

1 ARIZONA CORPORATION COMMISSION
Wendy Coy, #013195
2 1300 West Washington, 3rd Floor
Phoenix, Arizona 85007
3 Attorney for Plaintiff
Telephone: (602) 542-0633
4 Fax: (602) 594-7418

COPY

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MICHAEL K. JAMES, CLERK
R. SNEDDON
DEPUTY CLERK

6 STATE OF ARIZONA

7 MARICOPA COUNTY SUPERIOR COURT

8 ARIZONA CORPORATION COMMISSION)
9 Plaintiff)
10 v.)
11 MATHON MANAGEMENT COMPANY,)
L.L.C., fka an Arizona limited liability company)
12 now dba a Delaware limited liability company,)
13 SLADE WILLIAMS AND ASSOCIATES,)
L.L.C., an Arizona limited liability company,)
14 MATHON FUND I, L.L.C., an Arizona limited)
liability company, MATHON FUND, L.L.C., fka)
15 an Arizona limited liability company now dba a)
Delaware limited liability company, INTEGRITY)
16 101, L.L.C., an Arizona limited liability company,)
INTEGRITY 201, L.L.C., an Arizona limited)
17 liability company, INTEGRITY 301, L.L.C., an)
Arizona limited liability company, INTEGRITY)
18 401, L.L.C., an Arizona limited liability company,)
INTEGRITY 501, L.L.C., an Arizona limited)
19 liability company, INTEGRITY 601, L.L.C., an)
Arizona limited liability company, INTEGRITY)
20 701, L.L.C., an Arizona limited liability company,)
INTEGRITY 801, L.L.C., an Arizona limited)
21 liability company, INTEGRITY 901, L.L.C., an)
Arizona limited liability company, ROUND)
22 VALLEY CAPITAL, L.L.C., an Arizona limited)
23 liability company, W.S.F. – WORLD SPORTS)
FANS L.L.C., an Arizona limited liability)
24 company, MILL CREEK L.L.C., an Arizona)
25 limited liability company, BELLEVUE)
HOLDINGS, L.L.C., an Arizona limited liability)
26

No. CV 2005-005484
STIPULATION REGARDING ORDER
APPOINTING CONSERVATOR

1 company, OAK HARBOR FINANCIAL, L.L.C.,)
2 an Arizona limited liability company, SW)
3 STRATEGIC WEALTH ADVISORS, L.L.C., an)
4 Arizona limited liability company, EVERETT)
5 CAPITAL, L.L.C., an Arizona limited liability)
6 company, CRE CAPITAL, L.L.C., an Arizona)
7 limited liability company, MEZZANINE)
8 MANAGEMENT, L.L.C., an Arizona limited)
9 liability company, MEZZANINE FUND I,)
10 L.L.C., an Arizona limited liability company,)
11 JONAS FUND I, L.L.C., an Arizona limited)
12 liability company, TEMPLAR FUND, L.L.C., fka)
13 an Arizona limited liability company now dba a)
14 Delaware limited liability company, MERCER)
15 ISLAND, L.L.C., an Arizona limited liability)
16 company, CONNECTICUT PROPERTIES,)
17 L.L.C., an Arizona limited liability company,)
18 FIRST ATLANTA INVESTMENTS, L.L.C., a)
19 Georgia limited liability company, MM)
20 COLONIAL FUND, L.L.C., a Delaware limited)
21 liability company, SLADE CONSTRUCTION,)
22 L.L.C., an Arizona limited liability company,)
23)
24 DUANE SLADE and JENNIFER SLADE,)
25 husband and wife, GUY ANDREW WILLIAMS)
26 and LISA WILLIAMS, husband and wife,)
Defendants.

The Parties stipulate and agree as follows:

1. The parties acknowledge and agree the conservator shall have all the rights, powers and privileges of a receiver and is subject to the obligations, penalties and orders of the Court to which receivers are subject, pursuant to A.R.S. §44-2015(A), and Rule 66 of Arizona Rules of Civil Procedure.
2. This Court hereby takes exclusive jurisdiction and possession of the assets, monies, securities, choses in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated, of the Conservatorship Defendants, (hereinafter, "Conservatorship Assets").

1 3. James C. Sell located at 2222 E. Camelback Road, Suite 110, Phoenix, Arizona
2 85016-3426, with the phone number of 602.265.3519, facsimile number 602.265.3622, is
3 appointed Conservator for the Conservatorship Assets. The Conservator shall file with the Clerk of
4 this Court a bond in the sum of \$100,000, without need for sureties approved by the Court, to
5 assure his conscientious performance of the duties and responsibilities imposed by this Order. The
6 Conservator is hereby authorized to take and have possession and control of the Conservatorship
7 Assets. Until further order of this Court, the Conservator shall have complete and exclusive
8 control, possession, and custody of all Conservatorship Assets. The Conservator shall be the agent
9 of the court and shall be accountable directly to this Court.

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

17 5. The Defendants shall fully cooperate with and assist the Conservator, which shall
18 include, but not be limited to, providing information to the Conservator that the Conservator deems
19 necessary to exercising the authority and discharging the responsibilities of the Conservator under
20 this Order; providing any password required to access any computer, electronic file, or telephonic
21 data in any medium; advising all persons who owe money to the Conservatorship Defendants that
22 all debts should be paid directly to the Conservator; and provide to the Conservator all keys and
23 codes necessary to gain or to secure access to any Conservatorship Assets or Conservatorship
24 Records.

25 6. All persons, including, but not limited to, Defendants and their officers, agents,
26 servants, employees, attorneys, and all persons in active concert or participation with them, who

1 receive actual notice of this Order by personal service or otherwise, are enjoined from in any way
2 interfering with the operation of the Conservatorship or in any way disturbing the Conservatorship
3 Assets and from filing or prosecuting any actions or proceedings which involve the Conservator or
4 which affect the Conservatorship Assets, specifically including any proceeding initiated pursuant to
5 the United States Bankruptcy Code, except with the prior permission of this Court. Any actions so
6 authorized to determine disputes relating to Conservatorship Assets shall be filed in this Court.

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

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

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

26

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

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

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

20 13. The Conservator is hereby directed to file with this Court and serve upon the parties,
21 a preliminary report setting out the identity, location and value of the Conservatorship Assets, and
22 any liabilities pertaining thereto. The Conservator shall issue the preliminary report within 45 days
23 of entry of this Order. Further, at the time the Conservator makes such report, he shall recommend
24 to the Court whether, in his opinion, based on his initial investigation, claims against Defendants,
25 should be adjudged in the Bankruptcy Court. After providing the parties an opportunity to be
26

1 heard, this Court will determine whether to accept the Conservator's recommendation and, if
2 appropriate, issue an order authorizing the Conservator to commence a bankruptcy proceeding.

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

- 9 a. Commencing, prosecuting, continuing, entering, or enforcing any suit or
10 proceeding, except that such actions may be filed to toll any applicable statute of
11 limitations;
- 12 b. Accelerating the due date of any obligation or claimed obligation; filing or
13 enforcing any lien; taking or attempting to take possession, custody, or control of
14 any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any
15 asset, whether such acts are part of a judicial proceeding, are acts of self-help, or
16 otherwise;
- 17 c. Executing, issuing, serving, or causing the execution, issuance or service of, any
18 legal process, including, but not limited to, attachments, garnishments, subpoenas,
19 writs of replevin, writs of execution, or any other form of process whether specified
20 in this Order or not; or
- 21 d. Doing any act or thing whatsoever to interfere with the Conservator taking custody,
22 control, possession, or management of the assets or documents subject to this
23 Conservatorship, or to harass or interfere with the Conservator in any way, or to
24 interfere in any manner with the exclusive jurisdiction of this Court over the assets
25 or documents of the Conservatorship Defendants.
- 26

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

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

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

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

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

24 20. The Conservator is hereby authorized to institute, defend, compromise or adjust
25 such actions or proceedings in state or federal courts now pending and hereafter instituted, as may
26 in his discretion be advisable or proper for the protection of the Conservatorship Assets or proceeds

1 therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or
2 federal court as may in his judgment be necessary or proper for the collection, preservation and
3 maintenance of the Conservatorship Assets.

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

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

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

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

21 25. The Conservator shall seek and obtain the approval of this Court prior to
22 disbursement of professional fees and expenses to himself or counsel, by presentation of a written
23 application therefor and after consultation with the ACC or in accordance with further order of the
24 Court. All costs incurred by the Conservator shall be paid from the Conservatorship Assets.

25 26. If it appears to the Court that the affairs of the Defendants are incapable of
26 reorganization or that reorganization is not advisable, the Court shall make a finding to that effect

1 and the conservator shall proceed as a receiver for the purpose of winding up the affairs of the
2 Defendant pursuant to A.R.S. 44-2016(B).

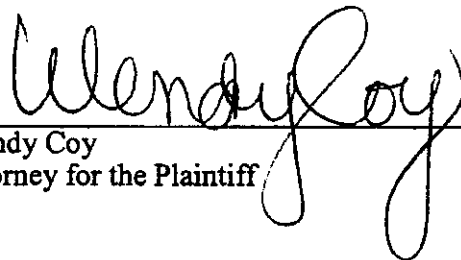
3 27. The Court shall retain jurisdiction of this action for all purposes. The Conservator is
4 hereby authorized, empowered and directed to apply to this Court, with notice to the ACC and
5 Defendants, for issuance of such other orders as may be necessary and appropriate in order to carry
6 out the mandate of this Court.


7 28. This Order will remain in effect until modified by further order of this Court or
8 upon agreement of the parties.

9 RESPECTFULLY SUBMITTED this 14th day of April, 2005.

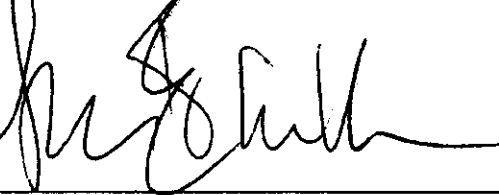
10 ARIZONA CORPORATION COMMISSION

LEWIS AND ROCA LLP

11
12
13 By 
14 Wendy Coy
15 Attorney for the Plaintiff

16
17 By 
18 Keith Beauchamp
19 Amy M. Wilkins
20 Attorneys for Defendants Duane Slade and
21 Guy Williams

22 JABDRG AND WILK, P.C.

23
24 By 
25 Lawrence E. Wilk
26 Attorney for Conservator James C. Sell

Original filed and copy of the foregoing
hand-delivered this 14th day of April, 2005, to:

Honorable Barry C. Schneider
MARICOPA COUNTY SUPERIOR COURT
101-201 West Jefferson, CCB-13A
Phoenix, Arizona 85003

COPIES of the foregoing mailed
this 14th day of April, 2005

Wendy Coy, Esq.
ARIZONA CORPORATION COMMISSION
1300 W. Washington, 3rd Floor
Phoenix, Arizona 85007
Attorney for the Plaintiff

Keith Beauchamp, Esq.
Amy M. Wilkins, Esq.
LEWIS AND ROCA LLP
40 North Central Avenue
Phoenix, Arizona 85004-4429
Attorneys for Defendants Duane and Jennifer Slade
and Guy and Lisa Williams

J. Grant Woods
GRANT WOODS PC
1726 N. Seventh Street
Phoenix, Arizona 85006-2200
Attorney for Defendants Duane and Jennifer Slade
and Guy and Lisa Williams

Lawrence E. Wilk, Esq.
JABURG AND WILK P.C.
3200 North Central Avenue, Suite 2000
Phoenix, Arizona 85012
Attorneys for Conservator James C. Sell

A. Melvin McDonald, Esq.
JONES, SKELTON & HOCHULI, P.L.C.
2901 North Central Avenue, Suite 800
Phoenix, Arizona 85012
Attorney for Ross Farnsworth, Jr. and Farnsworth Holdings

EXHIBIT "A"

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