

COPY

1 **ARIZONA CORPORATION COMMISSION**
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6 **STATE OF ARIZONA**

7 **MARICOPA COUNTY SUPERIOR COURT**

8	ARIZONA CORPORATION COMMISSION)	No. CV 2005-005484
9)	
10	Plaintiff)	FIRST AMENDED ORDER APPOINTING
)	CONSERVATOR
11	v.)	
12	MATHON MANAGEMENT COMPANY,)	(Assigned to the Honorable Barry C.
13	L.L.C., ET AL.)	Schneider)
14)	
15	Defendants.)	

16 Plaintiff the Arizona Corporation Commission ("ACC") having filed an Amended Verified
17 Complaint and Motion To Amend The Order Appointing Conservator And The Order of
18 Preliminary Injunction seeking to add additional entities to the Conservatorship and Defendants
19 Slade and Williams withdrawing their objection to adding the additional entities, the Court finds
20 that this First Amended Order Appointing Conservator Order Appointing Conservator is both
21 necessary and appropriate in order to prevent waste and dissipation of the assets of the
22 Conservatorship Defendants to the detriment of investors. The entities included in the
23 Conservatorship are listed in the attached Exhibit A.

24 **IT IS THEREFORE ORDERED:**
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1 1. The conservator shall have all the rights, powers and privileges of a receiver and is
2 subject to the obligations, penalties and orders of the Court to which receivers are subject, pursuant
3 to A.R.S. §44-2015(A), and Rule 66 of Arizona Rules of Civil Procedure.

4 2. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,
5 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever
6 kind and description, wherever situated, of the Conservatorship Defendants, (hereinafter,
7 “Conservatorship Assets”).

8 3. James C. Sell located at 2222 E. Camelback Road, Suite 110, Phoenix, Arizona
9 85016-3426, with the phone number of 602.265.3519, facsimile number 602.265.3622, is
10 appointed Conservator for the Conservatorship Assets. The Conservator shall file with the Clerk of
11 this Court a bond in the sum of \$100,000, without need for sureties approved by the Court, to
12 assure his conscientious performance of the duties and responsibilities imposed by this Order. The
13 Conservator is hereby authorized to take and have possession and control of the Conservatorship
14 Assets. Until further order of this Court, the Conservator shall have complete and exclusive
15 control, possession, and custody of all Conservatorship Assets. The Conservator shall be the agent
16 of the court and shall be accountable directly to this Court.

17 4. All persons, including, but not limited to, Defendants and their officers, agents,
18 servants, employees, attorneys, and all persons in active concert or participation with them who
19 receive actual notice of this Order by personal service or otherwise, and specifically including any
20 bank or other financial or depository institution holding accounts for or on behalf of the
21 Conservatorship Defendants, shall promptly deliver to the Conservator all Conservatorship Assets
22 in the possession or under the control of any one or more of them and shall promptly surrender all
23 books and records of any kind pertaining or belonging to the Conservatorship Defendants.

24 5. The Defendants shall fully cooperate with and assist the Conservator, which shall
25 include, but not be limited to, providing information to the Conservator that the Conservator deems
26 necessary to exercising the authority and discharging the responsibilities of the Conservator under

1 this Order; providing any password required to access any computer, electronic file, or telephonic
2 data in any medium; advising all persons who owe money to the Conservatorship Defendants that
3 all debts should be paid directly to the Conservator; and provide to the Conservator all keys and
4 codes necessary to gain or to secure access to any Conservatorship Assets or Conservatorship
5 Records.

6 6. All persons, including, but not limited to, Defendants and their officers, agents,
7 servants, employees, attorneys, and all persons in active concert or participation with them, who
8 receive actual notice of this Order by personal service or otherwise, are enjoined from in any way
9 interfering with the operation of the Conservatorship or in any way disturbing the Conservatorship
10 Assets and from filing or prosecuting any actions or proceedings which involve the Conservator or
11 which affect the Conservatorship Assets, specifically including any proceeding initiated pursuant to
12 the United States Bankruptcy Code, except with the prior permission of this Court. Any actions so
13 authorized to determine disputes relating to Conservatorship Assets shall be filed in this Court.

14 7. All Defendants are hereby restrained and enjoined from directly or indirectly
15 destroying, secreting, defacing, transferring or otherwise altering or disposing of any documents of
16 the Defendants, including, but not limited to, books, records, accounts, writings, drawings, graphs,
17 charts, photographs, audio and video recordings, computer records and other data compilations,
18 electronically stored records, or any other papers of any kind or nature. Defendants are also
19 restrained and enjoined from excusing debts owed to the Defendants or transferring, receiving,
20 altering selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets
21 owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by,
22 the Conservatorship Defendants, or the Conservator.

23 8. All banks, broker-dealers, savings and loans, escrow agents, title companies,
24 commodity trading companies, or other financial institutions shall cooperate with all reasonable
25 requests of the Conservator relating to implementation of this Order, including transferring funds at
26 his direction and producing records related to the assets of the Conservatorship Defendants.

1 9. The Conservator is hereby authorized to make appropriate notification to the United
2 States Postal Service to forward delivery of any mail addressed to the Conservatorship Defendants,
3 any company or entity under the direction or control of any of the Conservatorship Defendants, to
4 any Post Office box or other mail depository, to himself. Further, the Conservator is hereby
5 authorized to open and inspect all such mail, to determine the location or identity of assets or the
6 existence and amount of claims.

7 10. The Conservator is hereby authorized to open one or more bank accounts with
8 financial institutions insured by an agency of the United States. The Conservator shall Deposit all
9 Conservatorship Assets in such designated accounts and shall make all payments and
10 disbursements from the Conservatorship Assets from such accounts. The Conservator shall be
11 responsible, to the best of his ability, to collect and allocate the loan proceeds, both principal and
12 interest, and to make land payments to the lenders.

13 11. The Conservator is hereby authorized to make such ordinary and necessary
14 payments, distributions, and disbursements as he deems advisable or proper for the marshaling,
15 maintenance or preservation of the Conservatorship Assets. The Conservator shall have the
16 authority to contact and negotiate with any creditors of the Conservatorship Defendants, for the
17 purpose of compromising or settling any claim. To this purpose, in those instances in which
18 Conservatorship Assets serve as collateral to secured creditors, the Conservator may surrender such
19 assets to secured creditors, and shall have the authority to make such surrender conditional upon
20 the waiver of any deficiency of collateral. Furthermore, the Conservator is authorized to renew,
21 cancel, terminate, or otherwise adjust any pending lease agreements to which the Conservatorship
22 Defendants are a party.

23 12. The Conservator is hereby directed to prevent the inequitable distribution of assets
24 and determine, adjust, and protect the interests of persons with an interest in or claim against the
25 Conservatorship Assets.

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1 13. The Conservator is hereby directed to file with this Court and serve upon the parties,
2 a preliminary report setting out the identity, location and value of the Conservatorship Assets, and
3 any liabilities pertaining thereto. The Conservator shall issue the preliminary report within 45 days
4 of entry of this Order. Further, at the time the Conservator makes such report, he shall recommend
5 to the Court whether, in his opinion, based on his initial investigation, claims against Defendants,
6 should be adjudged in the Bankruptcy Court. After providing the parties an opportunity to be
7 heard, this Court will determine whether to accept the Conservator's recommendation and, if
8 appropriate, issue an order authorizing the Conservator to commence a bankruptcy proceeding.

9 14. Except by leave of this Court, during pendency of the Conservatorship ordered
10 herein, the Defendants, and all other persons and entities be and hereby are stayed from taking any
11 action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the
12 name of, any of the Conservatorship Defendants, any of their subsidiaries, affiliates, partnerships,
13 assets, documents, or the Conservator or the Conservator's duly authorized agents acting in their
14 capacities as such, including, but not limited to, the following actions:

- 15 a. Commencing, prosecuting, continuing, entering, or enforcing any suit or
16 proceeding, except that such actions may be filed to toll any applicable statute of
17 limitations;
- 18 b. Accelerating the due date of any obligation or claimed obligation; filing or
19 enforcing any lien; taking or attempting to take possession, custody, or control of
20 any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any
21 asset, whether such acts are part of a judicial proceeding, are acts of self-help, or
22 otherwise;
- 23 c. Executing, issuing, serving, or causing the execution, issuance or service of, any
24 legal process, including, but not limited to, attachments, garnishments, subpoenas,
25 writs of replevin, writs of execution, or any other form of process whether specified
26 in this Order or not; or

1 d. Doing any act or thing whatsoever to interfere with the Conservator taking custody,
2 control, possession, or management of the assets or documents subject to this
3 Conservatorship, or to harass or interfere with the Conservator in any way, or to
4 interfere in any manner with the exclusive jurisdiction of this Court over the assets
5 or documents of the Conservatorship Defendants.

6 15. Except as otherwise provided in this Order, all persons and entities in need of
7 documentation from the Conservator shall in all instances first attempt to secure such information
8 by submitting a formal written request to the Conservator, and, if such request has not been
9 responded to within fifteen (15) days of receipt by the Conservator, any such person or entity may
10 thereafter seek an Order of this Court with regard to the relief requested.

11 16. The Conservatorship Defendants will have access to the business records, including
12 copies of computer records, of the Conservatorship Defendants upon twenty-four (24) hour notice
13 to the Conservator and under the Conservators' supervision. The Conservatorship Defendants will
14 not remove the business records from the Conservator.

15 17. The Conservator is hereby authorized to employ such employees, accountants, and
16 attorneys as are necessary and proper for the collection, preservation and maintenance of the
17 Conservatorship Assets.

18 18. The Conservator is hereby authorized and directed to receive and collect any and all
19 sums of money due or owing to the Conservatorship Defendants, whether the same are now due or
20 shall hereafter become due and payable, and is authorized to incur such reasonable expenses and
21 make such disbursements as are necessary and proper for the collection, preservation, maintenance
22 and operation of the Conservatorship Assets. The Conservator shall be authorized to compromise
23 or adjust obligations which may be owed to the Conservatorship Estate. The Conservator shall seek
24 and obtain the approval of the Court for any proposed compromise or settlement. Court approval
25 may be sought on an expedited basis.

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1 19. The Conservator is authorized to liquidate Conservatorship Assets, as may in his
2 discretion be advisable. The Conservator shall first seek and obtain the approval of this Court for
3 the proposed sale. Court approval may be sought on an expedited basis.

4 20. The Conservator is hereby authorized to institute, defend, compromise or adjust
5 such actions or proceedings in state or federal courts now pending and hereafter instituted, as may
6 in his discretion be advisable or proper for the protection of the Conservatorship Assets or proceeds
7 therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or
8 federal court as may in his judgment be necessary or proper for the collection, preservation and
9 maintenance of the Conservatorship Assets.

10 21. The Conservator is hereby authorized to institute such actions or proceedings to
11 impose a constructive trust, obtain possession and/or recover judgment with respect to persons or
12 entities who received assets or funds traceable to investor monies. All such actions shall be filed in
13 this Court.

14 22. The Conservator shall be authorized, after notice and hearing, to seek Court
15 approval for the amendment of the Conservatorship Order to include additional parties to the
16 pending litigation.

17 23. Upon the request of the Conservator, any peace officer of this State is authorized
18 and directed to assist the Conservator in carrying out his duties to take possession, custody or
19 control of, or identify the location of, any Conservatorship Assets. The Conservator is authorized to
20 remove any person from any premises or real estate constituting a Conservatorship Asset that
21 attempts to interfere with the Conservator, his attorneys or agents in the performance of their
22 duties. The Conservator is further authorized to change any locks or other security mechanisms
23 with respect to any premises or other assets that constitute Conservatorship Assets.

24 24. The Conservator shall keep the ACC and the Conservatorship Defendants apprised
25 at reasonable intervals of developments concerning the operation of the Conservatorship, and shall
26 provide to the ACC upon request any documents under the control of the Conservator.

1 Copy of the foregoing mailed
this ___ day of January, 2006 to:

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3 Rachel Strachan, Esq.
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5 Phoenix, Arizona 85007
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and Guy and Lisa Williams

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12 Attorney for Dr. Robert Berry

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By: _____

EXHIBIT "A"

1. 11 KRISTY L.L.C. an Arizona limited liability company
2. ADVENTURE BOUND L.L.C. an Arizona limited liability company
3. ANON TRUCKING L.L.C. an Arizona limited liability company
4. ASHTAR HOLDINGS L.L.C. an Arizona limited liability company
5. AUS-VACATIONS L.L.C. an Arizona limited liability company
6. BALLARD ADVISORS L.L.C. an Arizona limited liability company
7. BELLEVUE HOLDINGS L.L.C. an Arizona limited liability company
8. BOULDER LOOP L.L.C. an Arizona limited liability company
9. BTOL.COM L.L.C. an Arizona limited liability company
10. CEDAR CREST L.L.C. a Washington limited liability company
11. CEDAR CREST FAMILY L.L.C. a Washington limited liability company
12. CHALICE 3 L.L.C. an Arizona limited liability company
13. CHALICE 7 L.L.C. an Arizona limited liability company
14. CHALICE HOLDINGS L.L.C. an Arizona limited liability company

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- 15. CONNECTICUT PROPERTIES L.L.C. an Arizona limited liability company
- 16. CRE CAPITAL L.L.C. an Arizona limited liability company
- 17. DEADMANS 40 L.L.C. an Arizona limited liability company
- 18. EVERETT CAPITAL L.L.C. an Arizona limited liability company
- 19. FIRST ATLANTA INVESTMENTS L.L.C. a Georgia limited liability company
- 20. INTEGRITY 101 L.L.C. an Arizona limited liability company
- 21. INTEGRITY 201 L.L.C. an Arizona limited liability company
- 22. INTEGRITY 301 L.L.C. an Arizona limited liability company
- 23. INTEGRITY 401 L.L.C. an Arizona limited liability company
- 24. INTEGRITY 501 L.L.C. an Arizona limited liability company
- 25. INTEGRITY 601 L.L.C. an Arizona limited liability company
- 26. INTEGRITY 701 L.L.C. an Arizona limited liability company
- 27. INTEGRITY 801 L.L.C. an Arizona limited liability company
- 28. INTEGRITY 901 L.L.C. an Arizona limited liability company
- 29. JH KIVA L.L.C. an Arizona limited liability company

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- 30. JONAS FUND I L.L.C. an Arizona limited liability company
- 31. LAS SENDAS 36 L.L.C. an Arizona limited liability company
- 32. MATHON FUND L.L.C. fka an Arizona limited liability company dba a Delaware limited liability company
- 33. MATHON FUND I L.L.C. an Arizona limited liability company
- 34. MATHON MANAGEMENT COMPANY L.L.C. fka an Arizona limited liability company dba a Delaware limited liability company
- 35. MERCER ISLAND L.L.C. an Arizona limited liability company
- 36. MEZZANINE FUND I L.L.C. an Arizona limited liability company
- 37. MEZZANINE MANAGEMENT L.L.C. an Arizona limited liability company
- 38. MILL CREEK L.L.C. an Arizona limited liability company
- 39. MM COLONIAL FUND L.L.C. a Delaware limited liability company
- 40. OAK HARBOR FINANCIAL L.L.C. an Arizona limited liability company
- 41. PACIFIC TRAVEL L.L.C. an Arizona limited liability company
- 42. PINEHURST DEVELOPMENT L.L.C. an Arizona limited liability company
- 43. RIO VERDE C-1 L.L.C. an Arizona limited liability company
- 44. RIVERSIDE DIAGNOSTIC L.L.C. an Arizona limited liability

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- company
- 45. ROUND VALLEY CAPITAL L.L.C. an Arizona limited liability company
- 46. SAHALE L.L.C. an Arizona limited liability company
- 47. SLADE WILLIAMS AND ASSOCIATES L.L.C. an Arizona limited liability company
- 48. SOAR MARKETING L.L.C. an Arizona limited liability company
- 49. SOUTH PACIFIC TRAVEL L.L.C. an Arizona limited liability company
- 50. SW STRATEGIC WEALTH ADVISORS L.L.C. an Arizona limited liability company
- 51. TEMPLAR FUND L.L.C. fka an Arizona limited liability company now dba a Delaware limited liability company
- 52. W.S.F. – WORLD SPORTS FANS L.L.C. an Arizona limited liability company