporation; ROBERT CORD, a/k/a
Robert F. Schoonover, Jr.; WINTERHAWK WEST
INDIES, INC.; IGW TRUST; CAROLYN
DON HICKS; and CARL LaDANE WEAVER,

Defendants,

and

HOWE FINANCIAL TRUST, an Indiana corporation;
TREDS FINANCIAL TRUST, MARY ANN BAUCE,
HAMMERSMITH TRUST, L.L.C., a Tennessee limited
liability company; HAMMERSMITH TRUST, LTD., an
Irish Corporation; BRIDGEPORT ALLIANCE, L.L.C., a
Nevada limited liability company; LANDFAIR
CUSTODIAL SERVICES, INC., a Tennessee corporation,
MICROFUND, L.L.C., a Nevada limited liability company,
AMERICAN PACIFIC BANK & TRUST, INC. an
Antiguan corporation, EUROFUND INVESTMENT INC.,
a Tennessee corporation, B. DAVID GILLILAND, and
MELODY ROSE;

Defendants Solely for Purposes
of Equitable Relief.

COMPROMISE AND SETTLEMENT AGREEMENT



This Agreement is entered into between Michael J. Quilling in his capacity as Receiver in the above-entitled and numbered proceedings ("Receiver") and Bridgeport Alliance LLC ("Bridgeport"), Economic Development Corporation ("EDC") and Bill West, individually ("West").

RECITALS

WHEREAS, on November 13, 1998, the Securities and Exchange Commission ("SEC") initiated the above-entitled and numbered proceedings in connection with which the Receiver was appointed as to the defendants and equity relief defendants named in the Complaint at that time; and

WHEREAS, on July 22, 1999, the Court issued its order freezing assets pursuant to which the Receiver was appointed as to certain additional named equity relief defendants, one of which is Bridgeport; and

WHEREAS, the Receiver has asserted various claims to monies and assets held by Bridgeport, EDC and West, which claims they have each denied; and

WHEREAS, in order to avoid the inconvenience and expense of litigation, the parties have, without admitting any liability but only so as to buy peace and to resolve the disputes between them, agreed to the terms set forth below.

NOW, THEREFORE, based upon the consideration set forth hereafter, the sufficiency of which is hereby acknowledged, the parties agree as follows:

I. Liquidation of Bridgeport Assets. All assets of Bridgeport shall either be liquidated or divided as set forth below and Bridgeport shall cease all business operations.

1. All bank accounts and securities accounts in which Bridgeport has an interest shall be closed and any proceeds from the closing of such accounts not previously delivered to the Receiver shall be delivered to him. Bridgeport, through West, expressly represents that the only bank accounts and securities accounts in which it has an interest are as follows:

<u>Bank</u>	<u>Account No.</u>
NationsBank	0031-8537-8081
NationsBank	0031-8537-8104
NationsBank	0031-8537-8023

2. EDC is currently using certain furniture and equipment which may belong to Bridgeport. EDC shall be allowed to retain such furniture and equipment and the Receiver shall have no further claim against it. Certain other furniture belonging to Bridgeport has been placed on consignment at Finest Consignment Furniture, Inc. All proceeds from any such furniture sales which occurred after September 15, 1999 not previously delivered to the Receiver shall be paid to the Receiver. Bridgeport will instruct Finest Consignment Furniture, Inc. to pay any additional proceeds to the Receiver. The video teleconferencing equipment owned by Bridgeport shall be delivered to the Receiver for disposition by him.
3. Bridgeport is the lessee of a Tahoe vehicle which is prepaid until approximately March 2000. West shall retain possession of and be responsible for all costs associated with the Tahoe until expiration of the lease.
4. Bridgeport, through West, expressly represents that there are no other assets, of any nature whatsoever, other than the lease of the Tahoe and monies allegedly owed by Hammersmith Trust LLC, which belong to Bridgeport or in which Bridgeport claims an interest.
5. West shall be responsible for the timely filing of the tax returns of Bridgeport and shall cause appropriate dissolution papers to be filed with the appropriate authorities in Florida.

II. Division of EDC Assets. The assets of EDC shall be divided between the parties as follows:

1. EDC shall retain possession of all furniture and equipment belonging to it and the Receiver shall have no further claim against it.
2. EDC has the following bank accounts:

<u>Bank</u>	<u>Account No.</u>
NationsBank	0031-8539-5677
NationsBank	0031-8528-4169

EDC shall retain all funds on deposit in said accounts and the Receiver shall have no further claim against such accounts. EDC, through West, expressly represents that there are no other bank accounts or securities accounts in its name or in which it claims an interest.

3. Possession of the 31' Sea Ray 310 Express boat named "Rhiannon" shall be delivered to the Receiver for disposition and the Receiver shall be entitled to all proceeds from any sale. The Receiver shall pay all expenses relating to the maintenance and sale of the boat and all outstanding repair costs not previously paid by EDC or West.
4. Any assets of EDC not expressly addressed above shall be retained by EDC and the Receiver shall have no further claim against any such assets.

III. Division of Grand Coral Bay Limited Partnership Securities Account. The securities account number CG78090 M7 at Paine Webber in the name of the Grand Coral Bay Limited Partnership shall be liquidated and closed. Pezzulli & Loewinsohn, LLP shall receive \$25,000.00 of the proceeds from the account and the balance shall be paid to the Receiver. West expressly represents that he has the authority on behalf of the partnership to cause a liquidation and disbursement of the funds as set forth above.

IV. Division of Sands Point Trust Assets. Sands Point Trust is the owner of 104 Bay Wind Drive and 130 Bay Wind Drive, Niceville, Florida, which homes are occupied by West and Ray Hanson, respectively. West, as the grantor of the trust, agrees that Ray Hanson, the trustee of the trust, can cause title to each of the homes to be conveyed to the Receiver for further disposition in his discretion and West shall use his best efforts to assist in causing such conveyances; provided, however, that West shall be entitled to purchase 104 Bay Wind from the Receiver for an amount not less than \$160,000, which is 80% of the appraised value as of June 10, 1999. West shall have 120 days during which to exercise such option. Should West fail to exercise the option he shall, upon

request of the Receiver, vacate the property or, in the discretion of the Receiver, begin paying a market rate of rent for so long as the Receiver allows him to remain in the property.

V. **Retention of West Assets.** West shall retain possession of all his personal assets of any nature and kind and the Receiver shall have no further claim against any of them. West understands that the agreement of the Receiver to allow West to retain such assets is based upon West's representation that he only has the following bank accounts (excluding any referenced above) in which he has an interest:

<u>Bank</u>	<u>Account No.</u>
NationsBank	0031-8529-3150
NationsBank	0031-8533-3324

and West's representation that no person or entity other than as expressly set forth above is holding any funds or property belonging to him or in which he claims an interest.

VI. **Mutual Releases.** Based upon the representations and consideration stated herein, the Receiver, on the one hand, and Bridgeport, EDC and West, on the other hand, hereby release any and all claims of any nature whatsoever, which any of them have against the other, regarding any of the assets referenced herein or any actions taken by the Receiver, his agents, attorneys or accountants with respect to any of the assets as of the date of this agreement.

VII. **Vacation of March 22, 1999 Order.** The Receiver agrees to request that the Court vacate all provisions of the March 22, 1999 Agreed Order Modifying and Abating Orders of January 21, 1999, and March 11, 1999, Freezing Assets and Appointing Temporary Receiver as to Bill West individually and Economic Development Corporation. Should the Court refuse to do so, then West shall have the option of voiding this Agreement. The Receiver also agrees to request that the Court

vacate all provisions of the July 22, 1999 Order Freezing Assets, Reinstating Appointment of Receiver and Authorizing Expedited Discovery insofar as any provisions of the Order would apply to assets of Bridgeport being retained by West and/or EDC under this Agreement.

VIII. Representations. Bridgeport, EDC and West have made certain representations herein which have induced the Receiver to make the agreements stated. Should any representation made by Bridgeport, EDC or West be false in any material respect, then the Receiver may, at his option, declare the releases granted herein to be void and may continue to assert additional claims against the parties to this agreement.

IX. No Claims Against Receivership Estate. For valuable consideration, EDC and West each agree that they shall not assert any claim against any of the receivership estates which are the subject of these proceedings or make any claim of redemption or the right to share in any proceeds of assets liquidated or recovered by the Receiver.

X. No Extraneous Representations. Each party to this agreement are represented by counsel and are relying upon the advice of their counsel in freely and voluntarily entering into this agreement. It is expressly acknowledged by Bridgeport, EDC and West that the decision to execute this agreement is not based upon any representations, oral or written, of any nature whatsoever, other than expressly set forth herein.

XI. Multiple Counterparts. This agreement may be executed in numerous identical counterparts, each of which shall be deemed an original for all purposes.

XII. Entire Agreement. This agreement constitutes the entire agreement between the parties hereto.

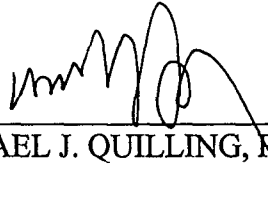
XIII. Governing Law and Venue. This agreement shall be governed by and construed in accordance with the laws of the State of Texas and it is expressly agreed that the proper venue for any action which might be brought in connection with this agreement shall be proper in, and only in, the Northern District of Texas.

XIV. Authorization. Each signatory hereto, by virtue of his execution hereof, represents and affirms that he is authorized to execute this document.

XV. SEC Approval. The parties to this agreement understand that because Bridgeport is named as an equity relief defendant in these proceedings that approval by the Securities and Exchange Commission is required insofar as the settlement with respect to Bridgeport is concerned. Should such approval not be obtained, this agreement shall be void.


XVI. Court Approval. This agreement will be submitted to the Court for approval. Should such approval not be obtained, this agreement shall be void.

Executed this _____ day of _____, 1999.

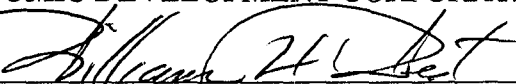



MICHAEL J. QUILLING, Receiver

BRIDGEPORT ALLIANCE LLC

By: 
Name: WILLIAM H. WEST
Title: DIRECTOR OF OPERATIONS

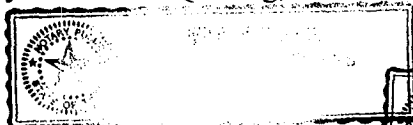
ECONOMIC DEVELOPMENT CORPORATION

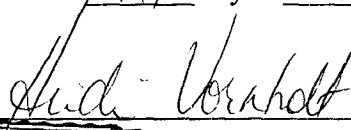
By: 
Name: WILLIAM H. WEST
Title: PRESIDENT


BILL WEST

STATE OF TEXAS)
)
COUNTY OF DALLAS)

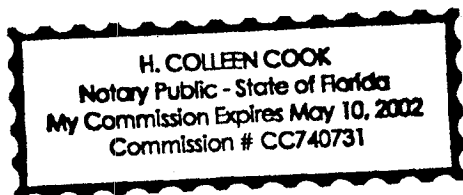
This instrument was ACKNOWLEDGED before me on the 16th day of December, 1999 by Michael J. Quilling, Receiver.




Notary Public, State of Texas
MY COMMISSION EXPIRES
July 6, 2001

STATE OF FLORIDA)
)
COUNTY OF OKALOOSA)

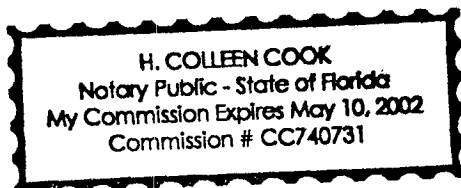
This instrument was ACKNOWLEDGED before me on the 15TH day of DECEMBER, 1999 by WILLIAM H. WEST, a DIRECTOR OF OPERATIONS of Bridgeport Alliance LLC, on behalf of said limited liability company.





Notary Public, State of Florida

STATE OF FLORIDA)
)
COUNTY OF OKALOOSA)

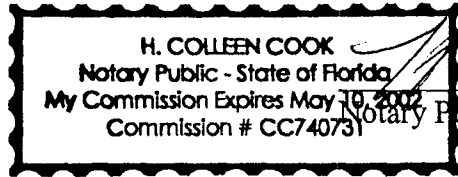
This instrument was ACKNOWLEDGED before me on the 15TH day of DECEMBER, 1999 by WILLIAM H. WEST, a PRESIDENT of Economic Development Corporation, on behalf of said corporation.




Notary Public, State of Florida

STATE OF FLORIDA)
)
COUNTY OF OKALOOSA)

This instrument was ACKNOWLEDGED before me on the 15TH day of DECEMBER
1999 by Bill West.



H. Colleen Cook

Notary Public, State of Florida