

1 ARIZONA CORPORATION COMMISSION

Wendy Coy, #013195  
2 1300 West Washington, 3<sup>rd</sup> Floor  
Phoenix, Arizona 85007  
3 Attorney for Plaintiff  
Telephone: (602) 542-0633  
4 Fax: (602) 594-7418

6 STATE OF ARIZONA

7 MARICOPA COUNTY SUPERIOR COURT

8 ARIZONA CORPORATION COMMISSION )

No. CV 2005-005484

9 Plaintiff )

ORDER APPOINTING RECEIVER

10 v. )

11 MATHON MANAGEMENT COMPANY, )  
L.L.C., fka an Arizona limited liability company )  
12 now dba a Delaware limited liability company, )  
SLADE WILLIAMS AND ASSOCIATES, )  
13 L.L.C., an Arizona limited liability company, )  
MATHON FUND I, L.L.C., an Arizona limited )  
14 liability company, MATHON FUND, L.L.C., fka )  
an Arizona limited liability company now dba a )  
15 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

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

17 Plaintiff the Arizona Corporation Commission (“ACC”) having filed a Verified Complaint  
 18 and an Application for Appointment of a Receiver for the Defendants listed in Exhibit “A”  
 19 attached hereto (collectively “Receivership Defendants”), the Court finds, based upon the papers  
 20 filed by the ACC, that this Order Appointing Receiver is both necessary and appropriate in order to  
 21 prevent waste and dissipation of the assets of the Receivership Defendants to the detriment of  
 22 investors.

23 IT IS THEREFORE ORDERED:

24 1. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,  
 25 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever  
 26

1 kind and description, wherever situated, of the Receivership Defendants, (hereinafter,  
2 "Receivership Assets").

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

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

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

26

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

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

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

22           8.       The Receiver is hereby authorized to make appropriate notification to the United  
23 States Postal Service to forward delivery of any mail addressed to the Receivership Defendants,  
24 any company or entity under the direction or control of any of the Receivership Defendants, to any  
25 Post Office box or other mail depository, to himself. Further, the Receiver is hereby authorized to  
26

1 open and inspect all such mail, to determine the location or identity of assets or the existence and  
2 amount of claims.

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

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

18 11. The Receiver is hereby directed to prevent the inequitable distribution of assets and  
19 determine, adjust, and protect the interests of persons with an interest in or claim against the  
20 Receivership Assets.

21 12. The Receiver is hereby directed to file with this Court and serve upon the parties,  
22 within 30 days after entry of this Order, a preliminary report setting out the identity, location and  
23 value of the Receivership Assets, and any liabilities pertaining thereto. Further, at the time the  
24 Receiver makes such report, he shall recommend to the Court whether, in his opinion, based on his  
25 initial investigation, claims against Defendants, should be adjudged in the Bankruptcy Court. After  
26 providing the parties an opportunity to be heard, this Court will determine whether to accept the

1 Receiver's recommendation and, if appropriate, issue an order authorizing the Receiver to  
2 commence a bankruptcy proceeding.

3 13. Except by leave of this Court, during pendency of the Receivership ordered herein,  
4 the Defendants, and all other persons and entities be and hereby are stayed from taking any action  
5 to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of,  
6 any of the Receivership Defendants, any of their subsidiaries, affiliates, partnerships, assets,  
7 documents, or the Receiver or the Receiver's duly authorized agents acting in their capacities as  
8 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 Receiver taking custody,  
22 control, possession, or management of the assets or documents subject to this  
23 receivership, or to harass or interfere with the Receiver in any way, or to interfere in  
24 any manner with the exclusive jurisdiction of this Court over the assets or  
25 documents of the Receivership Defendants.  
26

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

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

10          16.     The Receiver 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 Receivership Assets.

13          17.     The Receiver is hereby authorized and directed to receive and collect any and all  
14 sums of money due or owing to the Receivership 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 Receivership Assets. The Receiver shall be authorized to compromise or  
18 adjust obligations which may be owed to the Receivership Estate. The Receiver shall seek and  
19 obtain the approval of the Court for any proposed compromise or settlement. Court approval may  
20 be sought on an expedited basis.

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

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

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

8 21. The Receiver shall be authorized, after notice and hearing, to seek Court approval  
9 for the amendment of the Receivership Order to include additional parties to the pending litigation.

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

17 23. The Receiver shall keep the ACC and the Receivership Defendants apprised at  
18 reasonable intervals of developments concerning the operation of the receivership, and shall  
19 provide to the ACC upon request any documents under the control of the Receiver.

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

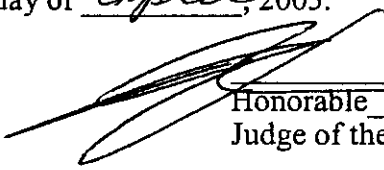
24 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all  
25 purposes. The Receiver is hereby authorized, empowered and directed to apply to this Court, with  
26

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

notice to the ACC and Defendants, for issuance of such other orders as may be necessary and appropriate in order to carry out the mandate of this Court.

IT IS FURTHER ORDERED that this Order will remain in effect until modified by further order of this Court.

DATED this 5 day of April, 2005.



Honorable **BARRY C. SCHNEIDER**  
Judge of the Superior Court

EXHIBIT "A"

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

1. MATHON MANAGEMENT COMPANY, L.L.C., fka an Arizona limited liability company dba a Delaware limited liability company
2. SLADE WILLIAMS AND ASSOCIATES, L.L.C., an Arizona limited liability company
3. MATHON FUND I, L.L.C., an Arizona limited liability company
4. MATHON FUND, L.L.C., fka an Arizona limited liability company dba a Delaware limited liability company
5. INTEGRITY 101, L.L.C., an Arizona limited liability company
6. INTEGRITY 201, L.L.C., an Arizona limited liability company
7. INTEGRITY 301, L.L.C., an Arizona limited liability company
8. INTEGRITY 401, L.L.C., an Arizona limited liability company
9. INTEGRITY 501, L.L.C., an Arizona limited liability company
10. INTEGRITY 601, L.L.C., an Arizona limited liability company
11. INTEGRITY 701, L.L.C., an Arizona limited liability company
12. INTEGRITY 801, L.L.C., an Arizona limited liability company
13. INTEGRITY 901, L.L.C., an Arizona limited liability company
14. ROUND VALLEY CAPITAL, L.L.C., an Arizona limited liability company
15. W.S.F. – WORLD SPORTS FANS, L.L.C., an Arizona limited liability company

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

- 16. MILL CREEK L.L.C., an Arizona limited liability company
- 17. BELLEVUE HOLDINGS, L.L.C., an Arizona limited liability company
- 18. OAK HARBOR FINANCIAL, L.L.C., an Arizona limited liability company
- 19. SW STRATEGIC WEALTH ADVISORS, L.L.C., an Arizona limited liability company
- 20. EVERETT CAPITAL, L.L.C., an Arizona limited liability company
- 21. CRE CAPITAL, L.L.C., an Arizona limited liability company
- 22. MEZZANINE MANAGEMENT, L.L.C., an Arizona limited liability company
- 23. MEZZANINE FUND I, L.L.C., an Arizona limited liability company
- 24. JONAS FUND I, L.L.C., an Arizona limited liability company
- 25. TEMPLAR FUND, L.L.C., fka an Arizona limited liability company now dba a Delaware limited liability company
- 26. MERCER ISLAND, L.L.C., an Arizona limited liability company
- 27. CONNECTICUT PROPERTIES, L.L.C., an Arizona limited liability company
- 28. FIRST ATLANTA INVESTMENTS, L.L.C., a Georgia limited liability company
- 29. MM COLONIAL FUND, L.L.C., a Delaware limited liability company
- 30. SLADE CONSTRUCTION, L.L.C., an Arizona limited liability company

The foregoing is a true and correct copy of the original as the same appears in the records of the County of Maryland.

18

25

26

11