

COPY

NOV 30 2005



MICHAEL K. JEANES, CLERK
V. COFFEY
DEPUTY CLERK

1 ARIZONA CORPORATION COMMISSION
2 Wendy Coy, #013195
3 Rachel F. Strachan, # 018164
4 1300 West Washington, 3rd Floor
5 Phoenix, Arizona 85007
6 Attorneys for Plaintiff
7 Telephone: (602) 542-0633
8 Fax: (602) 594-7418

STATE OF ARIZONA

MARICOPA COUNTY SUPERIOR COURT

8	ARIZONA CORPORATION COMMISSION)	No. CV 2005-005484
9	Plaintiff)	MOTION TO DISBAND THE OFFICIAL INVESTORS' COMMITTEE
10	v.)	
11	MATHON MANAGEMENT COMPANY, L.L.C., et al.)	
12)	
13	Defendants.)	
14)	
15)	

16 The Plaintiff, the Arizona Corporation Commission, by and through undersigned counsel,
17 hereby moves this Court to dissolve the Official Investors' Committee ("Investors' Committee") for
18 the following reasons:

- 19 1. The Investors' Committee was organized to accomplish a specific purpose.
- 20 2. An Investors' Committee is no longer necessary due to the appointment of an Official
- 21 Creditors' Committee by the U.S. Trustee's Office in Bankruptcy Court.
- 22 3. The expense to maintain the Investors' Committee after the appointment of the
- 23 Creditors' Committee is duplicative and wasteful.

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Background

On April 1, 2005, the Commission filed a regulatory action against several individuals and entities for violations of the Arizona Securities Act. The Commission sought the appointment of a Receiver pursuant to Article 15 of the Arizona Securities Act.

On April 5, 2005, this Court issued its Order appointing James C. Sell as Receiver for the Defendant Entities. On April 14, 2005, the Commission, Individual Defendants, and the Receiver/Conservator signed a Stipulation Regarding Order Appointing Conservator. Despite the change in title, the rights and obligations of the Conservator are identical to those of the Receiver. On April 15, 2005, the Court issued an Order approving a Stipulation. All Defendant Entities are under the control of this Court through the Conservator. The Conservator was to have complete and exclusive control over the Conservatorship assets.

On May 4, 2005, the Conservator and the proposed Investors' Committee filed a Joint Motion to Recognize the Proposed Official Investors'/Creditors' Committee and to Authorize the Employment of Quarles & Brady Streich Lang LLP as Committee Counsel agreeing to form an investors' committee to assist the Conservator and to communicate with the large number of investors. An Order Granting Joint Motion to Recognize the Proposed Official Investors'/Creditors' Committee and to Authorize the Employment of Quarles & Brady Streich Lang LLP as Committee Counsel was signed on May 25, 2005. *See* Order Granting Joint Motion to Recognize The Proposed Official Investors'/Creditors' Committee and to Authorize The Employment of Quarles & Brady Streich Lang LLP As Committee Counsel attached as Exhibit A hereto and by this reference incorporated herein. This Court's Order outlined specific responsibilities for the Investors' Committee.

Specifically, the purpose of the Investors' Committee was to provide the Conservator with a means to obtain information from a multitude of sources. Thus, providing an efficient means to disseminate information to the investors and distribute accurate and timely information to them.

1 On November 13, 2005, three Conservatorship Entities, Mathon Fund, L.L.C., Mathon
2 Fund I, L.L.C. and W.S.F. - World Sports Fan, L.L.C. filed petitions under Chapter 11 of the
3 United States Bankruptcy Code requesting bankruptcy protection. Pursuant to 11 U.S.C. §1102, the
4 Office of the United States Trustee appointed an Official Creditors' Committee ("Creditors'
5 Committee") on November 28, 2005. *See* Appointment of Official Committee of Unsecured
6 Creditors attached as Exhibit B hereto and by this reference incorporated herein.

7 Under 11 U.S.C. §1103, Creditor's Committee may consult with the trustee or debtor in
8 possession, investigate the acts, conduct, assets, liabilities and financial condition of the debtor,
9 participate in the formulation and advise the investors/creditors about the plan, perform other
10 services as are in the interest of those represented. Therefore, the State Court appointed Investors'
11 Committee's duties have been effectively replaced by the Creditor's Committee.

12 This Court ordered the appointment of a Receiver/Conservator "to prevent [the] waste and
13 dissipation of the assets of the Receivership Defendants to the detriment of investors." *See*
14 Stipulation Regarding Order Appointing Conservator attached as Exhibit C hereto and by this
15 reference incorporated herein. The Court's interest in preserving assets for the benefit of the
16 investors and maximizing their return appears paramount to this Court.

17 The expense to maintain the Investors' Committee after the appointment of the Official
18 Creditors' Committee is duplicative and wasteful because each committee was appointed by its
19 respective Court to ensure the maximum return for investors. Investors should not have to pay
20 expenses related to both the Investors' Committee and the Creditors' Committee. Presently,
21 investors are paying expenses related to the Investors' Committee including the cost of the
22 committee's legal counsel. The Creditor's Committee has already employed legal counsel which
23 will be paid from the Debtor's estate.

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1 Copies of the foregoing mailed and/or
2 e-mailed this 28th of November, 2005 to:

3 Keith Beauchamp, Esq. 4 Robert G. Schaffer, Esq. 5 Amy M. Wilkins, Esq. 6 Thomas Gilson, Esq. 7 Lewis and Roca LLP 8 40 North Central Avenue 9 Phoenix, Arizona 85004-4429 10 Attorneys for Defendants Duane and Jennifer 11 Slade 12 and Guy and Lisa Williams 13 kbeauchamp@lrlaw.com	J. Grant Woods, Esq. Grant Woods PC 1726 North Seventh Street Phoenix, Arizona 85006-2200 Attorney for Defendants Duane and Jennifer Slade and Guy and Lisa Williams gw@grantwoodspc.net
14 Lawrence E. Wilk, Esq. 15 Jaburg and Wilk, PC 16 Suite 2000 17 3200 North Central Avenue 18 Phoenix, Arizona 85012 19 Attorney for Conservator James C. Sell 20 lew@jaburgwilk.com	A. Melvin McDonald, Esq. Jones, Skelton & Hochuli, PLC Suite 800 2901 North Central Avenue Phoenix, Arizona 85012 Attorney for Ross Farnsworth, Jr., and Farnsworth Holdings mcdonaldm@aol.com
21 Gerald L. Shelley, Esq. 22 Quarles & Brady Streich Lane 23 Two N. Central Avenue 24 Phoenix, Arizona 85004-2391 25 Attorney for Investors' Committee gl@quarles.com	Merwin D. Grant, Esq. Grant & Vaughn, PC 6225 N. 24th Street, Suite 125 Phoenix, Arizona 85016 Attorney for Dr. Glauser, Larry Pew, Rich Stewart grant@phxlaw.com
26 Robert A. Shull, Esq. Mariscal, Weeks, McIntyre & Friedlander, PA 2901 N. Central Avenue, Suite 200 Phoenix, Arizona 85012 Attorney for Scott Johnson and Ross Farnsworth, Jr. rob.shull@mwmf.com	Steven C. Mahaffy Beus Gilbert, PLLC 4800 N. Scottsdale Road, Suite 6000 Scottsdale, Arizona 85251-7630 Attorney for Wealth Partners smahaffy@beusgilbert.com
Keith A. Call Snow, Christensen & Martineau, P.C. 10 Exchange Place, Eleventh Floor Post Office Box 45000 Salt Lake City, UT 84145 Attorney for Dr. Robert Berry kcall@scmlaw.com	Richard Cuellar Office of the U.S. Trustee 230 North First Avenue Suite 204 Phoenix, Arizona 85003
Michael Carmel, Esq. Law Offices of Michael Carmel, LTD 80 E. Columbus Avenue Phoenix, Arizona 85012 Attorney for Debtor	

Exhibit A

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

ARIZONA CORPORATION
COMMISSION,

Plaintiff,

vs.

MATHON MANAGEMENT COMPANY,
L.L.C., fka an Arizona limited liability
company now dba a Delaware limited
liability company, et al.,

Defendants.

NO. CV 2005-005484

Assigned to the
Honorable Barry C. Schneider

**ORDER GRANTING JOINT
MOTION TO RECOGNIZE THE
PROPOSED OFFICIAL
INVESTORS'/CREDITORS'
COMMITTEE AND TO
AUTHORIZE THE EMPLOYMENT
OF QUARLES & BRADY STREICH
LANG LLP AS COMMITTEE
COUNSEL**

Conservator JAMES C. SELL ("Sell" or the "Conservator") and THE
(PROPOSED) OFFICIAL INVESTORS'/CREDITORS' COMMITTEE (the
"Committee") having filed a Joint Motion asking the Court to enter an Order recognizing
the Committee as the official committee representing investors and creditors in this case
and authorizing the Committee to employ the law firm of Quarles & Brady Streich Lang
LLP as its counsel, the Court finds, based upon the paper submitted that the
conservatorship, and the investors will be well served by having an official committee.

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IT IS THEREFORE ORDERED:

1. Recognizing the committee as organized consisting of members ROBERT LLOYD, who at the April 20, 2005 meeting of the committee was elected to serve as chair of the committee, and DAVID GIBB, KURT TAYLOR, BENJAMIN FUNK, RANDALL SKIDMORE, and BRENT BOYSE as other committee members.” Hereafter the committee shall be known and recognized as the Official Mathon Investors’ Committee (the”Committee”). It is empowered to (i) prepare and adopt bylaws, (ii) expand the Committee as prudent and necessary, (iii) employ counsel to assist, advise, and represent the Committee in relation to the administration the case; (iv) assist and advise the Conservator in the investigation of Defendants’ assets, liabilities and other financial information; (v) work with the Conservator and his counsel to organize and disseminate information to the body of investors in this case, and (vi) take other steps as necessary and prudent to assist the Conservator to maximize the distribution to investors.

2. Authorizing the Conservator to compensate QBSL from available Mathon funds subject to entry of further Court order approving fees and costs sought.

DATED this 25 day of July, 2005.

BARRY C. SCHNEIDER
JUDGE OF THE SUPERIOR COURT

Honorable Barry C. Schneider
Judge of the Superior Court

Exhibit B

1 ILENE J. LASHINSKY (#003073)
United States Trustee
2 District of Arizona

3 JONATHAN E. HESS (#019127)
Trial Attorney
4 230 North First Avenue, Suite 204
Phoenix, Arizona 85003-1706
5 (602) 682-2600

6 UNITED STATES BANKRUPTCY COURT

7 DISTRICT OF ARIZONA

8 In re) Chapter 11
9 MATHON FUND LLC,) Case No. 05-27993 PHX GBN
10) APPOINTMENT OF OFFICIAL
11) COMMITTEE OF UNSECURED
Debtor.) CREDITORS

12 Pursuant to 11 U.S.C. §§ 1102(a) and 1102(b)(1), the
13 following creditors of the above-captioned debtor, being among those
14 holding the largest unsecured claims and who are willing to serve, are
15 appointed to the committee of unsecured creditors:

- 16 1. NEWMAN FAMILY TRUST
17 JAN NEWMAN
245 E. Hudson Lane
18 Elk Ridge, UT 84651
PHONE: (801) 368-9353
19 FAX: (801) 423-1879
- 20 2. BENIMOTO FUNDING
21 BEN & CHRISTIE FUNK
4040 E. McLellan, #8
22 Mesa, AZ 85205
PHONE: (480) 654-2168
FAX: (480) 654-2168
- 23 3. CLAIR & NANCY JENKINS
24 6106 204th Drive NE
Redmond, WA 98052
25 PHONE: (425) 868-8296
FAX: (425) 868-2146
- 26 4. TY D. MATTINGLY
27 22 West 620 South
Orem, UT 84058
28 PHONE: (801) 368-2000
FAX: (801) 765-1121

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5. R. PHIL & JANET ZOBRIST FAMILY TRUST
R. PHIL ZOBRIST
2870 Quartz Canyon Drive
Henderson, NV 89052
PHONE: (702) 496-0900
FAX: (702) 434-6784

Respectfully submitted,

ILENE J. LASHINSKY
United States Trustee
District of Arizona

Dated: November 28, 2005. /s/ JEH (#019127)
JONATHAN E. HESS
Trial Attorney

Copies of the foregoing mailed to
the creditors appointed as listed
above, and the following this
28th day of November, 2005:

Michael W. Carmel
MICHAEL W. CARMEL, LTD.
80 East Columbus Avenue
Phoenix, Arizona 85012-4965

Philip G. Mitchell
JENNINGS, HAUG & CUNNINGHAM, L.L.P.
2800 North Central Avenue #1800
Phoenix, Arizona 85004-1049

Attorneys for Debtor

/s/ C. Popovich

1 ILENE J. LASHINSKY (#003073)
United States Trustee
2 District of Arizona
3 JONATHAN E. HESS (#019127)
Trial Attorney
4 230 North First Avenue, Suite 204
Phoenix, Arizona 85003-1706
5 (602) 682-2600

6 UNITED STATES BANKRUPTCY COURT
7 DISTRICT OF ARIZONA

8 In re) Chapter 11
9 MATHON FUND I,) Case No. 05-27994 PHX SSC
10) APPOINTMENT OF OFFICIAL
11) COMMITTEE OF UNSECURED
Debtor.) CREDITORS

12 Pursuant to 11 U.S.C. §§ 1102(a) and 1102(b)(1), the
13 following creditors of the above-captioned debtor, being among those
14 holding the largest unsecured claims and who are willing to serve, are
15 appointed to the committee of unsecured creditors:

- 16 1. NEWMAN FAMILY TRUST
17 JAN NEWMAN
245 E. Hudson Lane
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22 Mesa, AZ 85205
PHONE: (480) 654-2168
FAX: (480) 654-2168
- 23 3. CLAIR & NANCY JENKINS
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Redmond, WA 98052
25 PHONE: (425) 868-8296
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5. R. PHIL & JANET ZOBRIST FAMILY TRUST
R. PHIL ZOBRIST
2870 Quartz Canyon Drive
Henderson, NV 89052
PHONE: (702) 496-0900
FAX: (702) 434-6784

Respectfully submitted,

ILENE J. LASHINSKY
United States Trustee
District of Arizona

Dated: November 28, 2005. /s/ JEH (019127)

JONATHAN E. HESS
Trial Attorney

Copies of the foregoing mailed to
the creditors appointed as listed
above, and the following this
28th day of November, 2005:

Michael W. Carmel
MICHAEL W. CARMEL, LTD.
80 East Columbus Avenue
Phoenix, Arizona 85012-4965

Philip G. Mitchell
JENNINGS, HAUG & CUNNINGHAM, L.L.P.
2800 North Central Avenue #1800
Phoenix, Arizona 85004-1049

Attorneys for Debtor

/s/ C. Popovich

1 ILENE J. LASHINSKY (#003073)
United States Trustee
2 District of Arizona
3 RICHARD J. CUELLAR (WI #1006631)
Trial Attorney
4 230 North First Avenue, #204
Phoenix, Arizona 85003-1706
5 (602) 682-2600 (phone)
(602) 514-7270 (fax)
6 E-mail: Ric.J.Cuellar@usdoj.gov

7 UNITED STATES BANKRUPTCY COURT

8 DISTRICT OF ARIZONA

9 In re) Chapter 11
)
10 WORLD SPORT FANS, LLC,) Case No. 2-05-27995-PHX-JMM
)
11) STATEMENT OF UNITED STATES
) TRUSTEE CONCERNING INABILITY
12) TO APPOINT COMMITTEE OF
) UNSECURED CREDITORS
13 _____ Debtor.)

14 The United States Trustee for the District of Arizona
15 reports as follows:

16 1. The order for relief in this case under Chapter 11 of
17 the Bankruptcy Code (11 U.S.C. § 1101, et seq.) was entered on
18 November 13, 2005.

19 2. Despite efforts by the United States Trustee to contact
20 unsecured creditors, as of this date, there has not been a sufficient
21 showing of creditor interest under 11 U.S.C. § 1102(b)(1) to allow the
22 United States Trustee to appoint a committee of unsecured creditors
23 pursuant to 11 U.S.C. § 1102(a).

24 Respectfully submitted,

25 ILENE J. LASHINSKY
United States Trustee
26 District of Arizona

27 Dated: November 29, 2005.

/s/ RJC (WI #1006631)
28 RICHARD J. CUELLAR
Trial Attorney

1 Copy of the foregoing mailed this
2 29th day of November, 2005, to:

3 Michael W. Carmel
4 Michael W. Carmel, Ltd.
5 80 E. Columbus Ave.
6 Phoenix, AZ 85012
7 Attorney for Debtor

8 Philip G. Mitchell
9 Jennings, Haug & Cunningham, LLP
10 2800 N. Central Ave., #1800
11 Phoenix, AZ 85004
12 Attorney for Debtor

13 /s/ C. Dior

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Exhibit C

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

APR 14 2005



MICHAEL K. JEANES, CLERK
R. SNEDDON
DEPUTY CLERK

6 STATE OF ARIZONA

7 MARICOPA COUNTY SUPERIOR COURT

8 ARIZONA CORPORATION COMMISSION) No. CV 2005-005484
9 Plaintiff)
10 v.) **STIPULATION REGARDING ORDER**
11) **APPOINTING CONSERVATOR**
12)
13 MATHON MANAGEMENT COMPANY,)
L.L.C., fka an Arizona limited liability company)
14 now dba a Delaware limited liability company,)
SLADE WILLIAMS AND ASSOCIATES,)
L.L.C., an Arizona limited liability company,)
15 MATHON FUND I, L.L.C., an Arizona limited)
liability company, MATHON FUND, L.L.C., fka)
an Arizona limited liability company now dba a)
16 Delaware limited liability company, INTEGRITY)
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)
26 HOLDINGS, L.L.C., an Arizona limited liability)

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 DUANE SLADE and JENNIFER SLADE,)
 14 husband and wife, GUY ANDREW WILLIAMS)
 and LISA WILLIAMS, husband and wife,)
 15
 16 Defendants.

17 The Parties stipulate and agree as follows:

- 18 1. The parties acknowledge and agree the conservator shall have all the rights, powers
 19 and privileges of a receiver and is subject to the obligations, penalties and orders of the Court to
 20 which receivers are subject, pursuant to A.R.S. §44-2015(A), and Rule 66 of Arizona Rules of
 21 Civil Procedure.
- 22 2. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,
 23 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever
 24 kind and description, wherever situated, of the Conservatorship Defendants, (hereinafter,
 25 "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.

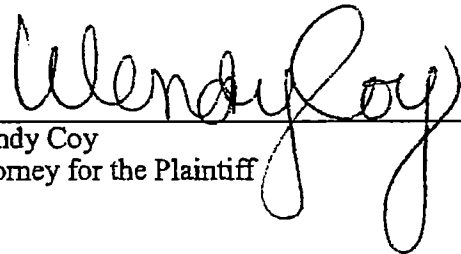
7 28. This Order will remain in effect until modified by further order of this Court or
8 upon agreement of the parties.

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

By


14 Keith Beauchamp
15 Amy M. Wilkins
16 Attorneys for Defendants Duane Slade and
17 Guy Williams

18 JABURG AND WILK, P.C.

19 By


20 Lawrence E. Wilk
21 Attorney for Conservator James C. Sell

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

24 Honorable Barry C. Schneider
25 MARICOPA COUNTY SUPERIOR COURT
26 101-201 West Jefferson, CCB-13A
Phoenix, Arizona 85003

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

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EXHIBIT "A"

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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

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- 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