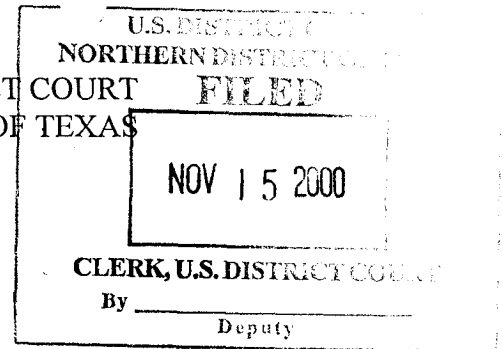


IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

VS.

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

Defendants,

and

HOWE FINANCIAL TRUST, 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 Antigua 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-M

**UNOPPOSED MOTION TO APPROVE COMPROMISE AND
SETTLEMENT AGREEMENT WITH SANDS POINT TRUST**

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

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

**UNOPPOSED MOTION TO APPROVE COMPROMISE
AND SETTLEMENT AGREEMENT WITH SANDS POINT TRUST - PAGE 1**

1. On November 13, 1998, the United States Securities and Exchange Commission ("SEC") initiated these proceedings and, in connection therewith, sought the appointment of a Receiver. By Order dated November 13, 1998, Michael J. Quilling was named as the Receiver as to the Defendants and Equity Relief Defendants named at that time.

2. On July 23, 1999, the Court issued an Order expanding the receivership to cover individuals and entities named as additional Equity Relief Defendants by virtue of the Third Amended Complaint filed in these proceedings. In connection with performing his duties as Receiver for Hammersmith Trust, LLC and Microfund, LLC, the Receiver has traced funds from defrauded investors to an entity known as Sands Point Trust. Sands Point Trust was established by Bill West (the owner of Bridgeport Alliance, LLC) for the benefit of his minor daughters. Ray Hanson, a former employee of Bridgeport Alliance, is the Trustee for the Trust. It is the Receiver's position that all assets owned by Sands Point Trust are impressed with a constructive trust in favor of the Receiver.

3. After extensive arm's-length negotiations, an agreement has been reached between Sands Point Trust by and through its Trustee, Ray Hanson, and the Receiver regarding the assets of the Trust and the claims of the Receiver. The agreement also covers any claims of the Receiver against Ray Hanson individually. A true and correct copy of the Compromise and Settlement Agreement reached between the parties is attached hereto as Exhibit "1" and incorporated herein by reference for all purposes. In connection with negotiation of the Agreement, the Trustee was represented by counsel in Florida, and both Bill West and his ex-wife, Terry Fedonczak, each consented to the agreement in writing.

4. 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 or interest in the assets addressed 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 transactions referenced 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 15th day of November, 2000, a true and correct copy of the foregoing document was served via first-class mail, postage pre-paid, on:

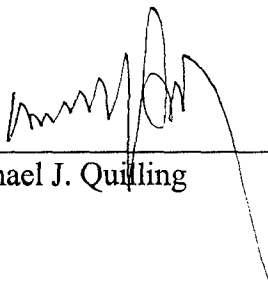
Robert B. Brunig
Securities & Exchange Commission
801 Cherry Street, 19th Floor
Fort Worth, Texas 76102

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

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

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

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



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-M

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 Sands Point Trust by and through its Trustee, Ray Hanson ("Sands Point") and Ray Hanson, individually ("Hanson").

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; and

WHEREAS, the Receiver has asserted various claims to monies and assets held by Sands Point and Hanson, 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 Assets of Sands Point.

Upon vacation of the Order referenced in paragraph VI below, Hanson, in his capacity as Trustee of Sands Point shall immediately cause the following to occur:

- a. All funds in account number 003185378154 at Bank of America in the name of Sands Point Trust shall be paid to the Receiver and the account shall be closed;

- b. Ownership to account number 1029528-3 with USA Performance First Index Fund in the name of Hanson shall be transferred to the Receiver for subsequent liquidation in the discretion of the Receiver;
- c. Ownership to account number 55154712 with PBHG Technology and Communication Mutual Fund in the name of Hanson shall be transferred to the Receiver for subsequent liquidation in the discretion of the Receiver;
- d. Hanson shall pay \$7,500.00 to the Receiver; and
- e. Sands Point shall execute and deliver to William West a Warranty Deed to the house and real property commonly known as 104 Bay Wind Drive, Niceville, Florida.

II. No Other Assets. Sands Point, through Hanson, expressly represents that there are no other assets, of any nature whatsoever which belong to Sands Point or in which Sands Point claims an interest.

III. Tax Return. Hanson shall be responsible for the timely filing of the tax returns of Sands Point.

IV. Retention of Hanson Assets. Other than as set forth in Paragraph I., Hanson 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.

V. Mutual Releases. Based upon the representations and consideration stated herein, the Receiver, on the one hand, and Sands Point and Hanson, 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.

VI. 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 Ray Hanson individually. Should the Court refuse to do so, then Hanson 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 Hanson being retained by Hanson under this Agreement.

VII. Representations. Sands Point and Hanson have made certain representations herein which have induced the Receiver to make the agreements stated. Should any representation made by Sands Point and/or Hanson 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. The Receiver has represented and has provided written evidence to Hanson that William West and his ex-wife, Terry Fedonczak, have each consented to the transfer of assets set forth in this agreement.

VIII. No Claims Against Receivership Estate. For valuable consideration, Sands Point and Hanson 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.

IX. 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 Sands Point and Hanson 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.

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

XI. **Entire Agreement.** This agreement constitutes the entire agreement between the parties hereto.

XII. **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.

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

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

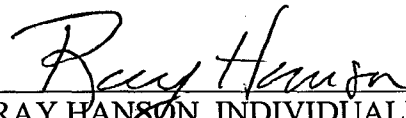
Executed this 13 day of Nov, 2000.



MICHAEL J. QUILLING, Receiver

SANDS POINT TRUST

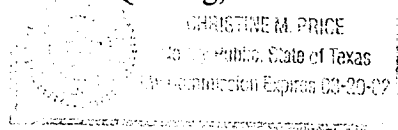
By: 
Name: RAY HANSON
Title: TRUSTEE



RAY HANSON, INDIVIDUALLY

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was ACKNOWLEDGED before me on the 15th day of November 2000 by Michael J. Quilling, Receiver.



Christine M. Price
Notary Public, State of Texas

STATE OF WISCONSIN §
 §
COUNTY OF Waukesha §

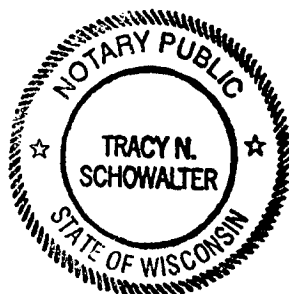
This instrument was ACKNOWLEDGED before me on the 13 day of November, 2000 by Ray Hanson, the Trustee of Sands Point Trust.



Tracy N. Schowalter
Notary Public, State of 10/02/2002

STATE OF WISCONSIN §
 §
COUNTY OF Waukesha §

This instrument was ACKNOWLEDGED before me on the 13 day of November, 2000 by Ray Hanson.



Tracy N. Schowalter
Notary Public, State of 10/02/2002